

Work Package 5 Political Strategies and Transfer

Group of activities 5.1 Political strategies

Action Plan: Immigrants as entrepreneurs

The main output consists of a policy strategy and action programs to strongly support SME transfers to ensure the innovative continuation of the enterprises and the maintenance of the jobs. The program integrates four action plans for the promotion of target groups “SME successors”, which are so far underrepresented and which are essential to achieve the necessary increase in the number of entrepreneurs in general as well as SME successors, especially in all BSR countries.

This action plan concerns immigrants, that show a much higher entrepreneurship share in their original home countries and often entrepreneurial spirit that can be used also in SMEs of their new home countries

Immigrants as entrepreneurs

Introduction

The importance of entrepreneurs with foreign origin is growing, as they can be a driving force behind creating jobs for the local economy. For example, there are now more than 740,000 immigrant entrepreneurs in Germany who contribute more than two million jobs to the economy as a whole. Immigrants set up companies mainly in the construction industry and in the area of knowhow and technology-centered services. This development is evidence of a significant modernization of the range of services offered by immigrant-owned start-ups.

Current studies confirm:

- The failure of SME take-overs and the associated loss of jobs in many EU countries is caused by the large and growing shortage of qualified successors under the current conditions.
- Over the next 10 years, 500,000 companies with around 2 million jobs in the EU will have to be handed over to a successor every year, at least a third of these handovers is in danger of failing.
- Immigrants can make a decisive contribution to closing this large and growing entrepreneurial gap. There is no denying that the entrepreneurial potential among immigrants needs to be tapped.
- There is much to be gained from attracting entrepreneurially ambitious immigrants to the local economy through appropriate offers.
- By utilizing the entrepreneurial potential of immigrants, the number of self-employed entrepreneurs can be increased significantly, and the necessary business start-ups and business transfers can be secured.
- Achieving a much higher self-employment rate among immigrants and refugees will promote fast and effective integration.

Therefore, immigrants, like locals, must be able to take advantage of all the support they need to become self-employed. In particular, bureaucratic and formal hurdles must be removed. They also need additional specific funding, particularly in three areas:

a) Fast and reliable assessment of competences

Professional qualification recognition procedures are often very lengthy, involve a lot of bureaucracy and are disproportionate or unnecessary with regard to self-employment in many professions and fields of activity.

b) Improvement of qualifications;

Many immigrants who are self-employed are often less qualified than local entre-

preneurs. The success rate of start-ups by immigrants is significantly lower than that of locals. The sustainability of start-ups and company takeovers by immigrants must be promoted through improved qualifications.

- c) Improvement of information and accompanying training.
Immigrants verifiable manner have a particularly high need for information. Because of existing of the language and culture barrier, so they need a comprehensive information network and intensive training.

Fast and reliable assessment of competences

Severe shortage of skilled workers and young entrepreneurs in a country can no longer be effectively compensated for by immigration from the neighboring countries. For example, in most Baltic Sea Region countries, the number of younger workers will decrease by up to 30% by 2030. For economic reasons alone, immigrants could be very welcome in many EU countries.

However, excessive reliance on certificates, legal regulations and bureaucratic processes severely hampers the start of self-employment for immigrants. The formal and bureaucratic recognition of qualifications is often a major obstacle.

In Germany, for example, the process of recognition of qualifications acquired in one's home country is particularly difficult and lengthy. This is often linked to long retraining or new vocational training done in order to achieve the German qualification. The German system of dual initial vocational training is world class, serving as the foundation of German economic success. The German Meister title is also highly recognized abroad at the level of further training. In other European countries there are also proven and recognized training and further training courses. But the tried and tested national paths for achieving high levels of vocational competence must be supplemented by alternative and practice-oriented paths for special target groups (cf. the findings and results of the VALIKOM project at: <http://www.validierungsverfahren.de>).

After a relatively short adaptation qualification to learn country-specific characteristics in the host country, migrants who have extensive vocational competences must be able to be fully deployed and also paid for after a few months. Provided that the identification of the necessary professional competences has been carried out by a team of practice specialists, the aim should be to obtain a permit to carry out professional activities without the need to obtain the official qualification of the host country. This would eliminate the need for extensive training courses and examinations.

A similar situation applies to self-employment. For various professions and fields of activity, such as doctors, lawyers etc. or for professional activities with a potentially high risk, a person can start self-employment only with qualifications recognized in the host country.

In Germany, for example, for 53 skilled trades, self-employment is tied to the so-called master craftsman's certificate or a comparable qualification. But there are also

43 skilled trades and 54 craft-like trades which do not require any official qualifications to start self-employment. A large variety of non-licensed professions and activities also exist in other economic sectors. In all of these professions and fields of activity, immigrants who have a well-founded professional practice and good entrepreneurial potential must be qualified as entrepreneurs in the host country in a relatively short period of time of few months and quickly integrated into working life as successor entrepreneurs or business founders.

It is particularly problematic when migrants are not available to the labor market in the host country during recognition procedures and retraining, which can take several years. Despite their significant, often informally acquired, skills and experience, they may have to start professionally again at an advanced age and may not be allowed to work for a long time.

One problem with the counselling and qualification of migrants is that the longer the migrants are looked after by these institutions, the more successful they are economically.

Such a system must be changed in such a way that above all the successful integration of migrants as independent entrepreneurs is financed. Indicators for the successful integration of migrants are, for example, the opening or continuation of a business and the recruitment of several employees as well as the existence of the business for at least 3 - 5 years.

A greatly delayed integration frustrates immigrants to a great extent, who are not allowed to work although they would like to contribute their skills to society. The economy, which suffers from a shortage of skilled workers and managers, has to wait a long time for the urgently needed skilled workers and entrepreneurs. The fact that migrants are not allowed to work for a long time increases rejection among the local population.

For all professions and fields of activity for which no qualification is required for self-employment, there should be no compulsory recognition of skills already acquired, no corresponding retraining and no recognition of a vocational training qualification. Instead, an assessment should be used to identify entrepreneurial potential in practice, possibly in conjunction with a probationary phase, and on this basis individual plans should be drawn up for the necessary qualifications and procedures up to the point of taking up self-employment.

A corresponding assessment was successfully developed and implemented in the "Innovative Business Transfer Models for SMEs in the BSR"¹ project. This procedure was also modified with regard to the specific conditions and needs of immigrants and successfully tested with around 100 immigrants in different countries. It is available free of charge in an electronic and written form with detailed instructions. In the fu-

¹See Innovative Business Transfer Models for SMEs in the BSR: Entrepreneurial potential, Baltic Sea Academy, Hamburg 2020

ture, it should be used in all countries in the Baltic Sea Region to attract immigrants as entrepreneurs.

Improvement of qualifications

Just like in the case of the identification of entrepreneurial skills, it is essential that the implementation of the following training courses is fully financed from public funds in order to ensure the much-needed new generation of highly qualified entrepreneurs. The associated costs are very low compared to the high economic profits. In addition, it generates considerable cost savings for the host countries, because the high cost of living and training of the young workers was incurred in the immigrants' home countries.

Language training

Language training at the B2 level must be mandatory. It is recommended to use training that is specifically tailored to immigrants as prospective entrepreneurs. Corresponding concepts and curricula are available.²Language training will typically consist of 240 lessons. In addition to regular classes, an online course should be set up on a suitable learning platform to support the communication and collaborative learning among the participants. If necessary, further language training can be combined with professional training.

Motivation and creativity training

Experience has shown that many immigrants already have more or less concrete ideas for self-employment and are eager to begin self-employment as quickly as possible. A one-and-a-half or two-day motivation and creativity training course makes an important contribution to achieving the overarching objective of "increasing the number of young entrepreneurs to ensure company transfers". Accordingly, it is the aim of the training that at the end, the participants have a realistic idea of their own motivations and have developed one or more specific innovative ideas for starting self-employment. For this purpose, the first part of the training includes an individual assessment of one's own motivation and ideas behind the desire to be an entrepreneur. In the second part, innovative business ideas for entrepreneurial activity are developed, reviewed and consolidated in individual and group work.

The training is aimed at all people who have a basic interest in self-employment. The basic interest and a certain degree of suitability to be an entrepreneur should have been determined in advance. In this respect, it is particularly advisable to carry out the training immediately after the assessment of entrepreneurial potential for those people who have exhibited potential and interest in entrepreneurship in the course of these tests and consultations. However, the training can be used independently of

²For example, see *New Skills for New Entrepreneurs - Attracting and Training Immigrants as Business Successors: Language Training*, Institute for Applied Commercial Research, Vienna 2018

these tests at all other levels of training and consultancy on the way to becoming self-employed.

The training is particularly suitable for attracting new and previously underrepresented target groups for self-employment.

In the "Innovative Business Transfer Models for SMEs in the BSR" project, such training was successfully developed and implemented, and it is available for use free of charge.³

Entrepreneurship Training

As part of the competence assessment and the individual qualification plans based on it, as well as internships in companies, the entrepreneurial qualifications the immigrants need are identified in order to enable them to begin the planned self-employment as effectively as possible. Accordingly, each immigrant should complete selected or, if necessary, all modules of the entrepreneurship training.

Each participant should be given the opportunity to complete all modules of the entrepreneurship training over a period of about five years after starting self-employment, to take an official final examination and to acquire recognized further professional qualifications from the host country.

Such entrepreneurship training has been successfully developed specifically for immigrants and has already been implemented in various countries.⁴ The content of the curriculum is based on entrepreneurial qualifications that are suitable for the establishment or takeover of small and medium-sized companies. In addition, the curriculum also reflects a basic understanding of the entrepreneurial activities in predominantly market-based societies with liberal-democratic systems, especially in Western and, to some extent, Eastern Europe. Thus, the expansion of skills and qualifications of immigrants through the training can significantly boost cultural integration, apart from contributing to economic integration.

The curriculum is divided into module groups. There are entry modules, core modules and elective modules. The content in the introductory modules provides a basic overview of the key operational and economic considerations that a company founder or company acquirer should make in order to increase their chances in an often highly competitive market. The introductory modules include basic content, which in some cases is later covered in much more detail in the core and / or elective modules.

On the one hand, this duality can deepen and consolidate the knowledge and competences of those participants who generally still have limited learning requirements (e.g. language skills, cultural and economic knowledge and experience, etc.). On the other hand, the educational institutions can act flexibly in terms of content and

³See Innovative Business Transfer Models for SMEs in the BSR: Motivation & ideas for takeovers, Berufsakademie Hamburg, 2020

⁴For example, see New Skills for New Entrepreneurs - Attracting and Training Immigrants as Business Successors: Curriculum Entrepreneurship Training, Hamburg University of Applied Sciences, 2018

scheduling for the participants who already have higher learning requirements and, for example, combine thematic units from different modules or adjust the timeframe to suit the needs of the target groups.

Start-up and takeover training

While the above qualifications are strictly done on a voluntary basis, start-up and takeover training should be mandatory for immigrants and also for locals. The training comprises approximately 16 lessons and can be done two days a week or at weekends or five to six evenings a week.

The participants already have a concrete, mature plan for setting up a business or taking over a company, which will be implemented in the near future. However, they lack thorough knowledge of business management matters to be able to effectively continue to run a new business once it has started. Serious mistakes are made right at the beginning of a business activity and can lead to a premature end of an enterprise. The initial phase, being an important milestone for company successors, is still connected with a lot of challenges and uncertainty.

For educational and pragmatic reasons, the necessary knowledge can be illustrated using the structure and idea of a business plan. Therefore, the business plan concept constitutes the focus of the training for founders and successors. In addition, the issue of financing / liquidity poses many challenges for a number of business founders and successors. For this reason, this module should be compulsory to supplement the business plan module.

The business plan is the central planning tool for the preparation of a company foundation or company expansion. It systematically presents the business opportunities and risks as well as the steps of the implementation. The business plan serves in particular to communicate with potential investors and therefore plays an important role in obtaining the financial resources that are required to implement the business plan.

The training also teaches administrative duties and basic elements of legal regulations.

The concept and curriculum for this type of training, which should be introduced in all Baltic Sea Region countries, was successfully developed and implemented as part of the "Innovative Business Transfer Models for SMEs in the BSR" project; it is available free of charge.⁵

Improvement of information and accompanying training.

The entire action program to support immigrants as entrepreneurs comprises the following phases:

- An assessment lasting about half a day to determine entrepreneurial potential and to establish individual integration plans.

⁵See Innovative Business Transfer Models for SMEs in the BSR: Training for successors - Preparation to take over SMEs, Berufsakademie Hamburg and Baltic Sea Academy, Hamburg 2020

- Tailored language training, which can also be combined with professional training.
- This is followed by a two-day motivation and creativity training course in which ideas and plans for self-employment in the host country are developed.
- The immigrants then complete several-week internships in different companies and at the same time receive entrepreneurial qualifications tailored to their individual needs.
- The accompanying training supports the immigrants until they have started their own business or have taken over an existing company.

The immigrants need comprehensive information and repeated intensive individual counselling during all program phases, from the assessment of existing competences until after a successful takeover or founding of a business. During all phases, immigrants should receive accompanying training from a professional coach. If possible, one coach should be assigned over the course of the entire process, so that each immigrant has the same contact person with whom a relationship of trust is developed.

The coaching process has to be particularly intensively after a successful entrepreneurial training on the preparation and implementation of a business start-up or takeover. It comprises the following phases and activities.

Coaching-Phase		Activities	Coaching Tasks
No	Titel		
1	Assessment of Competences	Self-assessment with electronic tool	+ Attracting and advising participants
		External assessment through interviews	+ Participation as interview partner + Ensuring further support for participants not continuing in the project
2	Motivation & Creativity Seminar	Conducting the motivation & creativity seminar	+ Advisory support + Participation as lecturer + Preparation of the next phases + Ensuring further support for participants not continuing in the project
3	Language Training	Conducting the language training, if needed	+ Advisory Support + Preparation of the next phases + Ensuring further support for participants not continuing in the project
4	Entrepreneurship Training	Conducting the entrepreneurship training & internships	+ Advisory support + Organisation of internships + Demand-oriented additional training + Ensuring further support for participants not continuing in the project
5	Founder or Successor Trainings	Conducting the company takeover or business start-up training	+ Advisory support + Participation as lecturer + Assistance with planning & preparation of documents

6	Company takeover or business start-up	Realisations of company takeovers and business start-ups	+ intensive consultations + Establishment of contacts + Assistance with funding, financing, etc. + Matchmaking for business transfers
1 - 6			+ constant contact person + Advice on all professional and technical questions + Assistance and referrals in all matters

The entire qualification and coaching program is composed of different components.

- After the assessment of existing competences, skills and dispositions as well as the creation of individual qualification and integration plans based on this assessment, a tailored language training starts. The language course can be carried out completely before the entrepreneurial training or in parts alongside the entrepreneurial training.
- During the language training period, a two-day motivation and idea-finding seminar is held
 - a) to specifically promote and strengthen individual motivation to perform the tasks of an entrepreneur.
 - b) to train creativity and the ability to innovate as well as to develop individual ideas and plans for future business activities.
- The next phase involves entrepreneurial training. The training program consists of individual modules and should be carried out in three blocks of approximately two months each. Depending on their skills and qualifications, the participants can choose to
 - a) complete the entire training program and obtain a recognized qualification.
 - b) complete only certain modules of the training program.
- During the implementation of the training program, approximately three four-week internships should be carried out in different companies.
- During the training program and internships, the central adviser/coach helps to specify the plans for taking over or founding a company, to establish appropriate contacts, etc. On this basis, an approximately two-day preparatory seminar for the takeover or founding of a company is then held.
- This is followed by the implementation of a takeover or the establishment of a business, which is intensively supported by the coach until a successful completion.
- This implementation phase involves intensive individual advising from the coach. Follow-up training is also carried out as required, which may be implemented as part of existing educational programs together with other participants.

During these phases, the coach provides the following services to immigrants in particular.

- a) The idea-finding and motivation training, as well as individual coaching on the creation and specification of plans for a business takeover and business foundation.
- b) Establishing contacts with relevant funding agencies, financing institutions, administrative bodies, etc.
- c) Arrangement of internships in companies.
- d) Supply of companies that are planning to hand over a business.
- e) Organization of follow-up training,
- f) Individual coaching and support of the takeover or start-up process.
- g) Providing comprehensive advice as well as all necessary services and assistance both for the immigrants and for the companies involved.

The takeover or start-up process can already begin during the entrepreneurial training or during the implementation of the company internships, and should be successfully completed no later than six months after the completion of the entrepreneur training.

Model for the structure and sequence of the training and coaching programme

Month	Assessment	Individual Plans	Language Training	Motivation & Creativity T.	Entrepreneurial Train.	Internships in SMEs	Additional Train.	Preparation Seminars	Take-over or Start-ups	Coaching & Consultations
1	Yellow	Brown								Yellow
2			Light Blue	Purple						Yellow
3			Light Blue		Green				Red	Yellow
4					Green					Yellow
5						Light Green			Red	Yellow
6					Green					Yellow
7					Green				Red	Yellow
8						Light Green				Yellow
9					Green				Red	Yellow
10					Green					Yellow
11						Light Green		Orange	Red	Yellow
12							Blue			Yellow
13									Red	Yellow
14							Blue		Red	Yellow
15									Red	Yellow
26									Red	Yellow

Pro-active immigrant policy

A pro-active, far-reaching and business-friendly policy for immigrants who want to start their own business is essential. In addition, targeted recruitment and appropriate offers should be made in order to significantly and sustainably increase the number of entrepreneurial immigrants in the Baltic Sea Region countries. Immigrants should also be fully supported through the measures of this action plan so that as many of them start their own business as possible.

A limitation of the residence permit to, for example, three years is too short to overcome often adverse conditions and to master tough operational processes. Such time limits reduce the recognition of a welcome culture among migrants. Moreover, two essential needs are very much affected by this: Striving for (planning) security and recognizing perspectives for shaping life for oneself and others. The business goals can rarely be successfully implemented in a very limited period of 3 years. A temporary residence permit should be valid for a minimum of five years to enable self-employment and should include quick and straightforward extension options without excessive bureaucracy.

In addition, measures to design an aggressive migration policy should be regularly checked and, if necessary, adapted to changing framework conditions and new knowledge from research and practice.

Immigration policy shall be flexible, to reflect country-specific needs. Cooperation within the EU does not mean to get all countries and regions into line, but rather to promote different cultures, regional specifics and liveliness by their diversity. Accordingly, each member state should define its own immigration policy, while the EU would “only” advise and check for compliance with overarching common objectives and basic values, like especially human rights.

Admission of refugees shall also be regulated at the level of member countries. A balance must be struck between country-specific political, economic and universal humanitarian interests. A blanket definition of admission quotas obviously does not yet compensate for this.

If some countries have high expenses for the integration of migrants, the burden must be borne jointly. Countries with an refugee admission quota of zero or close to zero, by measure of their population, will need to do compensatory payments to refugee-admitting countries for their incurred costs of admission and integration.

Financing of the proposed strategies – assessment, language training, professional qualification, coaching and integration programs – shall be financed from public funds. Where possible, such funding should be performance-oriented, e.g. 50 percent of funding as flat rate, while the remainder would be success-based. Carrier institutions should get a financial reward only in case of shortest possible and sustainable integration success, whereas they shall not benefit from, e.g., the duration period of their support measures.