TASKFORCOME: TRANSNATIONAL ACTION TO ADVANCE SKILLS AND COMPETENCES FOR COMMUNITY ENGAGEMENT AND SOCIAL MIGRANTS ENTREPRENEURSHIP INITIATIVES IN THE CENTRAL EUROPE

NATIONAL LABOUR MARKET REPORT

Germany Report

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1. EXECUTIVE SUMMARY

According to O'Sullivan and Sherin (2003), the term entrepreneur applies to a person who owns an enterprise or venture, and assumes significant accountability for the inherent risks and outcome. It is an ambitious leader who combines land, labour and capital to create and market new goods or services.

The definition of immigrants[1], is seen as the group of persons of immigrant background comprises (a) all foreigners, born in Germany or outside of the country, (b) all persons who immigrated to the current area of the Federal Republic Germany after 1949 and (c) all persons who were born in Germany as Germans nation, with at least one parent who immigrated to Germany, or who was born in Germany but held a foreign nationality at birth. Based on data from Federal Statistical Office of Germany, 19% of population in Germany had an immigrant background.

The entrepreneurship literature in immigrant entrepreneurship and self-employment immigrants suggest that self-self-employment could partly be an escape from the discrimination in paid employment (Constant and Zummermann, 2006)[2]. Constant and Zimmermann emphasise that Germans have comparatively low rate of self-employment, immigrants exhibit an even lower rate. This is in spite of the fact that the self-employed immigrants reach

[1] For further details on the history of German migration see, e.g., Chapter 2 in Zimmermann et al. (2007).

[2] Constant, A and Zimmermann. K.F . The making of entrepreneurship in Germany: Are native men and immigrant alike? In Small Business Economics (2006) 26:279-300.

earnings parity with self-employed natives and earn a strong premium over immigrant workers in paid-employment (ibid).

The largest subgroups compromise immigrant from ‘’recruitment countries’’ which are coming from Turkey (15% of the immigrant background originates), former Yugoslavia (9%), Italy (5%), Greece (2%), Spain (1%) and Portugal (1%). The second largest immigrant subgroup comes from the Former Soviet Union and east European countries. the Former Soviet Union is the single most important country of origin, accounting for 16% of all immigrants in Germany[3].

Certain characteristics of migrant entrepreneurs, particularly human capital, play a crucial role in understanding several features of their enterprises such as the sector of activity, the size of the enterprise and the survival time on the market. Business characteristics in turn reflect the economic relevance and potential stemming from migrant enterprises.

2. GENERAL TRENDS ON GERMANY AND THURINGIA LABOUR MARKETS

2.1 German Labor Market

The Federal Employment Agency is giving a lot of information about labour market statistics and research. They give a labour market report, which is updated monthly with summarised data[4]. Germany has the fourth-largest

[3] Information taken from Statistisches Bundesamt, (2010) and from additional calculations from the Statistisches Bundesamt [Federal Statistical Office of Germany] based on data from the Mikrozensus 2009.
[4] Data taken from https://www.bmas.de/EN/Our-Topics/Labour-Market/labour-market-statistics.html, 03.06.2019

national economy and industrial base in the world with 82.6 million inhabitants. 61% oft he workforce are businesses which are small and medium-sized enterprises.

In May 2019, the Employment Agency is giving the information that the unemployment in Germany raised for 0,3 % in relation to April 2019. The number of unemployed persons increased to 2.236.000 people. There is a plus of 7.000 to April, but 80.000 less than in Mai 2018. The number of employed persons are registered with 33.306.000 in March 2019, which means a growth of 646.000 to March 2018 [5]. The development of the German labour market shows that the employment is still growing. The demand for new workers is high. But for many people it is still necessary to get basic income support. In May we got 5.629.450 people which are allowed to obtain social benefits. 3.979.000 of them are in work, but their wages are not adequate to pay their costs of life[6].

Added to the data by Federal Employment Agency, independent research conducted in 2013[7], the German Labor supply is facing social challenges due to a declining and ageing population. It is estimated that the number of available workers will decline by 2.9 million by the year 2030[8]. The number of older people will increase (labor force aged 55 years and older) in comparison with the number of young people (15 and 24 years old) as well as the middle-aged generation (labor market between 25 and 54 years

[5] Data taken from https://statistik.arbeitsagentur.de, 03.06.19

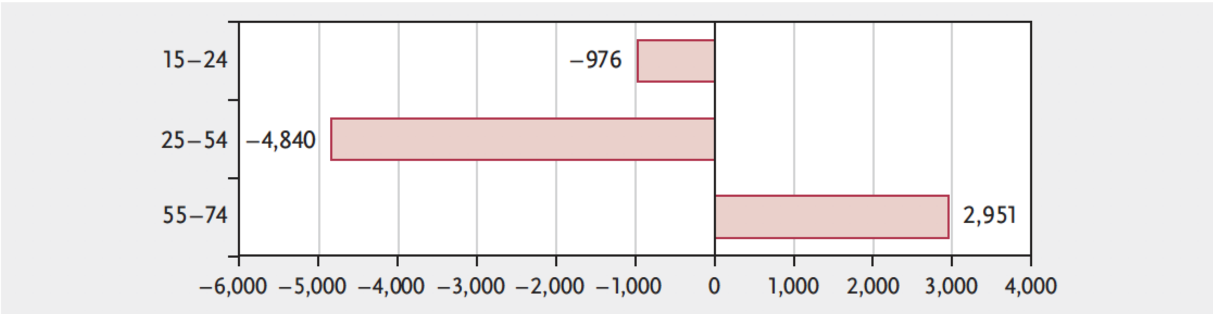
[6] Data taken from https://statistik.arbeitsagentur.de/Navigation/Statistik/Statistik-nach-Themen/Grundsicherung-fuer-Arbeitsuchende-SGBII/Grundsicherung-fuer-Arbeitsuchende-SGBII-Nav.html, 03.06.19

[7] Vogler-Ludwig, K and Dull,N. 2013. The German Labor Market in the Year 2030. A strategic view on Demography, Employment and Education. Economic Research and Consulting. W. Bertelsmann Verlag GmbH & Co. KG. Bielefeld. ISBN 978-3-7639-5282-3 (E-Book)

[8] Ibid, pg.14

old). Thus, demographic change can not be changed, neither by family policy nor by immigration policy.

Figure 1: Labour force by age Change between 2010–2030 (in 1000s)



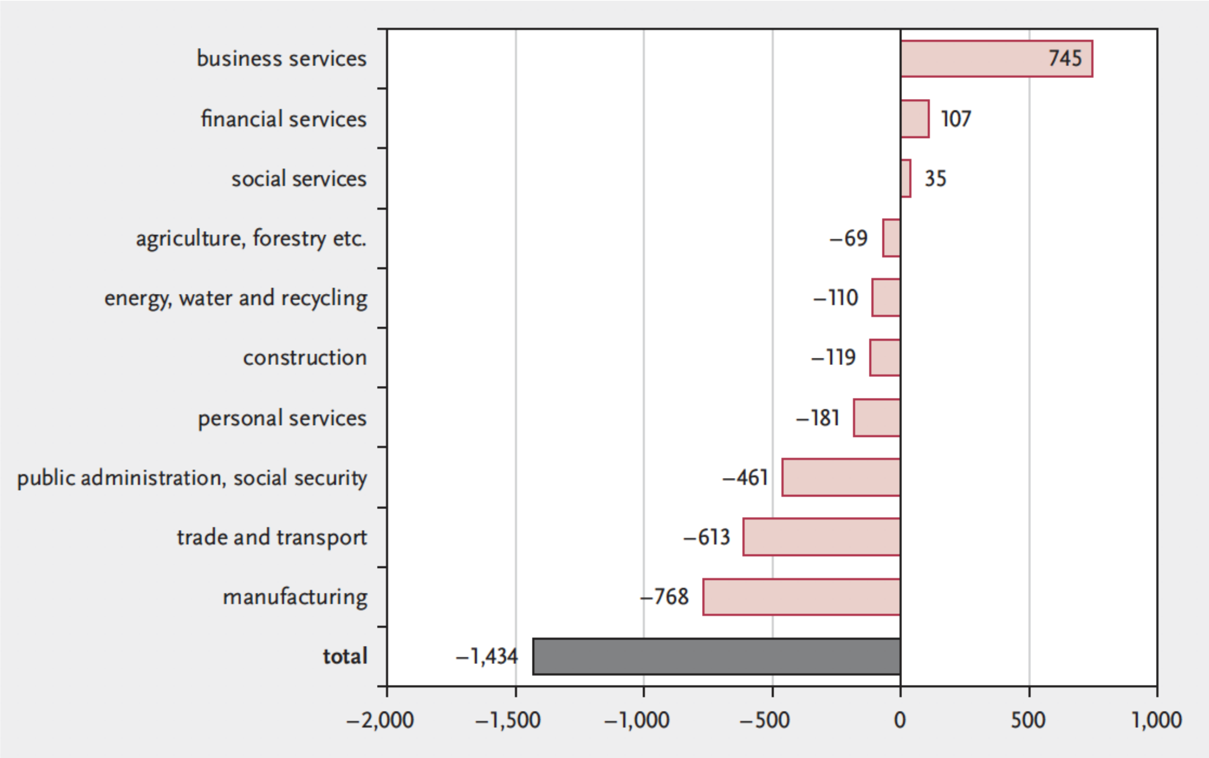
Source: Economix, 2013 (incorporated variant 1-W2 of the 12th coordinated population forecast carried out by the Federal Statistical Office)

The labor market policy will promote the organisations to keep as many older workers in labor market as possible that requires the adaption of age structure and possibility of knowledge transfer between older and younger employees. There will be an increased investment in human capital to support the more skilled workers that will encourage the participation in formal vocational training. On the other hand, the supply of highly skilled workers will be achieved if Germany develops a contenting training scheme with a certified system that has national standard [9]. The role of tertiary education institutions will become fundamental especially in offering offering suitable courses to graduates from dual vocational training.

[9] ibid pg.17

Germany will also face structural change from a service economy into a knowledge-based economy by the year 2030. There will be more jobs created in financial services sectors and the social services sector (education, healthcare and social affairs). On the other hand, there will be a significant loss of jobs in manufacturing sector, trade and transport sector and in the public administration sector[10].

Figure 2 : Sectoral employment 2010-2030 Absolute change in persons employed; in 1000s



Source: Economix, CE, 2013

[10] Vogler-Ludwig, K. (2013): Szenarien für den deutschen Arbeitsmarkt 2030, in Düll, N. (Ed.).(2013a): Arbeitsmarkt 2030 – Fachexpertisen und Szenarien. Bielefeld: WBV.

In the view of immigration policy, the lack of skilled workers will also lead to immigration policy with the rise of highly skilled immigration workers. The implementation of the law of recognition (*Arkennungsgesetz*[11]) will assumes substantial and sustainable changes in both education policy and employers attitudes toward immigrant workers.

2.2 Labor Market in East and West Germany

From 2005 to 2018 there was a significant decrease in unemployment in Eastern and Western Germany. In West Germany the unemployment figures were reduced by 1.49 million to 1,758,627 (-45.8 %)[12]. 2018 had the lowest rate of unemployment since 1981 with 4,8 percent. East Germany reduced the figures of unemployment by round about 1.0 million to 581.455 (-64.0%). In East Germany the the rate of unemployment had dropped every year since 2005 and had the lowest point with 6,9 percent in 2018 since reunification[13]. In May 2019 the rate of unemployment is 4.6 % for West Germany. In East Germany the rate is about 6.3 %[14].

There is still a big wage difference between East and West Germany. In 2016 the average wage per hour in Germany was 33,09 Euro. In East Germany the average cost of work was 26,14 Euro. That is 23,5% less than in

[11] "Recognition Act" is the short form for the "Law on Improving the Establishment and Recognition of Professional Qualifications Acquired Abroad", which came into force on 1 April 2012. It is a law that implies in- depth consultations with new immigrants, improved validation of foreign degrees and a higher participation rate of immigrants in adaptive vocational training. In https://www.anerkennung-in-deutschland.de/images/content/Medien/anerkennungsgesetz.pdf

[12] Data taken from http://www.bpb.de/nachschlagen/zahlen-und-fakten/soziale-situation-in-deutschland/61718/arbeitslose-und-arbeitslosenquote 03.06.19

[13] Data taken from http://www.bpb.de/nachschlagen/zahlen-und-fakten/soziale-situation-in-deutschland/61718/arbeitslose-und-arbeitslosenquote 03.06.19

[14] Data taken from https://statistik.arbeitsagentur.de/Navigation/Statistik/Statistik-nach-Regionen/Politische-Gebietsstruktur/Ost-West-Nav.html 03.06.19

West Germany, where the work costs are round about 34,19 Euro per hour[15].

2. 3. Thuringia Labor Market

Thuringia has an area of 16 000 km², with a population of some 2.2 million and is one of Germany's smaller federal states. Thuringia´s neighbouring states are Saxony to the east and south-east, Saxony-Anhalt to the north and north-east, Hessen to the west and Bavaria to the south. Thuringia has no coastline or border to any foreign country.

In December 2017, Thuringia has the sixth-lowest unemployment rate of 5,6 % compared to other regions of Germany. The main sources of employment in Thuringia in the middle of 2017 included office and secretarial work, mechanical and industrial engineering, warehouse management, post, delivery and goods handling.

The largest increase in employment between June 2016 and June 2017 was recorded in education (+5.8%), business support services (+4.5%) and residential care and social work activities (+3.9%). On the other hand, the biggest drops in employment at this time were recorded in the areas of information and communication (-5.0%), agriculture, forestry and fisheries (-3.4%) and the provision of financial and insurance services (-2.2%)[16].

[15] Data taken from https://www.destatis.de/DE/Presse/Pressemitteilungen/2018/07/PD18_272_624.html 03.06.19

[16] Data taken from https://ec.europa.eu/eures/main.jsp?countryId=DE&acro=lmi&showRegion=true&lang=en&mode=text&regionId=DEG&nuts2Code=null&nuts3Code=null&catId=373 03.06.19

3. OCCUPATIONAL AND SECTORAL TRENDS

3.1 Employment Trend in Thüringia

The employment of foreigners in Thuringia subject to social insurance contributions has steadily increased over the past 10 years. The evolution of the employment rate by age group shows that the proportion has increased significantly for all groups. The lowest employment rate remains for people under the age of 20. In a national comparison, Thuringia positions itself in the employment rate of foreigners (39%) in 10th place and thus better than in the previous years. The federal states of Bavaria (54%), Baden-Württemberg (52%) and Hesse (47%) are above the federal average (45%) and thus at the top.

Considering the employment rate of Germans and foreigners together, Thuringia and Saxony (respectively 63%) take the lead and are thus significantly above the federal average (59%). As at 31 December 2017, there were 802,336 employees in employment in Thuringia, of which 34,152 were foreigners, which corresponds to 4.3%. Overall, the proportion of foreign social workers in Thuringia has more than doubled since 2012, yet it is below the national average of 11.1% [17].

Compared to other federal states, Baden-Württemberg (15.2%), Hesse (14.8%) and Bavaria (13.8%) have the largest share of foreigners among social

[17] Bundesamt für Migration und Flüchtlinge (2017) in TLS, IWT GmbH

workers. The lowest shares are in the eastern German states of Saxony-Anhalt (3.3%), Mecklenburg-Vorpommern (3.8%), Saxony (4.1%) and Thuringia (4.3%). The foreign social workers in Thuringia come with 75% predominantly from Europe, followed by Asia (19%). The main countries of origin in 2017 were Poland (7,263), Romania (3,797), Hungary (1,791) and Bulgaria (1,532). More than two-thirds (68%) of foreign social workers have significantly more men than women. For Germans, gender distribution is almost balanced. The age distribution also shows that foreign social workers (93% under 55) are significantly younger than Germans (76% under 55). The average age of foreign social workers was 37 in June 2017, 7 years below the German average (44 years).

The largest share of foreign social workers in all employees is found in the cities of Erfurt (6.0%), Sonneberg (5.7%), Jena and Gotha (5.5% each), the lowest in the Kyffhäuserkreis (2.0%).) and the district of Saalfeld-Rudolstadt (2.2%). Foreign employees work primarily in business services, manufacturing, hospitality, health and social work. For German employees, the economic sectors manufacturing, health and social services as well as trade, maintenance and repair of motor vehicles are in the lead. If the individual occupations are considered, the foreign social workers mainly work in transport and logistics (6,199 employees), food production and processing (3,204 employees), as well as metal production, machining and metal construction (2,297 employees). In these areas alone, over a third (34%) of the foreign social workers are employed in Thuringia.[18]

[18] TLS, IWT GmbH in cross reference: Migration und berufliche Integration in Thüringen 2018. IQ Netzwerk Thüringen. ISBN: 978-3-9819034-1-6

4. SKILLS: DEMAND AND SHORTAGES

Skilled professionals are the key to innovation and competitiveness, to growth and employment. Germany does not have a nation-wide skills shortage at present, but it is already impossible to fill vacancies in certain regions and sectors with suitable skilled workers. Especially in southern and eastern Germany many companies are already affected by the shortage of skilled workers.

A major factor for skill shortage in future is Germany´s ageing society. Parts of skill shortage as a result of demographic change can be balanced with migration. The high economic growth in recent years has mainly been driven by migration from within EU. Without skills shortage the economic output would be even higher. The great pool of talent with which to meet the skills of shortage is offered by women, older people, people with immigrant background and young people without vocational qualifications, and people with disabilities.

The great pool of talent with which to meet the skills of shortage is offered by women, older people, people with immigrant background and young people without vocational qualifications, and people with disabilities. A growing lack is founded at healthcare sector, especially in nursing and care services for sick. The demand of carers will keep growing, because of ageing population in Germany. There is also a shortage of people with the right technical and craft-based skills. But the biggest shortage is that of skilled workers with vocational qualification.

Germany has a demand for specialists with master craftman´s certificate or Bachelor´s degree, also a lack of doctors, engineers and information scientists. The key occupations which will help Germany´s economic future include graduate occupations in field of medicine, mechanical and automotive engineering, electrical engineering, supply and waste management, IT and software development and programming, STEM disciplines (science, technology, engineering, mathematics). Germany need crafts trades like electricians, electrical installers, plumbers, lathe-operators, toolmakers, plastics process workers, pipe fitters, welders, mechanical technicians and care services like healthcare and care for the elderly. [19]

5. IMMIGRANTS ON GERMANY AND THURINGIA

The history of German migration flows states back to the 17th, 18th and 19th century due to the war and religious conflict in Central Europe Regions. Starting with WW I, The Weimar Republic became the destinations for refugees of Russian Civic War, as well as for tens of thousands of Eastern European Jews who were looking for protection from anti-Semitic developments in many parts of Eastern Central, South Eastern and Eastern Europe. Forced labor was typical of the employment of refuge during the wartime. Especially during the Great Depression, the people seeking refuge from Germany were seen to be a burden on the economy and social security.

The booming economy of the 1950s and 1960s, has facilitated the economy and social integration of the refugee which coupled with an expansion of the

[19] Vgl. https://www.bmwi.de/Redaktion/EN/Dossier/skilled-professionals.html 03.06.19

labor market. In the following decades there were two distinct main immigration waves. Immigrants from "recruitment countries" constitute the first wave. Due to the labor shortages that became felt in the mid 1950s, bilateral recruitment agreements were signed with several countries including Italy (1955), Spain (1960), Greece (1960), Turkey (1961), Portugal (1964) and Yugoslavia (1968) (Bundesministerium des Innern, 2011). Since the domestic workforce was no longer sufficient to cover demand, Germany opened its door to unskilled labor and positions with minimal training requirements in industrial production, or called as ''Guest workers'' [20]. Originally, it was planned that the immigrants would return to their home countries after stays of one to two years. Therefore little effort was made to integrate them in the German society. This changed later, when it became clear that many would stay in Germany permanently.

In the collapse of the GDR in 1988/90, the migration patterns in Europe drastically changed. The second large migration wave started towards the end of the 1980s, when around 3 million ethnic Germans ("Aussiedler") from the Former Soviet Union and from east European countries arrived between 1988 and 2004 (Leicht et al., 2005)[21]. By 1992, the number of asylum applications rose to almost 440.000[22], in which immigration reached its first climax in reunified German. The net migration in 1992 reached 782.000.[23] In 2015, a

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20 Bade, Klaus J. (2004): Sozialhistorische Migrationsforschung. Göttingen. (Studien zur Historischen Migrationsforschung, Vol. 13).

21 Leicht, R., Humpert, A, Leiss, M., Zimmer-Müller, M. and Lauxen-Ulbrich, M. (2005), Existenzgründungen und berufliche Selbständigkeit unter Aussiedlern (Russlanddeutsche), Studie für das Bundesamt für Migration und Flüchtlinge (BAMF) [Start-ups and self-employment among ethnic Germans from Russia, Study for the Federal Office for Migration and Refugees].

22 Further information about migration patterns in the GDR at: http://www.bpb.de/gesellschaft/migration/dossier-migration/56368/migrationspolitik-in-der-ddr?p=al 03.06.19

23 Federal Statistics Office: Statistisches Bundesamt (2017): Bevölkerung und Erwerbstätigkeit. Wanderungen 2015. Fachserie 1 Reihe 1.2. Wiesbaden.

total of 2.14 Million people immigrated to Germany, more than twice in comparison to 1992. Germany reported the largest total number of immigrants (917.1 thousand) in 2017 (Eurostat, 2017)[24]. Syria was the main country of origin of new immigrants, ahead of Romania and Poland (see figure 1).[25]

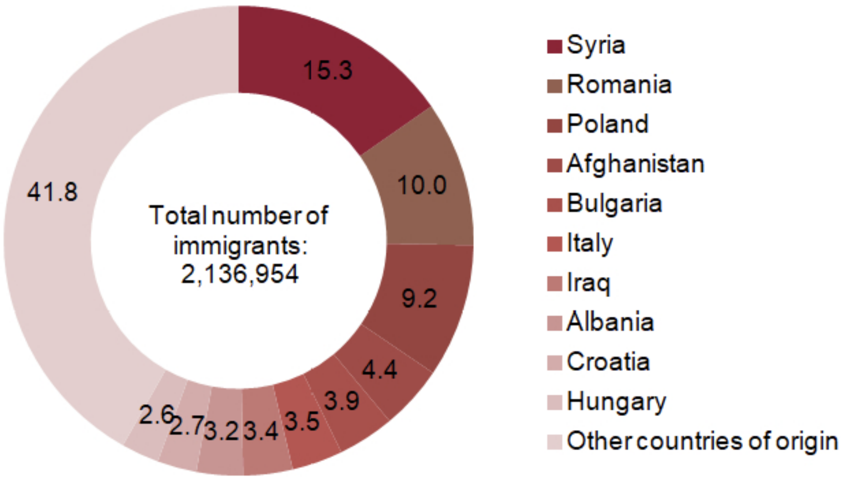

Figure 3: Immigration in 2015 by Ten most frequent countries of origin (in %)

Source: Focus Migration: Germany 2017. Oltmer,J, Hanewinkel,V. Institute for Migration Research and Intercultural Studies (IMIS) of the University of Osnabrück.

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[24] Data taken from https://ec.europa.eu/eurostat/statistics-explained/pdfscache/1275.pdf 03.06.19

[25] Federal Office for Migration and Refugees. Bundesamt für Migration und Flüchtlinge (2017): Migrationsbericht des Bundesamtes für Migration und Flüchtlinge im Auftrag der Bundesregierung. Migrationsbericht 2015. Nuremberg.

According to the German Federal Statistics Office: All individuals who have immigrated to the Federal Republic of Germany since 1949, all foreign citizens born in Germany, and all children born as German citizens to at least one parent who immigrated or was born in Germany as a foreign citizen are considered to have a migration background. The term has been used since 2005. Here, migrants are defined as the group of naturalised immigrants, late repatriates or persons with non-German citizenship only [26].

The analysis of the immigrants and their descendants since 2005 are perceived as ''population with a migration background''. The micro-census in 2016, indicated that more than 18.8 million people living in Germany have a migration background (22.5% of German Population) which includes nine million of foreign nationals (10.9 % of German population) as well as as 9.6 % million Germans (11.7 % of the population) [27].

In Thuringia, immigration and integration issue are still very relevant issues that are shared on all social and economic levels. But even if there is a debate about how to organise immigration and integration, one thing can be said for sure: Thuringia needs immigration. In the last 50 years, the population of Thuringia has been steadily declining. In 1967, around 2.8 million people still lived in Thuringia, compared to just under 600,000 fewer in 2017. On the one hand, the decline in population results from a death surplus or a birth deficit: For more than 30 years, significantly fewer people have been born in Thuringia than died in the same year.

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[26] For more details, see: Metzger, G. (2015): Migrants are more active entrepreneurs – mostly as a result of labour market conditions, Focus on Economics No. 115, KfW Research.

[27] Federal Statistics Office. Statistisches Bundesamt (2017): Bevölkerung und Erwerbstätigkeit. Bevölkerung mit Migrationshintergrund – Ergebnisse des Mikrozensus 2016. Fachserie 1 Reihe 2.2. Wiesbaden

On the other hand, the migration to and from Thuringia is another decisive factor in population development. Although Thuringia was able to achieve a positive migration balance with foreign countries in 2017, 8,013 more people came to Thuringia than moved away at the same time. Compared to the other federal states, however, Thuringia lost 4.021 inhabitants on balance. Overall, this results in a positive migration balance of 3,992 people in 2017, which is not high enough to compensate for the population decline.[28]

Figure 4: Migrants Integration in Thüringia

	Bundesland	Anzahl	Anteil
1	Nordrhein-Westfalen	2.572.005	24 %
2	Bayern	1.773.060	17 %
3	Baden-Württemberg	1.719.485	16 %
4	Hessen	1.050.000	10 %
5	Berlin	888.555	8 %
6	Niedersachsen	776.860	7 %
7	Rheinland-Pfalz	459.425	4 %
8	Hamburg	302.125	3 %
9	Schleswig-Holstein	243.615	2 %
10	Sachsen	195.375	2 %
11	Bremen	125.795	1 %
12	Saarland	119.330	1 %
13	Brandenburg	114.830	1 %
14	Sachsen-Anhalt	108.575	1 %
15	Thüringen	100.955	1 %
16	Mecklenburg-Vorpommern	73.950	1 %
	Deutschland	10.623.940	100 %

Source: www.iq-thueringen.de Migration und berufliche Integration in Thüringen 2018 Aktuelle Zahlen und Vernetzungsstrukturen in Thüringen.

Most people lost Thuringia in 2017 to the federal states of Saxony (-2,167 people) and Bavaria (-724 people). In contrast, the largest migration gains

28 TLS, IWT GmbH in cross reference: Migration und berufliche Integration in Thüringen 2018. IQ Netzwerk Thüringen. ISBN: 978-3-9819034-1-6

were achieved from Saxony-Anhalt (153 persons) and Baden-Württemberg (83 persons). A look at the migration trend of foreigners shows that their migration balance in 2017 was more than twice as high as in the previous year. The migration losses with the other federal states were significantly lower than in 2016. Thus, 749 foreigners left more Thuringia than from other federal states. The following statements relate - unless otherwise stated - exclusively to persons who live as foreigners in Thuringia. It should be noted that the foreign population represents only a subset of the "population with a migration background” [29].

According to the Central Register of Foreigners, almost 11 million foreign nationals were registered in Germany in 2017 (as of September 30, 2017). Thuringia is with 100,955 people to Mecklenburg-Western Pomerania (73,950) the federal state with the least number of foreigners in foreign countries. Countries with the highest number of foreigners are North Rhine-Westphalia (2.6 million), Bavaria (1.8 million) and Baden-Württemberg (1.7 million). The overwhelming majority of the foreign population lives in West Germany. Overall, there has been a steady increase in the proportion of foreigners in Thuringia over the past ten years.[30]

In 2017, according to the population update, this was 4.5% (4.7% according to the Central Register of Foreigners). The foreign population in Thuringia is spatially distributed differently. In 2017, the proportion of foreigners living

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[29] Ibid.

[30] Migration, Integration, Asylum Political Developments in Germany 2017 .Annual Policy Report by the German National Contact Point for the European Migration Network (EMN) . http://www.bamf.de/SharedDocs/Anlagen/EN/Publikationen/EMN/Politikberichte/emn-politikbericht-2017-germany.pdf?__blob=publicationFile 03.06.19

in the independent cities was more than twice that of those living in the counties.

As in previous years, more foreign men (58%) than women (42%) lived in Thuringia in 2017 as well. With an average of 31 years, the foreign population in Thuringia was significantly younger than the German population (as of 2015: 47 years). It is possible to detect shifts in the individual age groups. Especially among young people aged 15 to under 35, the proportion of foreigners was 48%, almost three times that of Germans. In this case, the proportion of over 65 year olds prevailed. In 2017, this group of Germans accounted for 26%, more than eight times as much as foreigners (3%).

The foreign population in Thuringia comes mainly from Europe (51.3%) and Asia (39.2%) .10 The most frequent countries of origin in 2017 were Syria (15,210 people), Poland (10,490 people), Afghanistan (7,050 people) and Romania (6,875 people). At 39%, these persons accounted for over a third of all foreigners in Thuringia. Of the more than 100,900 foreigners living in Thuringia in 2017, 16% have been living in Germany for less than a year. Almost half (48%) have lived here for one to four years. Again, 13% of the foreign population has been living in Germany for more than 15 years. [31]

6. IMMIGRANT ENTREPRENEURSHIP AND LEGAL FRAMEWORK FOR ENTREPRENEURS

Migrant entrepreneurs in this research is perceived a person with managerial role (founder or co-owner of an enterprise), self-employed individual or person who intends to start a business, who is either:

[31] TLS (Thüringia Landesamt Statisik) , 2019.

a) foreign-born (i.e. born outside the current country of residence)

b) at least one of his/her parent is foreign-born

c) at least one of his/her grandparent is foreign-born

Additionally, we would like to propose the concept of self-employment or entrepreneurial (with and without employees) comprises all “persons who as owners or leaseholders economically and organisationally head a commercial or agricultural firm, business or workplace (including self-employed crafts-people) and thus create job positions, as well as all freelancers, home workers and pieceworkers” (Statistisches Bundesamt 2015: 14).

In the literature dealing with foreign business owners, the terms ‘migrant’, ‘immigrant’ or ‘ethnic’ entrepreneurs are used in a rather alternative manner. Following the American research tradition, there is a slightly preference for the concept ‘ethnic entrepreneur’. However, despite its popularity, this terms has several shortcomings: firstly, as point out, the label ‘ethnic’ somehow implicates a strong involvement of the business owner in the ethnic community, which is not applicable for all entrepreneurs. Secondly, in particularly in Germany, the term ‘ethnic’ is not as commonly used, either in academic or in public discourse, (Rath and Kloosterman,2000)[32]. Following these considerations, for this analysis we would use the more neutral term ‘migrant entrepreneur’ and to avoid the use of the term ‘ethnic entrepreneur’.

[32] see Rath, J. and Kloosterman, R. (2000). Outsiders’ Business: A Critical Review of Research on Immigrant Entrepreneurship, International Migration Review 34(3): 657–681

For additional consideration of the definition, the differentiation between first and second generation migrants is made according to the definition proposed by: while first generation migrant entrepreneurs are those entrepreneurs born abroad and who arrived in Germany after the age of twelve, second generation migrant entrepreneurs are the business owners born in Germany with at least one immigrant parent, or those who arrived in Germany before the age of twelve (Portes and Rumbaut, 2001)[33].

We also consider all person who immigrated to current are of the Federal Republic of Germany after 1949. Labour migrants who are emigrated to Germany until 1950s or Aussiedler, family members through family reunion and asylum seekers. Aussiedler are persons of German descent (ethnic Germans from Eastern Europe and the former Soviet states) who have the right to move to Germany and be granted German citizenship.

However, based on the research report and study of Thuringia Minister for Economy, Labour and Technology, [34] it is stated that Thuringia economical growth will be based on investments, innovations and internationalisation. After the reunification in 1990a, Industry and production-related services are the basis of Thuringia's leading position in comparison with the other eastern German federal states. The free state is the captain of business growth. Yet the gross value added per earner in Thuringia today is around 12,000 euros below the national average (ibid. 7-8). Yet, when it comes to the quantity of business registration for start-ups or entrepreneurial, Thuringia lies below

[33] see Portes, A. and Rumbaut, R. (2001). Legacies: the Story of the Immigrant Second- Generation, New York: Russell Sage Foundation.
[34] https://www.thueringen.de/de/publikationen/pic/pubdownload1329.pdf 03.06.19

the country average. Inspire of the focus of the study merely in the technological sector, however the report summarised the key roles behind the decreasing trend in the start-ups initiatives:

1. The networking of the founders must be contained and channelled into local successful company start-ups in Thuringia. This would mean that market opportunities in the target market of the founders could be explored in a practical manner.

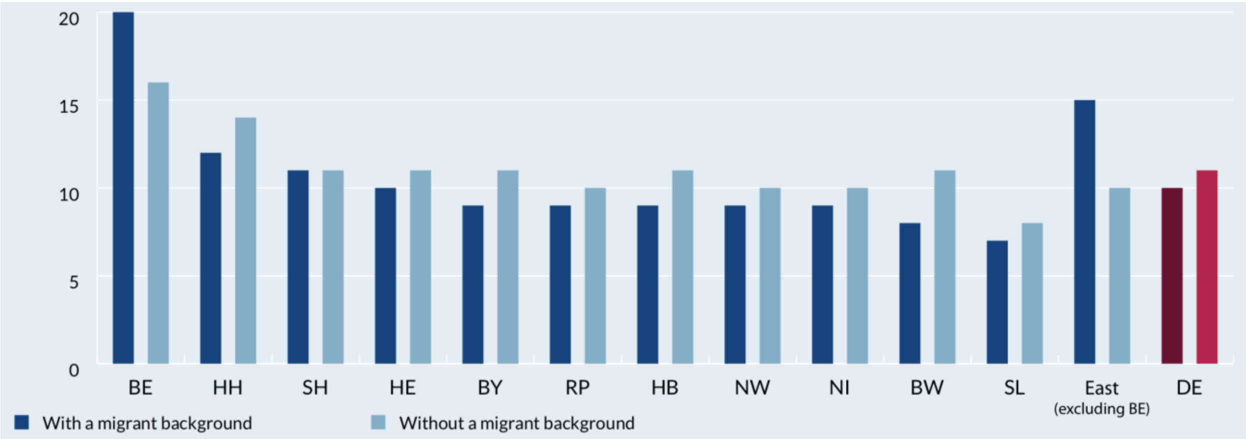
2. Lacking of consultation and support service to the potential start-up founders, especially in offering founders valuable help in terms of business management.

3. Lacking of substantial possibility in financing start-ups. ThGI (Thuringian start-up initiative) key activities have been combined together into a common project between the ministries for economics, labour and technology and for education, science and culture – in particular, the establishment of a consultation network, the development of a start-up prize, the provision of equity capital and the networking of founders.

MIGRANT ENTREPRENEURSHIP IN GERMANY

According to the research report by Bertelsmann Stiffung, the total population with migrant population in each state influences the distribution of self-employed across the federal states.In fact, about one out of 10 working people across Germany were self-employed in 2014. The share of self-employed without a migrant background is in this regard slightly higher than that of the self-employed with a migrant background.

Figure 5: Self employed in the manufacturing sector as a share of all self-employed,



2014 in %

Source: Microcensus 2014. Prognos AG calculations. Bertelsmann Stiftung[35]

	Deutsche	Personen
1	Unternehmensführung, -organisation	81.101
2	Medizinische Gesundheitsberufe	63.545
3	Verkaufsberufe	52.678
4	Maschinen- und Fahrzeugtechnikberufe	51.034
5	Verkehr, Logistik (außer Fahrzeugführ.)	48.555
6	Metallerzeugung, -bearbeitung, Metallbau	44.818
7	Erziehung, soz., hauswirt. Berufe, Theologie	43.763
8	Führer von Fahrzeug- und Transportgeräten	29.036
9	Nichtmed. Gesundheit, Körperpfl. Medizintechnik	26.818
10	Mechatronik-, Energie- und Elektroberufe	26.606

	Ausländer	Personen
1	Verkehr, Logistik (außer Fahrzeugführ.)	6.199
2	Lebensmittelherstellung und -verarbeitung	3.204
3	Metallerzeugung, -bearbeitung, Metallbau	2.297
4	Medizinische Gesundheitsberufe	2.223
5	Maschinen- und Fahrzeugtechnikberufe	2.036
6	Tourismus-, Hotel- und Gaststättenberufe	1.971
7	Hoch- und Tiefbauberufe	1.488
8	Kunststoff- und Holzherst., -verarbeitung	1.482
9	Reinigungsberufe	1.391
10	Mechatronik-, Energie- und Elektroberufe	1.269

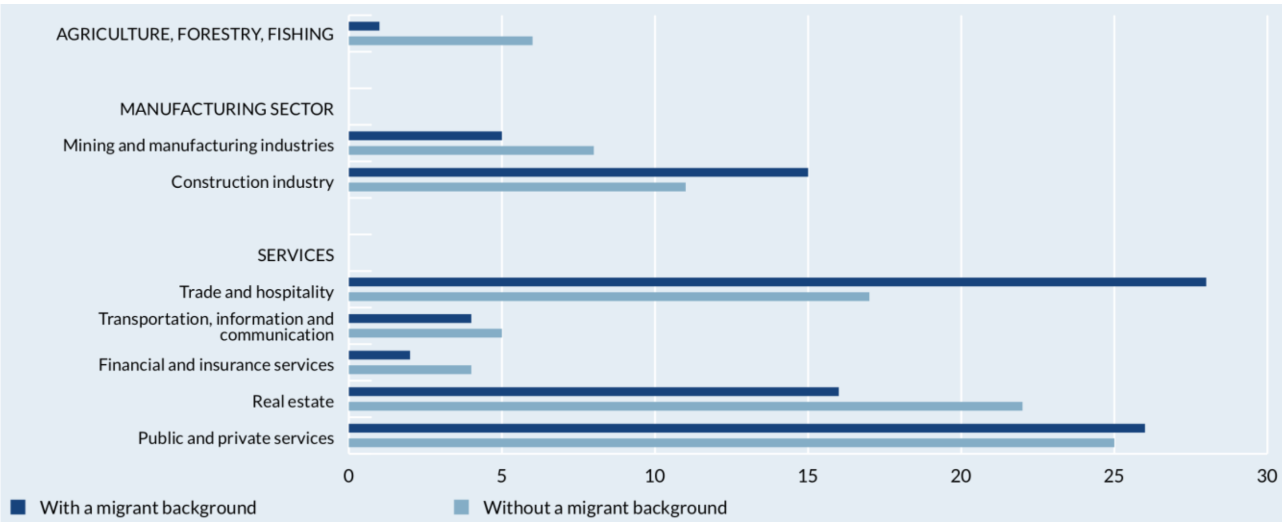
Figure 6: Distribution of occupational sector in Thüringia, 2018

Source: www.iq-thueringen.de Migration und berufliche Integration in Thüringen 2018 Aktuelle Zahlen und Vernetzungsstrukturen in Thüringen.

[35] Migrant Entrepreneurship in Germany from 2005 to 2014. Bertelsmann Stiftung. https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW_Migrant_Entrepreneurs_2016.pdf 03.06.19

As much as 80% population group within the series sector, however, among persons without a migrant backgrounds, this sector's share is only slightly lower, accounting for about 75 percent of the self-employed. Within the services area, larger difference emerge only in two sub-sectors. For example, the share of self-employed with a migrant background in trade and hospitality was significantly larger than the corresponding share of self-employed without a migrant background. The reverse was apparent in the real-estate sub-sector. The share within the manufacturing sector is about 20 percent in both groups, whole agriculture and forestry play a minimal role, with respective shares of 1 percent (of migrant background) and 5 percent (without migrant background). Within the population of the self-employed without a migrant background, only minimal changes were evident in comparison to 2005. By contrast, among the self-employed with a migrant background, the share within the trade and hospitality sector decreased about 10 percentage points.

Figure 7: Distribution of the self-employed within various economic sectors, 2014 in



%

Source: Microcensus 2014. Prognos AG calculations. Bertelsmann Stiftung

LEGAL FRAMEWORK FOR ENTREPRENEURSHIP

The legal framework for starting up company in Germany is the same for all immigrant groups, since 1991, when the law concerning foreigns was revised, even person who has the right to temporary or permanent residence in Germany has the right ti found a company (Leicht et al, 2006).
Migrant entrepreneurs generally have to deal – like native entrepreneurs – with a variety of provisions laid down in commercial law, fiscal law, etc. and rules specific to the entrepreneurial activity (e.g. such as provisions to safeguard public health). However, despite a secure residential status certain provisions have well limited the equal access to the German labour market for migrant entrepreneurs.

According to the New Foreigner Law (NFL), there are two policies related to the following aspects; in Article 1 consists of Politics of integration (Integrationspolitik) and the immigration Act (Zuwanderungsgesezt), whereas Article 2 regulates the free entrance, stay and settlement of EU nationals in EU member state. As the core policy in NFL, Article 1 contains central aspects regarding the promotion and recruitment of skilled and high-skilled personnel. Since 1973 especially, there is a general prohibition of recruitment that enforce a fundamental limitation on admission to the labor market from outside Germany.

However, some processes related to the stay in Germany (such as obtaining Visas, residence permits and permanent residence permits) for high-skilled immigrants and their family are facilitated. Added to that, Foreign entrepreneurs can obtain a residence permit, if the business/investment idea meets the country's particular economic interests, or if there is a regional need that the business idea can accomplish. Educational immigrants have the right to stay for a further year after graduation (since 2012 it became 1.5 year) to look for an appropriate job.

The immigration of foreigners for the purpose of establishing a business is regulated by Article 21 of the Residence Act (Aufenthaltsgesetz) in the context of the New Foreigner Law (Neues Zuwanderungsgesetz). Temporary residence in Germany can be granted under the condition that the business will provide a significant economic contribution. Criteria are a sound business plan, a contribution to innovation and research in Germany, and the necessary experience and capital to establish and manage the proposed business. After three years, and provided that the business has proven to be successful, permanent residence can be granted under certain conditions [36].

According to the law on the regulation of labour migration (Arbeitsmigrationssteuerungsgesetz) of 2008[37] acts as additional legal framework to attract foreign professionals as well as entrepreneurs to Germany. It stipulates the reduction of income limit of high-skilled person from the assessment ceiling of 86,500€ to 63,600€. Additionally, this law also reduce the minimum investment amount of foreign entrepreneurs from 500,000€ to 250,000€. The law also reinforce the recognition of professional degrees that are obtained abroad. This means that, for instance, also asylum seekers have the right for recognition of

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36 BAMF (2014). *Migrationsbericht 2012*. Nürnberg: Bundesministerium für Migration und Flüchtlinge.

37 Law on Labor Market-adequate Management of Immigration of Highly Qualified Persons and on the Amendment of Further Residence Law Regulations (Arbeitsmigrationssteuerungsgesetz) http://dip21.bundestag.de/dip21/btd/16/102/1610288.pdf 03.06.19

qualifications acquired abroad. Furthermore, the objective was to give labour market access to professionals, who previously did not have a work permit due to their legal status. Also, the law on the regulation of labour migration represents an attempt to promote the entrance to and activation of already existing high-skilled persons in Germany.[38]

The law for the improvement of the legislation for international beneficiaries of protection and foreign employees (Gesetz zur Verbesserung der Rechte von international Schutzberechtigten und ausländischen Arbeitnehmern) of August 2013 was designed to enhance the legal framework for both international beneficiaries and foreign employees by ad- dressing foreigners, who already reside or stay in Germany or who are about to receive a residence title. This group of immigrants obtains with this law the right to look for a job, which is appropriate with respect to their qualifications, previous to the obtainment of a residence permit [39].

[38] Aksakal, M. And Schmidt-Verkerk,K. 2014. New Migration Trends in Germany - Characteristics, Actors and Policies COMCAD Arbeitspapiere - Working Papers General Editor: Thomas Faist No. 128. Bielefeld University.

https://www.uni-bielefeld.de/(en)/soz/ab6/ag_faist/downloads/WP_128.pdf 03.06.19

[39] The law for the improvement of the legislation for international beneficiaries of protection and foreign employees http://dipbt.bundestag.de/extrakt/ba/WP17/508/50828.html

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