



NATIONAL COALITION FAIR MUNICH

„Nationwide exchange of experience
to support migrant entrepreneurs“

March 13th. 2018

Münchner Künstlerhaus





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Why migrant entrepreneurship in Munich matters

40% of the 1.5 million citizens of Munich have a migration background and this social development is of course also reflected in the city's economy. Every second start-up is founded by a person with migration background. Over 100,000 jobs in the Munich area are provided by migrant entrepreneurs. Migrant entrepreneurship today is recognized as a powerful tool for the integration of migrants and is a driver of economic growth and job creation for society as such. While many migrants bring in an outstanding entrepreneurial potential, they often face legal, cultural and linguistic obstacles.

Especially for an international location like Munich, which competes with cities in Italy, England and France, these companies are very important for the future. Therefore migration and entrepreneurship both together with their possible impacts on poverty reduction and development have attracted the municipality's attention. „We support migrant companies like all companies, but we also want to set an example that people with a migration background belong to us“: the second mayor of Munich Mr. Josef Schmid said during our National Coalition Fair. To make this visible, the Phoenix Award has been launched some years ago, which honors migrant companies in Munich who are successful and exemplary in their field.

Efforts so far have been worthwhile, but they have to be continued. Networks at the national and international level have to be merged and Munich as a city wants to be at the forefront of this. Munich brings local expertise to the European Network as it has been offering special offers and grants for the target group of migrants for years. Every opportunity to expand these networks will be still taken and therefore projects like MEGA that aim to initiate supra-regional networks and national coalitions are highly welcome.

In order to strengthen the support of migrant entrepreneurs and identify opportunities and obstacles as well as suggest possible measures a National Coalition Fair took place in Munich March 13th. The motto of this event: Nationwide exchange of experience to support migrant entrepreneurs.

50 stakeholders from all over Germany attended the event – among them migrant entrepreneurs from Munich as well as representatives of business, science, municipalities, chambers and immigrant business associations. Opportunities and obstacles of migrant entrepreneurship were discussed and possible measures proposed.

The day was divided in three main parts. The first part was a presentation from the University of Mannheim which gave an interesting overview about the state of research concerning migrant entrepreneurship in Germany. This was followed by the second part which was a panel discussion with migrant entrepreneurs – all were winners of the Phoenix Award. The third part was a panel discussion with representatives from municipalities, chambers and migrant organisations. Between those three parts there was time for mingling, socializing and connecting.

Migrant entrepreneurs in Germany – State of research

Mr. Stefan Berwing from the University of Mannheim gave us a presentation about the outcomes on migrant research in Germany. Here are the main points:

- The typical migrant company does not exist. A structural change has been going on for years. Migrant entrepreneurs are increasingly founding in education-, knowledge- and technology-intensive industries. The number of start-ups in the retail and hospitality industries is declining.
- Migrant companies provide jobs and apprentice positions to many people nationwide (with and without migrant background) and therefore play an important role to the country's economy.
- The number of start-ups from migrant entrepreneurs who have been unemployed before has reduced sharply
- Migrants are extremely active in founding
- An important driver of change is new migration:
 - In the category of „Ad hoc founding migrants from non EU member states“ 49,9% of the foundations were realized in knowledge- and technology-intensive services.
 - In the category of „Ad hoc founding migrants“ 44,8% of the foundations were realized in the construction industry.
 - In the category of „Others“ 27,8% of the foundations were realized in the field of trade&industry.
- Migration is a driver of innovation. The proportion of start-ups operating R&D is 23% (teams with migration background), 31% (teams with and without migration background) and 10% (single founder with migration background).
- Migrant companies play an important integration role in the labor market. 71.2% of migrant companies want to hire refugees in the future. 16.3% of migrants have employed refugees in the last 3 years.
- Main challenge for the future is corporate development and sustainability
- Looking ahead we can say that the future stays as it was.

That means:

- Better understand the diversity of companies
- Better understand the contexts of migrant entrepreneurship
- Advice and promotion must adequately consider diversity and context
- Services and potentials of migrant entrepreneurship have to be made public

Challenges migrant entrepreneurs are facing

In the following panel discussions there was an interesting exchange first with migrant entrepreneurs and later with representatives from municipalities, chambers and migrant organisations. The following challenges for migrant entrepreneurs emerged:

- **Difficult access to finance**
Access to finance is a challenge for many migrant entrepreneurs often complicated by inadequate language skills when communicating with bank institutes. When facing problems with liquidity migrant entrepreneurs often seek for other ways of procurement – in many cases it is the environment of friends or family that financially supports them. Many self-employed with a migration background are also not aware of the possibilities of corporate financing.
- **Lack of knowledge whom to contact**
Business plans of migrant entrepreneurs are often too optimistic. That may be due to insufficient qualifications or due to insufficient or incorrect preparation. Others are struggling with overcoming difficult times. Because of lack of knowledge whom to contact, they often seek advice from friends, acquaintances or competitors instead of addressing themselves to consulting services.
- **Difficulties in coping with german bureaucracy and german business culture**
Many entrepreneurs and especially those with a migration background are struggling with the German bureaucracy and have difficulties in getting used to business practices in Germany in particular those who did not grow up in Germany.
- **Non-recognition of qualifications acquired abroad**
The precondition for being self-employed as a migrant in Germany is that qualification acquired abroad is equivalent to the German qualification. This applies especially to the regulated professions. „Regulated“ means that the profession may not be exercised without passing an authorization procedure and without recognition of the professional qualification. Many migrants fail in getting their qualification from abroad recognized or have to submit qualifications acquired in Germany which in turn costs money and time.
- **Problems and barriers with regard to laws and regulations**
Migrant entrepreneurs have problems to get familiar with the complex institutional framework in Germany. Legal restrictions, professional regulations and the conditions of the act on the residence prove to be difficult to understand mainly for those who do not understand and speak the German language well.

Summary: The most serious obstacles identified by migrant entrepreneurs - and incidentally also by local founders - are structural factors. The perceived high level of bureaucracy in the start-up process as well as credit and equity problems are at the forefront. Typical migration-related barriers are lack of knowledge about the legal situation, lack of knowledge about the economic system in Germany, problems in filling in forms, difficulties with the German language, difficulties with getting recognized qualifications, fear to fail.

What do migrant entrepreneurs wish for/need?

Coming to the question what wishes/needs migrant entrepreneurs have, the following points were mentioned:

- Anchoring the topic of "Migrant Entrepreneurship" in urban integration policy
- Easier access to finance
- Less bureaucracy
- Stronger start-up consultation
- Supporting options beyond the start-up phase
- Help with creating a business plan, with filling in forms, with understanding laws and regulations
- Contact persons, consulting and support services, public information portals, institutions must be known
- Women specific support
- Stronger exchange with other migrant founders
- More information events/workshops/seminars tailored to the needs of migrant entrepreneurs (How do I find the right way ?, How do I write correctly ?, How do I present myself?...)
- Repetition of nationwide network-building events
- Migrant entrepreneurs prefer direct communication and if the contact partner has a migration background too, the communication will be more effective.
- Placing the topic of migrant entrepreneurship whenever and wherever it is possible (organisations, events, institutions,...)



Conclusions

The aim of this event was to bring together migrant entrepreneurs and stakeholders from all over Germany in order to gain insights about developments, obstacles and success factors and also about the necessary measures that have to be taken for improving the sustainability of migrant businesses.

The feedbacks we got so far show that organising national coalition events, building networks, building cooperations are needed and can be very useful and fruitful for supporting migrant entrepreneurship. For the city of Munich the entrepreneurial engagement of people with foreign roots plays an important role for the city's economy. They not only create jobs, they also build bridges by enriching Munich's city life with cultural elements and by entering new business areas on international level. That's why Munich has launched numerous formats and backing programs in order to support the contribution of migrant entrepreneurs to the City's economy - all under the umbrella of MBQ (Munich Labor and Qualification Program).

The city is also in close contact with institutions, chambers, municipalities organisations in other german cities. There might be no coordinated activities with other cities as every city or region approaches the issue according to the local or regional needs. But the awareness in Germany is very high and there are organisations which are nationwide active with locations in many german cities like the network IQ (Integration through Qualification) and the Social Impact Lab.