Creating Opportunities:
The Role of Local Policies and Initiatives in Promoting the Development of Migrant Entrepreneurship in Berlin and Munich— a Comparative Perspective

Supervisor: Pascal Beckers
Second Reader: Melissa Siegel

Name: Julia Saering
ID: i515531
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Abstract

In this research, the concept of Mixed Embeddedness is applied to analyse the potential role of local policies and initiatives in promoting the development of migrant entrepreneurship in Berlin and Munich. The study follows an exploratory research approach combining quantitative and qualitative research techniques. Findings reveal that despite the structural differences in the two cities, they feature very comparable approaches and outcomes. Even though in both cases it seems that in theory the link between the individual entrepreneurs and the local environment is created, the survey results show that in reality the supply of offers and the needs and wants of the entrepreneurs do not always match. In order to increase the reachability of policies and initiatives, a decentralised approach with central coordination as well as a structural inclusion of the topic in the local entrepreneurial environment are suggested.

Key Words: Migrant Entrepreneurship, Mixed Embeddedness, Local Integration Policies, Berlin, Munich
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<td>ADA Schein</td>
<td>Ausbildungsschein der Ausbilder</td>
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<td>ATIAD e.V.</td>
<td>Verband Türkischer Industrieller und Unternehmer</td>
</tr>
<tr>
<td>BAREX e.V.</td>
<td>Berliner Arbeitgeber und Existenzgründervereinigung</td>
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<tr>
<td>BMBF</td>
<td>Bundesministerium für Bildung und Wirtschaft</td>
</tr>
<tr>
<td>BMWi</td>
<td>Bundesministerium für Wirtschaft und Technologie</td>
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<tr>
<td>BWK</td>
<td>Bildungswerk Kreuzberg</td>
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<tr>
<td>CLIP Project</td>
<td>Cities for Local Integration Policies Project</td>
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<tr>
<td>DeGUT</td>
<td>Deutsche Gründer und Unternehmertage</td>
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<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
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<tr>
<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EXUV e.V.</td>
<td>Existenzgründer und Unternehmerverband</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GUWBI e.V.</td>
<td>Gesellschaft für Urbane Wirtschaft, Beschäftigung und Integration e.V.</td>
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<tr>
<td>HWK</td>
<td>Handwerkskammer</td>
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<tr>
<td>HWWI</td>
<td>Hamburgisches WeltWirtschafts Institut</td>
</tr>
<tr>
<td>IBB</td>
<td>Investitionsbank Berlin</td>
</tr>
<tr>
<td>IHK</td>
<td>Industrie- und Handelskammer</td>
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<tr>
<td>IQ</td>
<td>Integration durch Qualifizierung (Initiative)</td>
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<tr>
<td>ISI e.V.</td>
<td>Initiative Selbstständiger Immigrantinnene e.V.</td>
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<tr>
<td>KAUSA</td>
<td>Koordinierungsstelle Ausbildung in ausländischen Unternehmen</td>
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<tr>
<td>KfW</td>
<td>Kreditanstalt für Wiederaufbau</td>
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<tr>
<td>KIM</td>
<td>Kompetenzzoffensive in Migrantenunternehmen</td>
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<tr>
<td>Abkürzung</td>
<td>Erklärung</td>
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<td>-----------</td>
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<tr>
<td>MOVA</td>
<td>Mobilisierung von Ausbildungstellen bei ausländischen Arbeitgebern</td>
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<td>MEB</td>
<td>Münchner Existenzgründungsbüro</td>
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<tr>
<td>PAPI</td>
<td>Partnerschaft, Ausbildung, Praktikum, Integration (Project)</td>
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<tr>
<td>RAW</td>
<td>Referat für Arbeit und Wirtschaft</td>
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<tr>
<td>SenIAS</td>
<td>Senatsverwaltung für Integration Arbeit und Soziales</td>
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<tr>
<td>SenWTF</td>
<td>Senat für Wirtschaft Technologie und Frauen</td>
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<tr>
<td>SME</td>
<td>Small and Medium Size Enterprise</td>
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<tr>
<td>SPC</td>
<td>Single Point of Contact</td>
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<tr>
<td>SVR</td>
<td>Sachverständigenrat deutscher Stiftungen für Integration und Migration</td>
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<tr>
<td>TASIAD e.V.</td>
<td>Türkisch-Deutscher Industrie- und Unternehmerverein München e.V.</td>
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<tr>
<td>TCN</td>
<td>Third Country National</td>
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<td>TDU e.V.</td>
<td>Türkisch-Deutsche Unternehmervereinigung Berlin-Brandenburg e.V.</td>
</tr>
<tr>
<td>TITAB</td>
<td>Bund der Türkischen Internationalen Transportfirmen in Europa e.V.</td>
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<tr>
<td>TUH e.V.</td>
<td>Türkischer Unternehmer und Handwerker in Berlin e.V.</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>VTI</td>
<td>Verein türkischer Ingenieure, Naturwissenschaftler und Architekten e.V.</td>
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1. Introduction

1.1. Introduction to Topic

“I am a professional businessman you fool, not a professional Pakistani: I make money, not gestures.” (quote from My beautiful Launderette in Ram, 1997, p.149)

This quote originates from the movie My beautiful Launderette (1985), a comedy-drama set in London during the time of Prime Minister Margaret Thatcher. It is about a young Pakistani who is assigned the task of opening up and revitalising a run-down launderette in the city and his experiences in the development of the business. The topic of migrant entrepreneurship has also been treated in a few German movies, such as Soul Kitchen (2009), Kebap Connection (2005) and Solino (2002) by the Turkish-German producer Fatih Akin. The migrant population is often displayed as owners of a restaurant and the movies inter alia contain the challenges and opportunities with the business. However, those pictures can be misleading nowadays. Migrant entrepreneurship in Germany is not characterised by the so-called economic niches and a concentration of the entrepreneur on his or her own community, but is shaped by great diversity and anchored in very different branches (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge, 2010, p.163)

Thereby, the question arises whether migrant entrepreneurship is “a routinely rational economic activity no different from other small business endeavours” or “a distinctive small business phenomenon, demonstrating the importance of cultural resources in fuelling entrepreneurial activities” (Ram, 1997, p.149). This is a significant question that needs to be carefully considered when designing and implementing policies and initiatives aimed directly or indirectly at entrepreneurs with a migratory background.

The fact that 600,000 entrepreneurs in Germany have a migration background making up 14.4% of all self-employed has contributed to an increased interest in this topic (El-Cherkeh, Tolciu, 2009). It has gained a lot of attention by policy makers and researchers in the field of economics and integration alike over the last years and has particularly become of interest in times of globalisation with an international mobility of capital and labour. This has led to a “cosmopolitan outlook” (Rath, 2010, p.1) of cities which are increasingly characterised by a diverse range of goods and services from different parts of the world. As a result of the “strong local and particularly urban dimension” of integration policies, as well as
the recognition of the migrant entrepreneurs’ potential for local economic development, cities have become relevant stakeholders and players in this field. It is at this dimension, where supranational, regional and national measures and policies are implemented and realised (Boswick & Heckmann, 2006, p.17; Borkert et al., 2007, p.1; Floeting, Reimann & Schuleri-Hartje, 2005, p.1).

1.2. Research Question

In this context, the paper seeks to analyse the potential role of local policies and initiatives in the development of migrant entrepreneurship in Berlin and Munich, i.e. linking the entrepreneur’s individual resources with the wider economic, legal, political and institutional framework. In order to guide the analysis, the following Research Question was developed:

*What is the role of target specific local policies and initiatives in the promotion of migrant entrepreneurship?*

It entails the following sub-questions which shall facilitate the answering of the overall question:

1) *What public and private policies and initiatives exist and what are their specific target groups and goals?*

2) *What are the needs and demands of the migrant entrepreneurs?*

3) *In how far can local policies and initiatives create the link between the individual and the local structure by matching supply of policies and initiatives and needs/wants of the migrant entrepreneurs?*

1.3. Relevance and Goal of the Study

The study aims to contribute to the wider body of literature on immigrant integration and more specifically migrant entrepreneurship, which has only become a relevant field of study in the 1980s. The added-value of this specific paper can be seen in the comparative approach of analysing the role of policies on a local level. This goes beyond the scope of a wide range of policy papers that give a comprehensive overview over policy measures but often miss the academic and analytical component.
The deliberate choice of two cities in Germany has practical as well as contextual implications. Since I myself was born and raised in Germany, the useful aspects of knowledge of the German language and institutional and structural factors in addition to logistical considerations were taken into account. Next to that, the current and rather ambiguous debate in Germany on integration serves as an interesting point of departure. Since 2005, with the coming into effect of the new German Immigration Act, Germany has officially recognised itself as a country of immigration and now displays the legal basis to design and implement integration policies.

The topic of migrant self-employed has until recently been a rather neglected issue of politics on the national level. Nowadays, 600,000 entrepreneurs in Germany have a migratory background, which constitutes 14.4% of all self-employed in the country (Tolciu, Schaland & El-Cherkeh, 2010, p.2). Thus, migrant entrepreneurs have become an “integral part of the German business environment” (ibid.). The so-called migrant economy, has displayed high dynamics and a large number of new business opening over the last years. However, it is also characterised by a high number of business closings, which have negative implications on labour market participation (Leicht, 2005).

Furthermore, since Germany is a federal state, the competencies of the national government in the area of immigrant integration are rather limited and the implementation of polices connected to home affairs is delegated to the Länder\(^1\), and by those naturally to the local and urban level (Borkert et al., 2007, p.16). At the local level, integration policies are again divided between very different municipal departments as well as a wide range of local non-government organisations, which often lack coordination and exchange of information (ibid., p.17). Therefore, and because of Germany’s specific history of immigration starting with the Guestworker Phase in the 1950’s and 60’s, it is important to critically look at and analyse policy efforts targeting self-employment and specifically business owners with a migratory background at the local level in this country.

For the analysis of policies and initiatives targeted at migrant entrepreneurs, the two cities of Berlin and Munich were chosen for various reasons. Both are major cities and regional capitals in Germany with a distinct migration history and an important role of the migrant population in the cityscape and policies. Additionally, practical reasons such as the availability of at least some data in the form of reports were given in the two cities. Added to

\(^1\) German states
this were financial considerations, as in both cities personal contacts were available that constituted a base for the implementation of interviews and surveys.

As a recent newspaper article on the 50th anniversary of the German-Turkish Recruitment Agreement underlines, the two cities feature different outcomes concerning the topic of immigrant integration. In the article it is stressed that “Munich can look back on a successful history of immigrant integration without ghettoisation like in the famous quarter of Neukölln in Berlin” (Brüning, 2011, p.R15). Even though it was published in a southern German newspaper, it is a recurring theme in the media that Munich is an example of successful integration of migrants whereby Berlin is mainly displayed as a problematic city in this sense.

Statistics, however, reveal that the self-employment dynamics of foreigners in the two cities are comparable. In 2008, 32.5% of the business registrations in Berlin came from foreign entrepreneurs and 37.7% in Munich (Der Beauftragte für Integration und Migration des Senats, 2009; Sozialreferat München, 2010). Thus, migrant entrepreneurship in both cities has become an important factor in the cities development and public and private actors have become active in the promotion of migrant self-employment. This makes it interesting to see how similarly or differently actors approach the topic in those two cities, and in how far they are able to link their initiatives and policies to the needs and wants of the target group.

The goal of the study hereby, is to investigate factors that influence the design and implementation of target specific policies and to extract important points to consider in the creation of policies that aim at promoting the development of migrant entrepreneurship. This can in the future be expanded to more cities, in line with the example of the Cities for Local Integration Policies (CLIP) project on a European level which aims at designing benchmarks and best practices in the design and implementation of policies in this area. Since the CLIP Study on Ethnic Entrepreneurship in European Cities did not incorporate the two cities of Berlin and Munich, it this research can be regarded as a contribution to the CLIP study on ethnic entrepreneurship.

1.4. Research Methods

The two case studies of Berlin and Munich present a comparison of the development of migrant entrepreneurship in two German cities by drawing on existing policies that affect the
start-up and development of migrant businesses. However, due to a lack of data on migrant entrepreneurship in Germany on the national as well as local level, it is difficult to quantitatively evaluate the role of policies in the promotion of migrant business development. Additionally, big differences exist between the two cities as regards business structure, the immigrant population and economic performance, which makes it difficult to hold those constant and to exclusively analyse the effect of policies on business development. Therefore, the study follows an exploratory research approach combining quantitative and qualitative research techniques to evaluate in how far the two cities succeed to create a potential link between the individual entrepreneur and the structural environment.

The secondary data for the analysis were taken from different sources. General background data about the cities’ population and background information were taken from a city ranking report in 2010 by the Hamburg Institute of International Economics (HWWI) and were completed by data from the two cities’ statistical offices. A report by the Sachverständigen Rat Deutscher Stiftungen für Integration und Migration\(^2\) (SVR) published in 2010, which evaluated the role of policies and initiatives targeted at migrant entrepreneurs in Germany cities (inter alia in Munich and Berlin) functioned as a further source. Specific data on the migrant population, especially concerning self-employment, which is not included in the city ranking, was taken from the two cities’ Integration Reports published in 2009 for Berlin and 2010 for Munich. For Berlin the Chamber of Industry and Commerce (IHK) has published the number of its so-called foreign member-businesses. In Munich, no such data has been collected so far. Therefore, data will be extracted from a report published by the Department for Social Affairs in 2007, which estimates the number and composition of self-employed persons with a migration background in the city.

Additionally, 12 qualitative interviews were conducted with relevant actors in the two cities (5 in Munich, 7 in Berlin) designed to serve as a complementary source of information as well as a first-hand evaluation of the public and private actors involved in the design and implementation of policies and initiatives. The interviews were complemented by 40 surveys in each city among the entrepreneurs with a migration background in order to be able to gain insight into their experiences with the set-up and development of the business and their knowledge and evaluation of local actors and their support measures.

\(^2\) Advisory Council of German Foundations on Integration and Migration
1.5. Thesis Structure

To answer the research question the following structure shall guide the analysis:

The first part constitutes the conceptual and theoretical framework – the basis for the latter analysis. Firstly, definitions of the concepts used are defined and shortly elaborated on. Following this, the academic and public debate on the role of self-employment in specifically labour market integration of migrants is presented giving insights into different approaches to integration as well its dimensions. Thereby, migrant entrepreneurship as a component of the concept of integration is further developed. Next, the theory of Mixed Embeddedness developed by Kloosterman, Rath and Van der Leun in 1999 is presented and its different components analysed and put into context. In the fourth part of the theoretical framework, the importance of the local context is highlighted as well as the role of local actors and institutions and the economic situation within the Mixed Embeddedness framework. The last part constitutes a critical reflection on the above-mentioned theoretical framework. Furthermore, the link between the individual entrepreneur and the so-called opportunity structure is created by introducing the role of local policies as tools for creating opportunities in the following fields:

- Visibility and acknowledgement of the migrant entrepreneurs
- Information, counselling and support
- Motivations for qualifications and the set-up of work-places and apprenticeship-training positions
- Financing

In order to be able to evaluate the role of target specific local policies in promoting migrant entrepreneurship, the second part includes information on the national context in which the cities act. It gives an overview over Germany’s migration history from the Guestworker Phase until today as well as the present situation of migrants in the labour market and specifically in the area of self-employment. Furthermore, laws and regulations that govern the sector of self-employment and target specific policies and initiatives aiming at migrant entrepreneurs on the national level are presented.

The third part on the methodology of the paper presents and evaluates the methods used for the empirical analysis, a combination of qualitative and quantitative research techniques. The method involves three different parts: data collection from secondary sources
(statistics, reports), semi-structured interviews with relevant actors in the two cities that are involved in policies/initiatives, and a standardised individual survey implemented among self-employed with a migratory background in the two cities. The final part of this chapter critically evaluates the research techniques and accounts for potential shortcomings and criticism.

The fourth part – the empirical analysis- starts with general background information on the two cities. Thereby, the following characteristics are taken into account:

- General data on the urban population and economy
- Migration history and characteristics of the population with a migration background
- Migrant self-employment
- Overview of policies and initiatives targeted at migrant entrepreneurs.

Following the city portraits, the case analysis is then structured along the four areas that were mentioned earlier. Target specific policies and initiatives and the potential link they create between the migrant entrepreneurs and local structural factor are evaluated with the help of the survey results to see in how far the target-specific projects can respond to the needs and wants of the sample population. Thereby, the policies in the two cities are compared and good practices as well as missing links identified.

The conclusion of the paper starts with a summary of the key findings to create the link between the empirical analysis and the theoretical framework. It takes in account the instruments presented in the Mixed Embeddedness framework as well as improvements suggestions given by the interviewed actors and respondents in the survey. With the help of those instruments, the second part of the conclusion identifies interesting examples in the two cities to extract best practices and important points to consider for future initiatives. The last part of the conclusion presents possible future considerations on the topic as well as possibilities for further research.
2. Conceptual and Theoretical Framework

2.1. Definitions

Before starting with theoretical considerations and a review of the existing literature on migrant entrepreneurship, it is important to clarify a few concepts used in the course of the paper:

**Immigrant/Person with a Migration Background**

In general, an immigrant is anyone not born in the country, but has moved there after birth. The immigrant is referred to as such until he/she becomes naturalised and with that citizen of the country he/she lives in. There are two principles of citizenship, one is the *ius soli* principle whereby children of immigrants who are born on the soil of the host country are automatically citizens thereof and therefore, often not recognized in migration statistics. Until 2000 the *ius soli* principle has not been applied in Germany, where the *ius sanguinus* principle was applied, passing the German citizenship only from German parents to their children. Both categories are also referred to as second generation immigrants. In Germany there is a large share of second generation immigrants who are still recorded as immigrants, even though born in Germany. Additionally, in the case of naturalisation, the person has to give up his/her own citizenship and his hence not recorded as an immigrant in statistics either. This has lead to difficulties in data collection of the migrant population in Germany, very accurately summarized by the HWWI in a paper on the situation of migrant entrepreneurs in Germany (see Appendix 1).

In the view of those different categories and the statistical registration of immigrants in Germany and for the purpose of the analysis, the term of ‘person with migration background’ is thus, the most proper concept as it includes all persons who either immigrated themselves or are of ‘immigrant descent’. Therefore, it does not only include first-generation,
non-naturalised immigrants, but also immigrants who have become German citizens, such as the, second-generation immigrants or ethnic Germans\(^4\).

**Integration**

There are various terms for the “inclusions of immigrants in institutions and relationships of the host society”: absorption, adaptation, race relations cycle, assimilation, inclusion, incorporation and integration (Boswick & Heckmann, 2006, p.1/2). Integration, the most widely used term nowadays, “is a process, stage and condition: as a process it evolves according to the factors influencing it and is expected to reach the end objective of positive integration as a condition for equal access of immigrants to institutions of society regarding them as equal citizens” (Werner, 1994, p.3). It does not automatically imply incorporation into society as a whole but into different spheres of society to a different degree (Freeman, 2004.) For the purpose of the paper, integration shall further be defined as social integration, the “inclusion of individuals in a system, the creation of relationships among individuals and their attitude towards society” (Boswick & Heckman, 2006, p.2).

However, nowadays integration has increasingly received negative publicity as it is often perceived in a rather assimilationist context. Additionally, as Joppke and Morawska argue, “integration assumes a society composed of domestic individuals and groups (as the antipode to ‘immigrants’), which are integrated normatively by a consensus and organisationally by a state”. However, “such a society does not exist” in their view (2003, cited in Freeman, 2004, p.947). Therefore, this paper, where possible, makes use of terms such as participation and interaction.

**Ethnic/Migrant Entrepreneurship**

The term migrant entrepreneurship consists of two different concepts: migrant and entrepreneur. The term entrepreneurship is a “multidimensional concept and its definition depends largely on the focus of the research undertaken” (Tolciu, Schaland & El-Cherkeh, 2010, p.3). The technical definition of the term entrepreneur is “a person in effective control of a commercial undertaking for more than one client over a significant period of time” (Rath,

\(^4\) Minorities of German ancestry from Russia and other former Soviet countries, Poland, Rumania, Slovakia, the Czech Republic, Hungary and former Yugoslavia (Federal Law of Expelles, 1953). According to the German Basic Law (Article 116), ethnic Germans are German regardless of whether they possess German nationality. Under the Federal Law of Expelles, ethnic Germans have the right to return to Germany together with family members who are not of German ancestry and apply for German citizenship within three years of their date of entry (Woellert et al., 2009, p.91).
2010, p.5) or even more significant: a “person reporting income from self-employment” (Beckers, 2010, p.103).

A more encompassing definition by O’Sullivan and Sheffrin (2003) describes the entrepreneur as the “owner of an enterprise or venture [who] assumes significant accountability for the inherent risks and outcome” and who is “an ambitious leader combining land, labour and capital to create and market new goods and services” (in Tolciu, Schaland & El-Cherkeh, 2010, p.3). This comes close to the more abstract definition of an entrepreneur as “acting as intermediary between capital and labour” by Jean Baptiste Say (2008, in Tolciu, Schaland & El-Cherkeh, 2010, p.3). An entrepreneur is hence, a person working in self-employment either through new establishment, take-over or franchising. In Germany there are different legal forms of organisation (Verband Türkischer Unternehmer und Industrieller in Deutschland (ATİAD e.V), 2011, Rechtsformen der Unternehmen, Bundesministerium für Wirtschaft und Arbeit (BMWi), 2002):

- Single person undertakings
- Partner undertakings
- Capital undertakings

For the development of a business founded by a person with a migration background, the concepts of foreign, immigrant, migrant or ethnic entrepreneurship are often used interchangeably in the literature. Nevertheless, there are practical differences that exist among those. While foreign entrepreneurship only comprises enterprises owned by persons with a direct migratory experience and the term foreigner carries a negative stigma in Germany, the term immigrant/migrant entrepreneurship defined in the narrow sense comprises the same group of people. However, when more widely defined it catches the general phenomenon of a business that is undertaken by a person with migration background (be it first or second generation). Even though, it also still carries a negative connotation it is widely used in academic literature as well as in the public and private sector.

The term ethnic entrepreneurship in the narrow sense presupposes a strong involvement of the entrepreneur in the ethnic community whose customers and employees often stem from the same nationality. It hence, does not only describe the national background but also the management strategies, “a set of common values from a shared cultural background” (Tolciu, Schaland & El-Cherkeh, 2010, p.4). In the wider sense, it refers to solely the national background of the entrepreneur and is even used interchangeably with the term migrant entrepreneur. Because the focus of the paper lies on the effect of general and
specific policies and initiatives on entrepreneurs with a direct migration experience as well as those who are second or third generation migrants, the terms migrant entrepreneur and entrepreneur with a migratory/migration background shall be used for the analysis.

**Small and Medium Size Enterprise (SME)**

There are three categories of enterprises that belong to the group of SME’s which are of relevance for the paper:

Table 1: Typology of enterprises

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount</th>
<th>Turnover</th>
<th>Or balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-Sized</td>
<td>&lt;250</td>
<td>€ 50 Million</td>
<td>€ 43 Million</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;50</td>
<td>€ 10 Million</td>
<td>€ 10 Million</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt;10</td>
<td>€ 2 Million</td>
<td>€ 2 Million</td>
</tr>
</tbody>
</table>


Here, it is important to mention that the largest share of businesses in the European economy belong to the above categories, many are micro enterprises with an average of two employees (Rath, 2009, European Commission, 2009, in Lüken-Kläßen & Pohl, 2011, p.13).

2.2. **Integration Debates: The Role of Self-Employment in Labour Market Participation of Migrants**

As defined above, the integration of migrants into the host society naturally has implications and consequences for both groups: for the migrants themselves as well as for the receiving society and its institutions. New members of society, which are not a homogenous group, carry implications for social inequality and social differentiation (Boswick & Heckmann, 2006, p.3) and denote different tasks for the arriving migrants as well as the receiving society. Thereby, the migrants’ challenges arise from learning a new language and culture, acquiring rights and access to institutions and positions, building personal relations and a new sense of identification. For the receiving society immigration means opening up institutions, giving equal opportunities and rights to migrants and publicly welcoming their integration into the society (Borkert et al., 2007, p.1). However, the receiving society and its institutions are the more powerful and prestigious actor in the process (Boswick & Heckmann, 2006, p.11).

There are two strands of theories how new members are integrated into society. The first and traditional concept of assimilation as a “one-sided process in which immigrants and
their descendents give up their culture and adapt completely to the society they have migrated to” (Boswick & Heckmann, 2006, p.4) has over the last years lost its acceptance and proponents in politics as well as civil society.

The idea of multiculturalism as a “new model for societies whose populations have become increasingly multi-ethnic through immigration” has gained a lot of attention in public discourse (ibid., p.7). It has to be noted that the concept of multiculturalism describes various phenomena: it can be used as a category to describe multi-ethnic societies, however, also as an interpretation of culture, an attitude or a norm, a goal, a policy or a principle (ibid., p.7/8). Depending on the definition of the word, it thus, is used to describe the state of the art or in the political field to describe a strategic policy for the incorporation of migrants, such as for example in Canada, the UK or the Netherlands. However, currently there is a debate on whether multiculturalism as a policy has failed and needs to be succeeded by a more dynamic approach.

In recent years, the concept of integration as a two-way process, an “interactive process between immigrants and the host society” has gained a lot attention and prominence (Boswick & Heckmann, 2006, p.11). It highlights the mutual engagement, positive interaction, intercultural dialogue and mutual respect among citizens of different backgrounds who all form part of the same society. Hence, they should have equal opportunities to participate in the same institutions. In this sense, the term ‘social integration’ as a “learning and socialisation process that takes place under certain conditions” used by Boswick and Heckmann (2006, p.9) additionally makes reference to four different dimensions of social integration.

The first dimension is structural integration, the “acquisition of rights and (…) access to position and status in core institutions of (…) society” (ibid., p.9). The core institutions in this context are the labour market, the education and qualification system, housing, the welfare state as well as access to political citizenship (ibid., p.9, Beckers, 2010,p.5). The participation of immigrants in the labour market is described as “the first and most crucial step in integration because it enables migrants to become autonomous citizens” (OECD, 2008a, p.32). Structural integration determines the “socio-economic status, opportunities and resources” (Boswick & Heckmann, 2006, p.9) and therefore, is most often used as the central indicator for integration.

The second dimension is cultural integration, “aquiring competencies of the [host] society and culture” (ibid., p.10). However, it does not mean a necessary giving up of origin
values by the immigrant, but more an interactive process, a respectful recognition of both sides.

The third dimension of interactive integration is the “acceptance and inclusion of immigrants in primary relationships and social networks in the host society” (ibid.). Indicators are interethnic friendships, partnerships and marriages as well social networks and membership in voluntary organisations.

The last dimension is identificational integration whereby the migrant develops a “feeling of belonging to the host society” (ibid.). Nevertheless, this does again not presuppose complete assimilation, but is often accompanied by the development of transnationality or hybridity, a mixing of the origin culture and values with that of the host society.

The above-mentioned dimensions do not display clear boundaries. They can occur simultaneously or one may be the result of the other and develop later. They may also develop apart from each other and to different degrees. This however, is very difficult to measure quantitatively, especially in the case of the last three dimensions. Therefore, the last three dimensions are sometimes also combined into socio-cultural integration to describe the “interpersonal relations” between the host society and the migrant (Vermeulen & Penninx, 1994, 2000 in Beckers, 2010, p.104/105).

“Successful integration” can thus, not be clearly defined as it depends on the (normative) models of integration in different societies. Joppke and Morawska argue that “integration assumes a society composed of domestic individuals and groups (as the antipode to ‘immigrants’) which are integrated normatively by a consensus and organizationally by a state”. However, “such a society does not exist” in their view (2003, cited in Freeman, 2004, p.947).

As the present study focuses on self-employment of migrants, it is important to elaborate on the potential of migrant entrepreneurship in labour market participation. Before the 1980’s, self-employment of migrants had been an extremely rare phenomenon in some European countries (Germany, Switzerland, Austria) as the work permits for migrants did not allow self-employment (Castles & Miller, 2010, p.229). Since then, however, migrant entrepreneurship has become a “significant and indigenous part of the economy in a multicultural society” (Masurel et al., 2001, p.2/3) and a “solution to nearly anything” (Kloosterman, 2003, p.167). As entrepreneurs affect the competitiveness, economic growth, employment situation innovation and flexibility of the economy, they are often seen as the
panacea to “specific socio-economic problems faced by many immigrants”, a way out of unemployment and social exclusion and onto upward social mobility (ibid., p.167).

Migrant entrepreneurs “create their own jobs” and possibly also jobs for others, and can build bridges to networks outside their community, increasing their social capital and chances for upward social mobility. They can therefore, be seen as “active agents in shaping their own destiny” (Rath, 2010, p.1). Self-employed migrants tend to open up business in the so-called niche economy, i.e. they supply goods and services in a sector where native entrepreneurs are not active in or have retreated from. This can add vitality to particular streets and neighbourhoods as well as certain economic sectors (Rath, 2010). Thus, this group of entrepreneurs play a clear and distinctive role in the integration debate.

Their role is nevertheless ambiguous due to the reverse causality of migrant entrepreneurship and integration. They mutually interact, self-employment affecting the process of participation in and interaction with the receiving country’s society and institutions and a certain degree of structural integration as a precondition for self-employment. Thereby, migrants display different motivations for the starting of a business connected to the above debate: “While for some migrants [it] may be a strategy to avoid unemployment, discrimination and/or blocked mobility in the regular labour market, for others it is a lucrative way to capitalise on unique human and/or social capital endowments” (Beckers, 2010, p.133). Nonetheless, differences between native and migrant entrepreneurs should not be overestimated as in the end “the quality of the business is more important than the nationality of the entrepreneur” (Russian consultant in Berlin).

2.3. Mixed Embeddedness Framework

In academic literature on the development of migrant entrepreneurship, there are three models that try to describe the barriers and opportunities of migrants when opening up their own business: the niche model, the cultural model and the reaction model (Schuleri-Hartje, 2005, in Amhajer, 2007).

The first one, the so-called niche model describes the phenomenon of mainly the first generation of immigrants who opened up their own business complementary to the existing availability of goods and service, often mainly serving their own ethnic community. Hereby,

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5 Answer to survey question on what would be missing without the group of migrant entrepreneurs in the city
the importance of a specific demand and cultural competences plays a very significant role (Pütz, 2004). However, over time the entrepreneurs tend to adjust to the needs of the native population of the host country and can turn into competition to the native population. Examples of the niche model are grocery stores, restaurants and specific travel agencies and nowadays also publishing companies, TV stations as well as insurance offices (Amhajer, 2007)

The second model, the cultural model, looks at the cultural background of the entrepreneur and the influence of origin country specific characteristics such as the economy and traditions as well as social status that influence the development of the business. It is also mainly used to describe the development of migrant entrepreneurship among the first generation of migrants. Hereby, social networks within the ethnic community, especially family and friends are an important factor. They play a significant role in financing, as employees, in the acquisition of goods and as clientele (Schuleri-Hartje et al., 2002, p.32).

The third model is called reaction model. It does not only take into account individual characteristics of the entrepreneurs but also looks at the general situation of the individual. Here, the decision of opening up a business can be described as a reaction to structural factors. The reaction model specifically describes business development of the second generation, where self-employment is often seen as a possibility to secure a living and avoid or escape unemployment (Schuleri-Hartje et al., 2005; Pütz, 2004).

It is important to mention that the three models do not display static categories and often merge in the analysis of ethnic entrepreneurship in practice as “the behaviour of a modern firm cannot be understood in a mono-disciplinary approach” (Masurel et al., 2001, p.1). It demands a more comprehensive approach merging theories from organisational sociology, management science, economics, geography, demography and public policy (ibid.).

A more suitable model was developed by Kloosterman, Van der Leun and Rath (1997) called Mixed Embeddedness, an “interactionist approach to encompass actors [the migrant entrepreneurs] and the opportunity structure” (in Kloosterman, 2010, p. 27). It is a combination of the micro level of the individual with the meso level of the local opportunity structure and linked to the macro institutional framework (ibid. p.27/28). Hence, it can be seen as a fusion of the above mentioned models, taking into account the “individual characteristics of the entrepreneur as well as (...) the characteristics of the wider social,
Taking into account the interplay of those factors makes the concept of *Mixed Embeddedness* a dynamic model, which can incorporate and adjust for changes and developments on all three levels. This creates a typical description of a supply-demand model found in economic theory, whereby a supply of entrepreneurs with different resources exists that meets the demand for goods and services in the host country. The intersection of the two can then describe the point of business foundation (Kloosterman, 2010, p.26). This puts the entrepreneur at the “center-stage” (ibid.) as a rational economic actor, displaying certain individual characteristics who is embedded in structural factors which determine the “strategic window of opportunity”, the decision to start a business as well as its success (Kloosterman, 2010, p.40).

Next to economic theory, it additionally builds upon “interaction theory” (Waldinger et al., 1951), which describes “the interaction between group characteristics of new immigrant groups and opportunity structures (...) in their new country that shapes the rate and character of ethnic entrepreneurship in that country” (in Coolius, 2003, p.141/142). The concept of social embeddedness describing the “extent to which economic action is embedded in the structure of social relations, in modern industrial society”(Granovetter, 1985, p.481) also contributed to the development of the *Mixed Embeddedness* framework.

Thereby, it takes into account the human, financial as well as social capital of which all three play a significant role in migrant entrepreneurship (Kloosterman, 2010, p.29). Social capital - the existence of a social network around the entrepreneur - is an important concept here, as it is linked to financial, human and cultural capital and is “the product of the interaction of structural factors such as the migration history and process of economic and social incorporation in the mainstream as well as their specific variations” (Rath, 2010, p.10). Next to that, the specific situation of the market in the host country – be it the consumer market or demands and the labour market – play a significant role as well. Last but not least, the national and local institutional set-up and rules and regulation which can act as barriers or opportunities influence the accessibility of the market and therewith, the development of the business. All those factors therefore, determine “when, where and to what extent openings for [a specific] business will occur” (Kloosterman, Van der Leun & Rath, 1999, p.253).
2.4. Reflections: Local Policies as Tools for Creating Opportunities

The presentation of the concept of *Mixed Embeddedness* precludes an active role of public and private stakeholders to create a link between the individual resources of the entrepreneur and the opportunity structure. The “political and economic institutions are crucial in understanding both the obstacles and opportunities for aspiring entrepreneurs to start their own business” (Kloosterman & Rath 2003, Rath, 2000, in Rath, 2010, p.10). Thus, “any attempt to promote ethnic entrepreneurship (...) needs to take [the] multifaceted nature of the economy into account” (Rath, 2010, p.12) and demands an integrative approach of policies. Those policies find themselves at the “crossroads of two ideological strands of thinking” (Kloosterman, 2003, p.167): free-market and liberal supply-side oriented policies underlining the importance of the individual and social democratic principles of active government involvement in the support of underprivileged groups (ibid.). Thus, policies can either focus on the supply side, the individual entrepreneur or the demand side to increase opportunities and remove barriers (Kloosterman, 2003, p.167). Furthermore, the difference between legislation and regulation has to be taken into account, whereby the latter regulates the access of migrants to self-employment and in some cases may pose obstacle while the former is targeted to facilitate and promote entrepreneurship and provide support measures (Engelen 2001, in Rath, 2010, p.11).

For the later analysis, the following instruments in four different areas were deducted from policy recommendations in different academic papers and reports (Boswick & Heckmann, 2006; Rath, 2010; Hayen, Unterberg & Tiedemann, 2006; El-Cherkeh & Toiciu, 2009; Aliochin et al., 2007; Floeting, Reumann & Schuleri-Hartje, 2007; Jaeckel, 2007):

**Acknowledgement/Visibility of Migrant Entrepreneurs**

In the area of increasing the visibility of migrant entrepreneurs and acknowledging their potential and contribution to the local economy, the following instruments were regarded as worthwhile suggestions:

- Active PR work for integration into the business economy
- Cultural sensitivity of institutions
- Inclusion in local activities
- Improvement data situation
- Valuation of potential
Increase visibility/role of entrepreneurial associations

**Information, Counseling and Support**

Instruments developed in different papers on the counselling and support for the promotion of migrant entrepreneurship as well as information channels can be categorised into access to, the method of the counselling for and the long term inclusion of the migrant entrepreneurs:

**Access**
- Use of various information channels, network creation, mediation between institutions
- Trust-building
- Raising awareness
- Establish role of Chamber of Industry and Commerce (IHK) as pilot service

**Method of Counselling**
- Offers of material in different languages
- Intercultural competencies, qualifications of counsellors, counsellors with migration background
- Specific, flexible, individual advice process with focus on building business structures/business plan
- Simplification of complicated procedures
- Comprehensive companionship

**Long-term inclusion of migrant specific offers in existing structures**
- Sustainability of target specific policies and initiatives

**Motivation for qualification and set-up of work places/apprenticeship-training positions**

In this are the following instruments were deducted from different papers:
- Support in recruitment of employees
- Support in apprenticeship procedure: *ADA Schein*\(^6\), recruitment of trainees, mentoring in apprenticeship
- Topic specific qualifications

\(^6\) Certificate that has to be accomplished by entrepreneurs who want to install an apprenticeship-training position, courses are usually offered by the local IHK
Financing

Financing is a very important area for small entrepreneurs which is still rather underdeveloped. In this context, the following instruments were taken from the various papers:

- Cultural sensitivity
- More trust in small enterprises and respect to ethnic resources when evaluating credit-worthiness
- Extend microcredit institutions
- Lobbying with banks
- Cooperation of advice initiatives for migrants with microcredit institutions
- Increase supply of financing possibilities by adding microfinance in cooperation with banks

The policies can be delivered by the provision of workshops, counselling, multi-lingual publications, events or electronic platforms. Implementing organisations can come from a wide range of actors in the public, the private, the NGO and the semi-public sector as well as other native or ethnic organisations (Rath, 2010, p.20).

When looking at policies, it is also important to define the level of policy design and implementation, which is crucial for the promotion of migrant entrepreneurship. The following table demonstrates the allocation of measures among the different levels within the European Union:

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supranational</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>National</td>
<td>49</td>
<td>34</td>
</tr>
<tr>
<td>Regional</td>
<td>42</td>
<td>29</td>
</tr>
<tr>
<td>Local</td>
<td>51</td>
<td>35</td>
</tr>
</tbody>
</table>


It becomes visible that most policy measures were initiated at the local level (35%) followed by the national (34%) and regional level (29%). Here, it is also interesting to mention that the majority of local initiatives were found in the UK, Germany, the Netherlands and Belgium (Rath, 2010, p.17). However, this table does not match the funding level, where the largest share of measures is financed by the European Union and/or the national level and most local policy initiatives are (co-)financed by a higher institution (cf. Table 3). Thereby, during the analysis it was noted that a big share of policies and initiatives in Berlin and Munich are co-
financed by the German Ministry for Economic Development and Technology (BMWi), the European Social Fund (ESF) and/or the European Regional Development Fund (ERDF) (Mr Germershausen, Representative Integrationsbeauftragter Berlin).

Table 3: Sources of Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>Number of Measures</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Community</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td>European and other</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>National</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>Regional</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Local</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Private</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


For the purpose of policy analysis of this paper, the local urban context was chosen as the level of analysis due to the “strong local and particularly urban dimension” of integration policies (Boswick & Heckmann, 2006, p.17). As Boswick and Heckmann put it: “integration after all, takes place in the cities” (2006, p.4), where supranational, regional and national measures and policies are implemented and realised. This makes the cities “relevant stakeholders and players in integration of migrants” (Borkert et al., 2007, p.1). Additionally, the communities increasingly realise that the group of migrant entrepreneurs has developed from “an important target group for cultural and economic integration policy” to “significant actors in partners” (Floeting, Reimann & Schuleri-Hartje, 2005, p.3).

However, hereby, the autonomy, resources as well as local processes and structures of the city - whether they are active agents of policy design or merely implement measures decided on higher levels- play a decisive role. It shows that the city itself is also embedded in the specific national background: the migration history and philosophy, the concept of integration as well as policies and regulation (Borkert et al., 2007) which define “the framework in which cities act” (ibid., p.1).

This leads back to the Mixed Embeddedness framework. It demonstrates the role of local policies in linking individual resources and opportunity structures to promote the development of migrant businesses and integrate them “in a formal urban economy (…) to ensure (…) sustainable development and (…) benefit from market extension opportunities” (Borkert et al., 2007, p.3). Hence, it is not only important to look at the role of local policies and initiatives in promoting migrant entrepreneurship, but also at the role of the migrant
entrepreneurs in the development of the city, such as the revitalisation of certain sectors and neighbourhoods, the labour market and trade links, new spatial forms of social cohesion and the challenges to the existing regulatory framework (Kloosterman, Van der Leun & Rath, 1999, p.254).

The following figure shall serve to demonstrate the above reflections on the role of local public and private policy measures and initiatives as tools to create opportunities for the development of migrant businesses by actively linking the individual resources of the entrepreneur with structural factors. It can be interpreted as a graphical illustration of the research question in how far policies and initiatives on the local level that specifically target migrant self-employed can create the link between the opportunity structure and the individual (migrant) entrepreneur.

Figure 1: Policies as Tools for Creating Opportunities

Source: Own illustration, based on Kloosterman, 2010
3. Migration and Self-Employment in Germany

In order to be able to evaluate the role of local target-specific local policies in promoting migrant entrepreneurship within the *Mixed Embeddedness* framework, it is of vital importance to include information about the national context in which the cities act. Therefore, the next section gives an overview of Germany’s migration history, the present situation of migrants in the labour market and specifically in the area of self-employment. In addition, German laws and regulations governing the sector of self-employment and target specific policies and initiatives aiming at migrant entrepreneurs on the national level are presented.

3.1. Germany’s Migration History

Germany’s migration history can roughly be divided into four phases (Geißler, 2004 in Hayen, Interberg & Tiedemann, 2006). The first phase, from 1955 to 1973 is called the *Guestworker Phase* and is characterised by recruitment agreements between Germany and Italy (1955), Spain and Greece (1960), Turkey (1961), Morocco (1963), Portugal (1964), Tunisia (1965) and Yugoslavia (1968). The agreements were signed between Germany and the countries for the recruitment of workers who would help rebuild the German state after World War II and were originally intended on a temporary bases as a so-called “rotation model” (El-Cherkeh & Tolciu, 2009, p.2). Thus, the assumption was that the foreign workers would stay in Germany for the period of the contracts and the return home. Under the agreements, roughly 14 million workers entered Germany of which about 11 million returned home when their work was over. Hence, many decided to stay in Germany and bring their families (Hayen, Interberg & Tiedemann, 2006.).

The second phase started in 1973 with the recruitment stop⁷ and lasted until the early 1980’s. This phase can quite accurately be summarised by the following quote: “When the Federal Government stopped labour recruitment in November 1973, the[ir] motivation was not only the looming ‘oil crisis’ but also the belated realization that permanent immigration was taking place” (Castles & Miller, 2009, p.100). As Max Frisch put it: “We asked for workers and we were sent people” (1965 in Aliochin et al., 2007, p.4). Hence, no more foreign workers from the recruitment countries entered Germany and the government started

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⁷ Anwerbestopp
to design its first integration policies *inter alia* by the introduction of an integration commissioner in 1978 (Hayen, Interberg & Tiedemann, 2006, p.14).

The third phase in the 1980’s was still characterised by family reunification but also by a high influx of asylum seekers and refugees mainly from former Yugoslavian, the Middle East and Sub-Saharan Africa countries (Hayen, Interberg & Tiedemann, 2006.). In reaction, the German parliament concluded an “asylum compromise” introducing the so-called “safe third country rule”, which no longer gave a person entering Germany from a “safe third country” the right of asylum. This drastically lowered the number of asylum applications. (El-Cherkeh & Tolciu, 2009, p.2).

The fourth phase started in 1989/1990 with the fall of the Berlin Wall and inner German East-West migration as well as labour migration from former Soviet countries hoping for prosperity in Germany (ibid.). However, it was only in the beginning of the new millennium when Germany recognised itself as a country of immigration starting in 2000 with a new citizenship law. It changed the *ius sanguinus* principle to *ius soli* to give children with foreign parents, - who have lived in Germany for at least eight years - but who were born in Germany, the country’s citizenship as well as their parents’ (Sozialreferat München, 2011).

A so-called “Option-model\(^8\)” (Bundezentrale für Politische Bildung, 2011, p.188) was added to the new citizenship law: when the children reach the age of 21, they have to choose one citizenship. This introduced the category of “person with a migration background”. It includes all parts of the population who have migrated to Germany after 1950, as well as those born in Germany who have a different nationality or of whom at least one parent has migrated to Germany or was born in Germany with a different nationality (Bundeszentrale für politische Bildung, 2011, p.188). This meant that the “9% foreigners in Germany changed to 19% people with a migration background over night” (Landeshauptstatd München, 2011, p.14). However, it has to be mentioned that only in the annual microcensus, those children are regarded as “person with migration background”, whereas in all others they are most often included as Germans\(^9\) (Beauftragte der Bunderegierung fir Migration, Integration und Flüchtlinge, 2010, p. 37).

In 2005, a new Immigration Law was passed making the integration of immigrants as a prior aim for the German government and society as well as increased transparency and simplification of immigration procedures (Hayen, Interberg & Tiedemann, 2006). In this

\(^8\) Optionsmodell

\(^9\) For data situation on migrants in Germany, see Appendix1
context, it is also important to mention that the statistical federal office\textsuperscript{10} had not incorporated the category of “migration and integration” into their research until that year. Thus, the availability of data is limited, as information on the “population with migration background” has only been collected since then. The Immigration Law of 2005 was then complemented by a National Integration Plan in 2007, which set the following aims (Sozialreferat München, 2011, p.15):

- Improvement of integration courses
- Focus on education and language for children
- Education to increase labour market opportunities
- Increase quality of living and equal treatment, also for men and women
- Integration through citizen engagement, increase participation in society
- Celebrate diversity and increase intercultural competencies
- Integration through sports
- Use of media

In 2010, however, the debate on integration in Germany received a drawback with the publication of Thilo Sarrazin’s\textsuperscript{11} book ‘Deutschland schafft sich ab’\textsuperscript{12}. Some of the assumptions and claims made in the book were regarded as highly hostile towards foreigners. Therefore, his publication received tremendous criticism and triggered a long withstanding debate. It has been argued that his work did not contribute to an optimistic outlook on the integration debate, but rather worsened Germany’s outward image as a not particularly welcoming country of immigration (Reimann, 2011).

This debate was troubled again in November 2011, when a group of right wing criminals was found guilty of the killings of several migrants over the last ten years. The fact that the cases were only clarified a couple of years after the killings, as well as the question in how far the group belonged to a larger more structurally organised network, have “disrupted the trust of many migrants in the German state” (Spiegel Online, 2011). Next to an increased security and attention to this topic, it is “indispensable to further improve Germany’s integration policy” and “take into account the factual realities and problems of the migrants’ situation” (Ditib\textsuperscript{13} in Spiegel Online, 2011). However, recent polls among the population

\textsuperscript{10} Statistisches Bundesamt
\textsuperscript{11} German social democratic politician and author who was a board member of the German federal bank until he resigned from this position in the aftermath of the discussions about his book.
\textsuperscript{12} “Germany does away with itself”, top-selling book of its genre from a German author of the last decade
\textsuperscript{13} Biggest Muslim organisation in Germany
show that the killings have not only spread anger and anxiety among the migrant population in Germany, but have also aroused comparable feelings among Germans with no migration background. A survey shown on the website of a big daily news programme in Germany, the Tagesschau, reveals that 74% of those who answered support the prohibition of the right wing party in Germany suggested by the German minister of interior Friedrich (Schönenborn, 2011).

The two above-mentioned happenings demonstrate that xenophobia and racism as well as right-wing populism are a marginal and publicly disrespected phenomenon, which, however, demand cautious attention and action. This needs to be considered by policies that support solidarity and cooperation between the German society (migrants and non-migrants) and the German government. Additionally, policies can build on the positive developments in the last decade which should dominated the discussion on the topic. There is also evidence for optimism regarding the current situation as well as immigration and integration policies in Germany, especially when taking into account international comparisons. Thereby, it becomes visible that the discussion on as well as situation of the migrant population in Germany appears to be rather positive (Die Welt, 2010). It is repeatedly pointed out that the big success with regard to integration is the fact that the topic has become a mainstream topic and is now part of the political debate which was not the case several years ago (ibid.).

3.2. The Present Situation of Migrants in Germany

In order to keep continuity and consistency in the presentation of the situation of migrants in Germany, most of the data was taken from the national Integration Report published in 2010, for which the data are based on the microcensus of 2008. It has to be mentioned that in some cases, new data exist from a socio-economic panel published in 2011 and based on the census of 2009, which are used when the specific numbers were not available in the other report.

In 2008, Germany’s population counted 82.1 million people of which 15.6 million (16 million in 2009) had a migration background, making up 19% (19.6% in 2009) of Germany’s inhabitants. Out of those, 7.3 million or 8.9% of the general population held a foreign citizenship and 8.3 Million (8.8 million in 2009) or 10.1% of the general population had a German passport. When additionally differentiating among those with a migration background, two thirds or 10.6 million had a direct migration experience, meaning they had
immigrated to Germany themselves since 1950 and thus, count as so-called first generation migrants. Among those, 5.6 million still hold a foreign passport and 5 million are German citizens. Counting the second and third generation born on German soil, they account for one third (4.9 Million). 1.7 million of those hold a foreign passport and around 3.3 million are Germans (counting double-nationalities) (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge, 2010, p.37-40; Bundeszentrale für Politische Bildung, 2011, p.188).

The following table depicts the origins of the population with a direct migratory background in 2008.

Figure 2: Origins of Population with a Direct Migration Experience in 2008 (10.6 Mio)

Source: Beauftragte für Migration, Integration und Flüchtlinge, 2010, p.51, data from microcensus 2008

From the figure it can be concluded that in 2008, 53.6% held the citizenship of a European country, out of which 23.3% were EU citizens and 30.3% came from non-EU countries on the continent. Among the non-EU European countries, which made up the biggest group, the largest share were Turkish citizens, making up 46.8% of the non-EU European countries and 14.2% of the total migrant population with a direct migratory experience. The other groups of
migrants were rather small; the biggest share originated from Asia, Oceania and Australia constituting 10.9% and followed by migrants from Africa (3.2%) and the Americas (2.2%).

Nevertheless, it has to be kept in mind that this figure only accounts for the first generation of migrants. Therefore, it does not completely depict the reality of migrants in Germany as the numbers would naturally be much higher. The Social Report published in 2011 with data from the microcensus of 2009 elaborates on the numbers based on the migration background and reaches considerably higher numbers: 3 Million with Turkish migration background, 1.5 Million with Polish, 830 000 with Italian and 403 000 with Greek background. However, it is very difficult to get a comparable data set as the data situation on the second generation is still very unclear in Germany. Additionally, data from the Integration Report used for the figure above were collected in 2008 and might not be 100% accurate in 2011. Nonetheless, it can be assumed that the division has not changed very much since then.

When looking at the economic situation of migrants in Germany, the Integration Report of 2010 states that “a considerable improvement of migrants’ integration into the labour market is of very high importance for social, societal as well as economic consideration” (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge, 2010, p.147). The microcensus of 2008 revealed that the average labour participation of persons with a migration background was 69%, which is considerably lower than that of those without a migratory background at 77%. It is reflected in the high unemployment rates of migrants in comparison to the German population, which in 2009 was still more than double of that of the German population (Table 4).

<table>
<thead>
<tr>
<th>Year</th>
<th>Natives</th>
<th>Foreigners</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10.2</td>
<td>17.1</td>
</tr>
<tr>
<td>2001</td>
<td>9.8</td>
<td>17.2</td>
</tr>
<tr>
<td>2002</td>
<td>10.2</td>
<td>18.8</td>
</tr>
<tr>
<td>2005</td>
<td>11.9</td>
<td>25.2</td>
</tr>
<tr>
<td>2007</td>
<td>9.3</td>
<td>20.3</td>
</tr>
<tr>
<td>2008</td>
<td>8.0</td>
<td>18.1</td>
</tr>
<tr>
<td>2009</td>
<td>8.3</td>
<td>19.1</td>
</tr>
</tbody>
</table>

Source: Beauftragte für Migration, Integration und Flüchtlinge, 2010, p.177

This means that an increase of labour participation of the population with a migration background by improving their qualification possibilities in Germany as well as simplifying the recognition of foreign degrees are important points to consider in the area of labour
market participation. The following table shows the highest qualification of people with a migration background in comparison to people without a migration background:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>With Migration Background</th>
<th>Without Migration Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>No schooling</td>
<td>12.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Low (Hauptschule)</td>
<td>33.3</td>
<td>29.7</td>
</tr>
<tr>
<td>Middle (Realschule)</td>
<td>22.1</td>
<td>36.5</td>
</tr>
<tr>
<td>High (Abitur)</td>
<td>31.1</td>
<td>31.4</td>
</tr>
<tr>
<td>Further Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No further education</td>
<td>36.7</td>
<td>11.4</td>
</tr>
<tr>
<td>Low (Apprenticeship)</td>
<td>37.3</td>
<td>58</td>
</tr>
<tr>
<td>Middle (Meister/Vocational School)</td>
<td>4.1</td>
<td>8.9</td>
</tr>
<tr>
<td>High (University)</td>
<td>14.5</td>
<td>16.6</td>
</tr>
<tr>
<td>In Vocational training</td>
<td>6.3</td>
<td>4.4</td>
</tr>
</tbody>
</table>

Source: Bundeszentrale für politische Bildung, 2011, p.190

The most visible aspect is the high number of migrants who do not have any qualification, neither schooling nor a higher education. Nevertheless, among those with a university degree the percentage is not that different. It has to be mentioned that many migrants naturally achieve their university degree outside of Germany, which are often not recognised in Germany and lead to a gap between the actual education of the migrant and his or her job in Germany with a lot of unused qualification potential (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge, 2010, p.182). This phenomenon is called “brain waste” and examples range from a taxi driver with a foreign doctor’s diploma to a filling station attendant with a foreign engineering diploma (ibid.). However, it is not only the recognition of foreign qualifications and an improvement of the national qualification situation of people with a migration background, but also the recognition of informal qualifications and capabilities of migrants, their cultural sensitivity, and ability to adapt and function as a bridge between different countries that needs to be taken into account (ibid.).

### 3.3. Migrant Self-Employment in Germany

Despite the fact that migrant entrepreneurship in Germany has increased considerably since the 1970’s, it has only rather recently gained public attention on the national level. In this context, the German Ministry for Economic Development and Labour (BMWi) commissioned
a study in 2005 on the role and impact of the then “ethnic economy” in Germany (El-Cherkeh & Tolciu, 2009, p.11). As the numbers illustrate, it is an indispensable topic when evaluating labour market participation of migrants. In the year 2008, the self-employment rate of migrants was 11%, demonstrating an increase of almost 100% since the beginning of the 1990s (6%) (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge, p.159/160). With that, the self-employment rate among migrants is higher than among Germans with no migration background (10.4% in 2008). The rate among Germans with a migration background is still rather low (7.1% in 2008) (ibid.).

The following figure illustrates the nationality distribution of entrepreneurs with a migration background in 2006:

Figure 3: Self-employed with Migration Background by Nationality

Even though entrepreneurs with a Turkish background made up the biggest group of self-employed migrants (14%), their propensity for entrepreneurial activities\(^\text{15}\) at 8.16% was lower than that of Greeks (16.24%) or Italians (12.27%), although in numbers their percentage is considerably lower (6% and 8% respectively). This can be explained by the fact that in total numbers, the Turkish population represents the biggest single group of migrants in Germany (see Figure 2, p.27). The propensity for entrepreneurial activities of the population without a migration background was 11.1%, while the highest propensity for Germany was among

\(^{14}\) Unfortunately, more recent data were not available

\(^{15}\) “The propensity for entrepreneurial activities is calculated as a percentage of the self-employed persons with a certain migration background reported against the total number of employees with that specific background” (El-Cherkeh & Tolciu, 2009, p.13)
migrants from neighbouring EU countries such as Austria (21.9%), the Netherlands (17.9%) and Poland (15.5%) (El-Cherkeh & Tolciu, 2009, p.13).

This can be explained by the geographical and cultural proximity, as well as the legal framework regarding access to the labour market and business establishment between EU Member States. Recent developments also demonstrate a considerable increase in specifically Polish establishments after the EU Enlargement of 2004, which introduced the freedom of movement between Germany and Poland with limited access to the German labour market (ibid.).

The figure below reveals that self-employed migrants are often represented in the lowest qualification category as well as the highest:

Table 6: Educational Level of Self-Employed Persons (%)

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Natives</th>
<th>Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>No educational degree</td>
<td>2.3</td>
<td>6.0</td>
</tr>
<tr>
<td>Vocational Training</td>
<td>27.5</td>
<td>21.8</td>
</tr>
<tr>
<td>Secondary school</td>
<td>36.6</td>
<td>32.2</td>
</tr>
<tr>
<td>Baccalaureate</td>
<td>17.5</td>
<td>17.1</td>
</tr>
<tr>
<td>Higher education (University)</td>
<td>14.0</td>
<td>17.5</td>
</tr>
<tr>
<td>Other degrees</td>
<td>2.1</td>
<td>5.4</td>
</tr>
</tbody>
</table>


While 6% of migrant entrepreneurs have no educational degree, the number lies at 2.3% for the German counterparts. When it comes to the highly-qualified (university degree), migrant entrepreneurs constitute a higher share (17.5%) than native entrepreneurs (14%) (KfW, 2007, cited in El-Cherkeh & Tolciu, 2009, p.16). The high percentage of self-employed migrants with a university degree can be attributed to the attitude towards self-employment in the origin country as well as to the fact that foreign qualifications are not easily recognised in Germany making it difficult for the person to find a job as an employee (ibid.).

The next figure reveals that the largest share of self-employed with a migration background (40.3%) is active in the service sector. Here, it has to be mentioned that no distinction is made between knowledge intensive services and the service sector with lower barriers entry. Another large share is active in trade and the hotel and restaurant business, which also feature rather low barriers to entry and from which German entrepreneurs have increasingly retreated (Christ, Reineke & Welker, 2007, p.27).
Nevertheless, it has to be kept in mind that the figure is based on the microcensus of 2005, only shortly after the EU Enlargement. Since many entrepreneurs from Eastern European countries have established in the manufacturing industry, especially in crafts and construction, as well as the service sector, this figure might look a bit different now. However, no overview was available for more recent years. Furthermore, it would be interesting to get a comprehensive overview of which nationality is mainly present in which sector. Previous studies have shown that while Italians, Greeks and Turkish are represented in trade and the restaurant and hotel business, migrants from the Russian federation are mainly present in the service sector (Christ, Reineke & Welker, 2007).

The reasons for self-employment among those groups are manifold. However, studies have shown that those reasons are not necessarily migrant-specific but rather related to the specificities of self-employment as well as the social status (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge, 2010, p.162). Additionally, contrary to what the concept ethnic economy describes, migrant entrepreneurship in Germany is not characterised by the so-called economic niches and a concentration of the entrepreneur on his/her own community but is shaped by great diversity and anchored in very different branches (ibid., p. 163). Despite the high dynamics of migrant entrepreneurship, it is however, a comparably high fluctuation rate, i.e. the number of self-employed that go out of business is higher than average among those business can be identified (Leicht, 2005).

A report published by the German Chamber of Industry and Commerce in 2008, which included a section on migrant entrepreneurs however, reveals that migrants – contrary to what many assumptions say – are rather well prepared when starting-up a business.
The main challenges arise in financing (46%) as well as commercial deficits (42%). However, those two are also barriers for Germans (38% and 42% respectively). German language skills, which make it more difficult to gain ground in the German market and deal with bureaucratic challenges were contrary to expectations only mentioned by 20%; however, should not be underestimated. Other migrant specific hurdles are connected to the lack of cultural knowledge, especially in regard to knowledge of German customs in business negotiations but also of German shipping and service behaviour and emotional hurdles which often lead to misunderstandings (IHK, 2008, p.15/16).

In addition to contributing to the improvement of their own situation on the labour market, migrant entrepreneurs also offer potential workplaces as well as apprenticeship-training positions. It is estimated that over 2 million people work in migrant businesses, meaning that more than 20% of the economically active in Germany are employed by migrant entrepreneurs (ibid., p.161). Nevertheless, this potential is still very difficult to measure as a large share of the migrant businesses are micro enterprises: two thirds have less than four employees out of which 60% are so-called single-entrepreneurs often founded under the *Ich-AG*\(^{16}\) scheme (ibid., p.161). When considering the potential of those businesses as apprenticeship-training positions, it has been concluded that the quote is rather low, varying between 5% and 15% on average and depending on the origin country. The rate of Turkish-owned enterprises is the highest (19%) in comparison to German entrepreneurs with no migratory background (25%) (ibid, p.128).

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\(^{16}\) *Ich-AG*: person in self-employment as part of a government-funded scheme to help jobless people to start-up their own business (more details)
In addition to the often small size of migrant businesses, reasons for the rather low apprenticeship-training positions can be attributed to the fact that the so-called dual system of vocational training\textsuperscript{17} is very specific to Germany and not very well known in other countries. Another challenge to setting up apprenticeship-training positions is the fact that somebody in the business needs to have a special license (\textit{ADA Schein}), which involves taking courses and taking an exam – mostly done by the IHK – and is connected to additional investments of time and money.

3.4. Rules, Regulations and Target Specific Policies that affect the Development of Migrant Entrepreneurship in Germany

Access to self-employment is regulated on the national level in Germany and the aspiring entrepreneurs have to meet certain formalities to open up a business (Lüken-Klaßen & Pohl, 2011, p.25). They can be found on the website of the German Ministry for Economic Development and Technology (BMWi) in German, English, French, Italian, Turkish and Russian. In addition, the Association of Turkish Entrepreneurs and Industrialists in Germany (ATİAD e.V.)\textsuperscript{18} has taken the effort to explain and elaborate on the them on their website called \textit{İşte Bilgi} in a simplified version, which is also available in Turkish.

Another interesting webpage in this context is www.migration-business.de, a magazine directed at the population with migration background, especially entrepreneurs, but also Germans who are interested in cultural diversity and regard it as an enrichment. The page presents stories of migrant entrepreneurs active in different branches as well initiatives targeted at the group. It can be seen as platform for exchange and network creation for all those interested in the topic and gives visibility to self-employed with a migration background in Germany as well as the activities and potentials connected to them (Migration Business, Über Uns).

When opening up a business, the first step is to choose a legal structure of the company which determines the taxes and finances. The three possibilities are a single-person undertaking, a cooperation undertaking or a capital undertaking, which then determine the specific legal structure (ATİAD e.V., Rechtsformen der Unternehmen, BMWi, 2002, pp.40-

\textsuperscript{17} The trainees spend part of their formation in the business and part of it at a school.
\textsuperscript{18} Verband Türkischer Unternehmer und Industrieller in Deutschland
42). When this is done, the business has to be registered with the local trade office \(^{19}\), which in turn informs the other authorities, where the new business has to registered \(^{20}\) (BMWi, 2005 in Lüken-Kläßen & Paul, 2011, p.25):

- The tax office: depending on the size, legal structure and freelance position, taxes include a turnover/input tax, income tax, trade tax and corporate tax. However, there are special regulations for small entrepreneurs \(^{21}\): if the turnover was lower than €17,500 in the last year and smaller or equal to €50,000 in the present year, no turnover tax has to be paid. This is an important regulation especially for migrant businesses as most are micro entrepreneurs with lower than four employees (see above).
- The Occupational Accident Insurance Fund \(^{22}\)
- The Trade Supervisory Office \(^{23}\)
- The local courts (entry into the trade register)
- In certain branches either the Chamber of Trade and Commerce (IHK) or the Chamber of Crafts (HWK)

Depending on the branch of the business, the aspiring entrepreneurs need to obtain specific permits or hold specific qualifications in order to open up a business (ibid., p.26):

- Specific qualifications need to be held in childcare, nursing, brokerage and accounting.
- A special license is needed for carriage of passengers.
- If the firm is expected to have an environmental impact, it needs to be in line with the Federal Emissions Control Act.
- In hospitality, entrepreneurs needs to take a one-day introductory course at the local IHK
- In the security area, special instructions need to taken as well proof of resources and reliability.
- The Crafts Code was revised in 2004, now the crafts sector is divided into crafts traders, that endanger life and health, which need to obtain a special permit, requiring a master certificate in that craft or need to employ a master, and quasi crafts and crafts where no special qualifications or permit is required.

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\(^{19}\) Gewerbeamt

\(^{20}\) This is not relevant for freelancing professions: they only have to registered with the local fiscal authorities to receive a tax number (ATiAD e.V., Anmeldeverfahren)

\(^{21}\) Kleinstunternehmregelung

\(^{22}\) Berufsgenossenschaft

\(^{23}\) Gewerbeaufsichtsamt
The above-mentioned regulations and registration conditions are the same for every entrepreneur in Germany, no matter if he/she has a migration background or not. However, certain laws exist that specifically apply to Third Country Nationals (TCNs). TCNs already living in Germany must hold a valid residence permit. Those with the intention to start a business in Germany need to take into account Paragraph 21 of the German Immigration Act of 2005. It states that “self-employed persons can obtain a residence permit if there is an overriding economic interest or a regional demand, if the activity can be expected to have a positive impact on the economy and if the funding is ensured” (ibid., p.25). Thereby, overriding economic interest means an investment of at least €250,000 or the creation of at least five jobs. When the conditions are fulfilled, the person receives a residence permit for a maximum of three years. If the business then turns out successful and he/she has “sufficient means to ensure his/her livelihood not to become a burden on the social security system” a permanent settlement permit can be issued (ibid.).

Those regulations naturally do not apply to members of the EU member states. Since 2009, with the introduction of the so-called Single Point of Contact (SPC) in European cities, the EU has created online e-government portals that make it possible to get information about the rules, regulations and formalities that apply to service activities and complete the administrative procedures online without having to consult all individual offices and authorities.

In this context, it is important to mention that until May 2011, special work permit conditions existed in Germany for the new Member States that joined in 2004 and 2007: a work permit was only granted if the position could not be filled with a German/other EU citizen. However, self-employment was granted without any legal registration leading to a high amount of so-called “pseudo self-employment” registrations by migrants from the new Member States (ibid., p.26).

As becomes visible from the above elaborated rules and regulations, self-employment is thus, connected to a high amount of bureaucracy in Germany. Therefore, the local level governments, municipal departments as well as the local chambers are responsible for implementing the regulations and offering information, advice and support for the aspiring entrepreneurs. Hence, there is a wide landscape with a high amount of support and advice for

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24 Non-EU citizens
self-employed, which, however mostly require a good knowledge of the German institutions and system and are not easily accessible for a considerable share of the migrants (SVR, 2010).

Additionally, two very important actors, the IHK as well as the HWK want avoid the development of parallel structures for migrants. They advocate an equal treatment of all self-employed stressing the fact that “self-employment is a challenge, that all –independent of origin – have to face” (ibid., p.7). However, in order to live up to the equal treatment clause, it is important to realise that natives and migrants might sometimes face different challenges. Nevertheless, a report published by the German Chamber of Industry and Commerce demonstrates progress in this direction. The following chart taken from the report demonstrates that a number of regional/local chambers offer specific services for migrants

Figure 6: IHK Establishment Services for Migrants

Source: DIHK, 2008, p.14

The report also states that in 2007, 8282 (14% of all members) migrants have consulted the IHK’s establishment services. However, the number is still considerably low, when taking into account that the rate of new establishments is comparably higher among this group (DIHK, 2008, p.14).

There are a few initiatives on the national level targeting aspiring as well as already established migrant entrepreneurs. There is a Working Group called “Migrant Entrepreneurship” in the national initiative Integration through Qualification (IQ) which underlines the importance of target specific offers in advice, coaching as well as qualification offers, taking into account the needs of self-employed persons with a migration background.

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25 No specific definition of migrant included, however it is assumed that similar to the IHK in Berlin the national IHK only has statistics available for the group of foreign member businesses
26 Integration durch Qualifizierung
In this context, the so-called 4+1 phases model has been developed. It encourages national, regional and local governments as well as the regional/local chambers to adjust their supply of instruments for the support of entrepreneurs with a migration background. The four phases refer to the information phase (1), orientation and planning (2), start of the business (3), consolidation and growth (4), and most importantly concerning access/communication (+1) (Beauftragte der Bundesregierung für Migration, Integration und Flüchtlinge).

On the webpage of the BMWi which is available in five languages next to German, there is a section targeted at migrant entrepreneurs, which refers to specific regional and local initiatives as well as two national Turkish organisations for the self-employed. The ministry is especially active in the area of creating apprenticeship-training positions in migrant businesses. An example is the initiative Jobstarter, which aims to increase the number and quality of apprenticeship-training positions. One of the target groups is self-employed with a migration background.

The aim of a specific sub-project called Coordination for Apprenticeships in Migrant Enterprises (KAUSA\(^{27}\)) set up in 1999 is to set-up training positions in and supervise migrant businesses. KAUSA is financed by the ESF and the German Ministry for Education and Research (BMBF). So far, there have been 44 separate projects, which have installed over 2500 apprenticeship-training positions in migrant firms (Beauftragte der Bundesregierung für Migrations, Integration und Flüchtlinge, 2010). In addition, an initiative called Placement of Trainees in Enterprises which is supported by the ministry, directly encourages the chambers to help set-up training positions and fill them in migrant enterprises (Beauftragte der Bundesregierung für Migrations, Integration und Flüchtlinge 2010).

The following chart presented in a study by the HWWI indicates the use of counselling structures by migrants in comparison to migrants:

| Table 7: Use of Counselling Structures: Migrants vs. Native Entrepreneurs |
|-----------------------------------|---------|---------|
| No counseling                     | 10.0    | 6.2     |
| Counseling through banks          | 11.1    | 9.3     |
| Chamber of Commerce/Chamber of Skilled Crafts and Small Businesses | 26.7    | 22.9    |
| Internet                          | 45.5    | 41.0    |
| Friends/Family/Acquaintances      | 53.4    | 65.8    |
| Other Self-employed/Founder Networks | 26.7    | 34.8    |
| Federal Employment Agency         | 26.9    | 29.1    |


\(^{27}\) Koordinierungsstelle Ausbildung in Ausländischen Unternehmen
Contrary to the assumption that migrants have a considerably higher tendency to consult family and friends instead of public consultancies, the figure shows that the difference does not seem to be that big. A general conclusion that can be drawn is that the use of formal counselling (bank, chambers, federal employment agency) is in general rather small as compared to counselling by friends, family, acquaintances and in the case of the migrant entrepreneurs also self-employed or founder’s networks. However, it is difficult to draw deeper conclusions from this figure as it is unclear whether entrepreneurs with or without a migration background have not consulted the agencies as their own decision and how many failed to succeed in the process of receiving grants for the opening of the business (ElCherkeh & Tolciu, 2009, p.19.).

In the area of financing the existence of microcredits plays a significant role for entrepreneurs with a migration background as a large share open up micro enterprises and thus, only need small credits, which the usual banks do not supply (Mr Aydin, Faktum Consulting, personal interview). Therefore, the concept of microcredits is especially important for this group of self-employed. Microcredits are technically ordinary bank credits between €15,000 and €25,000, which run between five and ten years. They work under the so-called *Hausbank-Prinzip*, the primary bank, where the aspiring entrepreneur has his/her account and credits. Microcredits have to be applied for before the start of the enterprise at the *Hausbank*, and are then checked on the basis of the business plan and general credit-worthiness. If the bank decides to grant the credit, it usually finances the undertaking. Thereby, the interest rest rate can vary. If the entrepreneur has no securities, there are specific regulations of guarantees. The Kreditanstalt für Wiederaufbau (KfW) is the most important microcredit institute in Germany (Amhajer, 2007).
Figure 7: The *Hausbank Principle*: Four Steps to Receive a Support Grant

![Diagram showing the four steps of the Hausbank Principle](image)

**Step 1:** Application

**Step 2:** Forwarding of application with advisory opinion

**Step 3:** Refinancing acceptance

**Step 4:** Credit acceptance/Grant contract:

- Aspiring Entrepreneur
- Business Plan

- Hausbank Credit Advice & Security Check
- KfW-Bank
- Decision about support grant

Source: Amhajer, 2007, p.43, own illustration

The disadvantage of this system is that the credits are still based on traditional credit models, whereby high credit sums are preferred. This means that an extremely high debt occurs in case of failure of the business which increases the risk for the *Hausbank* (Amhajer, 2007, p.43). However, other initiatives in the area of microcredits exist, especially for those who found their business as a response to structural and economic problems. An example of this is the so-called *Gründungszuschuss*\(^{28}\), which exists since 2006 and is given to unemployed who decide to open up a business. Entrepreneurs who have received unemployment benefits get it for the first nine months of the business start-up plus €300 for social security, which under certain circumstances will still be paid for another six months.

Additionally, since 2004, the German Microfinance Institute\(^{29}\) unites support initiatives, which shall serve to increase the working of microfinance in Germany. Thereby, the GLS Microfinance Fund called *Capital for Own Initiatives* is the backup credit security fund. The fund especially supports those who face specific challenges in the opening up of a business, like young entrepreneurs, women and migrants (Groß, 2005, in Amhajer, 2007, p.44/45).

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\(^{28}\) Foundation Grant

\(^{29}\) Deustches Mikrofinanzinstitut
4. Methodology

This part presents and evaluates the methods used for the empirical analysis. The following graph shall serve to illustrate the main pillars of the investigation, which will be further elaborated on in the course of the chapter:

Figure 8: Methodology for the Empirical Analysis

It is an exploratory research approach, a combination of qualitative and quantitative research techniques, designed to compare policies and initiatives that target migrant entrepreneurs in the two case studies of Berlin and Munich (i.e. Beckers, 2010, p.139). The method involves three different parts: data collection from secondary sources (statistics, reports), semi-structured interviews with relevant actors in the two cities that are involved in policies/initiatives, and a standardised individual survey implemented among self-employed with a migratory background in the two cities. The expectations are that the differences between the two cities will become visibly in the supply of target specific initiatives, the
wants and needs of the self-employed migrants as well as the link that is created through the policies and initiatives between the individual entrepreneur and the structural factors.

4.1. City Choice

For the analysis of policies and initiatives targeted at migrant entrepreneurs, the two cities of Berlin and Munich were chosen for various reasons. Both are major cities and regional capitals in Germany with a distinct migration history and an important role of the migrant population in the cityscape and policies. Additionally, the availability of at least some data in the form of reports was given in the two cities. Added to this are financial considerations, as in both cities personal contacts were available that constitute a base for the implementation of the interviews and surveys.

Contextual reasons for the city choices relate to discussions in the media about the perception of different immigrant integration outcomes in the two cities. A topical newspaper article in the Süddeutsche Zeitung, a southern German newspaper on the 50th anniversary of the German-Turkish Recruitment Agreement states that “Munich can look back on a successful history of immigrant integration without ghettoisation like in the famous quarter of Neukölln in Berlin” (Brüning, 2011, p.R15). As is the case here, Munich is mostly illustrated as an example of successful integration of migrants whereby Berlin is mainly displayed as a problematic city in this sense.

This is also stated in a report comparing integration in the two cities published in 2009 by the Berlin Institute for Population and Development, where Munich overall ranks first as the city with the most successful integration outcomes and Berlin ranks tenth as a city which still features many problems in this area. An example of this is the negative publicity which the city received by the media because of the Rütlischool in Neukölln, a district that is particularly known for its high share of persons with a migration background. The school has been in the media because of its high proportion of students with a migration background (80%) who have revealed a low disciplined working attitude and displays a high readiness to use violence against fellow students as well as teachers (Sanktjohanser, 2006).

Additionally, when talking about the topic of migration and integration in Berlin and Munich, a large part of the German population believes that the share of migrants is considerably higher in Berlin due to the often negatively felt presence in certain city districts. However, when looking at the numbers, the share of the foreign population in Munich at 22.6% in 2009 was much higher than that in Berlin with 14% in that year (Sozialreferat
München, 2010). Further statistics on labour market participation reveal that the unemployment rate in both cities among migrants is considerably higher (25.5% in Berlin, 9.3% in Munich) than the average. Here, it has to be taken in account that with an average unemployment rate of 4.7% Munich is much better off than Berlin with 16.6%. The GDP per capita in Munich (€54,996) is also more than double that of Berlin (€26,255), which can be traced back to the high unemployment rate in Berlin and the sector distribution of the labour force. In Berlin, a large share works in the cultural and creative sector whereas in Munich the high-tech and knowledge intensive industries with big firms prevail (Döll & Stiller, 2010a/b; for exact numbers see city portraits included in analysis)).

The different economic performances as well as integration outcomes can be traced back to the histories of the cities. Whereas Munich is a traditional city of immigration with a very early involvement of the city council in integration policies, Berlin has only after its internal division become attractive for foreigners and still suffers economically from it. Both cities have recently designed new integration policies (Berlin in 2007, Munich in 2008) which emphasise the values of diversity and the importance of equal participation and intercultural opening.

Statistics however, show that the self-employment dynamics of foreigners in the two cities are comparable. In 2008, 32.5% of the business registrations in Berlin came from foreign entrepreneurs and 37.7% in Munich (IHK & HWK Berlin 2011, Sozialreferat München, 2010). Thus, migrant entrepreneurship in both cities has become an important factor in the city’s development and public and private actors have become active in the promotion of migrant self-employment. This makes it interesting to see how similarly or differently actors approach the topic in those two cities and in how far they are able to link their initiatives and policies to the needs and wants of the target group.

### 4.1.1. Secondary Data

The secondary data for the analysis was derived from different sources. General background data about the cities’ population and background were taken from a city ranking report in 2010 by the HWWI and complemented by data from the two cities’ statistical offices. An additional source was a report by the SVR published in 2010, which evaluated the role of policies targeted at migrant entrepreneurs in Germany, *inter alia* in Munich and Berlin. As
already mentioned above, it is extremely difficult to get comparable data about the migrant population in Germany, due to the different definitions of person with a migratory background and the fact that data on this part of the population have only been collected since 2005\textsuperscript{30}.

Thus, specific data on the migrant population, especially concerning self-employment, which are not included in the city ranking, were taken from the two cities’ Integration Reports published in 2009 for Berlin and 2010 for Munich. Nonetheless, even those data are not complete as the data for self-employed with a migration background in the two cities has not been collected thoroughly. For Berlin the IHK has published the number of so-called foreign member-businesses, which however, as the name indicates, only include the first generation of migrants and only those registered with the IHK. In Munich, no such data has been collected so far. Therefore, data was extracted from a report published by the Department for Social Affairs in 2007, which estimates the number and composition of self-employed persons with a migration background in the city. As a result of those limitations, the data is not directly comparable, but has to be viewed in light of the respective definition of person with a migration background as well as self-employment, which comprises different categories in Germany, as mentioned earlier.

4.1.2. Interviews

The qualitative primary data for the investigation was collected by means of semi-structured interviews with actors that are involved in policies and initiatives that target migrant entrepreneurs in the two cities. The interviews were implemented between September and November 2011. In order to cover the views and evaluations of a range of different actors, interviews with the following actors were planned in Berlin

- Department of Economic Development
- Department responsible for migrants and integration
- Representatives from the Chambers
- Representatives from ethnic or general migrant associations
- Representatives from German organisations

\textsuperscript{30} See Annex 1
Consultancies run by a person with a migratory background

Financing institutions

Unfortunately, it was not possible to get representatives from all seven institutions in both cities. Ultimately, six interviews were collected in Berlin with:

- Mrs. Leverenz, Senate for Economic Development, Technology and Women (SenWTF) on October 20, 2011
- Mr. Brieger, IHK Berlin on October 25, 2011
- Mr. Slingerland, Bildungswerk Kreuzberg (BWK) on October 26, 2011
- Mrs. Luschnikowa, Initiative Selbstständiger Immigrantinnen e.V. (ISI e.V.) on October 24, 2011
- Mr. Yilmaz, Faktum Consulting, Smart Mikrokredit, Member of directorate of Berliner Arbeitgeber und Existenzgründervereinigung e.V. (BAREX e.V.). on November 4, 2011
- Mr. Germershausen, Representative of the Commissioner for Migration and Integration in Berlin on November 2, 2011
- Mr. Würtz, consultant, Co-founder of Globe e.V. on October 26, 2011

Five interviews were realised in Munich with:

- Mr. Shwani, Department of Economic Development and Labour (RAW) on September 13, 2011
- Mrs. Kivran, Advisory Council for Foreigners in Munich, via email on November 14, 2011
- Mrs. Böhmer, Münchner Existenzgründungsbüro (MEB) at the RAW, München Fonds on September 15, 2011
- Mr. Fersadi, IHK Munich on October 12, 2011
- Mr. and Mrs. Aktas, Aktas Consultancy, Winner of Phönix Preis in Munich 2010 on September 16, 2011

Before the interviews, an interview guide was designed and sent to the interviewees. Naturally, the guide was adjusted to the two cities and the actors. However, it always included questions about the following topics:

- Position of the interviewee and role in the design of policies and initiatives that target migrant entrepreneurs
- Definition of migrant/ethnic entrepreneurship

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31 Initiative for self-employed female migrants
32 Association of Turkish Entrepreneurs
33 Association for Arab Entrepreneurs
34 Munich’s Office for Business Start-Ups
35 The complete interview guide can be found in the Annex 2
4.1.3. Standardised Individual Surveys

In order to complement the secondary data and interviews and gain insight into the point of view and experiences of the migrant entrepreneurs, a standardised individual questionnaire was implemented in the two cities. The implementation took place between September and November 2011. The target population was 40 entrepreneurs with a migration background in both Berlin and Munich in the field of micro, small and medium size enterprises. No specific attention was paid to the origin, the migrant generation and the industrial sector of the business. When the business was founded as a cooperation between a German and a person with a migration background, it was also taken into consideration for the analysis, as the business owner with the migration background technically still counts as self-employed. The rather broad definition of the target population was set in order to ensure that the focus of the analysis will not be put on the characteristics and motivations of the individual entrepreneurs, but on the potential role of local policies and initiatives in the development of migrant entrepreneurship.

The survey was made up of 24 closed and two open questions. The open questions guaranteed to not only include quantitative observations, but also the respondents’ own evaluations and ideas on the topic. All questions were formulated in a precise, clear and easily understandable way. The questionnaire took between five and ten minutes to answer. The topics covered involved:

- General information about the business
- Questions about the set-up of and satisfaction with the business
- Evaluation of advice and support programs in the city and recommendations

36 The whole survey can be found in Annex 3
Demographic information

In addition, personal observations and notations were added by the interviewer to give supplementary information and evaluate the context in which the surveys were implemented. This allows for a consideration of unexpected results and connections that may emerge and can further serve to better explain and illustrate those.

The survey mode was mainly face-to-face interviews, complemented by phone interviews as well as targeted emails to ensure greater coverage. The sampling strategy was intended as simple random sampling by randomly contacting businesses in different quarters of the two cities to ensure that each individual has the same chance of being selected (Sharpe & De Veaux, 2010). However, in the course of the implementation, this turned out to be rather difficult as in many cases the business owner was not present, did not have time to fill out the survey or was very sceptical about answering the questions. Furthermore, through this strategy only those that have physically visible shops could be contacted, which would leave out freelancers and single-person undertakings without a fixed office.

Therefore, the strategy was complemented by contacting ethnic associations in the two cities who were willing to forward contacts as well as acquaintances of the author who were in contact with entrepreneurs. In addition, the snowball system turned out to be a helpful strategy to get into contact with the self-employed. The complementary methods ensured that a certain level of trust was already established between the interviewer and the self-employed as well as the fact that personal phone numbers ensured a better reachability and time-flexibility of the self-employed.

4.2. Areas of Analysis

The empirical analysis is guided along four specific areas of interest which shall serve to give a more differentiated evaluation of policies and initiatives in different areas. Therefore, in each area, the most important policies and initiatives are presented and then linked with the answers given by the respondents in the survey.

The first is the visibility and active acknowledgement of the contribution and potential of self-employed with a migrant background. The first part of this section is a subjective evaluation of the feeling of the author during the implementation of the interviews in quarters with a high presence of migrant businesses. This is then complemented by statements collected on this topic during the interviews and observations by the survey respondents. In
the analysis of policies and initiatives designed to acknowledge the migrant entrepreneurs, the evaluations by the interviewees will be critically looked at. Statements by the respondents on this topic are also included here to account for their evaluation of increased interest in this topic by local actors.

Secondly, the existence of different initiatives and policies concerning information channels and offers regarding counselling and support are critically analysed by presenting the problems entrepreneurs with a migration background face and their satisfaction with the business. This is followed by an investigation in how far the self-employed have had professional advice and if yes whether they were satisfied and if not, why. The evaluation of the actors, which were given in the interviews on their own projects constitutes an additional source of information.

The third part considers the existence of initiatives targeted at qualifications of the entrepreneurs as well as the set-up of work places and apprenticeship-training positions. The latter are considered a priority policy tool on the national level. Here, the statements of the entrepreneurs on problems, the number and composition of employees, the availability of apprenticeship-training positions are taken into account. Evaluations by the actors are considered here as well.

The final part looks at specific financing possibilities mainly in the form of microcredit programmes in the two cities. Here, again the actors’ views are taken into account and are complemented by the self-employed problems in financing and their experiences with German institutions.

Naturally, the general basis for the analysis is also the data collected during the desk research on the different initiatives through secondary sources as well as recommendations given by previous reports and academic papers on this topic.

### 4.3. Shortcomings/Criticism

As in every empirical research, the used methodology of this study has a number of shortcomings. Firstly and most importantly, difficulties arise in connection to the exactness of the data on persons with a migration background in Germany\textsuperscript{37}. In order to counter the question of first and second generation and naturalised citizens, the survey in this study

\textsuperscript{37} See Annex 1
intentionally asked for the origin of the person, the place of birth as well as whether the person was naturalised or not. Additionally, there are no complete data on migrant self-employment in neither of the cities.

Concerning the interviews, it was initially planned to get representatives from all actors mentioned in the beginning which was not possible because the persons contacted did not feel involved in the field, phone numbers did not work or matching organisations did not exist. Nonetheless, as the purpose of the interviews is to deepen the results found in the analysis of secondary data and to gain extra ideas and insights from different actors, the 12 implemented interviews were still very helpful and insightful for complementing the empirical analysis. The interviewees agreed to a reference of their name and institution in the paper. However, the author decided to leave out name and institutions in case of contradicting arguments.

Naturally, the implementation of the survey posed various challenges. The first and most important step is to build up trust with the interviewees. Therefore, the decision was taken to complement the sampling strategy by the snowball system or by contacting ethnic associations or acquaintances that knew self-employed migrants. This method, however, introduces bias. It can be argued that those contacts received through the snowball system might display similar characteristics to the respondent. Secondly, those given by associations and acquaintances might display a certain degree of integration into a specific section of society. Additionally, as the survey was only implemented in German, interviewees that were not capable of speaking the languages could not be included in the sample.

Nevertheless, given the fact that the small sample size of 40 self-employed in each city is not representative and can only serve to show tendencies and individual experiences, the strategy was still regarded as fitting for the purpose of this paper. In addition, it ensured a mix of different branches, even those not visible on the streets. Another challenge was the time constraint. Originally it was intended to collect the data in a period between three and four weeks in the cities, however due to the difficulties that rose and the low response rate, the strategy was adjusted and the data collection took a lot longer than expected.

The survey design also represented a few difficulties: Firstly, a category had to be added to the question on who founded the business, as many were co-founded with a family partner, a German partner or a partner of the same nationality. This then introduced another difficulty of how to record a family-founded business in the question about employees. Is a family co-founder an employee? Which of the founders is recorded in the survey? This was
solved in the following way: Family members that were seen as co-founders by the interviewee were not recorded as employees. The statistical data were included of the person that answered the survey. Another question that was perceived as too sensitive concerned information on turnover and income, which was dropped in the course of the implementation. It was nonetheless, more generally covered by a question on the evaluation of the profit. This seemed to pose no difficulty to answer.

In general, the most interesting and valuable part of the survey was its aftermath, when respondents felt free to talk about their personal experiences and histories. Those observations are added to the analysis as they represent important considerations and allow for the individuality of the respondent. Taking into account the potential criticism and shortcomings, the following part presents the empirical investigation of the research question in Berlin and Munich.
5. Case Analysis

5.1. City Portraits

Before going into the empirical analysis and comparison of policies and initiatives targeted at migrant entrepreneurs, it is important to look at general data on the two cities that. Developing a general portrait of the city is an important part of the later analysis because “the location selection of enterprises and the choice of a person to live and set-up a business in a certain region or city is influenced by numerous aspects” (Döll & Stiller, 2010a, p.17). Therefore, the following section will present city portraits for Berlin and Munich taking into account the following characteristics:
- General data on the urban population and economy
- Migration history and characteristics of the population with a migration background
- Migrant self-employment
- Overview of policies and initiatives targeted at migrant entrepreneurs

5.1.1. Berlin

Population and Economy

With 3.4 million inhabitants (December 2009), Berlin is Germany’s largest city and contains a population density of 3862 people per square kilometre (Döll & Stiller, 2010a). It is a city-state and became Germany’s capital in 1991 after the fall of the Berlin Wall. The city, which was divided between the Western and the Eastern Zone during the cold war, was reunited on the 3rd of October in 1990. Naturally, Berlin’s division has had long-term impacts on the city, which are still present in its landscape as well as the population and economic characteristics. The population is growing at a rate of 1.6% and has become a magnet for people from all over the world who are attracted by the city’s cultural scene and its special atmosphere.

Nonetheless, the economic situation of the city still suffers from its former division and economic performance. Berlin’s Gross Domestic Product (GDP) per capita was €26,255 in 2009; considerably lower than the German average at €29,406. This is also reflected in the high unemployment rate at 13.6% (annual average) in 2010, where Germany’s lay at 7.7%
However, the number of people working in paid employment has positively increased since 2005 (Döll & Stiller, 2010a, p.32).

The following figure published by the two Chambers in Berlin for data collected in 2010, displays the allocation of sectors of Berlin’s labour force:

Figure 9: Berlin's Labour Force by Sectors (as % of total labour force)

Source: IHK & HWK Berlin, 2011, p.2 (data from 2010), own illustration

Obviously, the service sector is the most dominant in Berlin with 40.4% working in public and private services, 21.3% in the area of real estate and entrepreneurial services and 2.2% in the credit and insurance industry, which can also be counted as a service. If the hotel and restaurant business as well as transport and trade are counted as services as well, 87% work in the service sector and 13% in the industrial sector. The high number that works in public, private, real estate, entrepreneurial services and credit and insurance shows an increased specialisation of the city in the knowledge intensive economy. This is further underlined by a high influx of people who work in scientific research and the creative industry. Nevertheless, a comparatively high number also works in trade and hospitality (IHK & HWK Berlin 2011, p.2; Döll & Stiller, 2010a, p.46).

As has become visible from the above presentation, the city has its strength in the service sector, where over the last years especially the creative and cultural industry have become the motor of economic dynamics in the city. This has a positive effect on its
attraction and can be brought into connection with its structural transformation towards a knowledge-based economy. Branches like commercials, market research, architecture and consulting have created workplaces for a high number of people (Döll & Stiller, 2010, p.37/38). In addition, the area of research and development has increasingly expanded in the city, which can be attributed to its position as capital. Important political decisions on the national level are taken here. Therefore, many different lobby groups as well as NGOS and research institute install offices in the city. Hence, Berlin’s function as Germany’s capital as well as its perceived internationalisation, cultural offers and quality of living - the “soft skills” of the city (SenWTF & SenIAS, 2011, p.11) - greatly influence its urban outlook and economic development (Döll & Stiller, 2010a, p.46).

However, the city still faces various challenges. The main challenge is to positively take advantage of the internationalisation and cultural variety and incorporate it into the city’s economic development (Döll & Stiller, 2010a, p.46). Here, the migrant population in the city and especially entrepreneurs with a migration background can play a great role.

**Population with a Migration Background**

Berlin enjoys a reputation as a diverse, internationally oriented and attractive city. However, Berlin’s population with a migration background is not as high as expected. The numbers also vary from source to source in this respect. The city’s Integration Report of 2009 counted 25.7% with a migration background in 2007, whereby 14% were foreigners. In comparison, Munich’s Integration Report published in 2010 includes a comparative section of German cities, with numbers from the sample census of 2007 which reports 23.8% of the population with a migration background and 13.8% foreigners in Berlin (Döll & Stiller, 2010a, p.46, Sozialreferat München, 2010, p. 43). Here, the assumption can be made that one of the reports included Berlin as a city-state with the surrounding regions and the other only included the central quarters of the city. However, this was not stated in the reports. Nonetheless, the numbers are comparably lower than most other main German cities like Frankfurt, Munich, Cologne and Hamburg (Sozialreferat München, 2011).

Berlin’s rather low percentage of people with a migration background, which stands in contrast to the feeling one has when walking through quarters such as Kreuzberg, Neukölln or Mitte, can again be attributed to its specific history. After the fall of the Berlin Wall, the
Eastern part of Berlin\textsuperscript{38} counted a very low share of migrants. The following table shows that, when only taking the Western part of Berlin, the share of the population with a migration background would look very different and be comparable to cities like Munich and Frankfurt. It also displays the uneven distribution and accumulation of people with a migration background in specific quarters like Mitte, Neukölln and Friedrichshain-Kreuzberg. In addition, it becomes visible that the share of the population with a migration background is much higher than of those who are counted as foreigners.

Table 8: Berlin's Population with a Migration Background by Quarters

<table>
<thead>
<tr>
<th></th>
<th>Foreigners (%)</th>
<th>Populations with a migration background (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitte</td>
<td>28.7</td>
<td>44.5</td>
</tr>
<tr>
<td>Friedrichshain-Kreuzberg</td>
<td>23</td>
<td>36.6</td>
</tr>
<tr>
<td>Pankow</td>
<td>7.5</td>
<td>14.1</td>
</tr>
<tr>
<td>Charlottenburg-Wilmersdorf</td>
<td>19</td>
<td>32.2</td>
</tr>
<tr>
<td>Spandau</td>
<td>10.3</td>
<td>24.6</td>
</tr>
<tr>
<td>Steglitz-Zehlendorf</td>
<td>10.7</td>
<td>21.2</td>
</tr>
<tr>
<td>Tempelhof-Schöneberg</td>
<td>15.9</td>
<td>30.2</td>
</tr>
<tr>
<td>Neukölln</td>
<td>22.5</td>
<td>38.7</td>
</tr>
<tr>
<td>Treptow-Köpenick</td>
<td>3.3</td>
<td>9.9</td>
</tr>
<tr>
<td>Marzahn-Hellersdorf</td>
<td>3.6</td>
<td>12</td>
</tr>
<tr>
<td>Lichtenberg</td>
<td>7.5</td>
<td>15.9</td>
</tr>
<tr>
<td>Reinickendorf</td>
<td>9.7</td>
<td>21.6</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>25.7</td>
</tr>
</tbody>
</table>

Source: Der Beauftragte des Senats von Berlin für Integration und Migration, 2009, Annex (data from Statistical Office Berlin-Brandenburg), own illustration

However, Berlin’s current attractiveness for people from all over the world, will lead to an increasing internationalisation of the city. Here, it is argued that especially the increased settlement of young professionals, artists and researchers has a positive effect on the city’s population structures as well as urban image (Döll & Stiller, 2010).

The composition of the population with a migration background in Berlin as illustrated by the following graph shows that the highest share of the population with a migration background comes from the European continent (32.7% from EU Member States, 40.4% from other European states). The next biggest share originates in Asia (14.6%) followed by Africa (3.8%) and America (5.5%).

\textsuperscript{38} Friedrichshain, parts of Mitte, Pankow, Treptow-Köpenick, Marzahn-Hellersdorf, Lichtenberg
Figure 10: Origins of Population with a Migration Background in 2010 (% of all registered non-German inhabitants)

Source: IHK & HWK Berlin, 2011, p.19, own illustration

The next graph sheds more light on the composition when taking into account the different nationalities of the population with a migration background:

Figure 11: Origins of population with a migration background in Berlin

Source: Amt für statistik Berlin-Brandenburg, 2010, own illustration

The highest share of the population, thus, has its origins in Turkey and former Yugoslavia as well in the Russian Federation. This accounts for the high number of non-EU European countries in the previous graph. Naturally, as a result of the free movement, EU countries are the next biggest group, with a high share of Polish migrants. The next group are those with an
Asian background, which in this case includes the Middle East as well as Central, South-Eastern and Eastern Asia. The highest percentages originating in Lebanon, Vietnam, Kasachstan, Palestine and Iran.

Looking at the economic situation of migrants in Berlin, numbers reveal that persons with a migration background also feature an extremely high unemployment rate. Whereas the unemployment rate in Berlin lay at 16.6% in 2010, the rate among people with a migration background with 25.5% was considerably higher than that of Germans with no migration background (12.1%) (SenWTF & SenIAS, 2011, p.36). This can partly be attributed to the fact that the percentage of the population with low qualifications at 37.2% in 2010 is higher than for those without a migration background, which was at 11.6% in 2010. Nevertheless, 29.2% of those with a migration background hold a higher degree, which is only slightly lower than that of the German population with no migration background (34.8%) (Amt für Statistik Berlin-Brandenburg, 2011).

Thus, a challenge for Berlin is the labour market participation of the culturally and qualification wise homogenous population that has a migration background. In this context, Berlin’s senate has designed its first Integration Concept in 2005, revised in 2007, called Vielfalt fördern – Zusammenhalt stärken, which aims to “foster a positive interaction of Berlin’s diverse population” (Döll & Stiller, 2010, p.46, Der Beauftragte für Integration und Migration, 2008).

**Migrant Entrepreneurship**

The following table depicts the development of entrepreneurship in Berlin between 2002 and 2006.

**Table 9: Self Employment Quote of German and Non-German Population in Berlin (as % of labour force)**

<table>
<thead>
<tr>
<th>Year</th>
<th>German</th>
<th>Non-German</th>
<th>Berlin Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>11.5</td>
<td>14.3</td>
<td>11.8</td>
</tr>
<tr>
<td>2003</td>
<td>13.0</td>
<td>15.9</td>
<td>13.3</td>
</tr>
<tr>
<td>2004</td>
<td>13.8</td>
<td>17.9</td>
<td>14.2</td>
</tr>
<tr>
<td>2005</td>
<td>14.6</td>
<td>21.7</td>
<td>15.4</td>
</tr>
<tr>
<td>2006</td>
<td>15.2</td>
<td>22.7</td>
<td>16.1</td>
</tr>
</tbody>
</table>

Source: Der Beauftragte des Senats für Integration und Migration, 2009, Annex (Data from Amt für Statistik Berlin-Brandenburg); own illustration

Encouraging Diversity – Strengthening Cohesion
It can clearly be seen that the self-employment quote of the non-German population has in those years constantly been considerably higher than that of Germans. While, the rate has risen from 11.5% in 2002 to 15.2% in 2006 by 3.7 percentage points, that of migrants has increased from 14.3% to 22.7% by 13.4 percentage points. This shows very high establishment dynamics by the non-German population in Berlin. Unfortunately, a comparable data set was neither available for the whole population with migration background nor for more recent years. Nevertheless, numbers are available for the start-up quote of foreigners for 2007 and 2008. In 2007, 32,303 new businesses were founded out of which 33.7% by foreigners. In 2008, 29,651 new businesses were founded and 32.5% by migrants (Der Beauftragte des Senats für Integration und Migration, 2009, Annex). When looking at those numbers, one has to keep in mind that the foreign population in Berlin has in those years been around 14%. The reasons for this can partly be explained by an increased readiness to take risks by migrants and high motivations to take own initiatives as well as the role of self-employment in the origins countries. However, the high unemployment rate among the population with a migration background in Berlin can also account for the phenomenon (Der Beauftragte des Senats für Integration und Migration, 2009).

In 2011, Berlin’s IHK published numbers about its foreign member businesses. Since there are no complete data sets available for the origins, migration status and sectors of migrant entrepreneurs, those number shall demonstrate tendencies concerning the origins of the migrants entrepreneurs as well as the sectors where business are established.

Figure 12: Top 10 Origins of IHK Berlin Foreign Member Businesses

![Bar chart showing top 10 origins of IHK Berlin foreign member businesses]

Source: IHK & HWK Berlin, 2011, p.40, own illustration

The origins of the business were defined by the nationality of the founder in case of small businesses, if the business was in the trade registry, it was defined by the nationality of the director. (IHK & HWK Berlin, 2011, p.40)
Despite the fact that Turkish migrants form the biggest group of migrants in Berlin, the table reveals that the largest share of foreign member businesses come from Poland. The second biggest group are Turkish entrepreneurs and with considerably lower numbers, Vietnamese, Bulgarian, Italian, Russian, Austrian, Latvian and English entrepreneurs. Region wise, the above graph already indicates that the largest part come from European countries followed by nationalities from the Asian continents and with only marginal numbers from America, Africa, Australia and Oceania (IHK & HWK Berlin, 2011, p.40).

The following figure also found in the report, displays the sectors of activity by the foreign member businesses at the IHK Berlin:

**Figure 13: IHK Berlin Foreign Member Businesses by Sector**

Source: IHK & HWK Berlin, 2011, p.41, own illustration

The highest share (29%) is active in the trade and car industry, followed by real estate and other economic services (25%). This shows that previous assumptions that migrants are mainly active in sectors that have low barriers and require a low amount of qualifications are not necessarily the case in Berlin. Especially real estate and economic services as well as public services, finance and insurance, qualifications are an active sector among the group of foreign member businesses of the IHK Berlin. The fact that a rather high amount of migrants has opened up businesses in this sector shows the development towards a knowledge economy in Berlin. It was mentioned before that in Berlin only a very low share works in the manufacturing industry. However, this number is considerably bigger among the IHK’s foreign entrepreneurial members, which make up 17%. Naturally, numbers in the hotel and restaurant businesses are also comparatively high (IHK & HWK Berlin, 2011, p.41).
Public and Private Initiatives targeted at Entrepreneurs with a Migration Background

Berlin’s 2009 report on the integration of migrants in the city asserts that “the support and promotion of migrant entrepreneurship is a key to increased participation of the population with a migration background” (Der Beauftragte des Senats für Integration und Migration, 2009, p.25). As the figures above have shown, it is not only the participation aspect, but also the entrepreneurs’ contribution to the local economy. With the high dynamics of business openings among this group, migrant entrepreneurs are an important part of Berlin’s diverse and international economy, which has steadily been growing and attracting people to invest in, but also live in the city.

Berlin’s senate acknowledges the contribution and courage of business start-ups by persons of non-German origin as well as the specific difficulties and challenges this group faces in the establishment phase as well as the securitisation of the business and the important point of setting up work places and apprenticeship-training position. Therefore, a Working Group on migration was founded, which meets regularly during the year and inter alia discusses the topic of migrant entrepreneurship. Members of the working group come from the Senate for Economic Development, Technology and Women (SenWTF), the Senate for Integration, Work and Social Affairs (SenIAS), the two chambers as well as various different ethnic (entrepreneurial) associations.

The following table shall give an overview on public and private initiatives and policies that were found on the internet and further elaborated on during the interviews with the experts. The list does not claim to be exhaustive, as in Berlin there is an extremely high number of private initiatives, making it very difficult to get an overview over the complete supply. Additionally, the list only covers those initiatives and policies that are directly targeted at migrant entrepreneurs. As the interviewees mentioned, all other offers are open to all interested and do not differ between different groups.

Table 10: Public and Private Initiatives targeted at Entrepreneurs with a Migration Background in Berlin

<table>
<thead>
<tr>
<th>Actor</th>
<th>Policy/ Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Actors</td>
<td></td>
</tr>
<tr>
<td>SenWTF</td>
<td>- Working Group Migration</td>
</tr>
<tr>
<td></td>
<td>- Internet Page on Migrant Entrepreneurship with links to relevant institutions/associations</td>
</tr>
</tbody>
</table>
### Business Development Offices in districts
- Study on migrant entrepreneurship in Berlin Mitte
- Exhibition about female entrepreneurs with a migration background in Charlottenburg-Wilmersdorf

### Chambers

**IHK Berlin**
- *Gründen in Berlin.de* - Platform in different languages
- Availability of material in different languages
- Section on foreign member businesses + data on Internet page
- Seminars in restaurant business with translators
- Possibility of advice in mother language if available
- Cooperation with BWK in set-up of apprenticeship-training positions
- Workshops 2011
- *Berlin braucht dich*[^43] – set up of apprenticeship-training positions in Businesses, special focus on migrant businesses

**HWK Berlin**
- *Gründen in Berlin.de* - Platform in different languages
- *Berlin braucht dich* - set up of apprenticeship-training positions in Businesses, special focus on migrant businesses

### Private Actors

**Investitionsbank Berlin (IBB)**
- Brochure and Seminars: *Erfolgreich Gründen in Berlin* in four different languages
- *Gründen in Berlin.de* - Platform in different languages
- No specific programmes

**Commissioner for Integration and Migration[^44]**
- Coordination of programmes
- Support of GUWBI e.V.

**Bildungswerk Kreuzberg (BWK)**[^45]
- Brochure and Seminars: *Erfolgreich Gründen in Berlin* in four different languages
- Establishment of apprenticeship-training positions in

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[^41]: Successful Establishment in Berlin
[^42]: German Exhibition for Founders and Entrepreneurs
[^43]: Berlin needs you
[^44]: Beauftragter des Senats für Integration und Migration
[^45]: Educational Institute Kreuzberg
<table>
<thead>
<tr>
<th>Organization</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>businesses with Turkish/Arab background</strong></td>
<td>- Apprenticeships + Qualifications</td>
</tr>
<tr>
<td><strong>Faktum Consulting</strong></td>
<td>- Consultancy with founder of Turkish background</td>
</tr>
<tr>
<td></td>
<td>- <em>Smart Mikrocredit</em> programme</td>
</tr>
<tr>
<td><strong>Arbeit und Bildung e.V.</strong></td>
<td>- Cooperation with IHK on set-up and companionship for work places and apprenticeship-training positions for entrepreneurs with migration background</td>
</tr>
<tr>
<td><strong>LOK.a.motion GmbH</strong></td>
<td>- Enterprise Plus project: Local individual advice and coaching on neighbourhood level for entrepreneurs with migration background</td>
</tr>
<tr>
<td><strong>Migrant Associations</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Gesellschaft für Urbane Wirtschaft, Beschäftigung und Integration e.V.</strong> (GUWBI e.V.)</td>
<td>- Advice for entrepreneurs with a migration background</td>
</tr>
<tr>
<td></td>
<td>- Support of projects and associations, networks of self-employed with migration background</td>
</tr>
<tr>
<td></td>
<td>- Studies</td>
</tr>
<tr>
<td><strong>BAREX e.V. (Turkish)</strong></td>
<td>- Project PAPI (Partnership, Apprenticeship, Internship, Integration) for the set-up of apprenticeship-training positions in Turkish businesses</td>
</tr>
<tr>
<td></td>
<td>- Seminars for migrant entrepreneurs</td>
</tr>
<tr>
<td></td>
<td>- Conferences</td>
</tr>
<tr>
<td></td>
<td>- Networking</td>
</tr>
<tr>
<td></td>
<td>- Qualifications</td>
</tr>
<tr>
<td><strong>Türkischer Unternehmer und Handwerker in Berlin e.V.</strong> (TUH e.V.)</td>
<td>- Competition: Diversity at work</td>
</tr>
<tr>
<td></td>
<td>- Networking</td>
</tr>
<tr>
<td></td>
<td>- Set-up of apprenticeship-training positions</td>
</tr>
<tr>
<td></td>
<td>- Advice</td>
</tr>
<tr>
<td><strong>ISI e.V.</strong></td>
<td>- Companionship, seminars, support of female migrant entrepreneurs (free of charge for those receiving unemployment benefits)</td>
</tr>
<tr>
<td><strong>Türkisch-Deutsche Unternehmervereinigung Berlin-Brandenburg e.V.</strong> (TDU e.V.)</td>
<td>- Seminars</td>
</tr>
<tr>
<td><strong>Verein unabhängig</strong></td>
<td>- Networking</td>
</tr>
</tbody>
</table>

---

46 Association for Work and Education

47 Society for Urban Economy, Employment and Integration

48 Turkish Association of Entrepreneurs and Craftsmen

49 Turkish-German entrepreneurial association Berlin-Brandenburg
<table>
<thead>
<tr>
<th>Organization</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrieller und Unternehmer e.V. 50 (Müsiad Berlin e.V., Turkish)</td>
<td>- Seminars&lt;br&gt;- Cooperation with SenWTF</td>
</tr>
<tr>
<td>Polnischer Sozialrat e.V. 51</td>
<td>- Seminars&lt;br&gt;- Information&lt;br&gt;- Cooperation with SenWTF</td>
</tr>
<tr>
<td>Vereinigung der Vietnamesen in Berlin-Brandenburg 52</td>
<td>- Seminars&lt;br&gt;- Information&lt;br&gt;- Cooperation with SenWTF</td>
</tr>
<tr>
<td>Turkish-German Chamber of Industry and Commerce</td>
<td>- Seminars</td>
</tr>
<tr>
<td>Deutsch-arabisch unabhängige Gemeinde 53</td>
<td>- Seminars&lt;br&gt;- Information&lt;br&gt;- Cooperation with SenWTF</td>
</tr>
<tr>
<td>Zentralrat der Serben in Deutschland 54</td>
<td>- Seminars&lt;br&gt;- Information&lt;br&gt;- Cooperation with SenWTF</td>
</tr>
<tr>
<td>Club Dialog e.V. (Russian) 55</td>
<td>- Seminars&lt;br&gt;- Information&lt;br&gt;- Cooperation with SenWTF</td>
</tr>
<tr>
<td>Globe e.V.</td>
<td>- Networking&lt;br&gt;- Advice/Support on qualifications for young entrepreneurs with Arab background ▸ inactive</td>
</tr>
<tr>
<td>Initiative Ehtnische Ökonomie Berlin - Brandenburg 56</td>
<td>- Networking platform ▸ inactive</td>
</tr>
</tbody>
</table>

50 Association of independent industrialists and entrepreneurs in Berlin (Turkish)
51 Polish Social Council
52 Association of Vietnamese in Berlin-Brandenburg
53 German-Arab Independent Community
54 Central Council of Serbs in Germany
55 Dialogue Club
56 Initiative for Ethnic Economy in Berlin
5.1.2. Munich

Population and Economy

After Berlin and Hamburg, Munich is Germany’s third largest city. In 2009, the population counted 1.3 million with a population density of 4286 people per square kilometre (Döll & Stiller, 2010b, p.32). Munich has an extremely high GDP per capita, at €54,996 in 2008 as compared to the German average of €30,392. With an unemployment rate of 4.7% in 2010, Munich ranks lowest among the 30 biggest German cities. The rate is considerably lower than Germany’s which was at 7.7% in that year (RAW, 2011, p.9).

Figure 14: Employment by Sector in Munich in 2009 (as % of Employees registered for social security)

Source: RAW, 2011, p.8

When comparing to the numbers from Berlin, the graph reveals that in Munich the most dominant sector is also the service industry. In 2009, 19.9% worked in real estate and entrepreneurial services, 8.6% in finance and insurance, 7.1% in information and communication, 18.9% in trade, the hotel and restaurant business and transport, 5.3% in public administration, 4.1% in education and teaching, 10.2% in the health and social services sector and 5.9% in other public services. This makes up 80% that work in the service industry and 20% working in industry. Especially in the car industry, data processing, electric and optic appliances, there are a number of well known and big firms like BMW and Siemens.

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57 It is noted that the graph does not add up to 100%, however it was taken over form a report published by the Department for Economic Development and Labour in Munch and therefore, not adjusted.
which however, are complemented by a high number of small and medium size local enterprises (Döll & Stiller, 2010b)

In addition, Munich is a very important financial location: it counts about 60 insurances, 50 banks as well as venture capital and private equity enterprises, 48 leasing companies and the third biggest stock market in Germany. Thus, it offers a very diversified economic landscape and a good framework for inter-sectoral networks (ibid., p.36). Therefore, Munich as Bavaria’s capital is nationally as well as internationally recognised as a knowledge-intensive city, further enforced by the high academic reputation of the two universities in Munich: the Ludwig Maximilians Universität and the Technische Universität.

Despite the strong industrial structures, Munich also has to counter demographic developments and attract young professionals by an increased focus on the development of the cultural and creative industry, which, as has been shown in Berlin, is an important point of attractiveness for young, international professionals. A study in 2007 revealed that 18.7% of all businesses and 7.8% of the labour force were active in creative sectors. This number is a considerable percentage, however, in comparison to Berlin, Munich does not have a reputation as a very creative and culturally diverse international city. Thus, it has to ensure over the next years that it remains attractive for people from all over the world, especially by an increased development of the creative industry as well as by ensuring the availability of affordable apartments and living spaces in the city (Döll & Stiller, 2010b, p. 38/39).

**Population with a Migration Background**

Because of Munich’s long-standing tradition as a popular destination for immigrants, its population is very diverse. In 2009, 22.6% of the population were foreigners and 35.9% had a migration background (Döll & Stiller, 2010, p.32). The high share of people with a migration background can be traced back to the *Guestworker Phase* when big groups arrived by train in Munich’s central station, which was often their first stop in Germany. As Munich was the central location of many big firms such as BMW and Siemens already back then, many decided to stay. The high percentage of migrants in the city from early onwards has led mayor Hans-Jochen Vogel to recognise Munich as a “city of immigration” and the importance of immigrants as well as integration for the economic development of the city. Thus, already at the end of the 1960’s Munich’s migration policies became part of urban planning before they were discussed on a national level (Crossing Munich, 2009).
In 1972, Munich was the first German city to commission a report on “local community aspects of an increasing foreign population in Munich” which analysed the situation of foreigners and Munich to base measures for integration on (Sozialreferat München, 2010, p.21). Since then, the city has put a high accent on anti-discrimination policies, highlighting the positive contributions of the foreign population and making integration a main responsibility of the city council (Brüning, 2011, p. R15)

The city’s integration policies from early onwards can be seen in the allocation of foreigners and persons with a migration background among the city’s districts:

Table 11: Munich’s Population with a Migration Background by Quarters in 2009

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Foreigners (%)</th>
<th>Populations with a migration background (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altstadt-Lehel</td>
<td>20.7</td>
<td>31.1</td>
</tr>
<tr>
<td>Ludwigvorstadt/Isarvorstadt</td>
<td>25.7</td>
<td>35.6</td>
</tr>
<tr>
<td>Maxvorstadt</td>
<td>22.4</td>
<td>32.7</td>
</tr>
<tr>
<td>Schwabing-West</td>
<td>19.6</td>
<td>31.4</td>
</tr>
<tr>
<td>Au-Haidhausen</td>
<td>21.2</td>
<td>32.0</td>
</tr>
<tr>
<td>Sendling</td>
<td>24.3</td>
<td>35.9</td>
</tr>
<tr>
<td>Sendling/Westpark</td>
<td>22.7</td>
<td>35.9</td>
</tr>
<tr>
<td>Schwantalthalerhöhe</td>
<td>33.6</td>
<td>46.1</td>
</tr>
<tr>
<td>Neuhausen/Nymphenburg</td>
<td>20.7</td>
<td>32.4</td>
</tr>
<tr>
<td>Moosach</td>
<td>26.0</td>
<td>41.2</td>
</tr>
<tr>
<td>Milbertshofen/Am Hart</td>
<td>34.8</td>
<td>52.4</td>
</tr>
<tr>
<td>Schwabing/Freimann</td>
<td>22.0</td>
<td>35.8</td>
</tr>
<tr>
<td>Bogenhausen</td>
<td>17.8</td>
<td>31.2</td>
</tr>
<tr>
<td>Berg am Laim</td>
<td>26.6</td>
<td>40.9</td>
</tr>
<tr>
<td>Trudering/Riem</td>
<td>17.0</td>
<td>31.9</td>
</tr>
<tr>
<td>Ramersdorf/Perlach</td>
<td>27.3</td>
<td>45.5</td>
</tr>
<tr>
<td>Obergiesing/Fasangarten</td>
<td>27.7</td>
<td>40.4</td>
</tr>
<tr>
<td>Untergiesing/Harlaching</td>
<td>18.9</td>
<td>29.8</td>
</tr>
<tr>
<td>Thalkirchen/Obersendling/Forstenried/Solln</td>
<td>19</td>
<td>31.1</td>
</tr>
<tr>
<td>Fürstenried-Solln</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hadern</td>
<td>21.5</td>
<td>36.6</td>
</tr>
<tr>
<td>Pasing/Obermenzing</td>
<td>16.5</td>
<td>27.9</td>
</tr>
<tr>
<td>Aubing/Lochhausen/Langwied</td>
<td>18.7</td>
<td>32.8</td>
</tr>
<tr>
<td>Allach/Untermenzing</td>
<td>15.6</td>
<td>26.9</td>
</tr>
<tr>
<td>Feldmoching/Hasenbergl</td>
<td>25.9</td>
<td>42.3</td>
</tr>
<tr>
<td>Laim</td>
<td>21.5</td>
<td>33.7</td>
</tr>
<tr>
<td>Total</td>
<td>22.6</td>
<td>35.9</td>
</tr>
</tbody>
</table>

Source: Sozialreferat München, 2010, p. 46 (data from Statistical Office Munich), own illustration

In contrast to Berlin, where the population with a migration background is mainly found in a few quarters with high percentages, in Munich, they are more or less evenly distributed
among the different quarters. This was an intentional policy by Munich’s urban planning to avoid segregation of the migrant population and the native inhabitants and ensure equal characteristics among the city’s quarters. With 15.6% and 26.9% Allach/Untermenzing is the quarter with the lowest population of foreigners and people with a migration background with. However, this number is still higher than the total percentage of Berlin’s foreign population and those with a migration background.

In some quarters, there is a population with a migration background of over 40%. Yet, they are still not described as particularly problematic quarters. The Schwanthalerhöhe which has one of highest shares of foreigners and people with a migration background (33.6% and 46.1%) has even become one of Munich’s most popular quarters for young professionals and artist. In how far that might be attributed to the high share of migrants can only be vaguely guessed here and would form part of a whole empirical investigation (cf. Amhajer, 2007).

In addition to the more or less even distribution of migrants among the city quarters, Munich’s migrant population is also very diverse in the origins:

![Figure 15: Origins of Foreigners in Munich in 2008](image)

Source: Kuhn, 2009, p.8, own illustration

The graph shows that even though Turkish migrants display the biggest single group of immigrants (13.4%), those from Croatia (7.7%), Austria, Greece and Italy (all 6.8%) also form a high percentage of the foreign population followed by Bosnia-Herzegovina (5.2%), Poland (4.9%) and Serbia (4.4%). Thus, the former Yugoslavian countries (Croatia, Bosnia-
Herzegovina, Serbia), when counted together in this graph, comprise the largest share. The above mentioned countries are all countries from the European continent, which when counted on top of the 24.9%, account for 73.2% of Munich’s foreign population of which 41.3% are European citizens (28.3% citizens of the original EU 17 and 13% from new Member States) (Kuhn, 2009, p.8).

The next figure from 2009 supports the above graph, but also illustrates that important groups come from Iraq and the Russian Federation:

Figure 16: Top 11 Origin Countries of Munich’s Foreign Population in 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation</td>
<td>5815</td>
</tr>
<tr>
<td>France</td>
<td>7330</td>
</tr>
<tr>
<td>Iraq</td>
<td>9396</td>
</tr>
<tr>
<td>Poland</td>
<td>13946</td>
</tr>
<tr>
<td>Serbia</td>
<td>15385</td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>15795</td>
</tr>
<tr>
<td>Greece</td>
<td>20071</td>
</tr>
<tr>
<td>Italy</td>
<td>20769</td>
</tr>
<tr>
<td>Austria</td>
<td>20901</td>
</tr>
<tr>
<td>Croatia</td>
<td>23704</td>
</tr>
<tr>
<td>Turkey</td>
<td>41298</td>
</tr>
</tbody>
</table>

Source: Sozialreferat München, 2010, p. 47 (data from Statistical Office Munich), own illustration

Unfortunately, this data only exists for the foreign population and has not been accurately recorded for the population with a migration background.

Munich’s strong economic positions as well as its tradition as a city of immigration and the connected international cross-linking of the population have made it an attractive city for especially highly qualified professionals. 47% of the foreign population hold an advanced technical college entrance qualification. The high percentage can be attributed to the high share of EU citizens among the foreign population and the fact that it is not noted where the degree was achieved. Munich’s extremely low unemployment of 4.7% in 2010 can be mirrored in the unemployment rate of foreigners, which at that time was with 9.3% the lowest in all German cities. Nonetheless, it is still almost double the average and leads to an increased risk of foreigners to become dependent on social security services. Thus, as in all of Germany, the recognition of foreign degrees also poses a challenge in Munich (Döll & Stiller, 2010b, p.34).
Therefore, Munich’s cultural diversity and strong economic position needs to be positively used by the city to remain a productive and innovative centre in Germany. In this sense, equal societal participation and a positive interaction among the different cultures in Munich through intercultural opening of the city have been defined as prior aims of the encompassing integration concept of 2008 called *München lebt Vielfalt*.  

**Migrant Entrepreneurship**  

So far, the only official data on migrant entrepreneurship that have been published by the statistical office are numbers of new business registrations and closings between 2005 and 2009.

Table 12: Business Registrations in Munich 2005-2009 (in %)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Germans</th>
<th>Foreigners</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>70.4</td>
<td>29.6</td>
</tr>
<tr>
<td>2006</td>
<td>68.9</td>
<td>31.0</td>
</tr>
<tr>
<td>2007</td>
<td>67.4</td>
<td>32.6</td>
</tr>
<tr>
<td>2008</td>
<td>66.3</td>
<td>33.7</td>
</tr>
<tr>
<td>2009</td>
<td>58.6</td>
<td>41.4</td>
</tr>
</tbody>
</table>


The table on business start-ups proves that while those by the native population in Munich have decreased, those by foreigners have been steadily increasing between 2005 and 2009. Thus, the percentage in 2009 is not so different anymore for migrants and foreigners (59.6% Germans, 41.4% foreigners). Thereby, one has to take into account that only about 22.6% of the population in 2009 were foreigners, which account for 41.4% of new business registrations in that year and that this number only counts registrations by foreigners and not generally the citizens with a migration background. Thus, it can be assumed that those numbers would be considerably higher when taking into account those as well. (Sozialreferat München, 2010, p.124).

Other studies have tried to capture the overall self-employment quote, as it is not officially published. This has resulted in different numbers. One study comparing the situation of migrants in different cities by Brenke displays a self-employment quote of 14.6% for the population with a migration background in contrast to a quote 17.1% for natives in 2005 (2008, p.505). Another study published in 2007 by Rambøll Management on Munich’s migrant entrepreneurs performed their own calculations and estimated a self-employment  

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58 Munich celebrates in Diversity
quote for foreigners of 14.5% to 16.5% in comparison to the average quote of 15.9% in the city (p.24). Nonetheless, one has to be careful with those numbers, as the two studies do not represent official numbers published by the city.

However, the high dynamics of business registrations by foreigners from 2005 to 2009 already show the potential of migrant entrepreneurs in the city. In this sense, the report by Rambøll Management also calculated that 18% of Munich’s employees work in an undertaking that is founded by a person with a migration background (Sozialreferat München, 2010, p.123). Reasons for the increase in business registration can be attributed to Munich’s attractiveness for self-employed migrants from the 2004 EU Enlargement countries, for whom self-employment constituted a path to labour market participation. Thus, in 2009, 38.7% of businesses in the craft sector were owned by a person from one of the new Member States which was even 46.7% in the sector of maintenance (ibid.). An additional factor of attractiveness for new business start-ups in Munich is its location as a knowledge intensive economy where services in this area feature a comparably higher demand than in other German cities.

However, as the following table shows, the business de-registrations, while having decreased for Germans, have increased among the foreign self-employed between 2005 and 2009:

<table>
<thead>
<tr>
<th></th>
<th>Germans</th>
<th>Foreigners</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>72.8</td>
<td>27.2</td>
</tr>
<tr>
<td>2006</td>
<td>70.0</td>
<td>29.2</td>
</tr>
<tr>
<td>2007</td>
<td>67.6</td>
<td>32.4</td>
</tr>
<tr>
<td>2008</td>
<td>66.9</td>
<td>33.1</td>
</tr>
<tr>
<td>2009</td>
<td>65.5</td>
<td>34.1</td>
</tr>
</tbody>
</table>

Source: Sozialreferat München, 2010, p. 126 (data from Statistical Office Munich), own illustration

Explanations for this can be manifold, however, it is assumed that the reason why a comparatively high percentage of migrants do not succeed results from a lack of usage of advice and support offers before and during the start-up phase as well as for the securitisation of the business (Sozialreferat München, 2010, p.126).

As so far no official data exist on self-employed migrants in Munich, Rambøll Management has also calculated the origins of the foreign entrepreneurs in Munich and has estimated the following numbers:
Figure 17: Estimation of Origins of Self-Employed Foreigners in Munich

Source: Rambøll Management, 2007, p.31 (estimations based on own calculations), own illustration

Here, the biggest group are again Europeans, with Austria making up the largest single group of foreign entrepreneurs (19%), followed by Italians (11%), Greeks (10%) and Asians (8%). Surprisingly, the Turkish population, which makes up the largest single group of foreigners and one of the largest groups of entrepreneurs in Berlin, is only estimated to contribute 6% of the self-employed foreigners and Poland only 4%. However, as those are only estimations and based on numbers before 2004, it can be assumed that especially for the Polish migrants numbers might look different today. Additionally, when looking at the entrepreneurs with a migration background including the second and third generation, numbers would also vary.

Public and Private Initiatives targeted at Entrepreneurs with a Migration Background

As the above demonstration shows, migrant entrepreneurship plays a significant role in Munich. Yet, no official data have been collected so far, making it difficult to do an adequate analysis. Therefore, the Integration Report of 2010 defines the aim of ensuring a higher success rate among migrant businesses, for which individual and needs-adjusted support is necessary. Thereby, Munich builds upon the 4+1 Phase Model presented above which, as it is stated, “can be implemented in the traditional counselling institutions” (Sozialreferat München, 2010, p.127).
An important starting point for the implementation of the 4+1 Phase Model is the collection of adequate data on the group of migrant entrepreneurs. This is planned by the MEB, a cooperation between the RAW and the local IHK. As the following table demonstrates, the city’s RAW with the slogan “Munich- Partner City of its Migrant Entrepreneurs” (Mr Shwani, RAW) has already become quite active in this field. Again, the list does not claim completeness. In addition, the role of migrant associations is only in its starting phase, which made it difficult to get a list of relevant actors in this field. Many could not be identified due to a lack of data and those that were identified either did not have an internet presence or could not be contacted for different reasons.

Table 14: Public and Private Initiatives targeted at Entrepreneurs with a Migration Background in Munich

<table>
<thead>
<tr>
<th>Actor</th>
<th>Policy/ Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political Actors</strong></td>
<td></td>
</tr>
<tr>
<td>RAW</td>
<td>- Information on Homepage ➔ deleted during course of research</td>
</tr>
<tr>
<td></td>
<td>- List of supporting institutions</td>
</tr>
<tr>
<td></td>
<td>- Project MOVA for set-up of apprenticeship-training positions</td>
</tr>
<tr>
<td></td>
<td>in migrant businesses</td>
</tr>
<tr>
<td></td>
<td>- Phönix Preis for migrant entrepreneurs</td>
</tr>
<tr>
<td></td>
<td>- Project KIM for the development of qualifications and</td>
</tr>
<tr>
<td></td>
<td>apprenticeship-training positions in migrant businesses</td>
</tr>
<tr>
<td></td>
<td>- MEB: availability of advice in different languages, plan for</td>
</tr>
<tr>
<td></td>
<td>2011: collect data on nationality of entrepreneurs</td>
</tr>
<tr>
<td></td>
<td>- München Fonds: microcredit concept</td>
</tr>
<tr>
<td>Ausländerbeirat59**</td>
<td>- Cooperation with RAW on Phönix Preis</td>
</tr>
<tr>
<td><strong>Chambers</strong></td>
<td></td>
</tr>
<tr>
<td>IHK Munich</td>
<td>- No specific advice, information material in English</td>
</tr>
<tr>
<td></td>
<td>- Cooperation with RAW in Phönix Preis</td>
</tr>
<tr>
<td>HWK Munich</td>
<td>- No specific material, advice</td>
</tr>
<tr>
<td><strong>Private Actors</strong></td>
<td></td>
</tr>
<tr>
<td>Aktas Consultancy</td>
<td>- Turkish consultancy: Information, encompassing counselling</td>
</tr>
<tr>
<td><strong>Migrant Associations</strong></td>
<td></td>
</tr>
<tr>
<td>Italienische Handelskammer für</td>
<td>- Information advice, Support for Italian entrepreneurs</td>
</tr>
</tbody>
</table>
### 5.2. Empirical Analysis

Before starting the empirical analysis of the policies and initiatives in the two cities, a short overview about the characteristics of the survey respondents is given. Because the sample was rather small, it was decided to display the graphs with absolute numbers as percentages might hint at overestimations of the results. Therefore, absolute numbers allow for a clearer and more accurate comparison between the two cities. As none of the respondents refused to answer a question the total number for each question is 40. If this is not the case, because a

<table>
<thead>
<tr>
<th>Organization</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>München^60</td>
<td></td>
</tr>
<tr>
<td>Bund der Türkischen Internationalen Transportfirmen in Europa e.V.^61 (TITAB e.V.)</td>
<td>➔ No internet page found, phone number and email not answered</td>
</tr>
<tr>
<td>Türkisch-Deutscher Industrie- und Unternehmerverein München e.V.^62 (TASIAD e.V.)</td>
<td>➔ No Internet page found, phone number and email not answered</td>
</tr>
<tr>
<td>Verein türkischer Ingenieure, Naturwissenschaftler und Architekten e.V.^63 (VTI e.V.)</td>
<td>– Information and cultural activities ➔ No current activities, no response</td>
</tr>
<tr>
<td>Greek Network Ellindex</td>
<td>– Internet Portal for Business-to-Consumer and Business-to-Business Communication ➔ No further information</td>
</tr>
<tr>
<td>Existenzergründer und Unternehmerverband^64 (EXUV)</td>
<td>➔ Website under construction ➔ not reached</td>
</tr>
<tr>
<td>Deutsch-Serbische Wirtschaftsvereinigung^65</td>
<td>➔ No Internet page found, phone number and email not answered</td>
</tr>
</tbody>
</table>

^60 Italian Chamber of Commerce in Munich  
^61 Association of Turkish Transport firms in Europe for Munich  
^62 Turkish-German industrial and entrepreneurial association Munich  
^63 Association of Turkish engineer, scientists and architects in Munich  
^64 Associations of founders and Entrepreneurs (Turkish)  
^65 German-Serbian Economic Association
certain group of people were indicated to skip the question as a result of the questionnaire logic, this will be indicated in the interpretation.

The following graphs display the origin distribution of the respondents:

Figure 18: Origin Distribution of Respondents

In both cities, the largest share of respondent had a Turkish background (19 respondents in Berlin, 14 in Munich). In Berlin, respondents from the Southern European Member States, New Member States from the 2004 and 2007 EU Enlargements, former Yugoslavia, South-Eastern and Eastern Asia and the Middle East were equally represented with 3 representatives from each group. Entrepreneurs with a Russian or African background amounted to 2 and 1 person came from Latin America and other non-EU eastern European states. In Munich, the second largest group came from the Southern and New EU Member States, each contributing 6 respondents, followed by entrepreneurs from the Middle East (5 respondents). Self-employed from former Yugoslavia and Latin America were 2 persons from

66 It is noticed that in the standard format, number up to 12 are written in a numerical form. However, for reasons of uniformity of the display and to ensure an equal emphasis on the numbers, numbers taken from the graph will always be displayed in a numerical way.
each region, while 1 person was interviewed from the non-European Eastern States and from the original EU 17.

In the sample, 25 respondents in Berlin were male and 21 between 41 and 45 years old followed by 11 between 31 and 40. In Munich, 27 respondents were male and the largest share (20 respondents) was between 31 and 40 years old, while 14 were between 41 and 50. The average amount of time spent in Germany (if the person was a first generation migrant) was 20.8 years in Berlin and 20.6 years in Munich, while 5 respondents in Berlin and 13 of those in Munich were born in Germany. 19 of the interviewees in Berlin held German citizenship and 16 in Munich. Those numbers reveal a rather high naturalisation rate among the respondents in Berlin, while in Munich the presence of the second or third generation is remarkable in this sample.

The following figure shall indicate the education level received in Germany:

Figure 19: Highest Level of Education received in Germany

![Bar chart showing the highest level of education received in Germany for Munich and Berlin.]

The graph shows that the largest share in both cities (23 respondents in Berlin, 14 in Munich) had received no education in Germany. This might be attributed to the fact that the larger share of respondents in both cities were first generation migrants and had received their education in the origin country. Most of those who had received education in Germany, had done apprenticeships or vocational training (7 in Berlin, 13 in Munich) or even held a university degree (5 in Berlin, 9 in Munich).

An interesting observation is that in Berlin a rather big share (10 respondents) of the first generation migrants (35 in total) mentioned they held a university degree from their origin country, while this number was only 4 respondents in Munich (27 first generation migrants in total). As the numbers for first generation migrants differ between Berlin and
Munich, they cannot directly be compared. However, when calculating the percentages here, it indicates that 27.7% of first generation self-employed migrants in Berlin hold a university degree. The comparative percentage is 12.8% in Munich. The largest share of those with a direct migration experience held a secondary degree from the home country (11 in Berlin, 10 in Munich).

Figure 20: Highest Level of Education received in Origin Country (First Generation)

The following table displays the distribution of sectors where the respondents had become self-employed:

Figure 21: Distribution of Sectors
The biggest share of respondents in Berlin worked in trade (11 respondents) and hospitality and tourism (10 respondents) followed by manufacturing and energy (5 respondents), knowledge intensive services (consulting, lawyers, tax accountants) and communication/information (both 4 respondents). In general, 35 respondents or 87.5% were entrepreneurs in the service industry, out of which 4 in the knowledge intensive and 4 in the creative industry. It was noted that when recalling the service distribution in Berlin’s total economy at 87% (see p.52), the percentages are almost the same. However, due to the small sample size no conclusions can be drawn about this, it might just be a coincidence.

For Munich, the distribution looks a bit different. While the biggest share (9 respondents) was also self-employed in trade, other services (hairdresser, flower shop, photography, maintenance, driving school) were offered by 7 respondents in comparison to only 3 in Berlin. 7 self-employed migrants in Munich owned a business in the manufacturing/energy industry, 6 were active in the health sector and 6 in knowledge intensive services. Thus, overall, in Munich the service sector was also the most dominant with 33 respondents making up 82.5%, again almost the same as for Munich’s total economy (see p.64).

Due to the small sample size in both cities and the focus of the research question on the potential of target specific policies in creating the link between the entrepreneurs and the structural factors, no specific attention will be paid to the specific characteristics of the sample.

5.2.1. Acknowledgement and Visibility

In this section, firstly a subjective description of the presence of migrant entrepreneurs felt in the city will be given. Next, the instruments the main actors in the two cities employ to recognise and acknowledge the potential of entrepreneurs with a migration background are presented and analysed.

When walking through the quarters in the two cities that display a comparably high amount of foreigners, like Neukölln and parts of Kreuzberg in Berlin and Schwantahlerhöhe in Munich, one recognises a difference among those. While in the whole quarter of Neukölln and in parts of Kreuzberg, the presence of mainly Turkish and Arab Businesses is clearly felt, in Munich, it is only a few streets very close to the area of the central station, where a strong presence of migrants businesses is perceived. Therefore, even though from the descriptions
above, Munich seemed to have avoided the agglomeration of migrants in one district, the area around the Central Station seems to have developed as a point of attraction for the settlement of migrant businesses. This area, similar to Neukölln in Berlin, does not have the best image among Munich’s citizens and is often described as rather dangerous and dingy (Mr Fersaid, IHK)

Those observations were also made by the respondents in the two cities. In Munich, the entrepreneurs stated that “it is only the very small area around the central station where migrants are present as entrepreneurs as well as customers”. By contrast, in Berlin one Turkish entrepreneur mentioned that “the strong presence of Turkish migrants as well as businesses” in some districts of Berlin like Mitte, Neukölln and Kreuzberg was uncomfortably felt by her as well. She underlined to “prefer the mix of ethnicities in [her] quarter because if too many of one nationality are concentrated it often leads to problems.”

Here, it is also important to mention that, while the quarter of Schwanthalerhöhe in Munich is a very popular district among young professionals, Neukölln in Berlin is a very problematic area. Nevertheless, recently students and artists have started to settle in Neukölln, as a result of the affordable living spaces and central location, which increasingly diversifies the district. It is expected that this will again raise the living costs, but also improve the image of the quarter.

Over the last decade, the city administrations in Berlin and Munich have increasingly started to acknowledge the contribution and potential of entrepreneurs with a migration background and have become active in promoting their development. In both cities, it is the economic departments (RAW in Munich, SenWTF in Berlin) that have taken on a central role in this topic. Munich has even gone so far as to display itself as a “partner city for its migrant enterprises” (Mr Shwani, RAW). Both departments have also begun to collect data on this specific group of self-employed in the form of reports commissioned by the cities and executed by research institutes and consultancies, which were published in 2006 in Berlin and 2007 in Munich. However, in Berlin it was only done for the quarter of Mitte and in both cities the studies were on “ethnic entrepreneurship”. Nevertheless, they both used the broad definition of the word, while it became clear during the interviews that none of the departments uses this term anymore.

In Berlin, the concept of self-employed with a non-German background (Mrs Leverenz, SenWTF) is used while in Munich the terms entrepreneurs/self-employed with a
migration background or migrant entrepreneurs are applied by the department (Mrs Levernez, SenWTF; Mr Shwani, RAW). Both cities have installed a section for this specific target groups on their homepages, where self-employed with a migration background can get specific information about counselling and support possibilities. Furthermore, Berlin has, in cooperation with the BWK, IBB and migrant associations published a brochure called Erfolgreich Gründen in Berlin, a directory for (aspiring) entrepreneurs with a non-German origin.

By engaging in competitions, certificates and dialogue events specifically targeted at the group of self-employed with a migration background, the cities have started to value their contribution and also promote this to the local population. For the native population it is communicated as a sign of the importance of this group of entrepreneurs and their active participation in the city’s economy development calling upon the responsibilities of society and to counter prejudices; and for the fellow migrant population as good examples and role models (Mrs Leverenz, SenWTF, Mr Shwani, RAW).

An example is the Phönix Preis in Munich, a unique price in Germany, which acknowledges the success of three successful migrant entrepreneurs who are chosen by a jury consisting of a representative from the City Council, the Immigrants’ Council, the IHK and the HWK, the RAW and the Office for Intercultural Work. The criteria are: positive business development, the creation and securitisation of employment and apprenticeship-training positions and intercultural commitment. The three winners are then honoured in a festive ceremony in the municipality and given a trophy together with a price of €1000 each (RAW, 2011, Ausschreibung Phönix Preis). It is interesting to mention that when the price was introduced in 2010, it was decided on unanimously by the department (Mr Shwani, RAW).

Additionally, with a new project called Kompetenzoffensive in Migrantenunternehmen (KIM) launched in April 2011, the city organises dialogue events.

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67 It was noted that in the course of the research, the specific page in Munich seemed to have been abolished as the link did not work anymore.
68 Successful founding in Berlin
69 Attended by author
70 Project for increasing the capacities and qualifications in migrant businesses
with different ethnic groups of entrepreneurs, where experiences and conceptions are exchanged between different actors. In this event, the local Chambers in Munich as well as migrant associations are invited to take part as well (RAW, 2011, Flyer KIM).

Since 2002, Berlin has institutionalised this kind of dialogue in a specific Working Group on migration which includes about 25 participants from the senate, the employment agency, the chambers as well as the migrant associations and private counsellors who meet two to three times a year to discuss developments and future initiatives (Mrs Leverenz, SenWTF). Thus, while in Berlin the cooperation between the senate and migrant associations has already been institutionalised, it is only in its developing phase in Munich.

Moreover, in Berlin, the competition *Vielfalt in der Arbeit* in 2011, by the senate in cooperation with the TUH honoured entrepreneurs with or without a migration background who display a positive interaction with and among their diverse employees (TUH, 2011, Pressemitteilung). Other examples of a valuation of the positive contribution of migrant entrepreneurs include a certificate distribution in the municipality carried out by the BWK in cooperation with the senate, where entrepreneurs with a Turkish or Arab background are awarded a certificate for the instalment of apprenticeship-training positions. Furthermore, the senator of the SenWTF, Mr. Wolf participated in a press tour which was shown on the local TV and where he visited and talked to successful migrant entrepreneurs. It is important to also point out that all events mentioned above were advertised and reported on in German as well as ethnic newspapers to ensure a greater reachability of a broad public.

The fact that questions regarding the topic of migrant entrepreneurship have become part of the economic departments in both cities shows that the city authorities want to acknowledge and advertise the important contribution to the cities’ economic development by this group. This can be seen as a very positive development with similar approaches in both cities. Nevertheless, attendance of the author of the *Phönix Preis*, as well as the certificate ceremony for the Turkish and Arab entrepreneurs for the set-up of apprenticeship-training positions, as well as interviews with different actors and observations by the migrant

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71 Diversity at work
72 Attended by author
entrepreneurs revealed that the topic is also regarded ambiguously and practical implementation of the concepts is a challenge. An example is the fact that, while in both award ceremonies the mayor was intended to hand out the certificates, it was only the representative who was present in the end. In the Phönix Preis of 2010, it was still the mayor, Chrstian Ude who handed them out. However, on the envisioned date in 2011 he was absent. In this context, one of the interviewed actors from the private sector in Berlin questioned the sincerity of the engagement by city administrations and suspected political motivations, as he/she put it: “Of course, the migrant entrepreneurs are potential voters as well”.

In addition, it was noted in the survey implementation, that the words integration and migration background are received rather negatively by the target population, who often do not want to be attributed to and defined by their migration background or do not feel as migrants anymore (Mrs Leverenz, SenWTF). One entrepreneur in Munich who has been living in the city for over 50 years stated that “I do not see myself as a migrant, but a local entrepreneur. Munich is my home and so is Germany”, while in Berlin one Turkish person noticed that “with all the debates on integration and migration, I have become more Turkish because I feel discriminated”. These feelings were also noticed in the events the author participated in which makes the debate of specific recognition and support for this group of entrepreneurs ambiguous as clearly, the efforts by the city departments are not always received positively by the target population.

As was noted by the interviewee from the RAW: “Of course all are local Munich entrepreneurs, however with different characteristics and challenges, which today are still important and have to be taken in account” (Mr Shwani, RAW). This also became clear in the interviews with representatives in Berlin from the SenWTF and the Commission for Integration and Migration, where it was stated that “Our aim is that all self-employed independent of origin participate in Berlin’s economy” (Mrs Leverenz, SenWTF). Another interviewee also noticed that generally, one could cross out the word migration background in the term. However, nowadays this is not possible yet and should not be done either as “there are still too many group-specific barriers in the interaction with German institutions” (Mr Slingerland, BWK). Hence, as was adequately summarised by the interviewee from the IHK in Berlin: “The main goal is to represent the interests and serve all Berlin based business. Yet, to be able to serve all equally, it is important to realise that sometimes specific demands and needs developed” (Mr Brieger, IHK Berlin).
The analysis showed that the two cities have become active in the area of migrant entrepreneurship by using comparable instruments in increasing the visibility and valuation of the target group and communicating this to the population. However, in both cities the data situation is still rather vague; no data for the whole city on this topic has been collected so far. As for Munich, it is stated in the Integration Report that a collection of data on migrant entrepreneurship is planned by the MEB for the immediate years following the Integration Report of 2010. (2011,p.127). Additionally, all involved actors, including the city departments, the entrepreneurs as well as the city’s population have to be increasingly made open for and sensitive to this topic. As has been noted before, often, the migrant population does not want to fall under a stigma and be treated differently than the German counterparts.

Thus, the challenge is to actively and sincerely acknowledge the contribution and potential of the target group and raise awareness among the whole population, while at the same time ensure that the entrepreneurs with a migration background do not have the feeling of being singled out only because of their background. They should feel part of the local economic environment – local Berlin, Munich businesses (Mr Germershausen, Representative of the Commissioner for Integration and Migration in Berlin).

An often-mentioned way to achieve this is to actively involve migrant (self-employed) associations as they have easier access to their communities and can function as a mediator between the city’s department, the chambers and the entrepreneurs who have a migration background. This approach has been actively developed by the SenWTF in Berlin while it has only started in Munich in 2011. Another important point of contact are the migrant entrepreneurs that take part in competitions and activities and can positively convey the importance of active participation in the local economy and take away the still existing scepticism of migrants towards German authorities (Mrs Aktas, Aktas Consulting).

5.2.2. Information, Counselling and Support

The second part of the empirical analysis focuses on policies and initiatives in the area of information, counselling and support for the migrant entrepreneurs. Thereby, the access to the target group, the method and the inclusion of target-specific programmes into already existing structures are evaluated. This is done by critically analysing the policies and looking at the characteristics, needs and demands as well as experiences of the respondents in the two cities, i.e. investigating to what extent the policies and initiatives take into account the needs and
demands of the sample population and thus, can create the link between the structural location factors and the target group.

Consequently, it is first of all important to give a short overview about the character of the business foundations of the migrant entrepreneurs in the sample; who founded the business, the existence years, the motivations to start the business and problems faced with the business. As already shown before, the sample population was dispersed among different sectors and displayed a diverse mix of branches. A large share of respondents were active in the trade, hospitality and tourism sector in the two cities, which do not pose very high barriers and qualification needs for entry but where a high amount of competition is present. However, a considerable share in Munich and Berlin also opened up businesses in more knowledge intensive industries such as consulting, legal advice, insurance and real estate or tax accounting, which require higher qualifications. When looking at the establishment of the businesses, the following graph displays the founding structures among the respondents:

Figure 22: Founder of the Business

The graph shows that in both cities the highest number founded the business by themselves (30 in Munich, 23 in Berlin), followed by a cooperation with a German family partner, however with decisively lower numbers (5 in Munich, 4 in Berlin). In Berlin, it is recognisable that business take-overs founded by relatives (4 in total) and persons other than the family (5 in total) were also represented as well 3 start-ups with a German partner. In Munich, those categories were not at all or only marginally represented.
The average existence years of the business in Berlin were 7.9 years compared to 9.2 years in Munich. This is important to keep in mind when evaluating the respondents’ access to counselling and support, as a large share of the target specific policies were not available when the businesses were founded.

A large share of the literature on migrant entrepreneurship focuses on the motivations of migrants to become self-employed. Therefore, the models mentioned in the theoretical part – the economic niche model, the cultural model and the reaction model – are often used in analysis. However, as the next graph reveals, no generalisations can be made on the motivations of the sample to start a business, which displays a good illustration of the *Mixed Embeddedness* framework:

Figure 23: Reasons for Self-Employment

Before the interpretation of the graph, the method has to be explained as the numbers do not add up to 40 for each city. This is because the respondents were able to choose more than one possible answer in the survey and each answer was then evaluated separately according to the number of people who had selected the solution.

As a result of the fact that respondents were given the possibility to give more than one answer, it is very difficult to draw conclusions from this graph as a person might have

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73 In case of a take-over the take-over year was counted as the business start-up
indicated two very different reasons which might have different motivations. Nevertheless, when looking at the reasons separately, some similarities as well as differences can be perceived between the samples in the two cities.

Answers such as the hope for financial independence, upward social mobility, and the desire to be one’s own boss are visibly present among the sample in Munich, with 9, 7 and 17 respondents respectively who had chosen one or more of those. Especially the high amount of self-employed who mentioned being their own boss as one of the reasons for self-employment is considerably in the sample. This can hint at a general existence of high ambitions and hope for success and recognition among the sample in Munich. In Berlin, the desire to be one’s own boss also seems to play an important role for a considerable number of the respondents (9 respondents) while only 4 mentioned the idea of financial independence and 2 upward social mobility.

The findings support the assumption that self-employment has a high recognition value in other cultures and that migrant entrepreneurs show a lot of courage and initiative in opening up a business to actively participate in the local economy. As a counsellor with a Turkish migration background nicely put it: “The question is whether the self-employment rate of Germans has decreased to become lower than that of migrants or vice versa, that migrants just display higher dynamics than the German counterparts?” (Mr Aydin, Faktum Consulting).

While in Munich, the tendency towards opening a business out of one’s own ambition seems more distinctive, important reasons in Berlin were difficulties to find employment, mentioned by 8 of the respondents, dissatisfaction with the previous employment (5 respondents), family tradition (5 respondents) discrimination on the labour market (3 respondents). Thus, the comparably larger amount of those having difficulties on the local labour market in Berlin, shows that in the sample a high number opened up a business as a reaction to the economic situation, which, as elaborated on in the city portrait for Berlin is rather difficult for the migrant population. In Munich, however, with very low unemployment rates and a high GDP as well as early integration policies, 6 self-employed of the sample indicated that they founded the business as a response to difficulties to find employment and 6 mentioned dissatisfaction with the previous employment. Those numbers are still not marginal and show the need to take into account the structural factors in the city when analysing the development of migrant entrepreneurship.
As can be concluded from the graph e, a considerable number in both cities (18 in Berlin, 15 in Munich) also indicated other reasons for self-employment. In Munich those were: the realisation of a dream, coincidence, response to limited working rights from the EU’s new Member States, making use of migrant specific advantages, the discovery of an economic niche and “just for fun”. In Berlin, other reasons mentioned were an already existing client base and experience, the insolvency of the previous employer, necessity in the sector, coincidence, response to limited working rights from the EU’s new Member State, the realisation of a dream and making use of migrant specific advantages. Here, it is important to notice that among those mentioned more than by one person, the migrant specific advantages (3 persons in both cities), coincidence (2 in Berlin, 3 in Munich) and the limited working rights for new EU Member States (2 persons in Munich, 1 in Berlin) also seem to be important reasons for self-employment in both cities that were not considered by the author in the questionnaire.

In order to evaluate the response of the local actors to the problems of migrant entrepreneurs in the two cities, it also important to look at the problems the sample population mentioned they had in the start-up phase:

Figure 24: Problems in Self-Employment

While general tendencies can be observed in this graph, there are no clear results. This can again be attributed to the fact that respondents were able to give more than one answer to this
question. The highest number of the respondents stated the fact that in self-employment there was no security and stability guarantee, a high financial burden in the beginning and that the German bureaucracy posed the biggest challenge to them. Small differences can be observed in the answers by entrepreneurs in Berlin and Munich. While in Berlin, the problem perceived by most entrepreneurs (14) was the German bureaucracy, in Munich, the lack of security and stability represented the most common answer. 17 respondents indicated this as one of the problems. Other significant problems were marketing and customer acquisition indicated by 9 respondents in Munich and 8 in Berlin, the high workload and responsibility (again 9 respondents in Munich and 8 in Berlin) and a high rent in Munich perceived as a problem for 6 of the respondents. Interestingly, 10 respondents in Berlin declared that they had experienced no problems in comparison to 5 in Munich. For a more detailed and accurate comparison, those would have to be subtracted in each city, leading to n=30 in Berlin and n=35 in Munich. Nevertheless, when accordingly calculating the percentages, no clear differences were detected either.

The next figure demonstrates that indeed the workload of the sample population is remarkable:

Figure 25: Average Weekly Working Hours

26 respondents in Berlin and 19 in Munich answered that the average working hours per week was higher than 50 hours, which was the highest category in the questionnaire. This was adequately summarised by one entrepreneur who analysed the word self-employment in German, which when translated consists of the words “self” and “permanently”\(^74\). Naturally, the high amount of working hours in connection with the time-consuming bureaucracy in

\(^74\) Selbstständig
Germany demands support in this area. As it was noted by an entrepreneur in Berlin, who had only recently set-up a business:

In my home country, we put out a sign, some chairs, serve drinks and call it a café. In Germany, there are so many complicated steps involved. Yet, I wanted to open up my business according to German regulations. If I had known how much of a struggle and how time-consuming it is, I would not have opened up the business.

Another entrepreneur in Munich even had the feeling that “in Germany there are high barriers and low support for especially migrant entrepreneurs” and one in Berlin even went as far as describing the German regulations to be “against foreigners”. Considering strict labour market regulations, one entrepreneur stated that:

If I had become self-employed completely legally in Germany, registered everything and had counselling, I would have to ask more money from my clients because regulations exist. But, they would not be willing to pay and would look for other illegally working persons.

Nevertheless, some were a bit more positive towards the system in Germany, one person with an Italian background stated that “many only see the negative aspects of the German system, but in reality it is not that bad. If I compare it to my home country, it is even much simpler” and another concluded that “everybody has so many demands on the German authorities, but I also have to show my own initiative and work hard.” Thus, as was summarised by one respondent: “The success of the business also depends on the point in time, of course individual and structural factors play an important role, but the combination of the two also has to coincide”.

Here, it is interesting to note that language difficulties as can be derived from the graph on problems only posed a challenge for 4 respondents in Berlin and 3 in Munich. This can be explained by the fact that, when asked about their German language skills 21 self-employed migrants from the sample in Berlin and 19 in Munich mentioned to be fluent in German and 5 in Berlin and 9 in Munich even declared German as their mother tongue. This is not a particularly surprising result as the survey was only implemented in German and those, who did not speak either language to a certain degree were not able to participate.

When looking at marketing strategies, 9 respondents in Munich and 8 in Berlin stated to have had problems with customer acquisition and 3 respondents in Berlin noticed the high competition in their sector and district. Furthermore, in contrast to the ethnic economic model, in which a business is often opened as a response to an already existing client-base among an ethnic community, the clients of the sample population in Berlin were a mix of different nationalities for 24 of the respondents, while 8 had mainly German clients and 8 mainly ethnic clients. In Munich, 17 mentioned a mixed customer base, 15 stated they had mainly
German customers and 8 had mainly clients from the same nationality. Interestingly, a second generation Turkish entrepreneur in Munich mentioned to have problems “with clients of my own nationality. They always bargain. I grew up in Germany. Germans do not bargain, but they do not buy things in my shop”. This also gives an indication that despite the fact that the entrepreneur was seemingly active in what is called *ethnic economy* in the narrow sense, he/she was not satisfied and would like to expand to a German client-base, however does not know how. Nevertheless, some seemed to be very creative in the customer acquisition. An example is a story by a second generation Turkish entrepreneur in Berlin:

In the beginning, my café was always empty. I was new, I looked foreign and people in the neighbourhood were suspicious. But I had an idea: During the time of the World Cup I put out flat screen TVs and suddenly people came and they returned.

The respondents were also asked to rate growth and profit of as well as personal satisfaction with the business:

Figure 26: Level of Agreement with Statements on Positive Growth, Profit and Personal Satisfaction

Here, it turned out that in both cities the largest share of respondents agreed or strongly agreed with the statement “Overall, I have experienced positive growth of my business” (22 in Berlin, 25 in Munich). Nonetheless, the answers differed between the cities when looking at the profit: 14 respondents in Berlin were neutral about their profit, either because it was too early to evaluate it or because they stated that at the end of the month the balance between
turnover and expenditures was more or less zero or “enough to be living off it”. However, in Munich, 24 agreed or strongly agreed that they are making profit. When asked about the personal satisfaction with the business, again a large share agreed or even strongly agreed amounting to 29 in Berlin and 29 in Munich as the graph above illustrates.

Having presented the characteristics of the individual entrepreneurs and their experiences with the business start-up, it is now interesting to see in how far target-specific policies and initiatives can potentially respond to the needs of the sample population and to what extent the respondents have made use of offers. Here, again it has to be kept in mind that the largest share of business was found before the existence of a high share of the target specific polices. Nevertheless, it is still interesting to see in how far the sample population is generally open towards information, advice and support and what their experiences with counselling in general was.

Firstly, when looking at the engagement of the city departments in this area, it is recognisable that in Berlin as well as in Munich the cities have acknowledged their important role in this topic. Yet, it is approached a bit differently. Munich’s RAW regards itself as a “mediator between the migrant entrepreneurs and the Chambers” and offers direct counselling through the MEB, a cooperation with the local IHK. In Berlin, however, it is the IHK that gives itself the role as a “mediator between the entrepreneurs and the various different actors” (Mr Shwani, RAW; Mr Brieger, IHK Berlin). The SenWTF rather sees itself as a point for the sharing and transmission of information on counselling in the “jungle of support possibilities that are available in Berlin” (Mrs Levrenz, SenWTF). Thereby, however, it is very active. Examples are the availability of a section on migrant entrepreneurship on the homepage with information about all different counselling and support possibilities as well as the brochure Erfolgreich Grüenden in Berlin.

Together with the BWK, the SenWTF additionally coordinates a seminar series of two weeks each year. During those two weeks, one-day seminars are held at the locations of different migrant associations in different languages ending in a presentation at the Deutsche Gründer und Unternehmertage (DeGUT), where participants are handed over certificates, successful migrants entrepreneurs talk about their experiences and local actors acknowledge the contribution and potential of this specific group. (SenWTF, Homepage; Mrs Leverenz, SenWTF; Mr Slingerland, BWK). This year, 150 aspiring entrepreneurs with different

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75 Successful founding in Berlin
76 Attended by author
migration backgrounds participated in seven different seminars at the organisations (Mr Slingerland, BWK).

In addition, there are a number of entrepreneurial migrant organisations (mainly Turkish) which offer everything from information, individual counselling and seminars to networking events, conferences and exchange platforms. Naturally, those have better access to their communities than projects by the local authorities. Examples that stand out are BAREX e.V. and ISI e.V, which, according to their homepages and the interviews conducted with representatives from the board of directors offer a complete companionship of aspiring entrepreneurs as well as already established ones and both target very specific groups.

BAREX e.V., a Turkish entrepreneurial organisation, offers individual counselling, seminars, networking events, business brunches and travels as well as a platform for exchange between self-employed (BAREX e.V. Homepage, Mr Aydin, Board of Directors BAREX e.V.).

ISI e.V. specifically targets female migrant entrepreneurs for whom the companionship is free of charge in the first three years for those receiving the Gründerzuschuss. The association offers individualised seminars with counsellors, self-employed who want to share their experiences and lecturers who put forward the complete range of support to the women, from information on procedures, over classes on different topics to help writing a complete business plan. For single mothers, there is even an online portal now, where they can retrieve information on everything from home (ISI e.V. Homepage; Mrs Lushenko, ISI e.V.).

Those two are very good examples of active, professional and qualified counselling organisations that cooperate with the senate, have direct access to the community through their very specific target group and offer a very encompassing companionship. They offer “independent advice”, which was regarded as very valuable by a respondent in Berlin as it can be more specific, individual and flexible than German authorities or the chambers. A comparable organisational structure does not yet exist in Munich, however, through the KIM project the city hopes to increasingly include migrant (entrepreneurial) organisations. In general, it was noticed that the Turkish community of entrepreneurs in Berlin is very well organised and a number of well-founded associations that offer direct counselling and support exist.
Next to migrant organisations, it is also private counsellors with a migration background, who play an important role. Interviews with two representatives of this group were implemented in the two cities which offered very comparable insights. In Berlin, the consultancy *Faktum Consulting* was founded as a cooperation between a German and a Turkish (part of BAREX e.V. board of directors). In Munich, *Aktas Consulting* was founded by third generation Turkish siblings who had won the *Phönix Preis* in 2010. Both consultancies had a client base of mainly Turkish aspiring entrepreneurs (90% *Faktum*, 75% *Aktas*), offered the whole package of counselling and support to their clients and had contacts with German authorities as well as partners with a Turkish background in German banks (Mr Aydin, *Faktum Consulting*; Mr & Mrs Aktas, *Aktas Consulting*; Homepages).

The presentation of the different initiatives and polices in the two cities shows that there is a variety of target specific counselling and support initiatives available that try to take into account the problems of the migrant entrepreneurs. However, it is also important to become aware of the fact that, as can be deduced from the problems of the migrant population in the sample, most of those are not particularly migrant specific. A big share of aspiring native entrepreneurs does not have a stability and security guarantee either, faces a financial burden and has to find his/her way through the German bureaucracy. Those answers that were most common in the sample, cannot serve to conclude that they are typical problems of all migrant entrepreneurs. Naturally, the German bureaucracy is less accessible and familiar to migrants because of language problems, different cultures in the home countries or hostility by the institutions as well as sometimes a lack of knowledge of their “rights in Germany” and “fear of German authorities” (Mr and Mrs Aktas, Aktas Consulting).

This is where the migrant associations and private counsellors come into play as they can independently help to find a path through the German bureaucracy, get contacts and gain access to the German system (Mr Würtz, Globe e.V., Consultant). Here, the coordination and networking between the different institutions is very important.

The following graph shall serve to display to what extent the respondents in the two cities have had professional counselling in their business start-up. In the following, it will also be presented in how far the entrepreneurs were satisfied if they had been advised professionally by a German institution and if not why and if they had not been advised by a professional institution why not. This can give a hint at the reachability of and experience with institutions and the readiness of the sample population to take on professional advice.
Figure 27: Advice in the Start-Up Phase of the Business

Here, it becomes clear that the largest share of the sample was not advised by a professional institution, but by either family members (9 respondents in Munich, 10 in Berlin) and/or friends (5 in Munich, 10 in Berlin) or not at all (9 in Berlin, 4 in Munich). However, a common point of official counselling was a personal tax accountant (7 in Berlin, 6 in Munich) with whom however, most were not very satisfied, due to a lack of knowledge of support possibilities and procedures on the side of the accountant, miscommunication and unattended surprises. No significant differences were noticed between Berlin and Munich in this area.

However, a difference that is recognisable is the number of those who *inter alia* have had counselling by the local IHK/HWK or migrant (self-employed) organisations in Berlin (4 respondents for both) which is very low in Munich (1 by local IHK/HWK, 0 by a migrant organisation). In Munich, by contrast, private counselling by professional consultancies was summoned by 4 self-employed in the sample in comparison to only 1 who mentioned to have taken advantage of this possibility in Berlin. Yet, because of the small size of the sample and the fact that most businesses were founded before the existence of the target specific initiatives, no definite conclusions can be drawn here.

Again, as the number of respondents who had not summoned any advice at all, is not neglectable in both cities, in order to get an accurate picture the total number would have to be adjusted 31 in Berlin and 36 in Munich. However, the presented results would not substantially differ to draw clear conclusions. The following table on the reason why the
respondents did not approach and make use of official German counselling structures does not give a clear indication either. Here, respondents were able to choose more than one answer again.

**Table 15: Reasons for no Professional Consulting**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Berlin</th>
<th>Munich</th>
</tr>
</thead>
<tbody>
<tr>
<td>No information</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>No trust</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>No need/interest</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Language</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Despite the fact that from the earlier figure on advice it seemed that in Berlin the general readiness to approach German institutions seemed a bit higher, the table reveals that 20 self-employed of those who did not have counselling by a German institution mentioned that they were not interested or there was no need for counselling. In Munich, 16 of those who had received no counselling mentioned no need/interest as one of the reasons. Nonetheless, 7 also indicated they had no trust in official institutions, which was only 1 in Berlin. A lack of information on counselling possibilities is visible in both cities, even though comparably higher in Munich (17 respondents in Munich, 11 in Berlin).

This shows that as also identified by the interviewed actors in Berlin as well as Munich the main problem is lack of readiness and recognition of the need for counselling by the migrant entrepreneurs and a lack of information on the various possibilities. Here, however, it is questionable which of the two prevails: “Is it a lack of information or a disinterest in professional counselling?” (Mr Aydin, Faktum Consulting). In the sample, it seems that a large share sees no need in professional counselling. Quotes such as “I do not want any advice or support”. “I want to be proud of my business because I succeeded to do everything by myself” or “I had a bet with myself that I would succeed without support” support his assumption. Additionally, the saying: “Start your business like a Turk and finish it like a German” by a Turkish entrepreneur in Munich nicely summarises the high motivation and initiative in starting up a business by Turkish entrepreneurs, who, often lack readiness to take on advice which is an important part in the German bureaucratic system.

However, as was noted by the interviewee from the SenWTF in Berlin, “it is important for the entrepreneurs to be able to make an informed decision. They need to know about the possibilities and can then decide whether they want to make use of them or not”
(Mrs Leverenz, SenWTF)). This can only be done by creating a “welcoming structure of the German institutions” (Mr Shwani, RAW, Mrs Leverenz SenWTF).

Despite the ambiguity of the question of access and readiness, the graph below indicates the important role of the chambers in the two cities.

Figure 28: Membership in Institutions

31 of the respondents in Berlin and 32 in Munich indicated to be members of one the two Chambers\(^77\), which illustrates the potential reachability of those. Nevertheless, the IHK in both cities does not enjoy a good reputation among the entrepreneurs with a migration background. Quotes such as “the IHK is not a partner institutions, I pay my fees but what do I get in return?” from an entrepreneur in Munich or the perceived “lack of communication between all institutions” illustrate the often negative perception of the IHK among this group. Both interviewees from the IHK in Berlin and Munich noticed that entrepreneurs – German and non-German - mainly approach the IHK when problems already exist. They come across the IHK in the start-up phase, however, are either not informed about the counselling function or do not desire it. As the interviewee in Berlin put it: “It is not a lack of counselling offers, but a lack of information on those, i.e. supply and demand do not match” (Mr Brieger, IHK Berlin)

This can possibly be attributed to the fact that the fee only has to be paid after the first year when the business is already set. In addition, counselling at the IHK is not directly

\(^77\) In certain sectors membership in the IHK and the payments are compulsory after the first year
promoted to the entrepreneur as a service, but it a degree of one’s own initiative to make use of the offers is attended (Mr Slingerland, BWK).

Despite the fact that the IHK’s in both cities do not offer specific counselling for migrant entrepreneurs to avoid parallel structures (Mr Fersadi, IHK Munich; Mr Brieger, IHK Berlin), Berlin’s IHK seems to have become active in this field. Seminars for opening up a business in the restaurant industry can be accompanied by a translator, material exists in different languages and there is a section on migrant entrepreneurs on the homepage. Additionally, an event called “Welкамmь” for all new entrepreneurs at the IHK has been introduced to promote the supply of counselling and support (Mr Brieger, IHK Berlin, Homepage).

The analysis demonstrated that especially in Berlin there is a large variety of decentralised counselling possibilities by different public and private actors with differing degrees of access to the migrant community. Despite those developments and the active engagement of different actors in information distribution, counselling and support of entrepreneurs with a migration background, the link mainly exists in the theory of the initiatives and policies. Yet, it seems that in reality the link is still missing, as was also noted by one of the respondent migrant entrepreneurs in Berlin. In Munich, the RAW has rather recently directly become active in this field as the central actor in the city and has only started to include the cooperation with different actors, which cannot be evaluated yet. Nevertheless, as has also become clear, the largest share of the sample has been advised by friends and family or not at all, which as it seems was often not mainly a lack of information, but no recognition of the necessity or no interest.

However, in order to get a more encompassing analysis of the specific programmes it is important to directly evaluate the specific offers by implementing a survey among those who participated in the projects. Furthermore, it would be important to also include and possibly focus on aspiring and very recently established entrepreneurs. In order to get a more differentiate picture on the evaluation of counselling and support structures, it would also be interesting to implement a regression analyses. Thereby, the independent variable could be the use of counselling structures and examples of independent variables could be age, education, sex, nationality, place of birth, existence of German nationality, education, industry sector to see which factors influence the access and readiness to consult professional advice.

\[78\] Welкамmь
5.2.3. **Motivations for Qualifications, Set-Up of Working Places and Apprenticeship-training Positions**

While the previous section evaluated general policies and initiatives that target migrant entrepreneurs, this section presents instruments specifically aimed at motivating and assisting entrepreneurs in further qualifications as well as in the set-up of work-places and apprenticeship-training positions. Again, the situation of the sample population in Berlin and Munich is presented followed by the initiatives and an evaluation of a potential link the policies can create between the situation of the migrant entrepreneurs and structural factors.

As has been presented before, a large share of the sample population in both cities has no German degree or secondary education or a higher qualification from the origin country, which is often not recognised in Germany. Thus, the achievement of additional qualifications in Germany is important for the further development and stability of the business. General qualification possibilities are offered by the IHK, the employment agency as well as local education centres on their homepages. However, as mentioned by one respondent, access to those is sometimes difficult for migrant entrepreneurs: “I did not receive any help from the employment agency, no language courses, no offers for qualification and no recognition of my qualifications.” Additionally, the time factor plays an important role here, as well. Taking a qualification course requires time and effort, which the average amount of working-hours of the sample population does not allow. Nevertheless, as the question on problems revealed, the lack of a security and stability guarantee (17 in Berlin, 13 in Berlin) poses a challenge for the respondents.

Here, the RAW in Munich has recently become active with its project KIM which aims at analysing the situation of migrant businesses and identifying areas of improvement and qualification and then suggesting possible qualifications to “increase the competition skills of the entrepreneurs with a migration background” (Mr Shwani, RAW). Dialogue events between the department, migrant association and interested entrepreneurs for information and knowledge exchange as well as networking are used to reach the entrepreneurs. The project additionally, does not ask the migrant entrepreneurs to approach the actors, but they go directly into the businesses that agree on it. In Berlin, the BWK is active in this area. It offers in-house training for young adults with a migration background as well as extra qualification courses for persons who already have a degree (Mr Slingerland, BWK).
Another important point for business securitisation in migrant businesses is the support in the set-up of work-places and the recruitment of employees. It has been stated that a large share of migrant businesses are so-called one-person undertakings which was also the case in the sample:

Table 16: Number and Nationality of, Relation to and Employees

<table>
<thead>
<tr>
<th></th>
<th>Berlin</th>
<th>Munich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>4.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Own nationality</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>German</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mix</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Family Members</td>
<td>11</td>
<td>17</td>
</tr>
</tbody>
</table>

12 of the respondents in Berlin and 9 in Munich stated they had no employees. However, it was sometimes unclear whether family members were counted as employees or not. Additionally, if the business was founded as a cooperation, it was not always clear whether the co-founder was regarded as an employee. The average number of employees in Berlin was 4.7 with a maximum of 40 and in Munich it was 2.5 with a maximum of 12. While in Berlin 11 of those who had at least one employee stated that the employees included family members, it was 17 in Munich. When then looking at the nationality composition, 13 in Berlin stated to have employees of their own nationality, 3 employed only Germans and 12 had a diverse mix among their employees. In Munich, the numbers were more or less comparable with 15 respondents having employees with the same nationality, 3 employing only Germans and 17 with mixed nationalities among the employees.

This shows the potential of migrant businesses as work places for their ethnic community as well as their function in increasing interaction between different nationalities, the “diversity at the workplace” valued by the competition by the TUH and the SenWTF in Berlin as well as in the Phönix Preis in Munich. Despite the positive side-effects, setting up work-places and recruiting workers requires time and effort. It was observed during the implementation of the survey that when approaching entrepreneurs with the questionnaire, some confused the survey paper with an application for a work position at first sight and indicated in the course of the survey that they experienced problems with finding employees and would be happy to receive support on it. Consequently, this is an area with a lot of potential for new initiatives.
When evaluating the set-up of workplaces and the recruitment of employees, it is inevitable to also look at apprenticeship-training positions in migrant businesses. This was also identified as a priority area by the BMWi, as well as most of the interviewed local actors from the public and private sector. As stated before, there is a high potential, especially for young adults with a migration background. However, there are two challenges: Firstly, there is only a low percentage of migrant businesses that offer apprenticeships due to different reasons already elaborated on in the chapter on the general background on Germany. Secondly, “apprenticeship-training positions in migrant business are often only the second choice among young adults” (Würtz, Globe e.V., Consultant).

A question on this was also asked in the survey. It revealed that 6 respondents in Berlin and 10 in Munich offered apprenticeship-training positions. For both cities, this is considerable number given the small sample size and already hints at the potential. However, as one respondent stated: “I can only get direct support for the apprenticeship if I install a certain amount of training positions and I already have enough challenges with my one trainee”.

Nevertheless, actors in both cities are active in the area of setting up of and companionship in apprenticeship-training positions. In Berlin, the SenWTF in cooperation with the two chambers has launched the campaign Berlin braucht dich79 for the set up of training positions and a matching of the young adults with the businesses (Mrs Leverenz, SenWTF, Mr Brieger, IHK Berlin). A special focus is put on migrant entrepreneurs. An interesting approach thereby, is the possibility to set-up an apprenticeship position in cooperation between two firms where one is for example responsible for the training in the craft and the other in accounting (Mrs Leverenz, SenWTF). Within this initiative, the IHK in Berlin furthermore, has two employees with a Turkish background who directly approach the businesses (Brieger, 2011).

Additionally, the SenWTF in cooperation with the BWK has created a special focus on entrepreneurs with a Turkish or Arab migration background under the Jobstarter initiative. Thereby, the BWK offers assistance in making in the ADA Schein to the self-employed as well as support in recruitment of trainees and afterwards also companionship in the training itself (BWK, Homepage). Certificates are then handed out for the successful instalment of training positions in a ceremony in the municipality to honour the engagement of the entrepreneurs.

79 Berlin needs you
For Turkish entrepreneurs, BAREX e.V. also has a strand on the “social responsibility” with the project *Partnerschaft Ausbildung, Praktikum, Integration*\(^80\) (PAPI\(^81\)) for assistance in the instalment of apprenticeship-training and internship positions (Mr Aydin, Board of Directors, Homepage). It is supported by the BMWi as well as the ESF. PAPI aims at achieving involvement of the adolescents, the parents and the businesses in the apprenticeship procedure through an increased communication and cooperation among those three parties. This should be achieved by individual counselling of a qualified and experienced apprenticeship manager with a Turkish background who is in contact with all parties and is available to answer questions and give adequate advice (Project Homepage).

Hence, all three local projects aim at sensitising the migrant entrepreneurs about the advantages of apprenticeship-training positions and offer direct guidance and support in the whole process.

Munich’s RAW started to become active in this field already in 1999 with the project *Mobilisierung von Ausbildungstellen bei Ausländischen Arbeitgebern*\(^82\) (MOVA) which consist of two parts\(^83\). The first part is the data collection on the business in question as well as counselling of the entrepreneur on the set-up of training positions. The second part is the filling of the created position by a matching of the business with a trainee from the network of the local Employment Agency and education institutes. It is estimated that more than 100 training positions were installed under this project. Additionally, it is a good way to build up relations to the migrant entrepreneurs and gain their trust in Munich’s administration (Mr Shwani, RAW, Project Homepage).

The KIM project of 2011 goes even further. It offers a free *ADA Schein* to migrant entrepreneurs who are interested in setting up apprenticeship-training positions. With the help of an envisioned cooperation with migrant associations in this area, the project also aims at increasing its reachability by getting easier access to the community (Mr Shwani RAW, Project Homepage). As Mr Aktas mentioned in the interview: “If I would go and promote this project, it would be much more successful than if it is only advertised by the RAW.”

The above analysis has demonstrated that in both cities the actors actively engage in motivating and supporting the migrant entrepreneurs for qualifications and the set-up of

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\(^{80}\) Partnership in Apprenticeships, Internships, Integration

\(^{81}\) The abbreviation PAPI in German is the nickname for father

\(^{82}\) Mobilisation and apprenticeships for foreign employers

\(^{83}\) Due to the discussion on the word “foreign” in the name, it has been changed to: Development of Competencies in Migrant Businesses (Mr Shwani, RAW)
apprenticeship-training positions. Yet, in the set-up of work placed and assistance in the recruitment of employees no visible initiatives exits in neither one of the two cities.

In the sample, the businesses in Munich were on average smaller than those in Berlin, however both displayed high potentials for diversity of the employees and Munich featured a considerable amount of apprenticeship-training positions. In this context, it would be extremely interesting to look at the success of the KIM project in Munich in a few years as this is the only project in the two cities that directly and specifically targets entrepreneurs with a migration background from all ethnicities, offers a free *ADA Schein* and comprehensive companionship in business securitisation.

### 5.2.4. Finance

The last area of analysis, which “plays an important role, but features a bad implementation” (Mrs Aktas, Aktas Consulting) is financing of the business. It has been observed in the survey that the high financial burden and the lack of security and stability in the start-up phase posed a challenge to a large share of the respondents. As elaborated on above in the general part on Germany, there are various possibilities for the financing of a business. For small and micro businesses, the concept of the microcredits is the most attractive. However, as the sample shows, it was rather uncommon among the entrepreneurs with a migration background:

**Figure 29: Support in Financing**

![Bar chart showing support in financing](chart)

None of the entrepreneurs had financing support form a microcredit institution. 18 respondents in Berlin and 19 in Munich mentioned that they had no financial support in the start-up of the business and financed the business start-up through personal savings. Here,
again, the most common financing support came from family and friends. 12 respondents in Berlin and 11 in Munich indicated to *inter alia* have received financial support from family members. However, it is noticeable that in Munich only 1 received financial support from friends, but a considerable amount of 8 entrepreneurs had a credit from a bank. In Berlin, 7 respondents had received a bank credit, however, the respondents also showed some creativity and received support by other sources e.g. taking part in competitions, funding from the university or a sharing of the costs with the partner.

Among the 11 respondents that received a credit from a bank in Munich, 8 were satisfied. In Berlin out of the 7 who had received a bank credit 6 indicated satisfaction. Mentioned reasons for dissatisfaction were a high amount of bureaucracy involved in the process, the need for high security guarantees or a security guarantor and the difficulty to convince the bank about the profitability and security of the business.

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Berlin</th>
<th>Munich</th>
</tr>
</thead>
<tbody>
<tr>
<td>No information</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>No trust</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>No need/interest</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Refused</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Language</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Costs</td>
<td>3</td>
<td>0%</td>
</tr>
</tbody>
</table>

When asked why they had not consulted official financial support, 8 respondents in Berlin and 6 in Munich stated they had been refused a credit by the institution. 2 in Berlin and 4 in Munich declared to have had no information on the possibilities of financing. However, the largest part saw no need or had no interest in official financing (16 respondents in Berlin, 17 in Munich) either because they had personal savings or because they were supported by family/friends. A rather low number of respondents (1 in Berlin, 2 in Munich) stated a lack of trust in the German institutions. 1 respondent in Berlin mentioned language barriers and 1 costs in terms of interests as further reasons for not asking for financial support.

Additional observations from the interviewees identified the area of financing as the most problematic, where a lot still has to be adjusted. One respondent summarised this as follows:

For small entrepreneurs it is extremely difficult if not impossible to receive a credit from a bank. In order to receive one a very high security guarantee has to be proven. If I could show that guarantee, I would not need the credit.
Another even went as far as to state:

I know some entrepreneurs who go bankrupt not because they are not well-prepared but because of an unjust and inflexible German bureaucracy and because many German authorities have the prejudice that migrants often intend to bypass regulations.

Thus, there is the feeling of a lack of trust by financial institutions in small enterprises in general and apparently even more so if the founder has a migration background. Mr Aydin explains this as follows:

Banks have to care about their rating, they say: I have the same amount of work for a credit of € 30,000 as for one of €5,000. Thus, I prefer the one of € 30,000 as it gives me higher returns and hence, a better rating.

But he also noted that:

Sometimes, small businesses do not look good on paper, because the entrepreneur can decide on the turnover by declaring a different number in order to pay less taxes. As a result of the seemingly low turnover, he/she is not given a credit, despite the fact that in reality most small entrepreneurs are more trustworthy in paying back the credit than many big firms.

In addition, migrant entrepreneurs, especially when opening up a business in a sector unknown to German bank employees, face the difficulty of convincing the employee at the bank of the profitability of the business. The following small story by Mr Aydin serves as a very nice illustration of this, which does not only count for the area of finance and exemplifies the importance of involving migrant associations and consultants in the process of promoting the development of migrant entrepreneurship:

We Turks consume a relatively high amount of sunflower seeds, which is bird food for Germans. However, for us, it is a snack; we consume it together with others as a sign of familiarity and trust. If a Turkish person now takes a bag of sunflower seeds to a German bank employee and says he wants to open a sunflower-seed shop, he first has to explain himself. The bank employee will say: “Bird Food? And you are telling me this will be sold in high quantities in Germany. I cannot really believe you.” The Turkish bank employee by contrast knows about the role of sunflower seeds and can see the potential of the business. Thus, the aspiring entrepreneur is already one step further and does not need to take the time to convince the bank employee. These are factors that are simplified in the communication with a Turkish banker; I do not start at point zero, but already at two.

For this reason, Faktum Consulting in Berlin as well as Aktas Consulting in Munich have Turkish partners in local German banks with whom they closely cooperate and who they advice to their customers for financial questions. Additionally, Mr Aydin has also become active in the area of microfinance and has founded a microfinance institute called Smart Mikrokredit, supported by the BMWi and the ESF with the GLS Bank as a back office bank which in the end gives out the microcredit (Mr Aydin, Faktum Consulting & Smart Mikrokredit).
The advantage of *Smart Mikrokredit* is that it is not dependent on rating or the official papers of the clients, but can evaluate the credit-worthiness of the individual person on the basis of different factors and then take an informed decision. *Smart Mikrokredit* gives a recommendation to the GSL Bank who sends back the credit agreement, which is then signed by the customer. The credit is paid out and the customer pays back the money in instalments. If anything goes wrong, *Smart Mikrodkredit* has to ensure the money is paid back as it is the security guarantor of the credit with 100%. As the microcredit system here functions outside the classical banking system, there is the need for a high amount of trust in the customers. Nevertheless, as stated by Mr Aydin he has so far only made positive experiences.

In Munich, there is also the possibility to receive a microcredit through the so-called *München Fonds*, of a maximum of € 50,000 and a contract period of 10 years at most. It is not directly targeted at migrant entrepreneurs, but “small enterprises with a low demand for capital and no financial safety” (Ramboll, 2007, p.44). 70% of the security guarantees are taken by the city and 30% by the Sparkasse (RAW, 2011). The fact that the credit runs by the Hausbank Prinzip and thus, forms part of the traditional credit system, has led to a rather low demand for the *München Fonds* and it is only very marginally used by small enterprises (Amhajer, 2006, Rambøll, 2007).

The analysis has demonstrated that financing of the business is an area with still a lot to be done, which however, also poses a lot of challenges. The banking sector in Germany is rather de-regulated and banks are part of the free-market economy and dependent on profits for their own rating. Thus, in general it is very difficult to receive a credit as a small or micro entrepreneur. This has been countered by the introduction of microfinance institutes, which however, have only recently developed and are still mainly unknown. In this sense, the involvement of Mr Aydin in this sector is potentially a very good practice, especially regarding his own Turkish background as it creates the direct link between the entrepreneur and the German bureaucracy by introducing trust into the system.
6. Conclusion

6.1. Summary of Key Findings

The aim of the paper was to analyse the role of target specific local policies and initiatives in the promotion of migrant entrepreneurship. Thereby, policies and initiatives in Berlin and Munich were analysed and evaluated in the framework of the *Mixed Embeddeedness* concept. In order to identify possible areas of involvement, different instruments were identified from different sources. In addition, a sample survey among 40 migrant entrepreneurs in each city was implemented to include the point of view and needs of the target population. The following table shall serve as an overview for the most important key findings, challenges as well as examples of good practice projects in both cities in the above mentioned areas.

Table 17: Best Practices, Challenges and Observations from Analysis

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<tr>
<th></th>
<th>Berlin</th>
<th>Munich</th>
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<tr>
<td><strong>Acknowledgement/Visibility</strong></td>
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<td>Active PR Work</td>
<td>Press Tour by senator</td>
<td><em>Phönix Preis</em></td>
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<td>Cultural Sensitivity</td>
<td>Stress importance of local participation</td>
<td>Stress importance of local participation</td>
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<td></td>
<td>Careful handling of the words migrant/migration background/integration</td>
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<td>background/integration</td>
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<tr>
<td>Long-term Inclusion in Local activities</td>
<td>Migrant entrepreneurship as part of Economic Department</td>
<td>Migrant entrepreneurship as part of Economic Department</td>
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<tr>
<td>Improvement of Data</td>
<td>Collection of data by IHK on foreign member businesses</td>
<td>Planned for next years</td>
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<tr>
<td>Role of Migrant (Entrepreneurial) Organisations</td>
<td>Working Group Migration</td>
<td>KIM project</td>
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<td>Information/Counselling/Support</td>
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<td>Access</td>
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<td>Information Channels/Networks/</td>
<td><em>Erfolgreich Gründen in Berlin</em> Brochure + Homepage</td>
<td>RAW: KIM - Dialogue Events: cooperation with migrant organizations,</td>
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<tr>
<th>Section</th>
<th>Mediation</th>
<th>Awareness Raising/Trust Building</th>
<th>Role of IHK as Pilot Service</th>
<th>Method</th>
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<tr>
<td></td>
<td>- Inclusion of migrant organisations</td>
<td>- Challenge: lack of information or lack of readiness to consult</td>
<td>- Bridge entrepreneurs-institutions</td>
<td>Offers of Counselling/Material in different Languages</td>
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<td></td>
<td></td>
<td>German institution</td>
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<td>- Seminars organised by SenWTF/BWK + migrant organisations</td>
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<td></td>
<td></td>
<td>- Most respondents in sample counselling by friends/family/none</td>
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<td>- IHK offers for restaurant qualifications with translator</td>
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<td></td>
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<td>- Importance of role of tax accountant</td>
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<td>- Migrant associations</td>
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<td>- Private consultancies</td>
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<td>Cultural Competencies/Counsellors with Migration Background</td>
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<td>- <strong>Faktum Consulting</strong></td>
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<td>- Migrant organisations (ISI, BAREX e.V.)</td>
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<td><strong>Aktas Consulting</strong></td>
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<td>- MEB</td>
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<td>Specific, Flexible, Individual Counselling, focus on Business Structures</td>
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<td>- Take in account motivations for opening up business: ambition vs. problems on labour market and problems: general vs. migrant specific</td>
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<td>- Focus on bureaucratic procedures</td>
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<td>- Focus on bureaucratic procedures</td>
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<td>Qualifications/Working places apprenticeship-training positions</td>
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<td>Support in Recruitment of employees</td>
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<td>- high potential of businesses</td>
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<td>Topic specific qualifications</td>
<td>- Not identified</td>
<td>- KIM</td>
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<td>Support in Apprenticeship-Training-Procedure</td>
<td>- BWK</td>
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<td></td>
<td>- BAREX e.V.</td>
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<td>- Challenge: knowledge of dual education system, migrant businesses often second choice</td>
<td>- Challenge: knowledge of dual education system, migrant businesses often second choice</td>
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<td>Financing</td>
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<td>Trust in Small Enterprises</td>
<td>- Criticised by entrepreneurs in sample</td>
<td>- Criticised by entrepreneurs in sample</td>
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<tr>
<td>Extension of Microcredits</td>
<td>- <em>Smart Mikrokredit</em>, needs to be published to entrepreneurs</td>
<td>- <em>München Fonds</em>, but still part of traditional banking system</td>
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<td>Cultural Sensitivity</td>
<td>- Liaison of private consultancies with bankers who have migration background</td>
<td>- Liaison of private consultancies with bankers who have migration background</td>
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<tr>
<td>Cooperation Consulting - Microcredit institutions</td>
<td>- <em>Faktum</em> and <em>Smart Mikrokredit</em> same person</td>
<td>- Cooperation with <em>Sparkasse</em> envisioned by RAW</td>
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<td>Increase Supply of Financing Possibilities</td>
<td>- Priority for future, but challenge in German banking system</td>
<td>- Priority for future, but challenge in German banking system</td>
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In the area of visibility and acknowledgement, the analysis demonstrated that the two cities have become active in this field applying rather comparable instruments in raising the visibility as well as valuing the contribution of the target group and communicating it to the population. However, in both cities the data situation is still rather vague; no data for the whole city on this topic has been collected so far. As for Munich, it is stated in the Integration Report that a collection of data on migrant entrepreneurship is planned by the MEB (2011, p.127).

Additionally, the fact that migrant entrepreneurship has become part of the economic departments in both cities illustrates the long-term structural inclusion of the topic in the city’s economic policies. However, oftentimes the migrant population does not want to fall under a stigma and be treated differently than the German counterparts. Here, the challenge is to actively and sincerely acknowledge the contribution and potential of the target group and raise awareness among the whole population while at the same time ensuring that the entrepreneurs with a migration background do not have the feeling of being singled out only because of their background. They should feel part of the local economic environment – local
Berlin, Munich businesses (Mr Germershausen, Representative of the Commissioner for Integration in Migration of the Senate).

An often-mentioned way to do this is to actively involve migrant (self-employed) associations as they have easier access to their communities and can function as a mediator between the city’s department, the chambers and the entrepreneurs who have a migration background. This approach has been actively developed by the SenWTF in Berlin while it has only started in Munich in 2011. Another important point of contact are the migrant entrepreneurs that take part in competitions and activities and can positively convey the importance of active participation in the local economy and take away the still existing scepticism of migrants towards German authorities (Aktas, 2011).

In the area of information, counselling and support, it was demonstrated that especially in Berlin, there is a large variety of decentralised counselling possibilities by different public and private actors with differing degrees of access to the migrant community. Despite those developments and the active engagement of different actors in information distribution, counselling and support of entrepreneurs with a migration background, the link mainly exists in the theory of the initiatives and policies.

However, it seems that in reality the link is still missing, as was also noted by one of the respondent migrant entrepreneurs in Berlin. In Munich, the RAW has rather recently directly become active in this field as the central actor in the city and has only started in 2011 in the framework of the KIM project to include the cooperation with different actors, which cannot be evaluated yet. Nevertheless, as has also become clear, the largest share of the sample has been advised by friends and family or not at all, which as it seems was often not mainly a lack of information, but no recognition of the necessity or no interest.

The investigation in the specific area of initiatives that aim at motivating the entrepreneurs for qualifications, as well as the set-up of work places and apprenticeship-training positions, revealed that qualifications and apprenticeship-training positions are priority areas for the actors. Supporting initiatives exist that directly target this group of entrepreneurs and also offer encompassing companionship.

However, assistance for the set-up and filling of work-places, which have turned out to be an important area for the sample population are not yet covered. In the sample the businesses in Munich were on average smaller than those in Berlin, however both displayed high potentials in the diversity of the employees. Munich featured a considerable amount of
apprenticeship-training positions. In this context, it would be extremely interesting to look at the success of the KIM project in Munich in a few years as this is the only project in the two cities that directly and specifically targets entrepreneurs with a migration background from all ethnicities, offers a free ADA Schein and comprehensive companionship in business securitisation.

The area of financing is an area, where there is still a lot to be done, which however, also poses a lot of challenges. The banking sector in Germany is de-regulated and banks are part of the free-market economy and hence, dependent on profits for their rating. Therefore, in general it is very difficult to receive a credit as a small or micro entrepreneur. This has been countered by the introduction of microfinance institutes, which however, have only recently developed and are still mainly unknown. In this sense, the involvement of Mr Aydin with the Smart Mikrokredit initiative in this sector is potentially a very good practice, especially regarding his own Turkish background as it creates the direct link between the entrepreneur and the German bureaucracy by introducing trust into the system.

The analysis of the four different areas as defined in the theoretical part has demonstrated that indeed, it is not possible to only regard the individual background and motivation of the (migrant) entrepreneurs, but place them in a wider social and economic national and local context. Thereby, the role of local policies was defined as a tool to link the individual with the opportunity structure by creating opportunities. It has become clear during the presentation of policies and initiatives in Berlin and Munich and the empirical investigation of their potential roles, that in both cities a high number of initiatives and policies have been developed to fulfil exactly this function. It is not intended to set up parallel structures for migrant entrepreneurs, but to create opportunities for the migrant entrepreneurs to get information on and access to already existing structures.

However, as has been exemplified by the sample, in order to create this link the policies intended to do so also have to reach and be accessed by the entrepreneurs, which in the sample at hand has in practice not been the case. Here, the sample did not allow drawing any clear conclusion due to its small size and the rather ambiguous result, which also did not show a clear cut difference between the two cities.

Nonetheless, it can be concluded that in general the Mixed Embeddedness framework as a concept was a very helpful tool to structure the analysis and get an encompassing account of
the situation in both cities as well as the potential role of target specific policies for promoting the development of migrant entrepreneurship. As has also been noticed in the analysis on the policies, however, the term migrant can also be neglected in this framework and it can also be applied to the general envelopments of entrepreneurship.

6.2. Policy Recommendations: Identification of Best Practices and Important Points to consider

The empirical analysis has demonstrated that despite the different settings in the two cities, the various actors seem to share similar approaches in the promotion of migrant entrepreneurship and also face comparable problems in creating the link between the migrant entrepreneurs and the local structures by their policies and initiatives. Even though in both cases it seems that in theory the link is created, the survey results reveal that in reality the supply of offers and the needs and wants of the entrepreneurs do not always match. The sample population of 40 migrant entrepreneurs in each city is rather small and can only serve to illustrate an example, however, it provided valuable insights and gave the respondents the possibility to report about their experiences and make improvement suggestions.

The following section will take in account the instruments presented in the Mixed Embeddedness framework part of this paper as well as improvements suggestion given by the interviewed actors and respondents in the survey and with the help of those try to identify interesting examples in the two cities and important points to consider for future initiatives.

Acknowledgement and Visibility

In the investigation it has become apparent that both departments for economic development have become active in increasing the visibility and acknowledgement of the contribution and potential of entrepreneurs with a migration background and engage in active PR work on this topic. However, it has been noted in the survey implementation and the events that a share of the migrant entrepreneurs do not want to be associated with this group either because they do not want to carry a stigma or because they do not see themselves as migrants anymore. This is an important point that has to be carefully kept in mind when designing new policies and initiatives targeted at increasing the visibility of migrant entrepreneurs and recognising their contribution to the local economy.
The basis for new policies therefore, is an increased “transparency and sensitivity” on this topic and a realisation that migrant entrepreneurs are “not a homogenous group” (Fleiting, Reimann & Schuleri-Hartje, 2005, p.15. Therefore, it is important to collect adequate and encompassing data on entrepreneurs with a migration background in both cities as planned by the MEB in Munich for the next years. Following this, a sincere evaluation of the potential and contribution of this group of entrepreneurs is possible, which is important to convey the positive side of it to the population – with or without a migration background, i.e. demonstrating the added-value of diversity to all citizens. As Mr Yilmaz, director of the TUH in Berlin put it: “It is important to speak a language without an accent, it is important to think without an accent”. With that, he calls upon the German society to clear up prejudices and engage into positive interaction. This means an increased cultural sensitivity on all sides: a recognition of the German population and institutions of the contribution and potential of migrant entrepreneurs despite their sometimes different approaches to and challenges in the set-up of businesses as well as a recognition by the migrants of their potential as well as barriers and positive contribution of local German authorities.

An interesting approach in Munich that could possibly be implemented in Berlin is the Phönix Preis which has received a rather high amount of press attention in Munich’s local as well as ethnic newspapers. Additionally, the press tour by the senator in Berlin is a project that can possibly be implemented in Munich as well. However, for inner- as well as intra-city cooperation among institutions to convey a sincere and not politically motivated interest in the topic coordination between different institutions, especially the role of the IHK as a pilot service is important. In this, sense the Working Group on migration that brings on board different actors in Berlin can function as a good example.

Furthermore, a suggestion by MR Shwani of the RAW in Munich to hold a yearly conference of major German cities on this topic where different actors of different cities are invited to exchange best practices, data and needs is an interesting idea that deserves mentioning. It constitutes a brave, yet important step forward as it tries to put the debate from the local onto the national agenda and possibly involve the national Department on Economic Development – the BMWi. Here, the migration business magazine can function as an online platform for exchange between the cities and promotion of activities to the target group.

Nevertheless, the challenge of increasing the visibility and acknowledgement of migrant entrepreneurs is not to “overdo” (Mrs Leverenz, SenWTF) the initiatives as some migrants do not wish to be singled out or receive special attention. This has to be respected.
Nonetheless, through positive interaction of society, (migrant) associations and politics mutual acknowledgement – institutions acknowledge contribution but also challenges of migrant entrepreneurs, migrant entrepreneurs acknowledge role of institutions - (Mrs Leverenz, SenWTF) a long-term inclusion of this topic into local and possibly national policies as a positive and important topic can be achieved.

This can be further deepened by means of including local entrepreneurs –with or without migration background - in local neighbourhood activities to increase the direct interaction of different actors on the lowest level and give local entrepreneurs an active role in neighbourhood policies. This also fosters the cooperation among the local self-employed. In this context, an increased support and inclusion of self-employed associations poses an important point to consider. In addition however, the “inclusion of migrants on topics not directly connected to migration” (Mrs Leverenz, SenWTF) to demonstrate the importance of a positive interaction and participation of society as whole is an important yet challenging area of future improvement.

Information, Counselling and Support

In the area of information transmission, counselling and support possibilities, it has become clear that in both cities there is still a gap between the supply of policies and initiatives and the needs and demands of the migrant entrepreneurs, even though more in practice than in theory. Different actors in both cities have started to become active in this field, have tried to increase the reachability of their offers, extend counselling and adjust methods and have tried to include the offers into already existing structures. Thereby, all interviewed actors mentioned the dilemma between “treating entrepreneurs with unequal conditions equally” (Mrs Böhmer, MEB) and introducing parallel structures. This reveals the question whether generally, there should be specific offers for migrant entrepreneurs at all or whether the migration background can be crossed out totally. The sample survey revealed that despite the not very migrant specific ambitions and problems, there are specific problems migrants face, often connected to the German bureaucratic procedures and access to German institutions.

This is where the different actors in the cities come into play to make sure that migrants are informed about all the counselling and support possibilities and can then take an informed decision whether they wish to make use of those (Mrs Leverenz, SenWTF). As has been mentioned before, no generalisations can be made on why migrant entrepreneurs often do not use official counselling and support offers: in some cases it is a lack of knowledge and
in some it is a lack of readiness and interest to approach German institutions. This has to be respected as well. In order to reach the entrepreneurs, the cities have increasingly started to developed similar approaches, trying to include migrant organisations to ensure a greater reachability of and trust by the migrant entrepreneurs. This has already been institutionalised in Berlin and is still on the way in Munich.

However, when decentralising the offers to this extent, it is also important to ensure central coordination. Here, the IHK can function as a potential actor to take on this role, which it has started to do in Berlin. Therefore, it has to guarantee to display itself as a partner for entrepreneurs and not just an organisation that collects fees and if there are problems can step in, but one that actively promotes its offers by events and by directly approaching the entrepreneurs.

A good practice in this field is the seminar series in Berlin, implemented in cooperation with the migrant associations. The seminars are held in the mother tongue, are voluntary and free of charge and because of the specific allocation of responsibilities to the organisations can be flexible, individual and specific. An idea by Mr Slingerland of the BWK was to extend the seminars, holding them regularly and not only in the two weeks before the DeGUT. The seminar approach is an interesting idea, which can be implemented in Munich as well once the cooperation with the migrant association is institutionalised. An increase and institutionalised cooperation among different actors n this topic could lead to “continuity and uniformity in advice” as mentioned by one of the respondents when asked about improvement suggestions.

In addition to the information transmission and the method of counselling, it is important to offer assistance in bureaucratic procedures. Ideas by the entrepreneurs included a “unification of fees” to avoid going from authority to authority in the procedure. This would however mean a complete change of procedures on the national level, a very difficult task. Nonetheless, a simplification of procedures and assistance with authorities is a realisable and significant point to consider where both cities can become more active. Here, as mentioned by Mrs Aktas, private counsellors and migrant associations also play a big role as they “can give encompassing advice and are more flexible as they work independently from the institutions, but know about the procedures and can simplify the process” (Aktas Consulting). A suggestion by one entrepreneur in Berlin to increase the existence of official online portals for information on procedures in different languages also seems like a good idea, as nowadays a large percentage of the population has internet access and uses the internet.
With the brochure on self-employment and the seminars as well an increasing role of the IHK in the service and the institutionalised role of migrant associations in Berlin, a very wide offer of support initiatives exists. In practice, however, it is difficult to find a way through the numerous offers, possibilities and supporting actors and needs more centralization. In Munich, by contrast, it is the other way round; offers are rather centrally coordinated by the RAW and need to be locally dispersed to also reach the neighbourhood level. An inclusion of the migrant association envisioned for the future can help spread the different offers. Here, it has to be ensured to also take in the IHK on this, as so far Munich’s IHK does not include a specific section on it. Naturally, it is important to avoid parallel structures for migrant entrepreneurs but include them into already existing structures by increasing their access to them and adjusting the method of counselling if necessary.

Mr Aydin in Berlin suggested installing “a location for entrepreneurs that includes complete companionship for entrepreneurs under one roof and also gives the offices for planning their business in”. This has also been mentioned various times by the entrepreneurs in the sample. Many supported the idea that a centralisation of offers in one location would constitute a very interesting approach. The establishment of such a location has been realised in Hamburg by the Unternehmer ohne Grenzen e.V. It was founded in 2000 by entrepreneurs with a migration background originally for mutual exchange. Today, it consists of various offices in different quarters in Hamburg called Gründungszentrum which offer information as well as direct advice and companionship for entrepreneurs with a focus on migrants and women as well as direct counselling and support through seminars and can be flexible to adjust if specific need and wants arise on the side of entrepreneurs (Unternehmer ohne Grenzen e.V., Homepage). This can be a potential model for the cities of Berlin and Munich as well.

In Berlin, BAREX e.V. and ISI e.V. have realised it on a small scale and for a very specific target group. Nevertheless, this is also a question of implementing the initiative: one actor or a cooperation of actors needs to take the step to open a so-called start-up centre where information can be found in one location that functions as the coordinator and where different offers come together and can be dispersed.

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84 Entrepreneurs without Borders
85 Start-up centre
Qualifications, Set-Up of Working Places and Apprenticeship-training Positions

Looking at the presence of qualification offers and support in installing work places as well as participating in the apprenticeship procedure, i.e. ensuring a securitisation of the business the situation is mixed.

Concerning the area of qualifications, the local authorities do not have so much influence on the recognition of foreign qualifications as this is done on the national level. However, it is important to promote additional qualification possibilities by the IHK and the employment agency as well as education institutes and make them more accessible to the migrant entrepreneurs, as extra qualifications are often necessary for the recognition of foreign diplomas. Again, the variety of offers and conditions for taking part in those and prices are rather confusing and need to be harmonised and promoted increasingly. This can be done by the migrant associations, as well as a more direct approach by the institutions themselves.

The same holds for the instalment of work places and the recruitment of workers. The sample has revealed that there is a high potential in migrant businesses to contribute work places for their own nationality as well as for Germans thus increase the cultural diversity at the work place. However, there are no specific initiatives that target the instalment of work places and the recruitment of workers, a time-consuming task that requires a lot of effort and initiative.

Similarly, the instalment of apprenticeship-training positions and the filling of those also poses a challenge for entrepreneurs in general and even more so for those with a migration background as often the dual education system is not known in the origin countries. In addition, training a young adult is not an easy task and demands a lot of extra time as well as support in finding an adequate trainee as well as training the person in different fields.

In those three areas, Munich’s new project KIM is a very good example for assisting in business securitisation. Participating actors directly approach the migrant entrepreneurs through dialogue events. The initiative offers an analysis of the business by a professional who then identifies points of improvement. Following, possibilities how to take part in qualifications are proposed and if the entrepreneur is interested, complete companionship in the apprenticeship procedure with the possibility to complete the ADA Schein for free is put forward (RAW, Homepage KIM). Companionship in the apprenticeship-training procedures is also offered in Berlin by the BWK to entrepreneurs with a Turkish or Arab background. With the project PAPI, BAREX e.V. has also taken responsibility in this area in Berlin.
However, in all this, it still has to be kept in mind that after all it is the choice of the entrepreneur whether he or she wants to increase qualifications and install working places and/or apprenticeship-training positions. Nonetheless, it is important that he/she can take an informed decision and knows about the existing support possibilities. Promoting those can be done in cooperation with private counsellors, possibly with a migration background as well as migrant associations.

Despite the potential of working places and apprenticeship-training positions, migrant businesses are often only the second choice for employees and trainees (Mr Würtz, Globe e.V). Thus, institutions and counselling actors have to make sure to counter prejudices and promote the advantages and added-value of working in a transnational working environment.

**Finance**

As identified in the analysis, the area of finance is one of the most important but least developed areas. However, it is also the most challenging one as has been explained by Mr Aydin due to the fact German banks are part of the free market economy and work on profits. This makes it difficult for small and micro entrepreneurs to receive a credit. The introduction of the microcredit system for small credits constitutes a step forward. However the *Haushbank Prinzip* means that it is still part of the traditional credit system, posing similar challenges to small entrepreneurs. Here, the establishments of independent microfinance institutions that function as a security guarantee and introduce trust to the system are a valuable imitative. Nevertheless, they are rather unknown among small entrepreneurs. Here, the *Smart Mikrokredit* initiative by Mr Aydin is a very valuable project, which has a lot of potential and can function as an example for other initiatives. Being a migrant himself, he can additionally value the ethnic resources of the small entrepreneurs, which play an important role when evaluating the credit worthiness as the facts on the papers do not always adequately represent the reality of the business.

The cooperation with bank employees from different nationalities can also play an important function as demonstrated by the sunflower seed story of Mr Aydin. The cooperation between consultancies and banks could be included in general consulting on business start-ups for entrepreneurs with or without a migration background. This has also been suggested by MR Shwani of the RAW: to include a cooperation with the *Sparkasse* in policies and initiatives to promote the development of migrant entrepreneurship. However, this is a difficult task, as it requires a high amount of flexibility on the side of the banks. Therefore,
small cooperations as implemented by Aktas and Faktum Consulting are already good practices to build upon.

6.3. Future Outlook and Further Research

In conclusion, it can be stated that despite the structural differences in the two cities and the different characteristics and integration outcomes of migrants, they both feature very comparable approaches and outcomes in the promotion of migrant entrepreneurship. While in some areas good practices are more developed in Berlin, Munich also features some exemplary policies. However, the challenge of actors in both cities is the reachability of their policies and the creation of a link between the entrepreneurs and the structural factors by adjusting the policies and initiatives to the needs and wants of the entrepreneurs. This has in theory been more or less achieved in both cities, however, as the sample survey revealed in practice counselling, advice and support offers are often not consulted by the group of migrant entrepreneurs. Reasons for this are a lack of information on the former, scepticism towards German institutions or a disinterest or no recognition of a need. It is unclear which of those prevails.

In order to increase the reachability of policies and initiatives, it is often argued that a decentralised approach with centralised coordination constitutes a valuable step forward. Here, the idea of local neighbourhood start-up centres comparable to the one by the Unternehmer ohne Grenzen e.V. in Hamburg is an interesting approach that can be implemented in Munich as well as Berlin. It ensures the local presence as well as comprehensiveness of information, counselling and support directly accessible for local entrepreneurs. However, it is a challenge to realise as it requires a high amount of coordination among the different institutions, extra funding and the readiness of local actors to sincerely and actively engage in the topic. Here, it has to be ensured that parallel structures that run in competition to other offers do not emerge.

Further research needs to done with a comprehensive data set on both cities as the sample population of 40 in each city is too small to draw general conclusions. With this, regressions can then be implemented on what influences the use of official counselling offers by migrant entrepreneurs. In addition, questionnaires among aspiring entrepreneurs and very recently established ones as well as specifically among the group that has participated in an initiatives would give interesting insights about newly established programmers.
Most importantly, however, it is necessary to sensitise the citizens – migrant or non-migrant – for this topic and structurally include it in the local entrepreneurial environment. Thereby, prejudices and stigmas should be countered and a welcoming culture for the migrant entrepreneurs should be ensured. The following quote by one of the winners of the *Phoenix Preis* nicely summarises the whole discussion on the definition of migrant entrepreneurship and the importance to see the individual behind it.

*I don’t think about the fact that I turned 40 three days ago. It sounds old, I still feel young. I don’t think about the fact that I am the child of a Guestworker, it sounds like orphan. I have a very big family, I don’t think about the fact if and that I am a foreigner or a migrant, it sounds foreign, I feel comfortable and at home here. I don’t think about the fact that I am gay. It only implicates problems. Yet, I think about the fact that I am an individual person, and even more so, I am a good person, otherwise I would not be standing here.* (Ilhan Alakara quoted in Schidhuber, 2011, complemented by notes taken by the author in the ceremony)
References


Türkisch-Deutsche Industrie und Handelskammer. (n.d.) *Homepage*. Available at http://www.td-ihk.de/home

Türkisch-Deutsche Unternehmevereinigung Berlin-Brandenburg e.V.(TDU e.V.) (2011). *Homepage*. Available at http://www.tdu-berlin.de/de/


Additional Sources

Visit of DeGUT – German Entrepreneurship Fair and Closing Event for a series of seminars directed at future entrepreneurs with a migration background on October 21 and 22, 2011 in Berlin.

Visit of Award Ceremony for Entrepreneurs with a Turkish or Arab background who have successfully installed training positions in cooperation with BWK Berlin on October 24, 2011 in Berlin.

Visit of a Discussion on the 50th anniversary of the German-Turkish Recruitment Agreements by the Heinrich Böll Stiftung on October 27, 2011 in Berlin.

Visit of Award ceremony Phönix Preis for Entrepreneurs with a Migration Background in Munich on December 6, 2011 in Munich.

Expert Interviews

Berlin:

Mrs Leverenz, Senate for Economic Development, Technology and Women (SenWTF) on October 20, 2011

Mr. Brieger, IHK Berlin on October 25, 2011

Mr. Slingerland, Bildungswerk Kreuzberg (BWK) on October 26, 2011

Mrs Luschnikowa, Initiative Selbstständiger Immigrantennene e.V. (ISI e.V.) on October 24, 2011

Mr. Yilmaz, Faktum Consulting, Smart Mikrokredit, Member of directorate of Berliner Arbeitgeber und Existenzgründerverinigung e.V. (BAREX e.V). on November 4, 2011

Mr. Germershausen, Representative of the Commissioner for Migration and Integration in Berlin on November 2, 2011
Mr Würtz, consultant, Co-founder of Globe e.V. on October 26, 2011

**Munich:**

Mr Shwani, Department of Economic Development and Labour (RAW) on September 13, 2011

Mrs Kivran, Advisory Council for Foreigners in Munich, via email on November 14, 2011

Mrs Böhmer, Münchner Existenzgründungsbüro (MEB) at the RAW, *München Fonds* on September 15, 2011

Mr Fersadi, IHK Munich on October 12, 2011

Mr and Mrs Aktas, Aktas Consultancy, Winner of Phönix Preis in Munich 2010 on September 16, 2011
Appendix 1: Data Situation on Migrants in Germany

The research on migrants and their labour market status in Germany encounters two general types of problems which turn every statistical analysis into a challenge: a) the incomprehensive, partly misleading definition and delimitation of “migrants” and b) the lack of a uniform approach with regard to the institutional and scientific framework used when gathering data.

Unlike the traditional immigration countries (Australia, Canada, New Zealand and the United States), who use the term ‘migrant’ when referring to the foreign-born population (i.e. people who actually migrated), Germany and most European countries refer to foreign nationals when speaking about ‘migrants’ and their integration on the labor market. The German approach based on the nationality criterion proves to be inadequate within the actual socio-economic context. Until the late 1980s, being ‘foreign-born’ usually implied to have a foreign nationality. However, since the 1990s, the picture has changed significantly. With the reforms of the citizenship laws in 1991 and 2000, a considerable number of migrants who were foreign-born have obtained German citizenship. In the statistics drawn on the basis of the nationality approach, it is not possible to identify naturalized persons as ‘migrants’ or people with a past migration experience, since they are registered as German nationals (Liebig/OECD, 2007). The same problem arises when referring to ethnic Germans from Central and Eastern Europe. This group is not identifiable in the statistics, as ethnic Germans have usually obtained the German citizenship even before arriving in the country. However, according to Liebig/OECD (2007), the problems associated with statistics regarding the nationality criterion are now gradually being acknowledged in Germany.

The data provided by the Microcensus 2005 offers for the first time the possibility of identifying both migrants (by nationality) and people with migration background. The lack of a specific body in charge of economic migration in Germany and the German legal framework regarding data gathering (which is particularly sensitive and restrictive) are further problems that researchers have to face when analyzing economic and social patterns of migrants. Information on the stocks and flows of immigrants or on the number, performance and status of foreign citizens already settled in Germany is not explicitly collected. As a consequence, one has to rely either on statistics which cover all categories of migrants, but are
not very detailed, or on data provided by authorities which deal only with specific groups of migrants. This makes for an array of responsible federal agencies and offices (Turmann, 2004; Straubhaar, 2006).

Thus, for gathering data on self-employed migrants and their labor market performance one has to rely on a combination of sources, which is barely complete and significant. For example, the German Microcensus from the Federal Statistical Office offers reliable, but limited information on migrant entrepreneurs. Particularly the rough regional delimitation makes it difficult to carry out in-depth local analyses. Generally, detailed information on foreigners who enter for economic purposes and work in Germany can be obtained from the Federal Employment Agency, which publishes official statistics on foreign employees according to nationality. However, the Federal Employment Agency does not publish official statistics covering all categories of foreigners who enter Germany for work purposes. The data provided does neither include self-employed foreigners, nor professions exempted from the need of work permits (Turmann, 2004). Data from the German Industry-, Trade-, Small Industries and Skilled Trades- or Medical Chambers do usually allow for regional analyses. However, due to the specific clientele of these institutions, the data gathered cannot offer a complete picture with regard to the numbers of active migrant entrepreneurs. Finally, surveys such as the Global Entrepreneurship Monitor (GEM) or the German Socio Economic Panel (GSOEP) can offer valuable, but due to the reduced sample sizes and the rough regional delimitation, relative limited information.

Source: Data Situation on migrants in Germany (El-Charkeh&Tolciu, 2009, p.29/30)
Appendix 2: Interview Guide

Dear ,

Thank you for taking the time for the interview today. My Master thesis focuses on the role of policies and regulations in promoting the development of migrant businesses in Munich and Berlin. With this, I would like to get an overview of existing policies and initiatives as well as their reachability and potential role in business development in the following fields:

- Visibility and acknowledgement of the migrant entrepreneurs
- Information, counselling and support
- Motivations for qualifications and the set-up of work-places and apprenticeship-training positions
- Financing

My ultimate goal is to evaluate and deduct important points to consider when designing target-specific public policies as well as private initiatives aimed at providing support for local migrant entrepreneurs. Therefore, I would like to ask you about your role in and evaluation of existing policies and regulations.

The information gained in this interview will be used solely for the purpose of my Master thesis. In order to not lose any important information from our discussion I would like to record the interview. Of course, as this is academic research, all information provided will be treated confidentially so that your name and personal information will not be revealed to third parties in any way.

Thank you again for your participation.

In case you have any question, please contact me

Julia Säring
Rotwandstr.17
82178 Puchheim
J.Saering@student.maastrichtuniversity.nl
0049-1578/ 23 93 489
1. Please shortly describe your function and responsibilities.

2. What is your role in policies/support measures that directly or indirectly affect the development of migrant businesses?

3. How would you define migrant entrepreneurship/ethnic entrepreneurship?

4. How do you evaluate the role of entrepreneurs with a migration background in Munich/Berlin?

5. What policies, advisory boards and financial support possibilities specifically for entrepreneurs with a migration background exist in your institution?

6. How would you evaluate their reachability and potential to play a role in business development?

7. What do you consider important points in designing and implementing policies that promote migrant entrepreneurship?

8. Who do you think plays a significant role in promoting migrant entrepreneurship?

9. What in your opinion are challenges and policy options for future policies that promote the development of migrant businesses in Munich/Berlin?

10. Do you have any other relevant data or facts you could share?

11. Any other important points that you would like to mention?

Thank you again for your time and cooperation. Your insights and evaluations gave me valuable input for my thesis and I would like to once again mention that the information will be treated confidentially and your name will not appear in the thesis if you do not specifically agree to it. I would like to offer to send you a copy (by email or mail) of my Master Thesis once it is finished.
Appendix 3: Survey

Dear Participants,

I am a Master student at the Graduate School of Governance at Maastricht University and am conducting this survey as part of my Master Thesis.

In my research, I would like to find out how local policies and initiatives can help to promote business development in Munich and Berlin. I am specifically interested in businesses of entrepreneurs with a migration background as this is a strongly growing group in recent years and has become a very important part of the cities’ developments.

With the study I would like to see how the city can improve its policies to facilitate self-employed migrants’ access to the local institutions and equal socio-economic rights. With the survey I hope to gain insight into the challenges and experiences of entrepreneurs with the set-up of their business to identify important points to consider when designing new policies and creating initiatives. I think that collecting the opinions of the people affected by the policy is the most important step in this.

Therefore, I would like to ask you a few questions about the following topics and would be very happy if you agreed to take a few minutes to answer them:

- The nature of your business
- Your experiences with:
  - the set-up of the business
  - the local authorities, other local public and private institutions
  - local initiatives
- Yourself and your background

Naturally, as this is academic research, all information you share with me will be treated confidentially and neither your personal nor firm information will be shared in any way with third parties.

I would like to thank you for making time available to participate in my research.
## General Information about the business

As an introduction, I would like to ask you about some general information about your business.

### 1. What services do you offer?

- [ ] Supermarket
- [ ] Fruit/Vegetables/Delicacies
- [ ] Retail
- [ ] Jewellery/Watches
- [ ] Restaurant Business/Hospitality
- [ ] Travel Agency
- [ ] Hairdresser
- [ ] Construction
- [ ] Car Repair/Rental
- [ ] Driving School
- [ ] Transport/Logistics
- [ ] Telecommunication
- [ ] Real Estate
- [ ] Health
- [ ] Education
- [ ] Consulting
- [ ] Tailoring
- [ ] Maintenance/Cleaning
- [ ] Other, please specify: ____________________________

### 2. How long does your business exist? ________ Years/Months (circle appropriate)

### 3. Who founded the business?

- [ ] Me
- [ ] Me+ Family Partner own/other nationality
- [ ] Me+ Family Partner German
- [ ] Me+ Partner own/other nationality
- [ ] Me + partner German
- [ ] Family
- [ ] Friend
- [ ] Other

### 4. What quarter is the business in?______________________________
5. **How many employees do you have?** __________

**What is their nationality?**
- My nationality
- German
- Mix of nationalities

**Are any of them members of your family?**
- Yes
- No

6. **Does your business offer apprenticeships?**
- Yes
- No

7. **Why did you decide to start your own business?** (more than one answer possible)
- Difficulties to find employment
- I wanted to be my own boss
- Dissatisfied with previous job
- Family Tradition
- Discrimination in local labour market
- Hoping for upward mobility/success
- Hoping for financial prosperity
- Other, please specify: ____________________________

8. **What was your occupation before you started the business?** (If you were born in Germany, skip the second part)

**In Germany**
- Employee
- Entrepreneur/Self-employed
- Unemployment beneficiary
- University
- School
- None, I migrated to right before I opened the business
- I migrated to Germany with the intention to open up a business
- Other, please specify: ____________________________

**In country of origin**
- Employee
- Entrepreneur/Self-employed
- Unemployment beneficiary
- University
- School
- Other, please specify ____________________________
### Satisfaction with Business set-up and success

Now I would like to ask you some more specific information about your experiences with the set-up of your business, problems you encountered and support measures you consulted.

9. Please rate the following statements on a scale from 1-5 (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree)?

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<td>Overall, I have made profit with the business</td>
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<tr>
<td></td>
<td>Overall, I am satisfied with my business</td>
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10. How many hours do you work per week?

- o <20 hrs
- o 21-30 hrs
- o 31-40 hrs
- o 41-50 hrs
- o >50 hrs

11. What problems did you encounter with the business? (more than one answer possible)

- o High taxes
- o High rent
- o No security/stability guarantee
- o Customer acquisition/marketing
- o High workload
- o High financial burden
- o Bureaucracy
- o Language barriers
- o None
- o Other, please specify: ________________________________

12. Are you a member of an entrepreneurial union? If yes, please specify.

- o Yes ________________________________  o No

13. Who advised you in the development of the business? (more than one answer possible)

- o Family member
- o Friends
- o Bank
- o German authority
- o Private consultancy
- o IHK/HWK
- o Migrant organisation
- o Nobody
- o Other, please specify: ________________________________
14. If you were advised by a local German institution/initiative (see examples above) were you satisfied?

- Yes
- No

If no, please indicate why not: __________________________________________________________

15. If you were not advised by a local German institution, what were reasons? (more than one answer possible)

- Did not know about it
- No trust in local institutions
- They refused to advise me
- No need/interest
- Other, please specify: __________________________________________________________

16. Who supported you financially in the development of the business? (more than one answer possible)

- Nobody, own savings, assets
- Microcredit institution
- Bank
- Friends
- Family member
- Other, please specify: __________________________________________________________

17. If you were supported financially by a local German institution, were you satisfied?

- Yes
- No

If no, please indicate why not: ______________________________________________________

18. If you were not supported financially by a local German institution, what were the reasons? (more than one answer possible)

- Did not know about it
- No trust in local institutions
- They refused to advise me
- No need/interest
- Other, please specify: __________________________________________________________
19. Do you have any further suggestion on how to support entrepreneurs with a migration background in the development of their business?


20. **Who are your main clients?** (more than one answer possible)

- ○ Fellow countrymen
- ○ Other nationalities, please specify:
- ○ Germans
- ○ Mix

21. What, in your opinion, would be missing without the group of entrepreneurs with a migration background?


Demographic information

In the end I would now like to pose some general questions about yourself. Here, I would like to stress again that your data will be treated anonymously and will not be given to any other person.

22. What is your age?
- O <30
- O 31-40
- O 41-50
- O 51-60
- O >61

23. What is your sex?
- O Male
- O Female

24. What is your origin? ________________________________

   Were you born in Germany?
   - O Yes
   - O No

   If no, how many years have you lived in Germany? ________ Years

   Do you have German citizenship?
   - O Yes
   - O No

25. What is your education?

   Germany          Origin Country
   - O         O Primary school
   - O         O Hauptschule
   - O         O Realschule
   - O         O Abitur
   - O         O Apprenticeship/ Vocational Training
   - O         O University
   - O         O None
   - O         O Other, please specify: ________________________________

26. How do you evaluate your language skills?

   none      bad      good      very good      fluent      mother tongue
   - O       O       O       O             O          O               German

   - O       O       O       O             O          O               Origin

Thank you again for your participation in my survey. I appreciate your time. Have a nice day/evening.