



Hamburgisches  
WeltWirtschafts  
Institut

MIGRATION RESEARCH GROUP

VOLKSWAGEN FOUNDATION STUDY GROUP  
„INTEGRATION, DIVERSITY AND THE ECONOMY“

FIRST MEETINGS WITH STAKEHOLDERS

APRIL 11TH 2005

HAMBURG INSTITUTE OF INTERNATIONAL ECONOMICS

BRIEF CONCLUSIONS

1. Purpose of the meetings

The purpose of the meetings with the stakeholder groups on the (i) „Economic integration of refugees“ and (ii) „Education and businesses – Turkish entrepreneurship“ was to have a first exchange of views between the stakeholders - practitioners in these fields – and the members of the study group. The main questions put forward to the practitioners related to cultural diversity and its impact on the economy. Points raised referred to factors inhibiting and/or promoting access to the labour market and labour market performance (*list of participants in the annex*).

2. Results with regard to the „Economic integration of refugees“

*Background figures*

Figures on aliens, refugees, asylum seekers and persons with the status of “Duldung” (temporary suspension of deportation) relating to the Hamburg region (as of December 31<sup>st</sup> 2004):

|                                   |         |
|-----------------------------------|---------|
| Total number of aliens:           | 217,737 |
| Of which                          |         |
| Applications for asylum:          | 3,219   |
| Recognised refugees:              | 4,318   |
| Applications for asylum rejected: | 22,688  |
| Granted status of „Duldung“:      | 10,015  |

*Legal and political background*

The economic integration of refugees and asylum seekers is problematic in the context of a German policy which is mainly focused on the return of the persons concerned. To this end, access to the labour market is either not granted at all or only to a limited extent to recognised refugees. Both asylum seekers and persons with the status of “Duldung” are only allowed to work after a period of one year. Access to the labour market for third country nationals is generally subordinated to that of German and EU citizens with decisions basically left to the discretion of the public authorities.

Potential employers have to undergo difficult administrative procedures proving that the person (third-country citizen) is more suited for the job than a German or EU citizen or that no German or EU citizen is available. Such applications for work permits are examined by the public authority for aliens together with the public labour agency. It is thus questionable whether potential employers make extensive efforts for persons who may eventually be returned.

### *Situation of refugees, asylum seekers and persons with the status of "Duldung"*

Many of the persons concerned remain in a transitory status for many years. They do either not have the opportunity to work or work in a job which is not equivalent to their qualifications, given that their education is often not recognised in Germany. Their living expenses are mainly covered by social welfare.

### *Initiatives of NGOs and public authorities*

At the Hamburg level, a project financed through the EQUAL-programme of the EU aims at training/retraining refugees, asylum seekers and persons with the status of "Duldung". In the framework of this project, a study<sup>1</sup> analysed the specific intercultural competences of the participants. As a result, specific intercultural competencies of the participants related i.a. to their multilingualism, their experience with learning languages as adults, their level of motivation to learn and study, their ability to improvise and their flexibility. Furthermore, based on their individual culture, participants had special skills relating to domestic work and craftsmanship.

NGOs involved in the EQUAL-project thus carried out profilings which sought to identify the participants competencies and skills as well as professional and personal interests in order to offer them an appropriate education. In addition, participants were assisted in finding internships which proved to be the most successful way of entering the labour market.

Public authorities are also assisting the EQUAL-project (and other similar projects). As mentioned above, their main aim is not the integration in the German labour market, but the facilitation of participants' access to their domestic labour markets once returned. Public financial support is, however, steadily decreasing. The risk of closing down consultancy agencies – publicly financed - for third country nationals is a growing „grey“ labour market, including the „grey access“ to the market. Third country nationals would thus increasingly turn to informal networks than to official agencies and establishments.

### *Conclusion*

With regard to the economic integration of refugees, asylum seekers and person with the status of „Duldung“ the costs of irregular access to the labour market, social welfare, non-recognition of education, including subsequent retraining, and return fees need to be examined against the inclusion of refugees, asylum seekers and persons with „Duldung“ status in the German labour market.

Specific intercultural competences may be of great interest for an immigration country such as Germany and in particular for Hamburg, which is the region („Land“) in Germany with the highest percentage of aliens.

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<sup>1</sup> Dr. Andreas Hieronymus, Institute for Research about Migration and Racism (iMiR), Hamburg: „Lokaler Arbeitsmarkt, Kompetenzen und Bedarfe der EQUAL-TeilnehmerInnen – Nachfrage und Angebot“

### 3. Results with regard to „Education and businesses – Turkish entrepreneurship“

#### *Figures on the Turkish population and entrepreneurs in Germany and the Hamburg region*

|  |             |
|--|-------------|
| Total foreign population in Germany (Dec. 2004): | 6.7 million |
| Total Turkish population in Germany:             | 1.8 million |
| Turkish population in Hamburg (2003):            | 60,255      |
| Ethnic entrepreneurs in Germany (2004):          | 286,000     |
| Turkish entrepreneurs in Germany (2004):         | 43,000      |
| Including naturalised persons of Turkish origin: | 60,500      |
| Of which female Turkish entrepreneurs:           | 18.6 %      |

#### *Background on Turkish entrepreneurship in Germany*

Since the beginning of the 1990s, the number of Turkish enterprises in Germany has doubled. Amongst all ethnic entrepreneurs, it thus represents the highest growth rate. At the same time, the number of Turkish employees has decreased, which may be one reason for the aforementioned increase in independent businesses.

There is however high fluctuation in ethnic entrepreneurship. The numbers of entrepreneurs who access the market is high, as is the number of businesses which are forced to close down. There has, however, been a net increase in businesses in recent years.

The majority of Turkish entrepreneurs work in (small) commerces (e.g. greengrocers), followed by entrepreneurs in the catering business. 9 out of 10 Turkish catering services relate to fast food (“Döner”)- businesses.

#### *Turkish entrepreneurship: Inhibitory factors*

Inhibitory factors relating to the entrepreneurs:

One major factor that has an inhibitory effect on successful entrepreneurship relates to the level of knowledge of Turkish entrepreneurs about setting up businesses. The lack of knowledge may refer to specific knowledge of business administration, such as drafting a business plan, or to the German language. A good command of the German language is however necessary for coping with the – often seen as cumbersome - administrative procedures in the context of setting up a business.

As mentioned above, given the tense labour market situation which effects aliens in particular – and mainly Turkish citizens - the setting up of a business is in some cases an “emergency solution”. In this context, drafting a business plan, which may lack a sound concept, can entail greater risk of failure. Without a sound business plan, however, banks do not grant start-up loans or micro-credits.

Inhibitory factors relating to the regulatory framework and services:

Many public and private (non-profit) organisations which consult ethnic entrepreneurs offer consultancy often on an adhoc basis for a short time period. However, ethnic entrepreneurs require intense assistance in setting up businesses, also because confidence is rather built on a personal than on an institutional level.

Access to information – such as administrative procedures – is not available in the native language. There is as well a lack of standardised assistance, whether in form of leaflets or electronically.

Another factor relates to the granting of start-up loans and micro-credits. Since the “Basel II-agreement”, banks are more reluctant to grant micro-credits, because these involve high costs. Thus, opportunities for start-up loans have decreased. In the case of Hamburg, the public authority for economic matters is thus offering micro-credits of up to 12,000 Euros to help compensate for these developments in the banking sector.

#### *Turkish entrepreneurship: Special cultural features*

Turkish entrepreneurs as compared to German entrepreneurs take greater risks, not only when setting up businesses, but also with regard to day-to-day decisions. Decisions are taken in a more flexible way. In case of failure they often do not give up for good, but take another chance, since independence represents social and professional advancement.

Furthermore, the cultural specificity seems to refer to a particular service approach. This involves a special proximity to customers and a high personal – including family members – commitment (e.g. long working hours).

Moreover, multilingualism and knowledge of cultural diversity is seen as a particular asset which is, however, not used to maximum benefit. Multilingualism and cultural awareness is of great importance for international commercial relations, and thus of particular interest to a big international trading city such as Hamburg.

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## ANNEX: List of Participants

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### Stakeholders: „Education and Businesses – Turkish Entrepreneurship“

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