Inclusive Entrepreneurship Policy for Migrants in Germany

By

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Erklärung/Declaration

gemäß § 25 Abs. 1 der Prüfungs- und Studienordnung des weiterbildenden Studiums „Public Policy“ an der Universität Erfurt


I affirm that the work I have submitted was done independently and without unauthorized assistance from third parties. All parts which I took word-for-word or nearly word-for-word from any sort of publication are recognizable as such. I did not use any means or resources other than the literature I have quoted. This work was not submitted in this or any similar form to an examination committee in or outside of Germany.

Erfurt, July 7, 2017

Datum/Date Unterschrift Name (Blockschrift)/Block
A. Dedications

This research is dedicated to my father (Mazhar Qayyum Awan) and my mother (Shazia Mazhar). They are, and will always be my biggest motivation. Their invaluable love and affection is behind everything I have achieved so far; and whatever I will achieve in future. I am also indebted to my sisters (Aamna Mazhar, Fatima Mazhar and Mariyam Mazhar) for their continued love and support, and I dedicate this thesis to them, in order to motivate them to pursue higher studies in their future.
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C. List of Acronyms and Abbreviations

ATP Advanced Technology Program
BA Federal Employment Agency
BAMF Federal Office of Migration and Refugees
BIBB Federal Institute for Vocational Education and Training
BMAS Federal Ministry for Labor and Social Affairs
BMBF Federal Ministry for Education and Research
BMWi Federal Ministry for Economic Affairs and Energy
EC European Commission
EU European Union
EXIST Existenzergründungen aus der Wissenschaft
FES Friedrich-Ebert foundation
GDP Gross Domestic Product
GDR German Democratic Republic
GEM Global Entrepreneurship Monitor
ICT Information and Communication Technologies
IHK Arbeitsgemeinschaft der Thüringer Industrie und Handelskammern
INA Immigration and Nationality Act
IQ Integration durch Qualifizierung
IQ-DP Integration durch Qualifizierung-Dissemination Project
IT Information and Technology
OECD Organization for Economic Development and Co-operation
OECD-EIP Organization for Economic Development and Co-operation-Entrepreneurship Indicators Program
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<th>Acronym</th>
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<tr>
<td>PCT</td>
<td>Patent Cooperation Treaty</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
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<tr>
<td>SBIR</td>
<td>Small Business Innovative Research Program</td>
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<tr>
<td>THEX</td>
<td>Thüringer Zentrum für Existenzgründungen und Unternehmertum</td>
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<tr>
<td>THÜBAN</td>
<td>Thüringer Business Angels Network</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UN</td>
<td>United Nations</td>
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<td>US</td>
<td>United States</td>
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<td>USCIS</td>
<td>US Citizenship and Immigration Services</td>
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<td>WIPO</td>
<td>World Intellectual Property Organization</td>
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D. Abstract

Globalization has led to a move away from large-scale enterprise, and an affinity towards entrepreneurship in order to attain comparative advantage and profit from innovative ventures. Entrepreneurial activity is widely attested as a vigorous rebuttal against economic stagnation and increasing unemployment. Germany has become a prime migration location in recent years, thereby creating an imperative need for social and economic integration of these migrants. This research looks at the entrepreneurship policy measures already in place, and how specifically self-employment via entrepreneurship can be used as vessel for integration, with a consideration to ensure that this is not restricted to one specific group but inclusive in nature. This study looked at OECD-EIP and extracted those measures most relevant towards making entrepreneurship opportunities more inclusive to migrants. These measures include: regulatory framework, access to finance, and culture. Moreover, this study included the entrepreneurial development in the US, the world leader in innovation and new business creation, with an aim to highlight specific policy measures that offer some lessons for Germany to improve its policy.

To analyze the policy affect in Germany, this study used the data from THEX Thuringia a state level initiative, a one-stop shop that provides help, mentoring, and facilitation services to migrants regarding entrepreneurship. The level of entrepreneurship in Thuringia is seen with a special focus on migrants from non-EU countries and their inclusivity. The study indicated that a policy shift is necessitated with regards to language barriers, legal and administrative complexities, bureaucratic red tape, and access to finance, in order to make the overall entrepreneurship policy inclusive for migrants.
E. Zussamenfassung


Um die politische Beeinflussung in Deutschland zu analysieren, stutz sich diese Studie an den Daten von THEX (Das Thüringer Zentrum für Existenzgründungen und Unternehmertum), eine staatseigene Initiative, der Unterstützung, Mentoring und Dienstleistungen für Migranten in Bezug auf Unternehmertum anbietet. Das Unternehmertum in Thüringen wird mit besonderem Augenmerk auf Migranten aus Nicht-EU-Ländern und deren Inklusion betrachtet. Die Studie zeigte, dass ein
Politikwandel im Hinblick auf den Sprachbarrieren, die rechtliche und administrative Komplexität, die bürokratische Hürden und den Zugang zu Finanzierungsmöglichkeiten erforderlich ist, um die gesamte Politik für unternehmerische Initiative für Migranten integrativ zu gestalten.
CHAPTER 1: INTRODUCTION

Germany is one of the wealthiest economies in Europe with a population of approximately 82.67 million, a GDP of US 3466.76 billion dollars in 2016 with an annual growth rate of 1.9 percent (The World Bank, 2017). It is the same country that was once called “the sick man of Europe” in late 1990s and early 2000s (The Economist, 2004). After the fall of Berlin wall in 1989, it was argued that the costs of reunification burdened German economy, perhaps as a result, in 2003 Germany was back in recession (Bastasin, 2013). After which, Germany managed to attain an annual GDP growth rate of 4.1 percent until 2010 (The World Bank, 2017). Many regarded a series of legislative labor and capital market reforms of mid 2000s as the primary reason for this economic boom. Another explanation links Germany’s economic development with the formation of Eurozone (Christian Dustmann, 2014).

Germany has been discussing the options of promoting entrepreneurship since the mid-1990s, as start-ups and entrepreneurial activities can play an important role in promoting innovation for economic growth and job creation (Bittorf, 2013). Unfortunately, to date, self-employment remains much less in Germany as compared to other economically developed and industrialized nations of the world. Perhaps this has been a direct consequence of a myopic focus on the labor market economy alone. Experts often link the economy of labor market to explain the rare existence of entrepreneurial spirit in Germany until 2000, while cultural and non-economic considerations are entirely ignored by the policy makers (Bittorf, 2013). On the contrary, Organization for Economic Cooperation and Development (OECD) is focusing on entrepreneurship as the key to creating new knowledge that is vital to stay competitive in today’s interconnected world. Moreover, entrepreneurship is regarded as a combat tool against increasing unemployment and economic stagnation (David B. Audretsch,
Despite these hurdles, Germany remains one of the most popular migration destinations. Migrants have played a significant role in economic development of Germany for centuries. At the end of nineteenth century and early twentieth century, Germany was the favorite destination for Polish migrants who mainly worked in the mining sector (Leung M. W., 2007). During country’s dark days of Nazi regime, millions of individuals were forced to work in the heavy manufacturing sector. Post-World War II Germany stood side by side with France and UK as a prominent immigration country (Leung M. W., 2007). In 2013, the population of people living in Germany without nationality was over 7.3 million (Dana, 2007). Among all other European Union countries, Germany has the highest percentage of people who were born outside of Germany. According to the World Population Review 2017, Germany has over 10 million immigrants (about 12% of the total population). Most of them are from Turkey, Russia, Poland, Italy and Syria (World Population Review, 2017).

According to German’s Federal office for Migration and Refugees, the asylum applications during year 2015 amounted to 476,649 as compared to 202,835 in 2014. This represents an increase of 135%, a large chunk of which comprises of Syrian refugees. According to federal records, as many as 1.2 million arrivals were initially registered during the year 2015 (Federal Office for Migration and Refugees, 2016). In 2015, 2.14 million migrants were registered in Germany, which also includes many EU citizens. This represents the highest number of immigrants since 1950 when the recording of statistical data started. Germany is the most desired migration destination and in recent years, it has become more attractive as compared to other European countries. According to this report, in 2015, around 17.1 million people out of a total population of 81.4 million were migrants. This amounts to roughly 21 percent of the German population who are either foreign nationals or have some migration background (Federal Office for Migration and Refugees, 2016).
To successfully integrate such a huge recent migrant influx in an economically efficient manner, Germany has taken certain steps at the federal level to promote migrant entrepreneurship. The main aim of this research is to discuss the migrant entrepreneurship policy in Germany and see if these policies can be regarded as inclusive or not. In order to assess the state level intervention of the changed policy approach, this research will analyze the data received from a one-stop shop in Thuringia (a federal state of Germany). The discussion will also include the trends and policy interventions regarding immigrant entrepreneurship in the United States, in order to suggest some policy recommendations, so as to make the overall migrant entrepreneurship policy of Germany more inclusive.

1.1 Outline of this thesis

Chapter 1 will discuss the relevance of inclusive entrepreneurship in light of the challenges faced by today’s European Union. Followed by a discussion of Thuringia as a case study. After which, the existing literature on entrepreneurship is reviewed in detail in order to analyze the changing approaches towards entrepreneurship as an engine of economic growth and to establish the definitions relevant to this thesis. Lastly, this study will shed some light on changing role of public policy with respect to entrepreneurship.

Chapter 2 is comprised of the theoretical framework that is forming the academic basis of this thesis. The OECD Entrepreneurship Indicators Program (EIP) is discussed in detail, moving onto the adaptation of certain indicators that are most relevant to this academic work. After that, the research methodology used for this study is elaborated and the research question is mentioned within the methodology.

Chapter 3 discusses the case of immigrant entrepreneurship in the United States as a benchmark. It includes the data regarding foreign-born population in the US and the level of immigrant entrepreneurship. Some light is shed upon the major policy interventions to promote entrepreneurship, in order to suggest some possible policy recommendations for
Germany.

Chapter 4 starts with a short background of migrant entrepreneurship in Germany and how it has developed over the years. Moving on, the chapter includes policies as a barrier for migrant entrepreneurship. The changing trends and approach of policy is examined after 2000 and the most prominent recent policy interventions regarding migrant entrepreneurship are also discussed.

Chapter 5 contains the analysis and discussion based on the data received from the staff of THEX (Das Thüringer Zentrum für Existenzgründungen und Unternehmertum) Enterprise, a ‘one-stop shop’ in Thuringia. The support programs of this state level initiative are discussed in detail and major barriers are pointed out. The study looks at the level of migrant entrepreneurship in Thuringia and major barriers faced by migrant entrepreneurs. Based on this analysis, an overall level assessment of the migrant entrepreneurship policy in Germany is attempted. Lastly, the limitations to the analysis are elaborated upon in detail.

Chapter 6 sums up this academic work by promulgating the conclusion of this research. Keeping in view, the level of immigrant entrepreneurial activity in the US, and the supporting policy, the last part of this study includes some policy recommendations for Germany to make its entrepreneurship policy more inclusive for its increasing migrant population.
1.2 Relevance of this topic in European Context

The recent global economic crisis has left our world with a number of challenging situations, including high unemployment. It is not only the European youth that is affected by increasing unemployment, but also other groups such as women, migrants, and senior citizens (OECD/European Union, 2015). These specific groups have lower levels of labor market activity or poorer labor market outcomes. According to OECD projections, these challenges are unlikely to be resolved soon (OECD/European Union, 2015).

In June 2015, there were more than 23 million people who were unemployed in the European Union, half of which have been unemployed for more than one year (OECD/European Union, 2015). Job creation is clearly an urgent need for the European Union and its member states. In this context, entrepreneurship can prove to be one of the most effective ways to create jobs.

The European Union actively supports the entrepreneurial development and the Europe 2020 strategy recognizes entrepreneurship and self-employment as “critical levers for achieving smart, sustainable and inclusive growth” (OECD/European Union, 2015). Many of the initiatives at European Union level explicitly support entrepreneurship.

Furthermore, the Entrepreneurship 2020 Action Plan further reinforces this strategy. The Entrepreneurship 2020 Action Plan is an initiative by European Commission to cater for the challenges brought by the economic crisis in the last 50 years. It is a step-by-step plan to support new business creation and develop a supportive environment for existing entrepreneurs. “It is a blueprint for action to unleash Europe’s entrepreneurial potential, removing existing obstacles and revolutionize the culture of entrepreneurship in the European Union” (European Commission, 2013).
Additionally, Europe has evolved into a popular destination for millions of migrants displaced from their homelands by political or economic circumstances. Europe with its economic development, liberal democracies and social policies offers a great attraction to such migrants, who come in the hope of better living standards. Eric Neumayer conceptualizes the phenomenon of choosing certain destinations for migration as a consequence of utility maximization behavior by the migrants. His argument states that: “an individual choosing between destination regions weighs the relative net benefits and decides on the region that offers them greatest benefits”. Migrants leave their countries for better opportunities and rich countries are more likely to offer them generous welfare provisions and more employment opportunities due to higher economic growth (Neumayer, 2004).

As stated in European Commission’s Action Plan on the integration of third country nationals: “European societies are, and will continue to become, increasingly diverse. Today, there are 20 million non-EU nationals residing in the EU who make up 4% of its total population” (European Commission, 2016). The EU has been very supportive towards its Member States to develop adequate integration policies for several years. In 2011, the European Commission set out a European Agenda for the integration of third-country nationals, calling for a strengthened and coherent approach to integration (European Commission, 2016). However, in spite of the efforts made, migrants across EU continue to fare worse than the natives in terms of employment, education, and social inclusion outcomes (OECD/European Union, 2015).

There is no single solution in resolving the employment and integration challenge faced by today’s Europe. But, inclusive entrepreneurship policies can be part of the multi-faceted policy actions aiming to ensure that all groups of people, regardless of
their background, or socio-economic standing, have an opportunity to create businesses and be self-employed. Therefore, this thesis will attempt to discuss the current migrant entrepreneurship policies in Germany, which houses a large migrant population. This thesis will use the German state of Thuringia as a case study and try to analyze the current level of migrant entrepreneurship. Based on this analysis, an attempt is made to recommend future policy actions to make the whole framework more inclusive for migrants.

1.3 Thuringia as a case study

Thuringia is a state in central Germany with an area of 16,200 square kilometers, which makes it one of the smaller federal states in Germany. The German state of Thuringia has a population of 2.2 million, which comprises of only 2.6 percent of the total population of the Federal Republic of Germany. Before the reunification in 1990, the state was divided under German Democratic Republic with a total population of 2.7 million. Shortly after reunification, the population of Thuringia declined drastically due to a large number of people moving in other states as well as decreasing birth rates (Haleba, 2016).

According to IQ Network (Integration durch Qualifizierung Netzwerk Thüringen), the number of internationals living in Thuringia on September 30th, 2015 was approximately 42,322. These numbers illustrate how Thuringia is among the German states with lowest international population i.e. approximately 2.0% of the entire population of Germany. The Federal Republic of Germany has an overall international population of around 8.6 percent, therefore, Thuringia is considered among the least diverse states in terms of foreign population in Germany (IQ Netzwerk Thüringen, 2014).
On the contrary, the overall labor migration to Germany in general has been increasing since mid-2010. The major reason for such influx has been the open-door policy for Eastern European labor to join the labor market, and the deteriorating labor market conditions, especially in some market states that have been hit hardest by the euro crisis. In the year 2015, approximately 800,000 to 1.0 million migrants stepped foot in Germany, which amounts to almost 1.2% of the total population. The migrants are divided into different states based on a formula named as “Konigsteiner Schlüssel”. It is a generalized criterion, which is followed by the states, and it works on the principle of providing fewer migrants to the structurally weaker regions. According to this division, Thuringia received 3 percent of the recent migrant population that is among the lowest as compared to other German states (Deutsche Bank, 2015). Whereas, there can be more than 50,000 new positions for skilled workers in Thuringia by 2020 (Trendatlas, 2011).

Moreover, the 2020 Thuringia Trend Atlas recognizes that the state needs to invest in innovation, investment, infrastructure, internationalization, and integration of talented individuals and workers (Thuringian Ministry for Economy, Labor and Technology). In order to improve the employment situation and integration of newcomers in an economically weaker province, inclusive entrepreneurship policy can perhaps be a good addition to a cohort of different policies aiming to enhance economic growth and social integration. The situation may improve when migrants are provided with enough opportunities to start their own businesses and to be self-employed.

1.4 Research Question

In light of the aforementioned discussion, this research will attempt to answer the following questions within its restricted scope and limitations.

- What is the status of migrant entrepreneurship policy in Germany?
• Are the current policies inclusive?

• What are the major barriers faced by migrant entrepreneurs?

1.5 Literature review

Hereon, this research will include the previous work that has been done in the field of entrepreneurship and how it has been linked with the overall economic growth. The study will also discuss the relationship of entrepreneurship with public policy and how it has evolved over the past decades. As the focus of this study is on migrant entrepreneurship, it is important to elaborate on the working definition of a ‘migrant’. It is also important to declare that the term ‘immigrant’ is used for the foreign-born population in the US, whereas, the focus of this discussion is the ‘migrant population’ in Germany. The attempt to deduce some sort of ‘lessons learnt’ from the immigrant entrepreneurship policy in the US, for the migrants in Germany requires the usage of both these terms interchangeably at some instances.

1.5.1 Definition of a migrant

A Migrant is “any person who lives temporarily or permanently in a country where he or she was not born, and has acquired some significant social ties to this country” (United Nations Educational, Scientific and Cultural Organization, 2017). The UN Convention on the Rights of Migrants defines a migrant worker as “a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national” (United Nations Educational, Scientific and Cultural Organisation, 2005).

According to the OECD reports, today around 2.0 million self-employed people in European Union are foreign born/migrants. This makes them 6.6% of the total self-employed pool in Europe out of a total of 30.6 million entrepreneurs. In 2013, 3.5%
of these people were born outside of the European Union. It is important to take into account that these figures are before the recent refugee crises faced by the European Union (OECD/European Union, 2015). In 2013, the rate of self-employment for foreign-born people was 14.1% as compared to domestically born people, which was 15.3%. Germany was one of the member countries with lower than 10% rate in 2013 for migrants (OECD/European Union, 2015). This is a clear indication that perhaps Germany has to commit more to develop inclusive entrepreneurship policies which can enable migrants to be self-employed and contribute towards economic development while at the same time enhance their participation in German society.

1.5.2 Definition of entrepreneurship and how it evolved over the years

“The most difficult part of studying entrepreneurship is to define who and what an entrepreneur is” (Casson, The Entrepreneur, An Economic Theory, 1982).

The Commission of the European Communities defines entrepreneurship as a multidimensional phenomenon that occurs in many different contexts, rather than only in economics. It is a mindset that covers the motivation and capacity of an individual, independently or within an organization, to identify an opportunity and pursue it, so as to produce higher economic value. “It takes creativity and innovation to enter and compete in an existing market, to change or even to create new market” (Commission of the European Communities, 2003).

To define entrepreneurship, we need to take a glimpse of a brief history of how the word “entrepreneur” has evolved over the years. According to the World Encyclopedia of Entrepreneurship, the term “entrepreneur” is a French word derived from the verb “entreprendre”, which means to do or to undertake (Dana, World Encyclopedia of Entrepreneurship, 2011). The term “entrepreneur” first appeared in
the literature in 1253 as “empreneur”, whereas, it appears to have taken its present definitive spelling in 1433 (Dana, World Encyclopedia of Entrepreneurship, 2011). The word went through constant refinement throughout the years but the major breakthrough was reached when Helene Verin (1982) wrote her doctoral thesis in literature in which she discusses the shades of meaning of the term “entrepreneur” and “enterprise” through history. According to her research, the term “enterprise” hails from the Latin word “emprise”- referred to as “bold, firm and daring” (Verin, 2000).

On the contrary, Venkataraman (1997) writes that defining entrepreneurship in terms of who the entrepreneur is and what he or she does, is a problematic approach. (Venkataraman S., 1997). It is important not to rely solely on the definition of an entrepreneur and define the field in terms of the individual alone, because such a definition cannot stand against scrutiny of other scholars (Gartner, 1988). The definition of an “entrepreneur” does not include the variation in quality of opportunities that different people end up identifying. Shane and Venkataraman (2000) define entrepreneurship as: “the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited” (Venkataraman S. S., 2000).

According to Keith S. Glancey and Ronald W. McQuaid: “entrepreneur creates something of value to someone or improves economic efficiency. He or she invest resources and assumes the risks. The resulting reward might be independence and control of your own firm. Entrepreneurs may be present in any type of private, public or third-sector organization” (McQuaid, 2000). This definition is derived from the work of Hisrich and Peters (1998) who defined entrepreneurship simply as a process of creating something new by dedicating resources towards it, understanding the risks
and receiving certain rewards in return (Robert D. Hisrich, 1998).

The literature on entrepreneurship comprises of five broad views or perspectives to look at who an entrepreneur is and how entrepreneurship is defined (McQuaid, 2000). The first category looks at the phenomenon on the basis of its economic consequences. The second approach is more individual based and looks at the subject with respect to the behavior of certain individuals. The third one goes for different characteristics of entrepreneurs, and the fourth set links entrepreneurship to particular events, and the last one looks at an entrepreneur from the perspective of an owner-manager, especially in the case of small businesses.

The academic work of Peverelli and Jiwen (2012) provides us with a narrower set of perspectives, basically comprising of the ones mentioned by Mc Quaid and Glancey but named as economic approach, traits approach, and social identity approach. Following are the three approaches and major academic work that relate entrepreneurship to these approaches. These three approaches are handy to group the diverse definitions of entrepreneurship, to which, “there is a certain historic order” (Peter J. Peverelli, 2012).

1.5.2.1 Economic approach

The economic approach, that is deemed to comprise of business based approaches, defines entrepreneur as: “someone who coordinates different factors of production”. This specific definition of an entrepreneur is the work of early economists such as Cantillon (1959). He was among the pioneers to regard people with fixed incomes and non-fixed incomes as principle social classes. As an investor himself, his perspective meant that the element of risk was a focal factor of how he viewed entrepreneurial projects. According to him, entrepreneurs are non-fixed income earners who invest known amounts of money in production without having a clear idea of how much
income would be generated by the investment. (Cantillon, 1959).

Another renowned name is that of Jean-Baptiste Say, who had the second greatest impact on the field of entrepreneurship. He identified the importance of innovation in the field of entrepreneurship and regarded entrepreneurs as: “the people who could do new things, people who could do more with less, and people who would obtain more by doing something in a new or different way” (Dana, World Encyclopedia of Entrepreneurship, 2011). Jean-Baptiste Say regarded the managing position with entrepreneur, who has a major role in production process. He believed that entrepreneurs assess the most favorable economic opportunities and are catalysts for economic development (Peter J. Peverelli, 2012).

Mark Casson (2003) holds yet another view which can also be characterized under the economic approach category. His work regards the concept of entrepreneurship, important from an economic approach, as it ultimately derives from scarce resources, even though it may be of social importance. Casson (2003) used the following definition of entrepreneur: “someone who specializes in taking judgmental decisions about the coordination of scarce resources” (Casson, The Entrepreneur: An Economic Theory, Second Edition, 2003). Hence, the concept of choice and the decision-making power of an entrepreneur seems to be focal.

According to some writers, modern economics ignores the entrepreneur. The modern economic theories are purely concerned with establishing equilibrium, whereas, entrepreneurship on the other hand is nothing but disrupting that equilibrium due to the innovation it offers (Baumol, 1968). “Entrepreneurship is a disequilibrium phenomenon. The entrepreneur is a person who exploits heretofore unrecognized opportunities” (Kirzner, 1973). Therefore, in neoclassical economics equilibrium, there is nothing left for an entrepreneur to do (Rosen, 1997).
Simon C. Parker (2004) writes that all the criticism against neoclassical economic approach has no strong ground. First of all, economics is more than a general equilibrium theory. Secondly, modern economics possess the ability to recognize and analyze innovations that change production technologies. Market equilibrium is primarily a handy way of thinking about the long-term effects of change (Parker, 2004).

1.5.2.2 Traits approach

The second major approach that appeared during the twentieth century attempted to define the person of the entrepreneur by mentioning certain traits that a person is supposed to possess in order to be successful at entrepreneurship. In his work, Peverelli associates this approach with the increasing role of corporate actors in the society during twentieth century, where businessmen were portrayed as heroes in media and motion pictures (Peter J. Peverelli, 2012).

Frank H. Knight (1921) defines an entrepreneur as: “someone who calculates and then takes those risks and has to manage the uncertainties, and take responsibility for both good and bad outcomes” (Knight, 1964). Hence, the primary characteristic of an entrepreneur is to identify risky opportunities and get involved, which in turn results in economic efficiency (McQuaid, 2000).

When looking at more contemporary literature on entrepreneurship, Kihlstrom and Laffont (1979) also associate entrepreneurship to the risk-taking ability of an individual. They differentiate entrepreneurs from normal workers on the basis of fixed wages versus risky profits (Kihlstrom & Laffont, 1979).

The focus on defining entrepreneur solely as a risk taker faced early criticism by Litzinger (1965), Brockhaus (1980), Hull (1980), Welsch and Young (1982) with a basic argument that young individuals are more prone to risk taking behavior,
therefore, if risk taking is the central trait of an entrepreneurial individual than the young people should have a higher propensity to opt for entrepreneurship as compared to the old. Therefore, sufficient space was created for other characteristics that can be attributed to an entrepreneur. As narrated by Grabowski (1993): tolerance and ambiguity or the ability to handle complex and stressful situations is a major trait of an entrepreneur (Grabowski, 1993). Other major traits associated with a potential entrepreneur include the need for achievement and the locus of control (McClelland, 1988).

Traits approach has faced huge criticism in the academic realm starting from late 90s and it is evident that there are many entrepreneurs who have set up mighty enterprises and they do not fit in with the basic criteria according to traits theory (Peter J. Peverelli, 2012).

1.5.2.3 Social identity approach

To precisely define the social identity approach, we will look at the work of Simon Down and Lorraine Warren who referred to the debates in philosophy (Foucault, 1982; Taylor, 1989; Dennett, 1993). Sociology (Giddens, 1991; Jenkins, 1996) and social psychology (Lewis, 2003; Harre and Gillett, 1994), to conclude that: “identity is not located in the personality of the individual but instead is constituted through interaction between individual, society, and culture” (Simon Down, 2008). According to this argument, social identity cannot be a personal trait, whereas, the process of attaining that identity in social interaction with others is more crucial. Hence, it can be concluded that the person of the entrepreneur plays a focal role in the process but is not the only constituent involved. Most of the recent debates link entrepreneurship to social networks and entrepreneurs are regarded as individuals who combine various resources (capital, labor, knowledge, etc.) in order to create surplus (Peter J. Peverelli, ...
When talking about the evolution of this concept called entrepreneurship, it is indispensable to mention the name of Joseph Alois Schumpeter. The association between entrepreneurship and innovation is most often attributed to him (Dana, World Encyclopedia of Entrepreneurship , 2011). He went a step further than Jean-Baptiste Say and asserted that: “the essence of entrepreneurship lies in the perception and exploitation of new opportunities” (Hartmann, 1959). Today’s popular notion of entrepreneurship is rooted in Schumpeter’s vision, where an entrepreneur is an innovator who creates new industries and thereby triggers major structural changes in the economy (Mark Casson, 2006). According to The Oxford Handbook of Entrepreneurship: “the force that prevents the economic system running down and continually resists the approach of the classical stationary state” (Casson, The Entrepreneur, An Economic Theory , 1982).

The very basic difference between Schumpeter (1934) and Kirzner (1973) perspectives on entrepreneurship is the argument over new information (Shane, 2003). (Kirzner, 1973) Writes that the main concern is the access to already existing information, which results in different opportunities for different people. People tend to use the information they have to form different beliefs on efficient resource allocation. On the contrary, Schumpeter (1934) maintained that new information is crucial to explain the existence of entrepreneurial opportunities. The sources of Schumpeterian opportunity ranged from technological changes, political and regulatory changes to social and demographic changes. These changes create new information that enables entrepreneurs to reallocate resources in a more profitable manner. Perhaps, the last two (social and demographic), are of dire importance to this academic work due to the focus on migrants and unequal opportunities they manage.
to seize. According to Shane (2003), all the sources of Schumpeterian opportunities introduce certain changes that play with the value of resources and end up in disturbing the equilibrium, hence, creating a room for entrepreneurial activity and profits (Shane, 2003).

As mentioned earlier, some academicians believe that entrepreneurship faced constant conviction by the economists until recently. During the twentieth century, the large corporations were accepted as sole influencing factors due to their huge impact on the economy. They were seen as engines of progress and the sole providers of well-paying jobs and security.

However, more recently, entrepreneurship is considered as one of the most dynamic and relevant field of social sciences. “Entrepreneurship has emerged as one of the most vital, dynamic and relevant in management and the social sciences. Most importantly, entrepreneurship research has become more theory-driven and coalesced around a central core of themes, issues, methodologies and debates” (Johan Wiklund, 2011).

1.5.3 Changing role of public policy

Entrepreneurship and public policy possess a rather strong relationship. However, the inherent problem with entrepreneurship is the actual valuation of entrepreneurial activity that may result in innovation. This innovation is hard to quantify due to its subjective nature. The role of entrepreneurial activity and resulting innovation is perceived differently as it is shaped by the framework or model used, be it explicit or implicit, that supports the views of that particular person. Professional economists and policy makers face this problem of actual valuation of entrepreneurial activity alike. Therefore, a consensus is required concerning the value and role of entrepreneurial activity and innovation in order to foster overall economic growth (David B.
After WWII, the importance of small businesses and entrepreneurship in general started to fade away. Rather the focus was specifically on the giant American corporations due to their unmatched dynamism, organization, innovation and boldness (Schreiber, 1968). Large-scale establishments became the strongest engines of progress, especially for the long-term expansion of output. Therefore, Servan Schreiber (1968) advised Europe to focus on establishing and grooming large industrial units that possess the ability to compete with American giants in terms of size and management (Schreiber, 1968). This was the era during which economists and policy makers focused on large-scale enterprise unanimously. Economies of scale and mass production were the decisive factors and nearly every social and economic entity was contributing in establishing and maintaining required stability and predictability vital for mass production (Alfred D. Chandler, 1977). Large corporations were not only entitled to possess superior productive efficiency, but also assumed as the generators of technological innovation. Policy makers were only concerned with minimizing costs that have been imposed by powerful enterprises in an oligopolistic setting, while trying to let the society reap benefits (Audretsch, 2006). This consensus was torn down in the following five decades by a complex force we call ‘globalization’. This concept introduced a phenomenon known as comparative advantage, which, along with technological advancements, transformed the whole shape of economic activity and moved it from local or national levels to international or global spheres. Many firms that were confronted with low-cost competitions from different parts of the world responded to the situation. These giant producers had three options: 1) try to minimize production costs and wages in order to compete with low-cost international competitors, 2) enhance productivity by bringing in technology to
replace high numbers of labor, and 3) move their production sites from high-cost locations to low-cost locations. Most of the European and American firms resorted to the last two options by trying to replacing labor with technology and capital, and shifting production facilities to low-cost locations (Audretsch, 2006).

To address this new complex phenomenon of globalization, the policy debate focused on establishing a balance between maintaining the existing high wage rate but facing higher levels of unemployment on one side, or reducing unemployment but settling for lower wages on the other. But soon, they came up with another approach that involved shifting economic activity out of traditional industries where high cost countries have lost their edge and move them into industries where comparative advantage is compatible with high wages and high levels of employment. Which means, initiating and fostering economic activity that is knowledge based and innovation driven. Therefore, in late 90s public policy community started to look at entrepreneurship as an engine of economic growth, employment and high standard of living (Zoltan J. Acs, 2009). On the contrary, the relationship between entrepreneurial activity and growth has recently caught the eye of economics scholars. The policy makers were able to anticipate the decline of large manufacturing corporations that used to be the engine of employment growth. Different areas of the world that enjoyed high growth rates and employment also exhibit some sort of entrepreneurial activity. David B. Audretsch (2006) regards the emergence of new knowledge in these areas, as a source of competitiveness, which combined with the property of knowledge to stay localized, resulted in a new policy opportunity. Therefore, strategic management of the climate in these areas that would result in entrepreneurial activities and in turn economic growth became the policy goal (Audretsch, 2006).

Schumpeter (1934) focused on the entrepreneurship as innovation, therefore, the role
of policy makers in this regard is to facilitate investment that supports knowledge creating activities, for example: research and education, and also to motivate the agents of change, the entrepreneurs, to innovate. This lead to a new realm for policy makers to cater for, where the policy targets include universities, schools and research institutions, as well as nascent entrepreneurs (David B. Audretsch A. N., 2011). Moreover, the policy instruments have to be different as compared to the previous ones that comprised merely of tax reductions and credits or instruments of fiscal and monetary policy. Rather, a set of refurbished instruments should be brought in play, such as research and science funding, and financing to start small businesses and become entrepreneurs. Policies that support innovation and creation of new knowledge in order to nurture and promote entrepreneurship are the most appropriate respond to the challenges of globalization. This innovative nature of entrepreneurship had been highlighted by Schumpeter (1934) decades ago. Therefore, the role of public policy is crucial to this concept in order to enhance entrepreneurial startups that generate innovation, competitiveness and economic growth in today’s globally linked markets (David B. Audretsch A. N., 2011).

In 2001, the then president of the European Union: Romano Prodi along with the European Council of Lisbon made significant efforts to revive economic growth and employment and committed to make Europe not just the world leader of knowledge but also in entrepreneurship. “Our lacunae in the field of entrepreneurship need to be taken seriously because there is mounting evidence that the key to economic growth and productivity improvements lies in the entrepreneurial capacity of an economy” (Prodi, 2002).
1.6 Overview

The academic approach towards entrepreneurship has significantly changed over the years. Moreover, there have been significant changes in the role of public policy related to entrepreneurship. After reviewing the literature, the gist of it that will be taken forward to the next chapters is the linkage between entrepreneurship and innovation. It is commonly accepted that entrepreneurship results in new knowledge creation that leads to economic growth. The role of public policy is very crucial for entrepreneurship in today’s contemporary world. The policy makers have to play their focal role by devising policies that support innovation and entrepreneurship, so as to curb unemployment and reap economic profits for the society.
CHAPTER 2: THEORETICAL FRAMEWORK AND METHODOLOGY

For the conceptualization of this thesis, the OECD-Eurostat Entrepreneurship Indicators Program (EIP) has been used as a theoretical framework. This framework contains certain indicators that are most relevant to the topic of this research. First, the OECD-EIP is elaborated in detail, followed by a suitable adaptation of EIP, specific and relevant for this study. The focus is on analyzing the current level of migrant entrepreneurial activity in Thuringia and performing a level assessment using this framework.

2.1 OECD- Eurostat (EIP)

Organization for Economic Co-operation and Development (OECD) is giving an increased importance to new knowledge as the major source of competitiveness. It links new knowledge with competitive advantage and in turn, more entrepreneurial activity and higher level of economic growth (David B. Audretsch R. T., 2001 ). OECD has accounted for the entrepreneurial activities in all member states and is striving to develop indicators of entrepreneurship performance since 2006 (OECD, 2016). Since then, OECD is compiling and publishing international data on entrepreneurship from official government statistical sources. The program is focusing on the existing sources of data within member states in order to minimize compilation costs. The basic motivation behind compiling entrepreneurship data is to contribute in constructing certain indicators of entrepreneurial activity that can result in enhanced policy design and relevancy (OECD, 2016).

OECD along with European Commission’s Eurostat (a Directorate-General of
European Commission whose main responsibilities are to provide statistical information to the institutions of the European Union and to promote the harmonization of statistical methods across its member states and candidates for accession as well as EFTA countries) has developed Entrepreneurship Indicator Program (EIP) in 2006. The program develops a number of different measures of entrepreneurship and its determinants in accordance with a conceptual framework that distinguishes between the manifestation of entrepreneurship, the factors that influence entrepreneurship, and the impacts of entrepreneurship on economy. The OECD-Eurostat Entrepreneurship Indicators Program does not provide a particular blended measure of overall entrepreneurship within an economy. It successfully takes into account the multi-faceted nature of the subject, hence it contains a suit of indicators of entrepreneurial performance, each of which provide essential insights (OECD, 2016).

Entrepreneurship Indicator Program works with an aim to collect and compare cross country information, supplementing the work of analysts and policy-makers so as to better understand the focal factors that influence the rate and type of entrepreneurial activity as well as the outcomes and impacts of these activities, especially the contribution to productivity, profit growth and employment creation (Seymour, 2008). The biggest challenge was to develop a framework that has the ability to tackle diverse outcomes and manifestations of entrepreneurship whilst at the same time being focused on measuring it. Due to the diversity of outcomes and manifestations there was no possibility of a single indicator or monitor that can appropriately cover entrepreneurship. Therefore, the EIP framework identifies three separate but interconnected flows that are central in formulating, assessing and appraising policies in the area of entrepreneurship. The three flows are named as ‘determinants’, ‘entrepreneurial performance’ and ‘impact’ (Hoffman, 2007). ‘Determinants’ reflect
the key factors having an effect on ‘entrepreneurial performance’ and ‘entrepreneurial performance’ reflects the potential indicators that the OECD policy makers believe have an ‘impact’ on the ultimate objectives.

*Impacts* are the indicators that depict the value created by entrepreneurs and entrepreneurship and there are a number of ways to manifest this value, for example GDP growth, employment or Gini coefficient mirroring income distributions. These impacts are the ultimate goals of policy makers. *Entrepreneurial performance* indicators are there to measure the entrepreneurial action that is crucial in delivering the desired impacts. As noted before, there are a various form of desired impact; therefore, there are numerous corresponding entrepreneurial performance indicators. Lastly, *determinants* comprise of numerous underlying environmental and sociological factors along with the personal traits of entrepreneurs that have an effect on the ultimate output of an entrepreneurial process (Hoffman, 2007). These indicators are interdependent, for example certain determinants may alter the type of entrepreneurial performance, which will correspondingly result in a changed impact such as economic growth. But economic growth on the other hand, will have a specific impact on determinants, for example by enabling easy access to finances.

The major social and economic objectives covered by the OECD framework are job creation, economic growth and poverty alleviation. Each of these objectives are then precisely divided into more specific ones such as import growth or higher numbers of self-employed, therefore, forming indicators for different forms of impact. To determine the indicators of entrepreneurial performance, EIP and Eurostat had a focus on creating new value, where ‘value’ is a multi-dimensional word and ‘new’ represents products, processes or markets. OECD considers the current list preliminary and it is expected that the expansion of statistics institutes will in turn
result expand the list. Therefore, the first group of indicators can be related to ‘firms’, whereas, the second and third group is related closely to ‘impacts’ which are measured in terms of ‘employment’ and ‘wealth’ (Hoffman, 2007).

There are a number of different underlying factors that have an effect on the actual entrepreneurial performance. The literature discussed before relates this performance to certain different phrases and words, including the personality characteristics of an entrepreneur, kind of opportunities or knowledge, skills of the people and available resources (OECD, 2016). Ahmad and Hoffman (2007) further divide these broad terms into comprehensible and narrate that these factors are dependent on ‘regulatory framework’ and ‘culture’. These two factors are of key importance for this academic work, while our aim is to look at the migrant entrepreneurship policies and regulatory constraints when talking about making these policies more inclusive and culturally viable.

The phenomenon of entrepreneurship takes place within a ‘regulatory framework’ that has an effect on the overall performance. Indeed, all other factors have their integral importance, but entrepreneurship does not really happen only due to available opportunities, possessed traits and resources at hand, unless the opportunity costs are low enough (e.g. loss of health insurance or forgoing a decent amount of monthly salary) and the costs of being self-employed or being indulged in any sort of entrepreneurial activity overweigh the expected potential benefits (Hoffman, 2007).

The framework comprises of different types of taxes and rules & regulations from the government that affect entrepreneurship. The current regulatory framework for migrants in Germany will be discussed in detail at a later stage. The second major factor is ‘culture’ that has certain effects on all the three stages of EIP’s framework. Culture is influential on an entrepreneur’s behaviors, his efficiency and effectiveness
and attitudes. Treating this term broadly, an individual’s assumptions, adaptations, learning and perceptions are also molded by culture.

The OECD Entrepreneurship Indicators Program is summarized in a pictorial form as follows (Hoffman, 2007).
These indicators are helpful to analyze and answer very important questions such as:

*What is the rate of new business is being created in a country?*

*How many additional jobs are created by these businesses?*

*How many start-ups manage to live in the first years right after creation?*

*Will the young firms innovate or export?*

*Is it men or women who create more firms?*

*Do men and women set up businesses in the same sector?* (OECD/European Union, 2015).

The program takes a comprehensive approach in order to measure entrepreneurship while looking at all possible factors that can influence it. These factors are diverse, ranging from market conditions and regulatory frameworks, to culture and conditions of access to finance.

OECD is providing an “all on board” approach in order to make sure that the future of entrepreneurship is based on inclusion along with economic growth. The focus of OECD’s “The Missing Entrepreneurs” series is on enabling groups such as women, youth, seniors, unemployed and migrants to be self-employed in European Union, overcoming all the current barriers they face. It is more relevant to the topic of this academic work than any other framework due to its multidisciplinary and inclusive approach. Secondly, the policy recommendations put forth in each of the reports are constantly evolving, based on the socio-political situation of the European Union countries. As mentioned earlier, a major part of this research will look at the current policies for inclusive migrant entrepreneurship in Germany and put forward a set of policy recommendations. Therefore, OECD’s framework is the most appropriate skeleton that can be used as an academic base for this research.
2.2 Conceptualization of this research

For this academic work, a set of most suitable and concrete indicators have been chosen that are of key importance in measuring inclusive entrepreneurship for migrants in Germany. These indicators suffice to the limited nature of this research based on a case study approach. From the indicators mentioned under determinants, we will look only at ‘regulatory frameworks’ including ‘legal frameworks’. In addition to that, we are using the indicators showing the access to finances. Moreover, we will look at the resulting impact of these specific indicators in terms of ‘economic growth’. In order to account for the level of inclusiveness offered by the current policy framework, the author will look at a state level initiative in Thuringia. This study will account for the major barriers within the realm of regulatory framework, the cultural aspects and the effect of both these constituents on the access to finance. It is clear that the actual economic impact of the current policy cannot be measured only on by analyzing one of the state level initiatives, however, this research can be a stepping stone for future research in this area, so as to measure the actual impact of entrepreneurial activities on the economic growth of Thuringia. The following figure shows the partial adaptation of OECD-EIP in a pictorial form that will be used hereon. Further on, this chapter includes the OECD definition of entrepreneurship and inclusive entrepreneurship.
2.3 Partial OECD-EIP used for this research

Source: Adaptation from OECD-EIP, (Hoffman, 2007).

This study will use the following definitions of an entrepreneur; entrepreneurial activity and inclusive entrepreneurship that are being used by OECD and that have evolved over the years in the academic research on the subject of entrepreneurship (OECD/European Union, 2015).
2.4 The OECD-Eurostat definition of entrepreneurship

**Entrepreneurs:** are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (OECD/European Union, 2015).

**Entrepreneurial activity:** is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new processes or markets (OECD/European Union, 2015).

**Entrepreneurship:** is the phenomenon associated with entrepreneurial activity (OECD/European Union, 2015).

All these definitions draw a clear line between entrepreneurial activity and ordinary business activity and additionally point out that big corporations and businesses can be entrepreneurial, but only the people in control can be referred to as entrepreneurs; entrepreneurial action is manifested rather than planned and although defined in business context they incorporate economic, social and cultural value created (OECD/European Union, 2015).

At this point, it is important to define the word “inclusive”, in order to understand the concept of inclusive entrepreneurship and which specific set of government initiatives can be the result of inclusive entrepreneurship policies. Oxford dictionary defines the word inclusive as: “including all the services or items normally expected or required”. When we use this world in societal perspective, it is defined as: “not excluding any section of society or any party involved in something” (Merriam-Webster, 2017). Therefore, inclusive entrepreneurship can be roughly defined as the entrepreneurship from which no member of the society can be excluded, in other words, everyone shall have necessary opportunities to set up business and be self-employed regardless of their personal characteristics and backgrounds.
2.5 Inclusive entrepreneurship policy

OECD states that: “the entrepreneurship policies can be referred to as inclusive when they aim to help people who belong to a social group that is disadvantaged or under-represented in entrepreneurship, or the labor market, to set up a business or become self-employed. Such groups include women, youth, older people, ethnic minorities and immigrants/migrants, people with disabilities and the unemployed” (OECD/European Union, 2015). In other words, inclusive entrepreneurship policies are specific steps taken in order to make sure that the under-privileged and socially weaker groups of society can be self-employed in order to contribute in economic growth and to enhance or maintain their social standing. The main objective of talking about such policies is to make sure that all people have an opportunity to start a business or be self-employed despite of their personal characteristics and backgrounds.

Inclusive entrepreneurship is relatively an adolescent term but the expected outcomes of such policies have multiple outcomes. These policies aim to stimulate and support the creation of sustainable businesses by the under-privileged. Consequently, it will enhance labor market participation, which will provide individuals with an opportunity to earn their income and improve their standard of living. Moreover, entrepreneurship allows individuals to be more active members of society, enhances their self-confidence and leads towards more vibrant local communities. Additionally, inclusive entrepreneurship policies can play some role to improve the employability of individuals in target population (OECD/European Union, 2015).

2.6 Methodology

The aim here is to discuss the research methodology that is being applied for this particular academic work. It is important to look at the scientific methods of this research, which academic tools are used to answer the research question and how
shall it contribute to add to the body of academic knowledge. The research strategy that has been applied to complete this research work comprises of a qualitative approach; research methods such as open-ended interviews and case studies were relied upon. Both primary and secondary data were used to supplement this study.

The research strategy that has been followed began with studying and analyzing the available literature on the topic of entrepreneurship and then migrant entrepreneurship from an economic and cultural perspective. The study tries to incorporate the point of views from economists, social scientists and policy makers, on the subject of entrepreneurship and analyze the different definitions of an entrepreneur and entrepreneurship.

For this academic work, it is more pertinent to apply qualitative research methods as it takes into consideration the overall picture, whereas, the quantified methods only focus on particular statistics. This thesis is looking at different determinants, entrepreneurial performance factors and impacts that are all inter-related, in order to measure the level of migrant entrepreneurship in Thuringia (Germany). Quantitative methods are used in systematic empirical studies that involve mathematics and statistical analysis in order to quantify the data (Alan Bryman, 2007). Whereas, qualitative data methods often comprise of case studies where the information is gained by first establishing some study objectives. Qualitative research methods are more appropriate to this particular academic work due to its relationship with the field of public policy. According to Bryman and Bell (2007), qualitative methods are the most appropriate approach to research in the field of business and management administration (Alan Bryman, 2007).

This research relied on both primary and secondary data. Primary data comprised of the information received from the staff at THEX (a one stop-shop for migrants in
Thuringia) through interviews. The interviews were conducted with two of the staff members, whose identity will not be revealed, in order to keep this academic work within the bounds of ethical research.

The secondary data that has been used comprises of information extracted from books, scientific articles, organizational reports, and other online sources that have published academic literature on entrepreneurship. In order to incorporate the literature regarding different German initiatives supporting inclusive entrepreneurship, the publications by Friedrich Ebert Stiftung (FES), BMWi (Bundesministerium für Wirtschaft und Energie, the Federal Ministry for Economic Affairs and Energy), IQ Netzwerk, Ministerium für Generationen, Familie, Frauen und Integration NRW (Ministry of generations, families, women and integration) and the like have been used.

As mentioned earlier, this research analyzed Thuringia as a case study to look at the current inclusive entrepreneurship policies and other support programs at work. To clarify the case study methodology, we refer again to the work of Bryman and Bell (2007), who identified case study design as a composition of intensive analysis of a single or few cases where the complexity of the nature of that case is studied in depth and with academic sincerity (Alan Bryman, 2007).

In order to comprehend it sequentially, certain factors and corresponding indicators from the OECD-Eurostat Entrepreneurship Indicators Program that are related to economic growth and cultural aspects and are relevant to our research question and the case study were selected. The author used the collected data and tried to project the level of migrant entrepreneurship in Thuringia. Based on an in-depth study and analysis, this research suggested suitable policy recommendations for inclusive migrant entrepreneurship policy in Germany. In the process, the research question
was answered with the help of our thorough literature review and analysis of secondary data that supports the hypothesis that entrepreneurship plays a central role in economic development and integration.

There are certain limitations to the case study method as narrated by Bryman and Bell (2007). The external validity can be questioned while using this method, as only one or two cases cannot represent the whole group. Therefore, a case study is not supposed to generalize the findings to other cases or larger populations (Alan Bryman, 2007). Moreover, there have been a number of other limitations faced during this academic work. This Master’s thesis is written within a short time frame of five months, which is not sufficient to conduct thorough primary research in a whole province of Germany. The primary data comprise of interviews only with the staff of one initiative (THEX) working at state level. The secondary data used for this research has been collected using only the books and electronic material available at the University of Erfurt library and free of cost online sources. Another major obstacle which did not allow the author to benefit from a number of local level sources has been the language barrier, as this thesis is written for a Master’s program taught in English, whereas, most of the official pamphlets, brochures and webpages of these support organizations are in German, or due to the recent migrant influx from Syria, translated into Arabic. The author did not possess academic knowledge either of both these languages at the time of writing this thesis.
CHAPTER 3: UNITED STATES AS A BENCHMARK

To formally begin this chapter, this study will discuss the existing literature available on immigrant entrepreneurship in the United States.

Business historians in United States focused on the field of entrepreneurship during 1940s and 1950s. The initial research took place in Harvard Business School where Joseph Schumpeter and Alfred Chandler were the developers of an institutional research agenda using the Harvard journal named as Explorations in Entrepreneurial History (Wadhwan, 2006). However, after the WWII the study of entrepreneurship got left behind and unattended while the focus shifted towards large corporations and their unprecedented role in economic growth. Since 1980s entrepreneurship revived as a hot topic especially in United States due to the growing importance of entrepreneurial start-ups in developing new technology industries and the regional clusters such as Silicon Valley (Saxenian, 2002).

Entrepreneurship and immigration are both very central topics to the United States. The US is among the developed countries where foreign-born population is more entrepreneurial or business oriented in general, as compared to the local-born population (Kerr, 2016). In the US, the common term used to refer to foreign-born people is called ‘immigrant’. According to the Merriam-Webster dictionary an immigrant is “a person who comes to a country to take up permanent residence” (Merriam-Webster, 2017). This is due to the long immigration history in US where most of the foreign population enters the boarders for better jobs and opportunities. Hereon, this study includes the available literature on immigrant entrepreneurship in US and follow up with policies for foreign-born entrepreneurs in United States. This information will be linked with the next chapter where we put forth policies for migrant entrepreneurship in Germany.
3.1 Immigrant entrepreneurship in United States

According to the work of Fairlie and Loftstorm (2014) immigrant entrepreneurship is gaining popularity in US, where approximately 16 percent of the US workforce were foreign-born during the year 2009, which shows a more than 100 percent increase as compared to the previous share in 1980 (Loftstrom, 2013). Their research shows that immigrant business owners have increased by approximately 7 million from 1980 to 2010 and the share of self-employed immigrants has risen from 6.9 percent to 18.4 percent. Another interesting outcome of their research links this increase in immigrant entrepreneurship with the declining rate of native self-employment, especially after the recession in 2007 (Loftstrom, 2013). A more germane aspect of their work relevant to this academic research is the contribution made by foreign-born entrepreneurs to the host economy. The sum of business income generated by immigrant entrepreneurs’ amounts to $121 billion that comprise of 15 percent of the total business income in United States (Loftstrom, 2013). The study indicates the neglected heterogeneity of immigrant entrepreneur groups in available literature, who have different experiences and contributions based on their ethnic groups and home countries.

Fairlie (2012) analyzed the data from 2007 Survey of Business Owners and 2010 Current Population Survey to analyze the immigrant-owned businesses and found out that the percentage of new business formation is higher among immigrant entrepreneurs, as compared to the non-immigrant ones. It is reported that 10.5 percent of the immigrant workforce owns a business, as compared to 9.3 percent of the non-immigrants. Interestingly, the monthly rate of new business formation is 0.62 percent among immigrants as compared to a 0.28 percent by non-immigrants (Fairlie, 2012). Secondly, the findings also indicated that immigrant owned businesses are more involved into exporting goods and services as compared to the non-immigrants: 7.1 percent of the immigrants owned firms indulge in regular exports as compared to only a 4.4 percent of non-immigrant firms. Immigrants also start with higher levels of initial funds, with nearly 20 percent of immigrants starting with $50,000 or more. The most common source of startup finances is personal or family savings. (Fairlie, 2012).
AnnaLee Saxenian published a popular research on immigrant entrepreneurship in the United States, specifically examining the role of skilled Asian immigrants working in Silicon Valley towards economic growth of California. Her research suggested an increased focus of policy makers in recognizing the evolving relationships between immigration, trade, and economic growth in a dynamic global economy. She elaborated on the role of Chinese and Indian engineers that have started a number of technology businesses in Silicon Valley, giving credence to the importance of skilled immigrants that is largely unrecognized and underutilized (Saxenian, 2002). In her view, the economic implications of particularly skilled immigrants is not only limited to the changed labor supply and wage effects, rather, there are other important constituents such as increased trade and investment flows, which are difficult to measure but must be considered in policy debates and formulation (Saxenian, 2002).

Another major research work conducted by a team of student researchers in Masters of Engineering Management Program of the Pratt School of Engineering at Duke University, under the supervision of professors analyzed the impact of globalization on the United States economy. Their research showed that the trend of high economic contributions by immigrant entrepreneurs in the economy of California has in fact developed into a nationwide phenomenon in the United States. From 1995 to 2005 approximately 25.3 percent of the engineering and technology companies had at least one foreign-born founder: 39 percent of these companies were founded in California, followed by a 38 percent figure in New Jersey and 30 percent in Georgia. Overall these immigrant-founded companies have produced $52 billion in sales and employed 450,000 workers in 2005 (Vivek Wadhwa A. S., 2007). Another important aspect of this research was the data from the World Intellectual Property Organization (WIPO) regarding the Patent Cooperation Treaty (PCT) about the US based international patent filings of the US resident investors. A PCT is a type of international patent application that allows the applicant to have patent protection in many different countries at the same time. From year 1998 to 2006 a staggering 14.76 percent of immigrant non-citizens appeared on the PCT applicants in WIPO data sheets and there was a dramatic increase in the contribution of non-citizen immigrants.
from 7.3 percent in 1998 to 24.2 percent in 2006. The research concludes that immigrants are a major driving force in establishing new businesses and creating intellectual property in the United States and it is important to aid these trends with suitable policies in order to utilize skilled immigrants to the advantage of United States in today’s global economy (Vivek Wadhwa A. S., 2007).

In 2012, Kauffman foundation published a follow up study and attempted to determine the rate of immigrant entrepreneurship from 2006 to 2012. The study found that the rate of immigrant entrepreneurship has got somewhat stagnant, in this time period and the proportion of immigrant founded enterprise has declined from 25.3% in 2006 to 24.3 percent in 2012. On the other hand, these engineering and technology companies have generated approximately $63 billion in sales from 2006 to 2012 that indicates the high levels of economic contributions by immigrant entrepreneurs. This research concludes by suggesting that the era of immigrant-founded companies has come to an end, which perhaps indicates certain flaws in the policy towards immigrant entrepreneurship (Vivek Wadhwa A. S., 2012).

According to the National Bureau of economic Research, the story of immigrant entrepreneurship in US cannot be concluded on the basis of focusing on such a narrow group of immigrant entrepreneurs in the United States. The very rational argument put forward in this research criticizes the surveys conducted by Duke University’s research team and AnnaLee Saxenian for not accounting the heterogeneity among immigrant entrepreneurs and only focusing on high-tech engineers from the Silicon Valley. This study offers a unique comparison between the businesses started by immigrant entrepreneurs and the natives which shows that immigrant entrepreneurs have performed considerably better and had higher contributions towards economic growth in the same city, industry and year (Kerr, 2016).

Research also shows that educated entrepreneurs are able to run more successful business entities due to more innovative approaches that let their firms evolve faster (Jens M. Unger, 2011). But this view has been contradicted by Van Der Sluis (2008) who suggests that there is no clear evidence of such a positive relationship between education and entrepreneurial success (Justin Van Der Sluis, 2008). It is
supported by the argument that educated entrepreneurs go for the industries with high-barriers and offer high returns, rather than small-firm ownership.

3.2 Foreign-born population in United States

The US Department of Homeland Security divides the population estimates of foreign nationals in United States into three different categories (see website: [https://www.dhs.gov/immigration-statistics/population-estimates#](https://www.dhs.gov/immigration-statistics/population-estimates#)). The first category is called ‘Lawful Permanent Resident’ Population in United States and the latest estimates available on US Department of Homeland Security are until January 2014. This category of residents is also known as ‘green card’ holders who are yet to become US Citizens. The estimated total of the lawful permanent residents amounted to 13.2 million in 2014 and roughly 64 percent obtained the lawful permanent status in year 2000 or later (Baker J. L., 2017). This report provides valuable information on the total foreign-born population that includes lawful permanent residents, students, temporary workers and unauthorized immigrants. It is important to realize that the population of lawful permanent residents increased by 15 percent from 2002 and 2014.

In addition to the lawful permanent residents, United States has a huge nonimmigrants population. The term ‘Resident Nonimmigrant Population’ refers to the people who are foreign nationals and are legally allowed to enter the United States for specific purposes and on temporary basis. This category mainly includes students and temporary workers whose conditions to entry are based on the length of residency they attain. The number of foreign-born nonimmigrants amounted to around 1.7 million according to the US Department of Homeland Security Report that has the estimates up until fiscal year 2014 (Baker B. , 2016). This category is very important for our discussion because this number is increasing aggressively and around 45 percent of this group is comprised of the temporary workers and their families. This group eventually adds up to the lawful permanent residents. Second to that are the students who account for estimated 40 percent and more than half of this population are Asian nationals. Almost 80 percent of this resident nonimmigrant population is in the age group of 18 to 44. This indicates a notable increase in immigrant entrepreneurship potential in the coming years for United States (Baker B. , 2016).
The third category of foreign-born population in United States is referred to as ‘Unauthorized Immigrant Population’ that comprised of an estimated 11.4 million people until 2012 (Rytina, 2013). Around 42 percent of this foreign-born population entered United States in year 2000 or later and since 2005 the total new unauthorized entrants amount to 14 percent of the total number under this category. An estimated 50 percent of these people were Mexican citizens (Rytina, 2013). These unauthorized immigrants are either those who entered United States without lawful inspection or the ones who stayed in United States longer than the authorized period of their stay.

According to the 2015 data sheets provided by the United States Census Bureau (see website: https://www.census.gov/), the estimated number of foreign-born population United States is 43,290,372 with a margin of error of +/- 122,466. Approximately 39.3 percent of this population comprise of an age group between 25 and 44 years. Around 7.6 percent of this foreign-born population was self-employed workers in own businesses and this number does not include the incorporated businesses. The percentage of unemployed was 3.6 percent according to this data set. These numbers show a considerably common trend of some sort of entrepreneurial activity opted by the foreign-born residents in the United States. Self-employment trends have kept the overall unemployment of foreign-born residents notably lower and perhaps the unemployed percentage is mostly comprised of the unauthorized immigrant population in United States, which are a part of the statistics provided by the US Census Bureau.

3.3 Major immigrant entrepreneurship policies in United States

Since late 1980s, the focus on entrepreneurship related policies has increased throughout the western world and the United States was among the pioneering countries to focus on knowledge creation and innovation. Industry related policy has been crucial in enhancing the innovative capacity and the economic performance of the country (Aldridge, 2014). The US federal departments and institutions have an unequivocal focus on funding and developing innovation with a finely structured and adequate set of policy measures that can also be a benchmark for other countries. The most important
example of a US policy fostering innovation is the Small Business Innovative Research program (SBIR) developed by the US department of Education (Aldridge, 2014). This policy initiative is specifically important for this thesis due to the innovative contribution it has, which results in higher entrepreneurial activity and can also be linked to the immigrant entrepreneurship activity.

Small Business Innovation Research (SBIR) was initiated under the Small Business Innovation Development Act of 1982 that became a public law in 1982 (Law No: 97-219) (US Congress, 1982). SBIR is a policy initiative that enables small businesses in United States to move across the initial financial obstacles by providing funding during infancy. It is a very competitive program that encourages small firms to explore and develop their technological and innovative potentials. The focus is on enabling these businesses to commercialize their capacities and profit from them. SBIR has a budget of approximately $2 billion provided by 11 federal agencies that is made available to small businesses and their partners. Federal agencies with a development budget of over $100 million are required to administer SBIR programs using an annual fixed 2.5 percent of the budget for small businesses and firms to indulge in innovative research and development with a potential of commercialization and public benefits (US Department of Education, 2016). Small businesses that are eligible for SBIR can apply to the involved agencies for up to $150,000 for the Phase 1 award over a period of 6 months. If the results of Phase 1 show scientific and technical development of the business, the applicants can apply for up to $1,000,000 in Phase 2 funding over a period of 2 years. The 3rd Phase funding is moreover a business construct and small businesses must find further funding in the private sector or other funding agencies (US Department of Education, 2016). SBIR is equally beneficial for immigrant entrepreneurs and it also allows joint ventures until the entity qualifies as a small business in accordance with the Small Business Act (15 U.S. 631). Research has found out that SBIR has been an important contributor in facilitating university students to become successful entrepreneurs by providing initial funding and it has also enhanced the level of commercialization of university-based research.

Another major policy intervention was a brainchild of the US policy makers to compete with Japanese
innovative firms in late 1980’s is called The Advanced Technology program (ATP). The Congress and US policy makers decided to put forward a legislation that enabled private businesses to attain funding in order to commercialize their business idea, considering their market potential (Aldridge, 2014). ATP is a program within the US Department of Commerce, National Institute of Standards and technology, that provides financial assistance on a cost-shared basis to firms for indulging in R&D with a high risk but a focus on new and supportive technologies (Bloksberg-Fireovid, 1999). ATP has a specific focus on supporting technologies that can significantly contribute to the national economy. Since its birth, ATP have formed partnerships with the industry to support approximately 400 projects successfully, which sum up to around $2 billion of the total investments by the industry or government (Bloksberg-Fireovid, 1999). The major purpose of ATP is to fund more ambitious and high-risk research with a national level impact, in contrast to the conventional interest of US companies to indulge in lower risk and short-term research that only benefits the company. The projects are selected for funding depending on the technical merit, contribution to the US economy, commercialization planning and potential, organizational structure and level of planning, and the required level of experience and qualification (Bloksberg-Fireovid, 1999). ATP also offers a network that supports formation of joint ventures and indicates the important resource information necessary for a successful joint venture (see website: www.atp.nist.gov/alliance). ATP managed to support 1,581 different participants with approximately $4,614,000,000 of financial support since its birth in late 1980s. This policy is relevant to our study due to the technological advancement it fosters. It can be linked to the research of AnnaLee Saxenian that shows the proportion of immigrant entrepreneurs with significant contributions in technological innovation (Saxenian, 2002).

Policy measures that are specific for immigrant entrepreneurship in the US, though also existing in one form or another in EU, can be broadly divided into two major categories, i.e. business support programs and a cluster of structural policy initiatives (Desiderio, 2014). Business-support programs concentrate on enabling immigrant entrepreneurs to enhance their financial and human capital, as well as enable favorable environment for starting up a business and achieve growth. There are different set
of policies that are characterized as business-support programs including entrepreneurship trainings, assistance with necessary administrative procedures to start up a business, counseling, legal advice on intellectual property rights, mentoring programs, access to relevant business networks, and last but not the least, support in raising initial capital. The major institutional initiatives are in the form of one-stop shops, where immigrant entrepreneurs can access all necessary guidance and support (Desiderio, 2014). The one-stop shops facilitate entrepreneurs by providing a portfolio of different support services under a single roof. The second set policies that are more structural in nature and aid in promoting entrepreneurship-friendly eco-systems. These policies attempt to simplify and speed up the administrative procedures, create fiscal regimes to enhance entrepreneurship, enhance labor market flexibility, provide education related to entrepreneurship, facilitate scientific research and innovation and promote an overall entrepreneurial culture (Desiderio, 2014). These programs exist in some form in different parts of Europe as well, keeping in view the increasing migrant population and economic contributions of entrepreneurship and innovation but they might not be as effective as desired.

Jeh Charles Johnsen (Secretary, US Department of Homeland Security) put forth a set of policies in 2014. These policies were considered beneficial for US business workers and have added benefit of contributing to the economy and job creation. He suggested that the employment-based immigration visa system should be made more lenient and the numerical limits of granting green cards should be increased, in order to attract highly skilled workers to the US. While most of the immigrant entrepreneurs’ population comprise of foreign-born students in the US, Johnsen’s memorandum suggested reforms in the operational practical trainings for students who graduate from the US universities. Through these reforms, the foreign students at US universities will apply the skills and education gained through their formal education for the economic benefits of the US (Johnsen, 2014). The US, in general has a focus on facilitating technological and innovative research. This aspect also formed a major section of Johnsen’s policy memorandum. He directed the US Citizenship and Immigration Services (USCIS) to provide guidance and clarification of regulations related to ‘national interest waiver’. National interest waiver is an article of the Immigration and Nationality Act (INA)
that allows non-natives with higher education or exceptional skill set to obtain green cards without employer sponsorship, if it is in national interest (section 203(b)(2)(B)) (Services, 2013). In order to better provide the opportunities for foreign investors, researchers and entrepreneurs with ability to create jobs and contribute in the US economy, the administration of national interest waiver has to be improved.

All of these policy measures are relevant to this research, as it aims to put forth some policy recommendations for more inclusive entrepreneurship policies for migrants in Germany. As stated earlier, some of these policies do exist in one form or another across EU in general and Germany in particular. However, as found out in the next section; the access as these programs is somewhat complicated, and there is a room for improvement in order to make them more accessible and effective.

3.4 Overview

Entrepreneurship as a whole has a major role in economic development of the United States. The policy framework has managed to support innovation and creation of new knowledge. Moreover, the data shows that immigrant entrepreneurs are on top of the list in creating new businesses for the US. Perhaps, this is a direct consequence of the federal level policy initiatives that made the regulatory and legal framework lenient for immigrants, given that their innovative ideas and entrepreneurial activities lead to generating economic profits. The programs such as ATP and SBIR are supporting entrepreneurial and technological research, that in turn leads to timely exploration of potential areas where the policy makers have to focus in order to maintain an unprecedented focus on creating new knowledge. Moreover, the access to finance is made easier through business support programs both at federal and state level. The concept of business angels and venture capital agencies is a good example of such business support programs that are providing finances to immigrants in order to start their own businesses.
CHAPTER 4: MIGRANT ENTREPRENEURSHIP IN GERMANY

This chapter aims to discuss the current entrepreneurship policies in Germany and how the framework has evolved over the years. It includes the most recent federal level policy reforms that resulted in state level initiatives to support migrant entrepreneurship. One such initiative at state level will be used for the analysis in the coming chapter.

4.1 Short background of migrant activity in Germany

Migration has played a major role in the economic growth of Germany throughout history. Major migrant influx started in the end of 19th and early twentieth century when a large number of Polish workers were allowed to work in the mining sector (Leung M. W., 2007). During WWII, the situation for foreign workers was more bounding, where they were forced to work in the German heavy manufacturing sector (Leung, 2007). After the war, Germany was the most prominent country to accept huge numbers of immigrants in order to speed up the post-war economic development. The immigrant influx was a result of bilateral recruitment agreements with Italy (1955), Spain (1960), Greece (1960), Turkey (1961), Portugal (1964) and former Yugoslavia (1968). These foreign-born people were brought in to cover-up the labor shortages prompted by rapid economic recovery. Immigrant entrepreneurship in Germany was linked with the industrialization model, where these foreign-born workers were a part of industrial paradigm, with little or no room for innovation and self-employment. Although, Germany is among the most stable economies of today’s world, the rate of self-employment is among the lowest in Europe. Self-employment was considered as a residual activity and entrepreneurial activity has been neglected by the social policy research for a considerably long period of time. Due to the economic crisis in 1990s, the thinking changed significantly towards entrepreneurial activity and entrepreneurs were recognized as agents who have the potential to enhance the economic development along the lines of a ‘knowledge society’. This also indicates a comparatively enhanced focus on innovation. However, the initial focus on entrepreneurship served a
limited number of privileged starters who possessed financial and human capital, and were active in technologically advanced sectors. In the recent years that entrepreneurial activity of migrants managed to get some attention from the policy makers. (Kontos, 2007).

4.2 Initial developments until year 2000

Migrant entrepreneurs in Germany were in very small numbers until the beginning of 1970s. Those numbers rose from approximately 40,000 in 1970 to about 300,000 until year 2000. The numbers from 1970s are reported by (Loeffelholz 1994, pg. 32), cited by Kontos (Kontos, 2007), and 2000 are taken from the micro-census, as reported by the Ministry of Family, Seniors, Women and Youth (https://www.bmfsfj.de/). Interestingly, the percentage of self-employed population varies from one ethnic group to another. According to the data provided by the Federal Statistical office of Germany in May 2003, migrants from EU countries had a higher percentage of self-employed people (14.35%) as compared to the non-EU migrants (9.27%), and the native Germans (10.42%). These percentages are taken from the research by (Kontos, 2007), but they are originally from the data sets of Federal Statistical Office (Statistisches Bundesamt, 2004). As mentioned earlier, most of the migrants who reached Germany after WWII were industrial workers. The research on migrant entrepreneurship in Germany refers mainly to the transition of industrial workers to entrepreneurs, especially of certain ethnic groups. The Turks make up the highest number of migrant entrepreneurs in Germany, but population wise, the rate was approximately 5.83 percent of the whole Turk population living in Germany in 2003, whereas, the Greek migrant population had a higher rate of 14.88 percent. However, besides labor migration, Chinese migrants also entered Germany, like many other European countries in 1960s. The major portion of this population were entrepreneurs with a plan to start-up their own businesses in restaurant sector. Unfortunately, the micro-census estimates are not available for this migrant portion as they make up a rather small number of the whole migrant population (Kontos, 2007).

In year 2000, a major project was launched by the Federal Government to reform the Nationality Law
in Germany. The law put forth elements in regard to foreign children born in Germany, and also some new regulations for the necessary period of stay and language requirements for attaining the nationality. This law was successful to considerably better the integration and immigration issues of the foreign-born population in Germany (Federal Office for Migration and Refugees, 2005). It was followed by another major intervention, known as the ‘Green Card Initiative’, put forward by Mr. Schröder, the Federal Chancellor in 2000. Both of these initiatives contributed in making employment opportunities available for the high-skilled foreign IT workers in Germany. This law also enabled a few entrepreneurs outside of the IT branch to immigrate in Germany (Federal Office for Migration and Refugees, 2005). Both these initiatives together were essential in expediting for immigrant entrepreneurs to set up shop in Germany with comparatively more friendly immigration regulations.

4.3 Policy as a barrier for migrant entrepreneurs in the past

Migrant population in Germany is highly diversified in terms of ethnic groups and the underlying intentions of entering into Germany. As discussed earlier in this chapter, after WWII most of the migrants came to Germany as labor force in order to boost the post war economic recovery. But there are significant portions of total migrant population that came in Germany as asylum seekers and political refugees. This research work is more relevant to the mentioned portions because of the recent influx of Syrian migrants in Germany. As indicated by (Kontos, 2007) the major problem with the policies in Germany, at least in last decade, was that it recognized foreigners but not migrants. Moreover, the statistical data also included foreigners, but not migrants. The migrants who had managed to receive the German citizenship became practically invisible from the stats.

Another major problem were the regulations from The Foreigner’s Law that linked the German residence permit with dependent employment; therefore, self-employment was not an option for the migrants who possessed a temporary residence permit for limited time duration. This law actually maintained a steady rotation of migrant labor workers and self-employment was seen as foot-in-the-door for permanent stay in Germany (Kontos, 2007). However, in the long run, this controlled rotation
of migrant workers did not work out as planned. A small number of the migrants actually went back to their home countries and employers also resisted rotating their employees due to the costs incurred as a result of such fluctuation (Constant, 2002). Moreover, due to the European Law, a large number of migrants from European Commission Member Countries are treated equally as the native Germans, in terms of legislations and regulations related to self-employment. However, migrants from non-EU countries are not allowed to be self-employed without a permit of residence and the ‘right to reside’ (Aufenthaltsberechtigung) (Kontos, 2007). Approximately 38 percent of the 7,335,592 registered non-EU migrants had a residence permit that allowed them to be self-employed in 2003. This percentage is taken from the records of Federal Government (Die Bundesregeirung, 2004).

In addition to the foreign law, there are many other restrictions that curb the ability of migrants to set up their businesses in professions that are particularly classified as crafts. Crafts Code in Germany do not allow migrants to start a business unless they are registered in the Crafts Listing, and for that matter, migrants need a certification for their professional competency in the form of a certificate called (Meisterbrief). Therefore, most of the first-generation migrants were unable to set up craft businesses, as they could not produce a match to the German vocational training. Migrants were allowed to enter only certain professional crafts that were ‘similar to the craft’, e.g. textile mending, in contrast to tailoring. Therefore, the Crafts Code has a major role in determining the available opportunities for migrant entrepreneurs (Wilpert, 2003).

However, in recent years the hesitation towards self-employment of non-EU migrants in Germany reached a turning point due to the economic stagnation and considerably high unemployment. The focus on entrepreneurship gained recent momentum, due to the demographic changes and need for qualified and specialized manpower. Germany managed to recognize the fact that it is an immigration country and stringent legislations need to be loosened, through adequate policy in order to face the challenges of rapid globalization (Unabhängige Kommission „Zuwanderung“, 2001).
4.4 Change in policy approach after 2000

Due to the shift in approach towards self-employment in Germany, a number of support programs were initiated to promote and facilitate the self-employment of previously unemployed. The first major breakthrough was the introduction of ‘bridging allowance’ (Überbrückungsgeld) (Jungbauer-Gans, 1999). This initiative allowed the previously unemployed or those who are motivated enough to set up their own businesses, to apply for state funding in order to finance their business ideas. The funding is applied for, and transferred through the Job Center (Bundesagentur für Arbeit, see website: https://www.arbeitsagentur.de/). Bridging allowance is granted to entrepreneurs for up to six months and the value of this allowance is equal to the level of unemployment benefits and social insurance costs of a business-owner. The entrepreneurs need to develop a considerable business plan that is evaluated by an independent authority, e.g. Chamber of Industry and Commerce, or other relevant consultants. Since its initiation, the program managed to support approximately 378,600 entrepreneurs to start their business until the year 2005. The highest amount that has been awarded to a recipient until year 2000 was approximately 16,000 euros (Leung, 2007).

In 2004, a more comprehensive support instrument to support self-employment was introduced that is known as ‘Ich-AG’ (Hartz, 2002). The Hartz Commission initiated this program in order to promote self-employment specifically among the unemployed, restructure the federal employment and curb moonlighting jobs by the unemployed, which were not accounted for, by the government. Awardees of this program receive a lump-sum amount of 600 euros per month in the first, 360 euros in the second and 240 euros in the third year. The award is tax-free and is not supposed to be paid back. Applicants do not have to submit a business plan, but the award is specifically intended for people who are unemployed and are receiving unemployment benefits from the state. The ‘Ich-AGs’ are companies owned by single persons who were previously unemployed. Until March 2005, there were approximately 257,000 companies established through this award, which makes up approximately 85 percent of the total companies established since the program’s initiation. This is a clear indication of how popular the program was, but entrepreneurs eventually left the program, perhaps because of two
reasons: they shut down their businesses, or they exceeded the maximum income limit, i.e. 25,000 euros, to continue being eligible for the award (Leung, 2007).

These schemes have perhaps little to offer for the migrant entrepreneurs in Germany. Firstly, these schemes are specifically developed for people who were previously employed in dependent employment and are receiving some sort of governmental support in the form of unemployment benefits or social insurances. On the contrary, migrants can rarely be characterized to take a ‘normal work biography’ like native Germans. In fact, it would be a rare case if a migrant has registered as unemployed and contributed previously to the social insurance system. As a result, they are not eligible for bridging allowance and for Ich-AG. Migrant participation in these programs ranged from approximately 2 percent to 5 percent between 1987 and 2002 (Kontos, Immigrant entrepreneurs in Germany, 2007).

Due to the overall change in Germany’s approach towards entrepreneurship and migration, the migrant entrepreneurship finally received some attention from the German policy makers. The 2001 report of the Independent Commission for Immigration dedicated a whole chapter to migrant entrepreneurship, and self-employment of migrants was highlighted as an indicator of their successful social inclusion (Leung, 2007). During years 2003, and 2004, the Crafts Code of Germany was reformed in order to allow migrants to set up professional craft business, except for 41 crafts that were classified as ‘danger prone’ for the health and life of others. The remaining 53 professional crafts were available to be pursued as a business for migrants, given minimum 6 years of prior experience in the craft (see website: www.bmwa.bund.de/Navigation/Services/English/small-business-policy.html).

As reported by (Kontos, Immigrant entrepreneurs in Germany, 2007, p. 448): there is a variety of different policy measures for supporting entrepreneurial activities, that include loan schemes, consultations and trainings provided by the Chamber of Commerce, the Association for the Support of Economic Activity and Loan Bank KfW among others. However, migrants do not benefit from these policies, perhaps due to poor dissemination of information, language barriers, and the officials generally assuming that migrants do not need such support mechanisms as they majorly rely on ethnic
networks and entrepreneurial trainings in ethnic economy (Kontos, Self-employment policies and migrants' entrepreneurship in Germany, 2003). Research shows that migrants acquire necessary financial support for entrepreneurial activities in the form of family loans, and are less likely to opt for bank loans (Gitmez A, 1987). This has been the case especially for the first generation migrants, whereas, as Kazakos (1995) found and (Kontos, Immigrant entrepreneurs in Germany, 2007) reported, second generation migrants tend to finance their entrepreneurial activity through the income generated by previous generation.

In January 2005, major reforms were made in the Immigration Law of Germany. These reforms affected the previously stringent Residence Law, Right to Asylum, Employment Ordinance and Integration Course Ordinance. Firstly, these reforms funded language courses for newcomers with poor language skills. Immigrants with comparatively better language skills could also take part in these courses voluntarily.

Secondly, new regulations for self-employed immigrants were introduced, which allowed them to attain a visa by investing a minimum of 1,000,000 euros and creating 10 or more jobs. Thirdly, international students who completed their degrees in Germany were initially allowed to stay for up to one year to find employment in the field of study. Moreover, the Right to Asylum was allowed to people being persecuted by non-state actors and gender-basis (Süssmuth, 2009). In 2007, the law concerning minimum investment for self-employed immigrants was made more lenient in order to promote foreign investments and entrepreneurship in Germany. In 2007, the minimum required investment was reduced to 500,000 euros from 1,000,000 euros in 2005. Moreover, the citizens of EU Member States no longer require a visa to reside in Germany. These developments contributed in enhancing the entrepreneurial activity, especially from the migrants coming in Germany from fellow EU member states (Süssmuth, 2009). However, these reforms were not sufficient for non-EU migrants in Germany, especially asylum seekers and political refugees. As mentioned in the introduction, this study aims to put forth adequate policy recommendations for Germany in order to make its migrant entrepreneurship policies more ‘inclusive’. The policies discussed until now in this section, although
comparatively supportive for overall entrepreneurial activity, have little focus on inclusion of third country nationals. This debate is essential to address the unemployment issues in Germany and to ensure successful economic integration of the newcomers in recent years.

4.5 More recent policies for supporting migrant entrepreneurship

Hereon, this thesis will attempt to include the more recent policies concerning migrant entrepreneurship in Germany. Due to the refugee influx since the start of 2015, the discussion concerning proper integration policy gained a stronger-than-ever momentum. A wide variety of different initiatives emerged, especially at the regional level, to support new comers with start-up assistance, counseling and other support mechanisms necessary at the initial stages of entrepreneurial activity. This commitment towards migrant entrepreneurship boosting initiatives is a result of acknowledging that this policy area is important for creating employment and contributing in economic growth, as well as social integration.

The Federal Ministry of Economic Affairs and Energy (BMWi: Bundesministerium für Wirtschaft und Energie) along with a number of non-profit organizations have introduced different support programs for migrant entrepreneurs. The Ministry has dedicated a major part of its user-friendly website to migrant entrepreneurship related information and established information hotlines. The website is available in German, French, Italian, Russian and Turkish, whereas, most of the information brochures are available in German, English and Arabic (see website: http://www.bmwi.de/Navigation/DE/Home/home.html).

There is a start-up guide available for new entrepreneurs in Germany that includes information about different support programs offered by BMWi in collaboration with a number of organizations in different states of Germany (Federal Ministry for Economic Affairs and Energy, 2015). The Ministry has an online portal that guides new entrepreneurs throughout the process of setting up a company, starting from brainstorming a business idea to writing a potential business plan, to actually making the idea operational. The portal also offers online tutorials, online database of relevant addresses and
in case of individual queries an expert forum to give guidance (Federal Ministry for Economic Affairs and Energy, 2015).

For the startups in information and communication sectors, there is a mobile app available with the name ‘The start app’ which is available in German and English language only. BMWi also provides an online database of available funding opportunities from the Federal Government, Länder, and the European Union. Users can find available funding options, depending on the state they are living in, what entity they represent (self-employed, company, specific field of study, etc.), and the kind of financial support they would prefer (guarantee, finances with interest, allowance, etc.). The website is only available in German until date (see website: http://www.foerderdatenbank.de).

‘The authorities guide’ is another online helpful tool that facilitates entrepreneurs in dealing with administrative matters. It allows the user to receive important information about the right way and order of contacting relevant authorities. It explains all the formalities and contains a database of necessary contact persons and their office hours. This website is also available only in German (see website: http://www.bmw-i-wegweiser.de/bmwibufw/). It provides all the necessary information one may need to set up a business in Germany. The website is self-explanatory if the migrants possess some knowledge of the German language and can direct the user to the information they intend to seek.

EXIST is another major initiative launched by the Federal Ministry for Economic Affairs and Energy in cooperation with Europäischer Sozialfonds and European Union. EXIST grants financial awards to students, graduates, and scientists to start their own businesses with an aim to improve entrepreneurial environment at universities and research institutes. The website is available in English and German language with all the important information for necessary to apply for this grant. EXIST promotes culture of entrepreneurship by providing start-up grants, in order to fund innovative technology and knowledge based projects, and promotes transfer of research by funding resource development necessary for technical feasibility of the start-ups based on research. The initiative is running since 15 years now but there are some evident issues: raising awareness about the entrepreneurship potential
among students, graduates and university employees; proper dissemination of information through media; start-up research; consultation and coaching of the start-up projects (Kulicke, 2014).

Moreover, there are a number of other initiatives pursued by the Ministry for Economic Affairs and Energy that include innovative Information and Communication Technology (ICT) competitions, German entrepreneurship week, entrepreneurial spirit in schools and web-based business games. All of these programs strive to promote the entrepreneurial culture among young people through user-friendly online tools (Federal Ministry for Economic Affairs and Energy, 2015). All these initiatives are available for migrants and a special brochure is developed in Arabic language so as to make the information more accessible. This brochure is available online (Bundesministerium für Wirtschaft und Energie, 2017). It also includes information about important organizations in every state of Germany that are working to support migrant entrepreneurship. Thüringer Zentrum für Existenzgründung (THEX) is one such organization that offers counseling, workshops, seminars and trainings for migrant entrepreneurs. For this research, we have collected data for Thuringia through interviews with THEX Enterprise employees, who work for promoting migrant entrepreneurship in Thuringia.

Since 2005, Integration through Qualification (IQ) Network has been working to better the employment opportunities for people with a migration background (see website: http://www.netzwerk-iq.de/). The main focus is to integrate qualified migrants via appropriate placement in a job according to one’s level of education. IQ Network strives to promote diverse society by promoting and developing intercultural skills among its stakeholders. The Network has 16 regional sub-networks working in each federal state of Germany for the implementation of different programs on regional level. These networks provide necessary information, counseling and trainings to different stakeholders in order to push forward the concerns of migrants and channel specialized knowledge. IQ Network works together with five federal agencies: Federal Ministry for Labor and Social Affairs (BMAS), Federal Ministry for Education and Research (BMBF), Federal Employment Agency (BA), Federal Office of Migration and Refugees (BAMF), and Federal Institute for Vocational Education and Training (BIBB). These agencies provide assistance and expert opinion to all the regional
networks, as well as, device policy recommendations for better integration of migrants into the labor market. Moreover, they also play a major role in developing quality standards and materials for propagating research findings. The IQ Network is represented by the IQ Dissemination Project (IQ DP) on the federal level. Where IQ DP furthers the cooperation between partners, facilitates transfer of best practices, and is answerable for the Network’s public relations. IQ Network improves the labor market integration of migrants by carrying out supportive research about immigrants and communicating the results to the government, supporting start-ups with finding funding possibilities using the network, providing consolidation and other activities with the entrepreneur as the focal figure. Moreover, it promotes dialogue between academia, politics, administration and practitioners on the regarding migrant entrepreneurial activity (Dr. Thomas Siegel, 2016).

In addition to the aforementioned initiatives, IQ Fachstelle is another initiative of the Federal Ministry of Labor and Social Affairs, in cooperation with Federal Ministry of Education and Research and Federal Employment Agency (more commonly known as Job Center). IQ Fachstelle facilitates foreign students and academics in Germany, migrants, and professionals living abroad and willing to start a business in Germany. It is a step-by-step guide to setup a business in Germany and information is available depending on whether one is an EU national or a non-EU national, graduate from EU or outside of EU, his refugee or asylum status, and the type of resident permit possessed. With recent influx of refugees to Germany, IQ Fachstelle provides information specific to refugees who intend to indulge in entrepreneurial activity, in German, English, French and Arabic languages. This platform facilitates migrants to set up shop in Germany from the very basic step of developing a business idea into a proper business plan, to the actualization and registration as self-employed in Germany. It provides a number of support programs ranging from information about taxation to bookkeeping in Germany and so on (IQ Fachstelle Migrantenökonomie, 2015).

In 2015, another project called Migratinnen gründen-Existenzgründung von Migrantinnen began operating. It is a 2-year program, initiated and managed by jumpp-Ihr Sprungbrett in die Selbstständigkeit e.V. This project is a subset of a joint initiative Frauen gründen initiated and
coordinated by the Federal Ministry for Economic Affairs and Energy, and Federal Ministry of Family, Seniors, Women and Youth. It works with a more specific aim of supporting female migrant entrepreneurs in order to ensure economic integration of this neglected group. The project aims to provide networking opportunities and mentoring programs for migrant women entrepreneurs. The new focus on migrant entrepreneurship is the result of the high number of refugees entering Germany since 2015. For now, the project is restricted to in Frankfurt am Main (metropol) and Groß-Gerau (local). As mentioned earlier, the project for now is limited to a 2 years’ life span. However, the project is scientifically monitored and will be evaluated by the Research Institute of Manheim University. The aim is to record the experiences from this initial project with a view to make it applicable to other regions. (see website: https://www.bmfsfj.de/bmfsfj/aktuelles/alle-meldungen/migrantinnen-bei-der-existenzgruendung-begleiten--projekt--migrantinnen-gruenden-/80466?view=DEFAULT).

4.6 Overview

Germany is moving forward in recognizing the importance of migrant entrepreneurship to properly integrate newcomers and keep the levels of unemployment low. Although, there have been a number of remarkable efforts at federal and state level, most of them are having no exclusive focus on migrant entrepreneurship. Rather most of the previous initiatives are trying to incorporate migrant entrepreneurship within their previously set goals such as: promoting self-employment among the unemployed, or facilitating foreign students graduating in Germany to start-up technology related ventures. The recent policy reforms are indeed a step forward towards better opportunities for migrants to be self-employed but they are not enough. There is a significant room for improving the policy at federal level in order to make the resulting initiatives more inclusive at state level.
CHAPTER 5: DISCUSSION AND ANALYSIS

The previous discussion focused on the recognition of entrepreneurship as an engine of economic growth in today’s globalized world. The study continued while discussing important policy interventions and resulting programs within the realm of migrant entrepreneurship in the United States and Germany. To understand the impact of one such policy intervention in Germany, this chapter will analyze the data we received from THEX Enterprise, a one-stop shop in Thuringia. The analysis will be based on the theoretical framework we discussed in chapter 2. Alongside, the study will attempt to include the policies in United States that offer some lessons for Germany to further develop their legal and regulatory framework in order to promote migrant entrepreneurship.

5.1 THEX Enterprise and its activities

THEX is an initiative of the Thuringia Chamber of Commerce (IHK-Arbeitsgemeinschaft der Thüringer Industrie und Handelskammern) and the Thuringia Chamber of Handwork (Arbeitsgemeinschaft der Thüringer Handwerkskammern). THEX receives major part of its funding from Thuringia Ministry of Economics and Digital Society (Thüringen ministerium für Wirtschaft, Wissenschaft und Digitale Gesellschaft).

On Federal level, the initiative works in collaboration with the Federal Ministry for Economic Affairs and Energy (BMWi). THEX started focusing on migrant entrepreneurship as a direct result of the change in approach at the Federal level since 2015. It includes different organizations for supporting entrepreneurs in a number of ways to start-up a business in Germany (Federal Ministry for Economic Affairs and Energy, 2017). THEX Enterprise is the most relevant, from the perspective of migrant entrepreneurship in Thuringia. It supports people with developing business and financial plans through individual consultations, workshops intended to enhance entrepreneurial skills, help with understanding legal framework relevant for starting a business in Thuringia, mentoring programs as
well as connecting entrepreneurs through networking. Moreover, they help entrepreneurs with pitching their ideas for initial funding, for that matter, the business and financial plans are developed according to the requirements of funding agencies (see website: http://www.thex.de/).

5.2 Data from the interviews

The data that is included hereon can be generalized for the whole one-stop shop, as THEX Enterprise is the first contact point between participants and all the organizations under one roof (data from the interviews, THEX 2017). The participants are then referred to other facilitation points within THEX, depending on specific needs of the participants, but THEX Enterprise provides the initial facilitation.

The following section discusses the advantages and disadvantages of this program on the basis of the answers received to the open-ended questions. The questionnaire is included in the annexes of this thesis for further reference.

Since its initiation, the organization has facilitated 1,581 projects. According to their records, THEX Enterprise has helped 192 individuals who identified themselves as migrants (data from the interviews, THEX 2017). Moreover, a large ratio of the participants has some sort of migration background, around 357 out of the total number. In order to better understand the entrepreneurial activity, THEX was requested to provide the number of participants coming from different countries.

This study will utilize this division to find-out the ratio of non-EU migrants to the total migrants in order to better analyze the regulatory and legal restrictions hurdling the way of non-EU migrants to start-up a business in Germany. The tables in annexes list the number of participants from different countries. We will group the data into EU and non-EU countries so as to supplement the future discussion. In addition, this research will include data available on the level of education of participants that reached out to THEX for facilitation (see figures 1, 2 and 3).

5.3 Marketing strategies and selection process used by THEX

A comprehensive marketing and dissemination strategy is crucial for any such initiative to achieve intended impact. THEX has developed a detailed website, which until now is only available in
German language. Additionally, the organization uses flyers, brochures and social media to attract the target populations. Moreover, the staff conducts time-to-time information sessions in language and integration institutes. Relating success stories is a major part of THEX’s marketing strategy and the staff believes that most of the foreign-born population discovered THEX and its facilitation services through ethnic networks. Although, a special focus on migrant target population forms the basis of the organization’s marketing strategy, peers informed most of the participants about THEX. This highlights the need to focus on further developing the networking services in order to diversify and strengthen the reach of such an initiative (data from the interviews, THEX 2017).

The criteria for selection are fairly simple and the process is not very time consuming. The participants are invited for a first interview that comprises of a small presentation from the staff about the variety of services provided. The participant is judged for his/her language skills and information is collected about his/her country background, residence status in Germany, level of education and the business idea. Based on this meeting, the staff recommends the suitable workshops and trainings for each participant. Moreover, the process of developing a thorough business plan is started, given that the residence status of an individual allows him/her to be self-employed in Germany. Since 2015, the success rate of actual start-ups by migrant entrepreneurs is considerably high. Migrants successfully initiated approximately 43 businesses, while 59 are in the phase of seeking initial funding. These numbers demonstrate that the access to services is easy; however, the marketing and dissemination strategy can be more robust. According to the staff, budgetary constraints do not allow them to invest more in marketing. The current mediums are not sufficient and in their opinion, marketing through television and other mass media can be more effective (data from the interviews, THEX 2017).

5.4 Network of entrepreneurs provided by THEX

THEX Enterprise provides a vital network of migrant entrepreneurs from Thuringia. Through this network, individuals can connect to mentors who have already developed a business in the same field and they can in turn provide in-detail support and mentoring to the new participants. The staff
confirmed that these non-formal, ethnic networks are attracting a high percentage of their target population. Secondly, they believe that participants relate more strongly to their peers, sometimes coming from the same country, who were able to successfully start-up a business. This phenomenon can be related to the discussion in previous chapter where the patterns of acquiring initial support to start-up a business from the ethnic networks and family were mentioned (Gitmez A, 1987). It is evident that the ethnic networks and peer groups are still very important for migrants to become successful entrepreneurs. This indicates the need to invest more in these ethnic networks, and to make targeted dissemination and mentoring strategies towards such ethnic groups.

5.5 Major barriers for migrant entrepreneurs

The major barriers discussed hereon are the ones explicitly mentioned by the interviewees when questioned.

5.5.1 Language and access to finance

THEX provides most of its support and facilitation in German language and they use visual materials and diagrams in their workshops and trainings in order to simplify complex information in German language. However, THEX has to pay for the translation and interpretation services in special cases. Moreover, the participants can bring along their own translators. There is no strict rule for the language requirements, but the participants are encouraged to enhance their language skills in order to set-up a professional business. Most of the funding agencies prefer the business and financial plans in German language. This indicates a major hurdle in ‘access to finance’, and according to the theoretical framework, this makes the overall policy less inclusive and has an impact in terms of economic growth. The recent migrants are offered free of cost integration and language courses all over Germany and they are required to pass the B2 level exam in order to find a job in Germany. Therefore, the Bundesgentur für Arbeit (Job Center) in Thuringia ensures that the migrants have a B2 level language certificate before referring them to THEX Thuringia (data from the interviews, THEX 2017). This is a direct implication of the German professional culture where the language is a prerequisite to
entering any field of employment. The staff at THEX Enterprise also highlighted language as a major barrier for migrants to start-up a business in Germany. This policy is a major hurdle especially for non-EU migrants to apply for appropriate residence permit and be self-employed. This can be linked with the ‘culture’ constituent of the theoretical framework discussed in previous chapters. Language is an integral constituent of the German culture, therefore, in order to be culturally integrated; migrants are mandated to learn the language and then attempt to be self-employed in Germany.

Access to finance is not easy for migrants in the whole of Germany. The temporary residence status in the case of recent Syrian migrants does not allow the financing agencies to support entrepreneurial ideas from this group. There are no specified financing options for migrants (data from the interviews, THEX 2017). Therefore, they have to compete with the native German entrepreneurs and other internationals that already possess a permanent residence. THÜBAN (Thüringer Business Angels Netzwerk) is one of the partner organizations with THEX that brings together business angels and entrepreneurs, but there is no specific focus on supporting ideas from migrants (see website: http://www.thueban.de/). This significantly reduces the chances for migrants to instantly start-up a business, instead they have to go through long bureaucratic procedures in order to be legally eligible to apply for funding. To make the entrepreneurship policy more inclusive for recent migrants, the access to financing needs to be simplified and made more reachable.

On the contrary, the Global Entrepreneurship Monitor (GEM) ratings show that Germany is considerably better in terms of entrepreneurial finance as compared to the overall GEM. But these ratings are based on the entrepreneurial ecosystem as whole and thus cannot be generalized for migrant entrepreneurs due to the specific legislative and legal hurdles already discussed in detail. Interestingly, the GEM ratings also show a significantly high rating for government entrepreneurship programs in Germany. THEX can be regarded as a direct result of this changed approach towards entrepreneurship in recent years. Unfortunately, the bureaucracy is still very stringent and there are no significant tax cuts or social benefits for entrepreneurs to look forward to. But there is still a long way ahead to make such interventions more inclusive and valuable for the migrant population of Germany.
GEM Country Report for Germany also shows that 29.8 percent of the migrant entrepreneurs are living in Germany since last 6-7 years. Only 2-3 percent are actually able to find funding for their start-ups in the first 2-3 years. This is a consequence of the legal and legislative hurdles that will be discussed further, due to which access to financing is considerably problematic for migrant entrepreneurs (Sternberg, 2016).

Figure 1. (Source: Country assessment 2016. GEM website: http://www.gemconsortium.org/country-profile/64

5.5.2 Legal framework

Most of the current participants who received facilitation are from non-EU countries. After the recent migrant influx, approximately 40 current participants are from Syria. Most of them possess professional degrees from the home country. There are 14 registered Russian participants and the third highest number is from Pakistan. The data shows a healthy diversity of participants from non-EU
countries, which represents the entrepreneurial potential of a rather scarce international population in Thuringia. Many other post-soviet and Asian countries are represented in the figure for non-EU participants currently benefiting from the services of THEX.

On the contrary, a comparatively lower number of participants from EU-countries are currently utilizing similar services. Italian, Dutch and Polish participants are prominent in this data set, with 3 from each country. Followed by the Greeks, French and Romanian individuals, and 2 from each country. In total, there are 21 EU-nationals currently affiliated with THEX, as compared to a staggering 126 non-EU migrants (see Figures 1 and 2).

*Source (Figures 1, 2 and 3): Own illustration based on data from the interviews, THEX 2017*
Although THEX is successfully able to serve a diverse population, the overall potential of migrants and immigrants in entrepreneurship is under-utilized in Thuringia. As, the data is collected in Erfurt (capital city of Thuringia), the numbers represent the affiliated population from all over Thuringia. THEX has its regional offices in Jena, Gera, Suhl, Muhlhausen and Neudietendorf. From this data set, only 357 of the participants have some sort of migration background, out of the total 1581. Migrants add-up to approximately 22 percent of the current beneficiaries of THEX, which indicates a recent focus on migrants due to the influx from last two years. On the other hand, only 0.84 percent of the total foreign-born population in Thuringia is able to profit from the imperative services provided by THEX to promote migrant entrepreneurship (data from the interviews, THEX 2017). This is a clear indication of low entrepreneurial activity by migrants in Thuringia.

The interviewees recognized temporary residence permits as a major hurdle for migrants to be self-employed. This can be linked with the ‘legal and regulatory framework’ of Germany. According to the Residence Act: (1) A foreigner may be granted a temporary residence permit for the purpose of self-employment only if: an economic interest or a regional need applies, the activity is expected to have positive effects on the economy, and personal capital on the part of the foreigner or a loan undertaking is available to realize the business idea (Residence Act 2016). In case of recent migrants, it is rare that any of the three conditions are met (Federal Office for Migration and Refugees, 2016). Therefore, there is significant room for policy intervention in this area in order to make the regulations more clear and lenient for such special cases.

The staff also indicated that the overall climate in Thuringia is not very ‘entrepreneurship friendly’. The governmental agencies at state level do not support entrepreneurial activities and the legal content relating to right of residence are not very clear (data from the interviews, THEX 2017). Therefore, the officials sitting in the Foreign Office have their own individual interpretations and their approach towards entrepreneurship is a major hurdle for migrants who wish to pursue entrepreneurial activities. This can be related to our discussion in the previous chapter about Germany having a hard time to accept itself as an immigration country. Throughout history, Germans welcomed migrants in the form
of guest workers or professionals, but entrepreneurship was, and perhaps still is seen as a way of permanent residence for migrants. Although there have been significant reforms in the Residence Act and immigration laws, the overall cultural approach towards this issue is somewhat unchanged, at least in Thuringia, a comparatively weaker economy in Germany with a considerably small population of internationals.

5.5.3 Regulatory framework

The staff highlighted another major hurdle for migrant entrepreneurs. Certain professions require special qualifications in Germany and most of the participants possess some sort of professional training from their home countries. However, due to the conditions under which recent migration took place, a few can actually prove their competence. Therefore, it is problematic for them to justify their ability to be self-employed in certain professions. Alongside, The German Professional Qualifications Assessment Act is somewhat strict. Section 4 of the act lays down binding prerequisites such as: the training certificate should prove that the qualification is similar to the one attained by corresponding German trainings, the individual must acquire necessary trainings if he/she is unable to prove that his previous trainings qualify him/her for certain skills and knowledge, the certificates need to list down the training courses and work history in German language (Qualification Assessment Act-BQFG). The regulatory requirements are different in Germany, depending on the nature of profession and most of

![Figure 3: Level of Education of Participants](image-url)
the times the participants are required to attain the professional training in Germany before being able to start the business. In the previous chapter, the changes in the Crafts Code of Germany were discussed (Federal Law Gazette, BGBL., I 2003, 2945). Although, the government opted some leniency as compared to the previous regulations, the ground reality shows that the policy regarding appropriate skills and qualifications assessment needs to be revisited by the decision makers. As a result, as shown in figure 3, most of the entrepreneurs that came to THEX did not possess professional degrees or trainings.

Perhaps due to this hurdle most of the migrants who were able to successfully commence a business in Thuringia opted for catering and restaurant business, followed by retailing, and IT services. International students with German degrees form the major proportion of the IT services cohort and this trend is supplemented by the January 2005 reforms in Immigration Law of Germany. Students who have completed professional degrees in Germany are allowed to attain a visa up to 18 months after the completion of their study period during which they can opt for entrepreneurial activities. Besides that, one may apply for an EU Blue Card or residence permit for self-employment after paying for statutory pension insurance for 24 months (Federal Office for Migration and Refugees , 2013).

5.6 Overview and limitations

In this chapter, the data received from THEX Enterprise and other important information has been discussed in detail. To sum it up, this research pointed out the major barriers that arose through our discussion with the staff at THEX Enterprise. Language barrier is the foremost issue that restricts migrants from becoming entrepreneurs. This in turn leads to hurdling the access to finances, which is further exacerbated by the current legal framework of Germany. The Residence Act, though significantly reformed, does not allow recent migrants to utilize the available funding options due to their temporary residence status. Moreover, the assessment of qualifications is a lengthy bureaucratic process that restricts migrants from quickly starting a business in the fields they have gained
experience in home countries. On top of that, the government officials and bureaucracy are not very supportive towards entrepreneurial activity, especially in the case of migrants. Entrepreneurship is seen as a foot-in-the-door for permanent residence. The ambiguity and complexity of the laws allow these officials interpret them according to their own bias and preconceived notions. All together, these barriers are the major constituents that need to be eliminated in order to make the whole policy more inclusive for migrants.

This analysis is limited to the data collected only from THEX Enterprise. Therefore, it cannot be generalized for the whole of Thuringia. But the aim of this study is to shed some light on the migrant entrepreneurial activity of Thuringia. Thuringia is among the weaker economic states of Germany but there is a huge potential for entrepreneurship and skilled employees from abroad. THEX is a new initiative with a recent focus on migrant entrepreneurship. Therefore, this analysis is not enough but it attempts to explore one of the neglected fields of academic research. This area of research needs more attention from the academics and policy makers in order to further enhance the integral role of entrepreneurial activity in the overall economic development of the region.

5.7 Level assessment of the current policy based on the analysis

In a nutshell, the German ministries in cooperation with the non-governmental organizations attempted to make conditions for migrant entrepreneurs comparatively better through a number of federal and local initiatives. Since 2012, on paper the legal preconditions have been simplified to a large extent, especially for people with an academic degree, however in reality, the conditions are still quite complex for other immigrants/migrants. To date, there are approximately 60 different resident statuses existing in Germany (see website: http://www.bamf.de/). Non-EU residents need special permissions for professional entrepreneurial activity in Germany. Though the access to information has been simplified, however, conducting actual professional entrepreneurial activity for migrants is still a far cry. Conditions for asylum seekers are still too complicated. Different procedures exist for; a) asylum seekers who have been granted asylum, b) granted asylum with special allowance and
status, c) asylum seekers who have only received the status acquiescence. The first group is allowed to start-up a business after looking at the reasons for asylum, the second need a special permission from the foreign registration office and the last group is not allowed to indulge in self-employment. The legal status of immigrants and migrants is carefully investigated beforehand and in-depth information (regarding legal procedures) in various languages is also not available. The policies fail to regard migrants as a heterogeneous group who have different educational and cultural backgrounds, and possess a vast variety of entrepreneurial skills and potentials. The current policies and support programs need to be more fine-tuned, according to the needs of migrant population, and the information about legalities and administrative procedures needs to be easily accessible for the target population. The policy makers should perhaps conduct a need-analysis of migrant population interested to start-up business in Germany. The current support programs and governmental schemes are more focused on providing assistance with managerial and communication skills, rather than more focused trainings on entrepreneurial skill development, assistance in finding financial support. Germany needs more incubators and one stop-shops with tailored services specifically designed to facilitate migrant entrepreneurs.
CHAPTER 6: CONCLUSION AND POLICY RECOMMENDATIONS

6.1 Concluding remarks

Self-employment and entrepreneurship are major economic phenomena of today’s globalized world. Developed countries are struggling against each other to create new knowledge and innovation in a competitive setting. Governments, especially in the developed economies of this world have recognized the positive economic effects of investing in entrepreneurial activities. Therefore, implementing support policies to promote such activities are at the core of their agenda. Moreover, development organizations such as OECD recognize entrepreneurship as a combat tool against increasing unemployment and detrimental for economic stagnation (David B. Audretsch R. T., 2001 ).

According to an OECD report, the recent economic crisis has resulted in high unemployment rates in the EU and specific groups such as women, migrants, and senior citizens are further marginalized in terms of labor market activity (OECD/European Union, 2015). Therefore, inclusive entrepreneurship policies, devised with an aim to support people who belong to disadvantaged and underrepresented groups with setting up businesses and be self-employed, are a dire need in order to curb rising unemployment and ensure economic integration.

By adding the focal word ‘migrant’, an essential component of the ongoing globalization process is brought into discussion. Millions of people from different parts of the world are entering in Europe due to a number of different reasons. However, most of them expect better economic conditions once they reach in one of the most developed continents of today’s world. Germany is first in line that has homed huge immigrant and migrant population throughout history. By the end of 2016, Germany has welcomed over 10 million people who comprise approximately 12 percent of its total population (World Population Review, 2017). The federal records have accounted for over 1.2 million migrants in last two years (Federal Office for Migration and Refugees, 2016). However, little academic investigation has been conducted regarding immigrant/migrant entrepreneurship activity in Germany.
The focus on migrant entrepreneurship is rather new and the federal level policies are struggling to incorporate such humongous influx of migrants into the German economy.

Therefore, this Master’s thesis attempted to assess the current migrant entrepreneurship policy in Germany based on the criteria declared by OECD for the policy to be inclusive. The focus remained on migrant entrepreneurship in Germany and what policy framework is working to support and facilitate such activity. This research relied on the OECD Entrepreneurship Indicators Program to look at one of the state level initiative in Thuringia. The aim was to assess the level of inclusiveness offered by such initiatives, which in turn leads to economic growth, and integration of migrants in Germany. The initiative was analyzed on the basis of related regulatory framework and in terms of the access to finance it offers. Moreover, the study attempted to incorporate the cultural aspect as well and how it may result in fewer financing opportunities for migrants.

The thorough literature review enabled the author to take into account the changing perspectives regarding entrepreneurship throughout history. Though the academic community was able to recognize entrepreneurship as an important matter to be discussed, the industrialization process and the regime of gigantic corporations shifted the focus away from this important field. It was the public policy community that resorted to research related to entrepreneurship again when big corporations started to fail and economic stagnation prevailed. Moreover, the series of economic recessions were a major offset for developed countries that resulted in growing unemployment. Considering these circumstances, the research and policy efforts took an all-new approach towards entrepreneurship and recognized it as an engine of economic growth and a rebuttal for increasing unemployment.

After taking into account the historical developments in the literature related to entrepreneurship, this research resorted to the OECD studies and country reports that are the major advocates of entrepreneurial activity in its member states. Due to the unequivocal focus of this study on migrant entrepreneurship, the author chose the case of the United States as a benchmark in terms of immigrant entrepreneurial policy, due to the well-known accomplishments made in the form of innovative start-ups. The author found out that the immigrant entrepreneurship policies tend to be more inclusive due
to the comparatively lenient regulatory framework related to such activity. It is considerably easier for immigrants to start-up a business in the US due to the business support programs and structural support policies in place. Secondly, there are more financing options and transparent programs that facilitate entrepreneurs from the basic steps of developing an idea into a business plan to the financial support needed during initial years of infancy. The US has an unequivocal focus on innovation and new technologies, and it has long recognized that immigrants can play a major role in related activities. Moreover, the language barrier does not appear to a major hurdle for migrants to indulge in entrepreneurial ventures. All these factors together enable immigrants to contribute in the US economic growth. Only the engineering and technological companies managed to generate $63 billion in sales from 2006 to 2012 (Vivek Wadhwa A. S., 2012).

On the contrary, the focus on migrant entrepreneurship is relatively new in Germany. It took a long time for Germany to recognize itself as an immigration country and the regulations relating to immigration of skilled workers in the field of technology and other innovative fields remained stringent up until 2000s. Moreover, the initial policy framework focused on entrepreneurial activity of the unemployed and other marginalized groups such as women. As migrants seldom follow the usual work biography as that of Germans, they were rarely included in the programs such as bridging allowance and Ich-AG. However, the approach changed significantly after the recent migrant influx that started in 2015. The Federal Ministry for Economic Affairs and Energy (BMWi) developed a keen interest in the entrepreneurial activity of migrants and initiated state level support programs. Constant efforts are being made by a number of other federal agencies to promote entrepreneurial activity. BMWi introduced migrant entrepreneurship on its multi-lingual website that provides thorough information that disseminates initial guidance to the target population. It also developed an online portal for migrant entrepreneurs, which offers online tutorials and brochures. In addition to that, ‘the start-up’ app is also available that provides step-by-step guidance to start a business in Germany. A database of potential funding agencies is also developed so as to look for initial financial support.
However, there are certain underlying hurdles that do not allow such initiatives to have an optimal impact and the access to such programs is somewhat complicated especially for the recent migrants. To find out the underlying barriers that restrict such initiatives from being inclusive for the aforementioned group, the author took into account one such state level initiative in Thuringia that has developed recent interest in migrant entrepreneurship. In order to make the policy framework more inclusive, it is vital to academically investigate the existence of all such barriers, many of which are perhaps yet undiscovered.

After analyzing the data received through interview with the staff of THEX Enterprise a number of significant barriers came into attention that hurdle the way for migrant entrepreneurs. Though migration has been an integral part of German history, self-employment of immigrants/migrants is still seen as a way for them to permanently settle in Germany. This dogma has affected the level of entrepreneurial activities by migrants to a great extent. It leads to a number of regulatory and legal barriers that do not allow the entrepreneurial activity by migrants to reach full throttle. First of all, the temporary residence permits in case of recent migrants restrict them to indulge in any sort of entrepreneurial activity. There are more than 60 different residence statuses in Germany and only a few actually allow an individual to be self-employed. Secondly, there is a lot of bureaucratic red tape that makes the procedure of obtaining a suitable residence permit a cumbersome process for migrants. The laws are not clear and precise which allows the officials in foreign office to have their own individual interpretations. This links with the long lasting cultural issue as well, that portrays potential entrepreneurs as outsiders who aim for permanent residence in Germany. The overall bureaucratic climate in Thuringia is not very ‘entrepreneurship friendly’ specifically for the case of migrants.

In addition, the procedure to get foreign qualifications recognized in Germany is another drill within itself. Although significant changes have been made to the Crafts Code of Germany, however, it is compulsory to attain the German qualification for a significant number of the professional crafts. Secondly, the recognition process for the 53 available crafts requires complex procedures as discussed in chapter 4. The staff at THEX suggested that the government should try to recognize and include
non-formal education also. However, this seems like a far cry, keeping in view the current stringent regulations regarding formal trainings attained in a foreign country. Since 2007, the minimum required investment for immigrant entrepreneurs to come to Germany was reduced to 500,000 euros from 1,000,000 euros. But this leniency hardly makes the situation any better for the recent migrants.

Language is one of the main barriers that affect the level of entrepreneurial activity of migrants. Language is an integral part of the German culture and professional climate. It takes a significant period of time for migrants to learn the German language and only than they can benefit from most of the facilitation and support activities. However, there is a major focus on language and integration courses for migrants, which are free of cost. But the policy regarding language criteria to start a business is not clear. Therefore, THEX does not have a strict language requirement but the counseling and trainings are only offered in German language. Along with the legal barriers, language barrier restricts migrants to apply for the funding opportunities. In order to get reasonable funding for their business idea, migrants need to develop their business plan and financial plan in German language. THEX provides help and support to pen down these plans, but temporary residence status still proves to be a hurdle for migrants to access adequate financing. Due to all such barriers, only 0.84 percent of the total international population of Thuringia was able to benefit from this state level initiative. This is a clear indication of the underutilization of migrant potential in the field of entrepreneurship.

Initiatives like THEX need to diversify their marketing strategy in order to reach their target population. The investigation found out that state level initiatives such as THEX have significant budgetary constraints that do not allow them to invest in marketing as desired. The staff indicated the need for advertising the initiative through mass media. They believe that ethnic migrant networks have been the major channels to reach target population. Most of the beneficiaries come to THEX after getting to know about the one-stop shop through word of mouth. In order to better the dissemination and marketing strategies, maintaining a database of previous beneficiaries is important. Moreover, these beneficiaries can also take part in mentoring programs for the new comers, so as to guide them with different complex bureaucratic procedures related to setting up a business in Germany. It is
evident that most of the migrants acquire financial capital and informal trainings through ethnic networks; therefore, there is a need to incorporate such networks in the overall marketing strategy of such an initiative.

6.2 Opinion

Within the restricted scope of this research, the author found out that the current initiatives under the realm of migrant entrepreneurship are a first step towards making it more inclusive. There is still a long way ahead for the policy to enable the migrant entrepreneurial activity up to its potential. The focus has to be on developing more tailored programs according to the migrant needs, rather than incorporating this group within the existing policy framework that is more inclined towards other groups, such as women. The barriers faced by migrant entrepreneurs also differ on whether they are from European countries or non-European countries. It is important to recognize the homogeneity of this group as the members come from diverse educational and cultural backgrounds with different entrepreneurial skills and capacities. The recent simplification in legal and regulatory framework fails to account for these differences and they are predominantly focused on people with an academic degree. Moreover, there is no significant evaluation or monitoring of the programs. The academic community has constantly neglected the field of migrant entrepreneurship in Germany; therefore, the linkage between migrant entrepreneurship and economic growth on state level is hard to be accounted for.

Keeping in view the recent migrant influx, which is the most significant as compared to previous migration levels in Germany, the needs of non-EU migrants need to be timely assessed and catered for. Germany has managed to attain a reputable economic standing among the most developed countries of today’s world. In order to maintain this position by focusing on innovation based economic development and curbing unemployment, inclusive entrepreneurship is no more an option but a necessity.
6.3 Limitations

This research was conducted within a short timeframe and the author did not possess the academic knowledge of German language, which restricted his ability to consult a more thorough research on the topic. Secondly, there is no statistical data available on the economic contribution of migrants in recent years. Therefore, the impact of the current underutilized levels of migrant entrepreneurship on Thuringia economy is unknown. Moreover, the analysis was based on the data received only from one of the few state level initiatives working to promote migrant entrepreneurship. Therefore, the analysis is not enough to access the actual level of entrepreneurial activity by migrants in Thuringia. However, the analysis points out major barriers that are generally faced by all migrants.

6.4 Academic contribution of this research

This research attempts to add some value to the existing literature on migrant entrepreneurship in Germany. Moreover, the author managed to analyze one of many state level initiatives that are a direct result of federal level focus on migrant entrepreneurship. It was an attempt to step into a neglected horizon of academic research, which is of key importance for Germany to maintain its position as a remarkable economy. It shed some light on the current barriers faced by migrant entrepreneurs in the form of regulatory framework, access to finance and the overall culture. Future research is recommended in order to evaluate such programs and initiatives, so as to consistently improve them and make them more inclusive in their approach towards disadvantaged and neglected groups.

6.5 Way forward

This section includes policy recommendations based on the assimilation of OECD’s suggestions and the author’s own limited knowledge on this subject.

- There is a general lack of objectives, policies and programs for migrants in Germany. Major federal and local level interventions are desired to focus on this disadvantaged group.

- Information and support activities need to recognize migrants as a heterogeneous group in order to rightly account for their diverse educational, cultural and entrepreneurial properties.
• There is a significant level of hesitation among this group to consult with federal and state level start-up centers and incubators. This indicates a problem in access to information. The support activities need to take into account, the non-formal ethnic networks in order to further disseminate information to the target population.

• The focus of certain initiatives is on developing managerial and professional skills, whereas, the development and coherence of diverse entrepreneurial skills should be the main motive.

• The access to finance should be made more feasible in case of migrants. Policy should focus on diverting the attention of business angels and venture capitalists towards the aforementioned group.

• There is a clear overlap of responsibilities and competencies among the federal level ministries that creates difficulties for migrants to access required information.

• The complex Residence Act of Germany requires significant reforms in order to make it more understandable and uniform.

• Major lessons can be learned from the policies in the US that ease the access to finance for immigrant entrepreneurs and administrative nitty-gritties in for migrants.

• There is a need to use success stories and role models from the target group to inspire new comers to grow and succeed.

• Training programs should focus on entrepreneurial skill development and financial literacy in the context of Germany

• There is a need to invest in entrepreneurial networks and incorporating non-formal ethnic networks within, in order to widen the pool of resources for the target group and create a supportive community.

• Support programs and initiatives need to include the competencies offered by the private sector as well, in order to let migrants explore new horizons of funding opportunities and specified qualifications.
• There is a significant need of efforts at state level to improve the integration and coordination between different institutions dealing with the aforementioned group.

• Perhaps there is a need to adopt a detailed policy cycle methodology to assess the problems, design, implement solutions, and carryout detailed evaluations of the federal and state level initiatives.

• Federal level policy is the first and foremost step but it should be followed by tailored policy at the local and regional level based on ground realities of the concerned area.

• Institutional and policy innovation is missing, which restricts the development of new strategies and openness of supporting institutions.
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www.bmwa.bund.de/Navigation/Services/English/small-business-policy.html

https://www.arbeitsagentur.de/

http://www.netzwerk-iq.de/

http://www.bmwi-wegweiser.de/bmwibufw/

http://www.thex.de/
https://www.erfurt.ihk.de/

http://www.handwerk-th.de/arbeitsgemeinschaft-der-th-handwerkskammern.html

https://www.thueringen.de/th6/tmwwdg/

http://www.bmwi.de/Navigation/DE/Home/home.html

http://www.thueban.de/.


Residence Act 2016, pg. 25, Section 21
ANNEX .1 INTERVIEW QUESTIONS FOR THEX ENTERPRISE STAFF

• How many different organizations are part of this one-stop shop?
• What are the different forms of facilitation activities carried out by each organization?
• In which languages is the support offered?
• What specific facilitation and support is provided for migrant entrepreneurs?
• Where do these migrants come from?
• How many participants do you accept or included within the available capacity of organization?
• What is the selection criterion for migrants?
• What is the number of migrants who utilized the programs offered by THEX?
• What are the qualifications of the migrants who come for assistance or training in entrepreneurship?
• What are the major business sectors migrants opting for?
• Does THEX facilitate migrants only from Erfurt or all over Thuringia?
• If other cities also. Can you name the cities?
• Any success stories of migrants who have successfully setup a business in Thuringia?
• What are the mediums used by THEX for dissemination or marketing of available services for migrants?
• What are the major barriers faced by migrant entrepreneurs while setting up a business in Thuringia?
• Do you help migrants if they face any problem after receiving initial facilitation and training? If yes, in which way?
• What are the recent changes regarding migrant entrepreneurship policy (2015 onwards)?
• What are the loopholes (deficiencies) in migrant entrepreneurship policy in your opinion?
ANNEX.2. DATA COLLECTED IN INTERVIEWS

Table 1: Participant of EU countries

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>French</td>
<td>2</td>
</tr>
<tr>
<td>Greek</td>
<td>2</td>
</tr>
<tr>
<td>Italian</td>
<td>3</td>
</tr>
<tr>
<td>Croatian</td>
<td>1</td>
</tr>
<tr>
<td>Latvian</td>
<td>2</td>
</tr>
<tr>
<td>Dutch</td>
<td>3</td>
</tr>
<tr>
<td>Polish</td>
<td>3</td>
</tr>
<tr>
<td>Portuguese</td>
<td>1</td>
</tr>
<tr>
<td>Romanian</td>
<td>2</td>
</tr>
<tr>
<td>Spanish</td>
<td>1</td>
</tr>
<tr>
<td>Hungarian</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

Table 2: Participant of Non-EU countries

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghani</td>
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</tr>
<tr>
<td>African</td>
<td>1</td>
</tr>
<tr>
<td>Egyptian</td>
<td>2</td>
</tr>
<tr>
<td>American</td>
<td>1</td>
</tr>
<tr>
<td>Armenian</td>
<td>3</td>
</tr>
<tr>
<td>Azerbaijani</td>
<td>2</td>
</tr>
<tr>
<td>Bulgarian</td>
<td>1</td>
</tr>
<tr>
<td>Brazilian</td>
<td>1</td>
</tr>
<tr>
<td>Chinese</td>
<td>4</td>
</tr>
<tr>
<td>Kosovars</td>
<td>3</td>
</tr>
<tr>
<td>Ingush</td>
<td>1</td>
</tr>
<tr>
<td>Iraqi</td>
<td>5</td>
</tr>
<tr>
<td>Iranian</td>
<td>4</td>
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<tr>
<td>Japanese</td>
<td>1</td>
</tr>
<tr>
<td>Yemenis</td>
<td>1</td>
</tr>
<tr>
<td>Kazaks</td>
<td>2</td>
</tr>
<tr>
<td>Kirgiz</td>
<td>2</td>
</tr>
<tr>
<td>Columbian</td>
<td>2</td>
</tr>
<tr>
<td>Cuban</td>
<td>2</td>
</tr>
<tr>
<td>Lebanese</td>
<td>3</td>
</tr>
<tr>
<td>Malaysian</td>
<td>1</td>
</tr>
<tr>
<td>Moldavian</td>
<td>3</td>
</tr>
<tr>
<td>Nepali</td>
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</tr>
<tr>
<td>Pakistanis</td>
<td>7</td>
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<tr>
<td>Palestinian</td>
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<td>Russian</td>
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<td>Serbian</td>
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<td>Syrian</td>
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<td>Thai</td>
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<td>Chechens</td>
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<tr>
<td>Turkish</td>
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<tr>
<td>Ukrainian</td>
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<tr>
<td>Vietnamese</td>
<td>3</td>
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<tr>
<td>Belarusian</td>
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<td><strong>TOTAL</strong></td>
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Table 3: Education level of the participants

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<thead>
<tr>
<th>LEVEL OF EDUCATION</th>
<th>NUMBER OF PARTICIPANTS</th>
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</thead>
<tbody>
<tr>
<td>High School/Professional High School</td>
<td>103</td>
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<tr>
<td>Lower Secondary School</td>
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<tr>
<td>No High School Diploma</td>
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<tr>
<td>Secondary School</td>
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</tr>
<tr>
<td>Bachelor/Master of Science</td>
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</tr>
<tr>
<td>Professional Degree</td>
<td>4</td>
</tr>
<tr>
<td>Degree in Social Work/Nursing</td>
<td>5</td>
</tr>
<tr>
<td>Degree in Mechanics or Technic</td>
<td>7</td>
</tr>
<tr>
<td>MBA or Professional Teachers Degree</td>
<td>35</td>
</tr>
<tr>
<td>Other Professional Degrees</td>
<td>50</td>
</tr>
</tbody>
</table>