



Hamburg, Germany: Entrepreneurs without Borders¹

Name of the policy: Entrepreneurs without Borders

Start date: 2000

Completion date: Ongoing

CONTEXT

Economic and social context of Hamburg

The 'Entrepreneurs without Borders' (*Unternehmer ohne Grenzen* – UoG) policy operates in the city of Hamburg, population 1,774,224, the second largest city in Germany (representing 2.1% of Germany's total population [United Nations 2011]) and the sixth largest city in Europe. Hamburg is one of the 16 Federal States (*Länder*) of Germany. Its port is the third largest port in Europe, and the city is a major transportation hub in Northern Germany. It has become an important media and industrial centre in the country and is also an important tourist destination both for domestic and overseas visitors, receiving about 7.7 million overnight stays in 2008 (Northern Germany Statistics Office 2011). Hamburg companies employ 1.06 million people, or 2.7% of all employed persons in Germany. Hamburg also has the highest per capita GDP

¹ The **Inclusive Cities Observatory** is a space for analysis and reflection on local social inclusion policies. It contains over sixty case studies on innovative policies for community development, access to basic services, gender equality, environmental protection and the eradication of poverty, among others. The initiative has been developed with the scientific support of Prof. Yves Cabannes from the University College of London (15 case studies) and a team of researchers from the Centre for Social Studies (CES) at the University of Coimbra, which has worked under the supervision of Prof. Boaventura de Sousa Santos (50 study cases). This Observatory aims to identify and investigate successful experiences that might inspire other cities to design and implement their own social inclusion policies.

The **Inclusive Cities Observatory** has been created by the Committee on Social Inclusion, Participatory Democracy and Human Rights of UCLG. United Cities and Local Governments (UCLG) is the global platform that represents and defends the interests of local governments before the international community and works to give cities more political influence on global governance. The **Committee on Social Inclusion, Participatory Democracy and Human Rights** aims to contribute to building a common voice for the cities of UCLG in the areas of social inclusion, participatory democracy and human rights. It also aims to guide local governments in designing these policies and to that end, fosters political debates, the exchange of experiences and peer learning among cities around the world.

For more information: www.uclg.org/cisdpo/observatory



(gross domestic product) of all Germany's states, at €49,230 (Hamburg Chamber of Commerce 2011).

In 2002, the Senate (the Hamburg government) launched a programme called 'The Metropolitan Region of Hamburg – A Growing City', a joint initiative by government and the business community to project Hamburg into the premier league of international cities. Hamburg is moving against the nationwide trend of a decreasing rate of immigrants thanks to an open immigration policy, and its population figures have been rising continuously since 1999. Hamburg has 239,371 immigrants (13.5% of the total of the population), one of the largest immigrant communities of the country (Federal Statistical Office 2011).

Migrants' Communities

In the districts of St. Pauli and Wilhelmsburg, areas historically affected by unemployment more than other parts of the city of Hamburg, the majority of the population is migrant and living under particularly difficult economic and social conditions. The districts are a densely populated inner city neighbourhood with a high percentage of unemployed people and people receiving supplementary benefits.

At the same time, a variety of economic activities of Hamburg migrants are concentrated in St. Pauli and Wilhelmsburg. The area is also the location of 'Entrepreneurs without Borders', an association which acts as consultant to solve day-to-day problems for business founders and small and medium-sized entrepreneurs (Harmanci 2004).

Through the urban regeneration program developed by the City of Hamburg, social, employment, and economic policy measures were undertaken – such as the dissemination or development of social services, shops, a business start-up project, office and event rooms, gastronomy, and artistic-therapeutic facilities – with positive results (Lèo-Paul 2007).

The business start-up centre functions as an 'incubator' for mobilization and stabilization processes in the urban district. Founders of a new business from the neighbourhood or its surrounding area are accommodated preferentially. Companies with no relation to the neighbourhood are selected according to possible synergy effects in order to generate positive impacts for the urban district.

Institutional level of policy development: Municipal

COMPREHENSIVE NARRATIVE

Description of the policy

In the city of Hamburg, 'Entrepreneurs without Borders' is a development intercultural organization that supports potential entrepreneurs with a migrant background in urban depressed areas through the establishment of a system of mutual assistance. Entrepreneurs without Borders was created itself as bottom-up initiative by immigrant entrepreneurs who had the idea to create an institution which would act as bridge between immigrants and business start-ups through providing information, qualification, and education, and establishing a wide network of contacts with national, regional, and local policymakers. Its activities aim to include

immigrants in economic and social life, opening up them to viable opportunities to create a personal business. To pursue its goal, the association also organizes trade conferences, holds discussion meetings and cultural meetings, and networks, co-operates, and maintains a regular exchange of experience with relevant regional, national, and international organizations and agencies.

Background / Origins

'Entrepreneurs without Borders' was founded in 2000. The necessity to provide real opportunities in the economic sphere for immigrants in Hamburg came from the recognition of their own rights and aspirations in a challenging environment with structural unemployment. Due to this economic fluctuation, setting up one's own business becomes an attractive alternative for persons with a migratory background, as shown in research conducted by the association. However, language problems, qualifications and capacities, and the need to understand laws and requirements for start-up projects in countries like Germany with complex labour market regulations, tax systems, and business regulations posed the need to create a system of mutual assistance for ethnic minorities. In the light of these barriers, ethnic minority entrepreneurs decided to set up a system of mutual assistance. Thus, 'Entrepreneurs without Borders' started a counselling services concerning self-employment. In this system, experienced entrepreneurs – migrants with their own experience in the field – helped aspiring entrepreneurs to obtain the necessary knowledge to comply with the necessary laws and regulations.

Policy objectives

The overall aim of the policy is to promote economic self-employment by persons with an immigrant background. To do so, a network of information providers was set up and advisory services in several districts of the city of Hamburg were localized to bridge migrants and economic existing initiatives. At the policy level, given the lack of immigrant entrepreneurs and representatives in chambers of commerce and key institutions, 'Entrepreneurs without Borders' also acts as a lobby organization for ethnic entrepreneurs.

Main activities of the policy

The overall mission is undertaken through several means:

- Strengthening the immigrants' potential;
- Guidance and advisory services for business founders and entrepreneurs;
- Activation of training and potential work for immigrant businesses;
- Promotion and networking of small and medium-sized enterprises;
- Building authorities' and institutions' awareness of the needs of migrants;
- Organization of conferences, debates, and cultural events; and
- Networking, cooperation, and regular exchange of experiences with relevant regional, national, and international organizations.

The 'Entrepreneur without Borders' programme offers the following services:

1. *Counselling services* and advice on all aspects of running a business;
2. *Seminars and briefings* on different aspects of business, ranging from legal and fiscal issues (labour law, income tax, and corporate tax), to social security legislation;
3. *Training courses* on the subjects of financing, production, investment, and marketing;
4. Provision of fundamental knowledge in the field of *business planning* since entrepreneurs' applications for potential funds require effective and clear business proposals;
5. *Organizing events* that bring together entrepreneurs and other important groups (e.g., bank representatives or policymakers), such as the forum for female entrepreneurs; and
6. *Access through networks* to relevant institutions and local and regional business structures, which is crucial for the sustainability of the businesses.

Thus, the overall production of knowledge related to business structures for immigrants is provided through actions which aim to build capacities, not aid-dependence. As part of this, 'Entrepreneurs without Borders' undertakes surveys and monitors how potential entrepreneurs were able to set up a business, and learns about the qualification requirements of immigrant entrepreneurs.

Chronological development and implementation of the practice

Since its founding in 2000, 'Entrepreneurs without Borders' has developed several projects founded by the City of Hamburg and European Social Fund. The first project (in 2001) was the *Centre for Business Start-ups and Companies of Migrants*, which focused on giving expert advice and comprehensive information about the start-up business process and requirements; individual counselling; assistance in business plan creation; information on financing and funding opportunities and support for applications; assistance in site selection; access to the expert opinions of authorities, offices, chambers, and banks; and monitoring before and during the start-up.

In the overall context of urban development and neighbourhood economy, the organization works with the planning office of the City of Hamburg to find the best solutions in locating new businesses. It thus plays a central role to ensure the basic needs of the district population and to further concentrate the crisis-sensitive industries there. In 2005, for instance, the project *Dienstleistungsagentur für Migrantenbetriebe* (The Service Agency for Immigrant Businesses) started, which focuses on consolidating existing enterprises and jobs by professionalizing and qualifying measures and also through training opportunities, public relations, and lobbying work in Hamburg, in the northern German region, and in a nationwide network of other supporters and immigrant businesses.

Agents involved

'Entrepreneurs without Borders' is a semi-public organization funded by the City of Hamburg and the European Social Fund. Its members belong to different nationalities representing the ethnic minorities present in the German city. The activities undertaken by the association are closely developed with the City of Hamburg and its various departments.

Beneficiaries



According to data published by the Institute for Migrant and Ethnic Studies (IMES 2008), the beneficiaries who make use of the services of UoG are entrepreneurs, both of start-ups and existing business. Most entrepreneurs have a Turkish background (53%). Another important group, who consider themselves German immigrant (10.5%), are re-settlers from Kazakhstan, Russia, Ukraine, or Poland and also persons born in Germany, even if they are of Turkish origin. About 10% of entrepreneurs come from Eastern Europe, 5% from Iran, 5% from Africa, and 3.5% from Latin American countries. The remaining 10% have German ancestry (IMES 2008: 69).

The majority of potential entrepreneurs who require assistance are in the young-adult phase of life, between 26 and 45 years old; there are more men than women; and most of the clients assisted are unemployed.

Participation processes implemented

A very important aspect of UoG is that most of the services are provided in the main language of the target group (mainly Turkish, but also Russian, English, Spanish, and French). This reduces miscommunication and loss of relevant information due to language problems. For instance, the information sheet *Wegweiser für Existenzgründer (Guidelines for Start-ups)* is available in Persian, Polish, Russian, Turkish, and German. Most services are free of charge; a participation fee is only requested for special services. This is possible thanks to the external funding of the City of Hamburg and the European Social Fund. Over time, Entrepreneurs without Borders has become an important partner for the City of Hamburg in issues related to migrant needs and to their potential as entrepreneurs.

Financing

The City of Hamburg and the European Social Fund finance the organization and its projects. The annual budget is € 280,000.

Key results and achievements

About 1,500 immigrants made use of the counselling service of the UoG over the 2001-2005 period. The typology of services provided by UoG is illustrated in Table 1.

Table 1. Services provided by 'Entrepreneurs without Borders' (UoG)

Type of service	2001	2002	2003	2004	2005	Total period
General information	2	9	62	123	142	338
Orientation consultation	5	59	78	60	56	258
Start-up consultation	13	110	176	147	100	546
Business plan creation	6	22	47	43	60	178
Follow-up consultation	6	40	31	37	33	147
Totals	32	240	394	410	391	1467

Source: Institute for Migrant and Ethnic Studies (IMES) (2008)

According to the results of an evaluation carried out by the University of Applied Science of Hamburg in 2006, 90% of immigrants that made use of UoG services were satisfied. Even the clients that did not start a business were satisfied with the services provided by UoG.

Other outputs:

- 'Entrepreneurs without Borders' annually manages to assist an estimated 150 start-ups on a € 280,000 budget. The start-up survival rate is 73% (IMES 2008).
- Regarding UoG's training services, a total of 612 immigrants participated in training sessions and seminars during the 2001-2005 period.
- In addition to the direct impact of start-ups, UoG also raised awareness for ethnic minority entrepreneurship among local authorities and other business training institutions.
- In Hamburg, other institutions in the field of business start-ups recognize and use UoG's competencies and experiences.
- 'Entrepreneurs without Borders' created an online discussion platform on which immigrant entrepreneurs can share their experiences.
- UoG successfully integrated well-established, widely respected businessmen into its networks. This has given the project a positive and profound reputation.

Prize

For his entrepreneurial commitment in 2006, the organization received the Integration Prize from the Integration Council of the City of Hamburg for the project 'Ethnic economies as stabilising factors in underprivileged neighbourhoods' and in 2007 it was selected by the European Commission as a good practice example in the 'promotion of economic migrants'.

Main obstacles

The results of an evaluation by the University of Applied Science of Hamburg indicate a need to improve knowledge and services in the area of fiscal issues, state funding, and financing.

Replicability or adaptation of the policy elsewhere

One prerequisite for reproducing this experience is the creation of an effective system of mutual assistance in which experienced migrant entrepreneurs support capacity building in potential entrepreneurs and provide relevant services such as counselling. This support is also essential both to build knowledge of local market conditions and to access the networks of local businesses actors. These are two key elements for the effective inclusion of migrant groups in social and economic spheres. A final precondition is the availability of different native speakers among the association workers, which allows for good, immediate communication with the potential entrepreneurs.



SUMMARY

'Entrepreneurs without Borders' (*Unternehmer ohne Grenzen* – UoG) is an intercultural development organization in the city of Hamburg, founded in 2000, that supports potential entrepreneurs with a migratory background in urban depressed areas through a system of mutual assistance. 'Entrepreneurs without Borders' was created as bottom-up initiative by immigrant entrepreneurs to act as a bridge between immigrants and business and to enable immigrants to create businesses through providing information, qualification, and education, and by establishing a wide network of contacts with national, regional, and local policymakers. Its activities aim to include immigrants in economic and social life, opening up them to viable opportunities to create personal businesses. To pursue this goal, the association also performs other tasks such as organizing trade conferences, discussion meetings, and cultural meetings, and networking, co-operating, and regularly exchanging experiences with regional, national, and international agencies. In the context of a strong presence of immigrants in the city of Hamburg and issues related to language problems, qualifications and capacities, and understanding laws and requirements for start-up projects (especially in countries like Germany with complex labour market regulations, tax systems, and business regulations), 'Entrepreneurs without Borders' bases its work on providing real opportunities in the economic sphere, recognizing migrants' rights and aspirations in a challenging environment with structural unemployment. Creating a system of mutual assistance, 'Entrepreneurs without Borders' is a counselling services concerning self-employment: experienced entrepreneurs – migrants with their own experience in the field – help aspiring entrepreneurs to obtain the necessary knowledge to comply with necessary laws and regulations. The distance between immigrants and economic opportunities/initiatives is therefore reduced. Proximity is also created through the establishment of forums and platforms with key business institutions, where UoG acts as lobby organization for immigrant entrepreneurs, and the creation of a network of information providers with advisory services located in several districts of the city of Hamburg. 'Entrepreneurs without Borders' is financed by the City of Hamburg and European Social Funds. The beneficiaries are entrepreneurs of immigrant origin, with both start-up and existing businesses. About 1,500 immigrants made use of UoG counselling services over the 2001-2005 period. An evaluation conducted by the University of Applied Science of Hamburg indicated a need for improvement in the area of fiscal issues, state funding, and financing.

For more information:

Unternehmen ohne grenzen website: <http://www.uog-ev.de>

Committee on Social Inclusion, Participatory Democracy and Human Rights of United Cities and Local Governments (UCLG):

Tlf: + 34 93 342 87 70

<http://www.uclg.org/cisdp/>



Acknowledgements / Credits

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