

Startup-Kultur

Immigrants are bringing entrepreneurial flair to Germany

While native Germans are growing less eager to start businesses, new arrivals are ever more so



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GERMANS are famous for hard work and efficiency, but not necessarily for entrepreneurialism. They are less likely to start a new business than Americans, Swedes or even the French (see chart). But the country's recent wave of immigration appears to be giving its startup rate a boost. In 2015, 44% of newly registered businesses in Germany were founded by people with foreign passports, up from just 13% in 2003. In all, about one-fifth of those engaged in entrepreneurial activity were born abroad.

That is likely to grow with the arrival of over a million refugees in the past two years. The number of self-employed people with a Middle Eastern background rose by almost two-thirds between 2005 and 2014, according to René Leicht and Stefan Berwing,

researchers at the University of Mannheim. “There has been a marked increase in founding activity by people from Syria, Iraq and Afghanistan,” says Maik Leonhardt of IHK Berlin, an association of small and medium enterprises.

Some refugees come to Germany already dreaming of running their own firm. Iyad Slik’s family has a confectionery company in Syria, and when he arrived in Berlin three years ago he set out to recreate it. “We broke even for the first time last year,” says Mr Slik. His mission to convert Germans to eating candied fruit and nougat squares stuffed with Syrian pistachios is succeeding: he already counts KaDeWe, a high-end department store, and the glitzy Hotel Adlon among his clients.

Others become entrepreneurs by default. Hussein Shaker, a computer programmer, did not plan to set up a business when he came to Germany: “I just wanted a job in tech.” Stuck in a call centre, Mr Shaker realised that he was not the only one among his Syrian friends working beneath their qualifications. Together with partners from Berlin’s startup scene, he set up a website for refugees, MigrantHire, which currently matches 13,000 job-seekers with about 2,000 open positions.

Entrepreneurship among immigrants stems partly from difficulty gaining access to the regular labour market. Many start-ups in the past decade were launched by eastern Europeans whose countries had been admitted to the European Union but who did not yet enjoy full working rights in other EU states. Self-employment offers better prospects for ambitious immigrants, says Mr Leicht: “Their incomes rise faster, they tend to do things more in line with their qualification and discrimination is less of a problem.” Applicants with foreign-sounding names find it harder to get job interviews with German firms. In a survey of migrant entrepreneurs by KfW, a German development bank, a third said they saw no other way to make a living.

Entrepreneurship is certainly not easy in Germany: the World Bank ranks it a dismal 114th in the world for ease of starting a business. Integration programmes in job centres mostly direct immigrants into language classes and regular employment rather than encouraging them to do their own thing. And navigating the bureaucracy can be hard. “There are so many rules and legal issues that nobody tells you about,” says Mr Shaker. Indeed, Germans



themselves have become more reluctant to become entrepreneurs, especially with the unemployment rate low. The number of self-employed natives fell by 3% from 2005 to 2015.

One reason immigrants are more enthusiastic about start-ups is that they are, by nature or necessity, risk-takers. For the many who have fled civil war, crossed the Mediterranean and walked across much of Europe, dealing with German bureaucracy and obtaining a line of credit hardly seem daunting.

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