



Inclusive Entrepreneurship Policies, Country Assessment Notes

Germany, 2017



Acknowledgements

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Prof. Dr. Rolf Sternberg at the Leibniz Universität Hannover. David Halabisky and Cynthia Lavison of the CFE undertook additional drafting and editing of the note under the direction of Dr. Jonathan Potter, also of the CFE.

A steering group was consulted during the preparation of this note. The steering group was co-led by the OECD Secretariat and the Federal Ministry of Economic Affairs and Energy.

This note benefited from feedback and suggestions provided by Guy Lejeune of the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*):

00 800 6 7 8 9 10 11

(* The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Legal notice

This note was prepared with the financial support of the European Commission, Directorate- General for Employment, Social Affairs and Inclusion.

The opinions expressed and arguments employed herein do not necessarily reflect the official views of the OECD member countries or the position of the European Commission.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

1. Note by Turkey:

The information in this document with reference to 'Cyprus' relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the 'Cyprus issue'.

2. Note by all the European Union Member States of the OECD and the European Commission:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

The links in this publication were correct at the time the manuscript was completed.

For any use or reproduction of photos which are not under OECD/European Union copyright, permission must be sought directly from the copyright holder(s).

More information on the European Union is available on the internet (<http://europa.eu>).

More information on the OECD is available on the internet (<http://www.oecd.org>).

© OECD/European Union, 2017

Reproduction is authorised provided the source is acknowledged.

FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group or personal characteristics. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

The self-employment rate in Germany is relatively low compared to European Union (EU) average. In 2016, the German self-employment rate was 9.3% relative to 14.0% for the EU. Germans were also less likely than the EU average to expect to start a business over the 2012-16 period (9.4% vs. 13.0%). This held true for population groups such as youth (14.1% vs. 21.3%) and women (7.1% vs. 10.2%) over the same period. A range of policies and initiatives are in place at the national, regional and local levels to make entrepreneurship more inclusive. Tailored entrepreneurship support is well established for some target groups such as women and educated youth, but less so for other groups such as older people and people with disabilities. While many inclusive entrepreneurship policies and programmes have been successful, there is scope to address some of the gaps in the support system, notably for immigrants.

This note is the second in a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2017 notes place a special focus on describing the characteristics of self-employment in each country.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

ABBREVIATIONS

BAND	<i>Business Angels Netzwerk Deutschland</i> (Business Angels Network Germany)
bga	<i>Bundesweite Gründerinnenagentur</i>
BMAS	<i>Bundesministerium für Arbeit und Soziales</i> (German Federal Ministry of Labour and Social Affairs)
BMBF	<i>Bundesministerium für Bildung und Forschung</i> (German Federal Ministry for Education and Research)
BMFSFJ	<i>Bundesministerium für Familie, Senioren, Frauen und Jugend</i> (German Federal Ministry for Family Affairs, Seniors, Women and Youth)
BMWi	<i>Bundesministerium für Wirtschaft und Energie</i> (German Federal Ministry for Economic Affairs and Energy)
DIHK	<i>Deutscher Industrie- und Handelskammertag</i> (Association of German Chambers of Industry and Commerce)
ESF	European Social Fund
GEM	Global Entrepreneurship Monitor
IHK	<i>Industrie- und Handelskammer</i> (Chambers of Industry and Commerce)
ISCED	International Standard Classification of Education
KfW	<i>Kreditanstalt für Wiederaufbau</i> (Credit Institute for Reconstruction)
MFI	<i>Mikrofinanzinstitut</i> (Microfinance Institute)
NES	National Expert Survey
RKW	<i>Rationalisierungs- und Innovationszentrum der Deutschen Wirtschaft e.V.</i> (Rationalisation and Innovation Center for German Business)
TEA	Total Early-Stage Entrepreneurial Acitivity
TWIN	Two Women Win
VdU	<i>Verband deutscher Unternehmerinnen</i> (Association of Germany's Female Entrepreneurs)

TABLE OF CONTENTS

KEY MESSAGES	6
1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS.....	6
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS	7
2.1. Labour market context	7
2.2. Self-employment and entrepreneurship activities	8
2.3. Barriers to business creation	12
2.4. Entrepreneurship performance	12
3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES	13
3.1. Policy framework	13
3.2. Government regulations	17
3.3. Financing entrepreneurship	18
3.4. Entrepreneurship skills	21
3.5. Entrepreneurial culture and social capital	22
4. POLICY RECOMMENDATIONS	24
5. REFERENCES	25
ANNEX: METHODOLOGY	29

KEY MESSAGES

- Entrepreneurship support policies have become an important and positively evaluated part of economic policy in Germany over the last two decades. Inclusive entrepreneurship programmes are designed and delivered in a dedicated way for selected key social groups such as women, immigrants and students (rather than youth) and in a reduced intensity for unemployed. Few tailored entrepreneurship policies and programmes have been developed for older people and are absent for people with disabilities.
- Self-employment rates were lower in Germany than the European Union (EU) average in 2016 (9.3% vs. 14.0%), as was the proportion of people involved in setting up or managing a new business over the 2012-16 period (9.4% vs. 13%). The low rates follow a downward trend since 2009, which is partly linked to the stable economic growth and healthy labour market situation over the same period. In contrast to all other EU countries, the 2008-09 economic and financial crisis little effect on self-employment and business creation rates.
- Women and immigrants are by far the largest of the under-represented and disadvantaged groups. Therefore, support schemes for female start-up initiatives and self-employment as well as, and more recently, for immigrants are the most advanced. For youth, women and seniors in particular the low self-employment rates are the result of a socio-economic ecosystem including cultural values and social norms.
- The following measures are recommended to strengthen inclusive entrepreneurship in Germany: (i) increase awareness and support for entrepreneurship in all disciplines of tertiary education in the context of strengthening youth entrepreneurship in higher education; (ii) strengthen the local and regional focus of support measures for all named subgroups as entrepreneurship is primarily a regional (not a national) event with primarily regional origins, effects and one-stop-agencies of government policies, at least in a federal system like the German one; and (iii) assure appropriate outreach of migrant entrepreneurship policies to migrant communities.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

The German “*Wirtschaftswunder*” (“Economic miracle”) is mainly the result of the economic growth of large firms and those enterprises that formed the German “*Mittelstand*” (i.e. new start-ups, and small and medium-sized). Self-employment dynamics and other forms of new business ventures have not been frequent, neither in former West Germany nor in East Germany (Fritsch and Wyrwich, 2014). Although authorities were beginning to address the lack of firm creation and low self-employment since the end of the 1970s, self-employment rates and other entrepreneurship indicators did not take momentum and remained low compared to most EU countries.

Inclusive entrepreneurship policies and programmes are in place for selected under-represented and disadvantaged social groups such as women, immigrants and students and in a reduced intensity for unemployed people. Seniors, people with disabilities and youth in general (except from higher education graduates) have been less targeted by entrepreneurship policies makers.

The role of inclusive entrepreneurship is defined in social rather than economic terms in Germany. For immigrant entrepreneurs the objectives “integration to German society” and “integration in the labour market” are dominating the political discourse compared to the economic importance of immigrant entrepreneurs in the context of employment creation and contribution to growth. Hitherto, it has not been the explicit economic goal of entrepreneurship support policies to increase the low self-employment and start-up rates (and, consequently, economic growth) by supporting those groups that are under-represented in terms of entrepreneurship, i.e. women, youth, seniors, and people with disabilities.

The objective to integrate unemployed people into the labour market is a long-standing issue. However, the mechanism continuously evolve, including a significant change in 2011 that converted the start-up grant into a discretionary benefit.

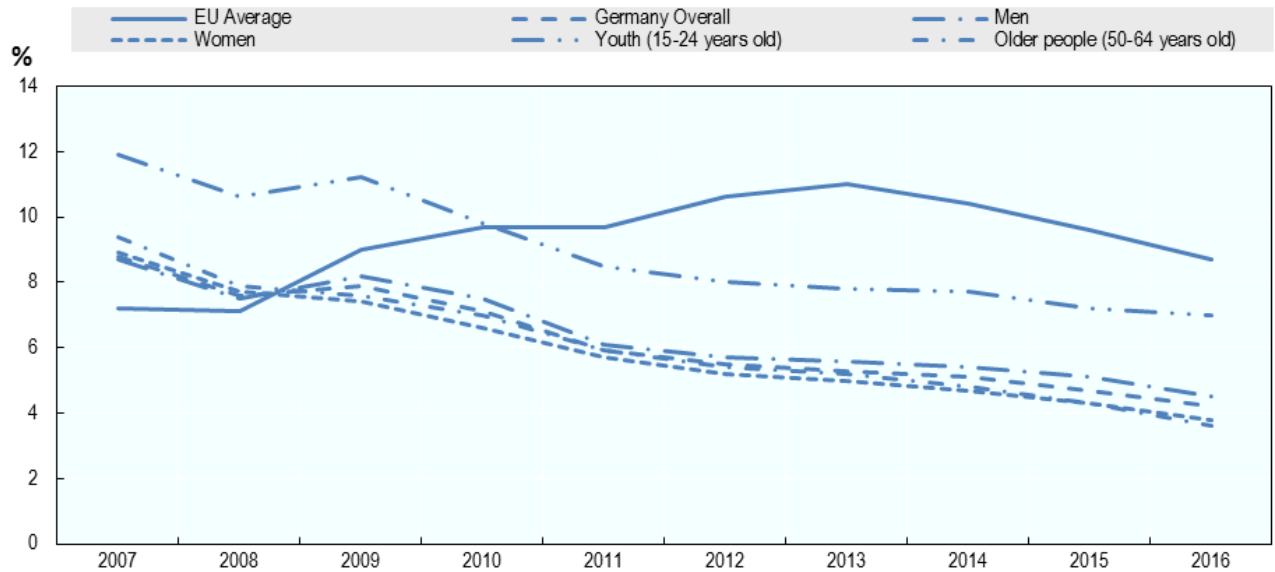
While youth entrepreneurship generally does not feature high on the political agenda (youth employment generally does), entrepreneurial students receive however attention by policy makers with the objective to support more start-ups from universities. There are also efforts to support young people in vocational training who consider becoming self-employed afterwards. Special attention is placed on those successfully graduating with a master craftsman certificate (*Meisterbrief*), the highest diploma in the German apprenticeship system. First initiatives exist to raise awareness on entrepreneurship among students. There are no objectives and targets focusing on senior entrepreneurship and people with disabilities.

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

The German labour market fared much better than nearly all European Union (EU) countries over the last decade. Unemployment rates have fallen and were much lower than the EU average in 2016 (Figure 1). This holds true for various groups that typically face greater challenges entering and participating in the labour market (e.g. youth, women, and older people).

Figure 1. Unemployment rate, 2007-16



Source: Eurostat (2017), Labour Force Survey 2016.

2.2. Self-employment and entrepreneurship activities

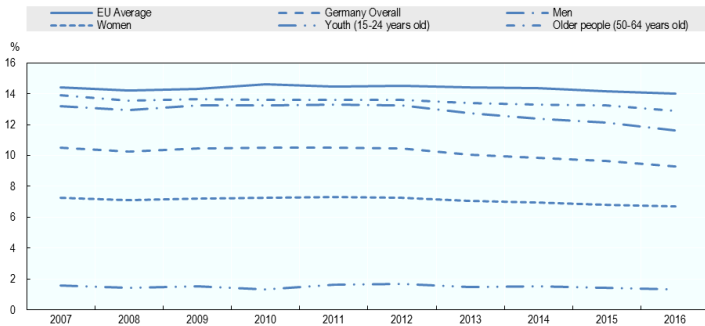
Germany has had low levels self-employment and entrepreneurship over the past several decades. In the early 1980s the West German Government began efforts to address this issue by subsidising business incubators (“*Gründerzentren*”) that support start-ups with services and subsidised space. Academic evaluations show that this instrument has been successful, but the impact depends on location and applied strategy (Sternberg, 1990; Sternberg et al., 1996). In recent years variations of the traditional business incubator idea emerged including co-working spaces and accelerators (Pauwels et al., 2016).

Overall, the proportion of workers who were self-employed in 2016 was significantly lower than the EU average in 2016 (9.3% vs. 14.0%) (Figure 2a). This holds true for various groups that typically face greater challenges entering and participating in the labour market. In 2016, the self-employment rate for women was below the EU average (6.7% vs. 9.9%), as were the rates for youth (1.3% vs. 4.1%), and older people (12.9% vs. 18.2%). The rates were quite constant over the past decade but the rate declined slightly for men.

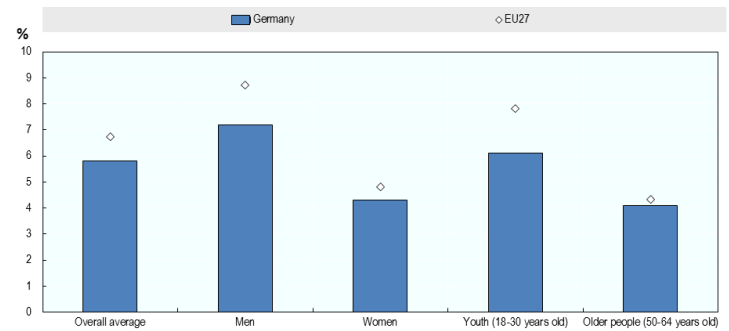
Another way to measure the level of entrepreneurship activities is through household surveys that ask about entrepreneurship activities. One of the most well-known surveys is conducted by the Global Entrepreneurship Monitor (GEM), which estimates the proportion of people involved in start-up activities or managing new businesses. Combined, these two activities are referred to as Total early-stage Entrepreneurship Activities (TEA). The TEA rate in Germany for the period 2012-16 was slightly below the EU average (5.8% vs. 6.7%) (Figure 2b). Men were nearly twice as likely as women to be involved in these early-stage entrepreneurship over this period (7.2% vs. 4.3%), but this gender gap was also present at the EU-level. Older people were as likely as the EU average to be active in early-stage entrepreneurship (4.1% vs. 4.3%), but youth were slightly less likely (6.1% vs. 7.8%).

Figure 2. Self-employment and entrepreneurship rates by target group

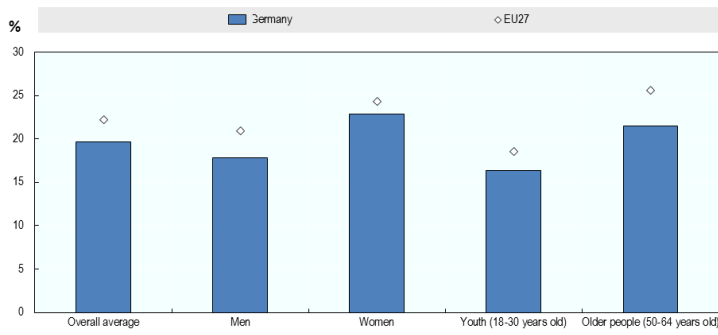
a. Self-employment rate, 2007-16



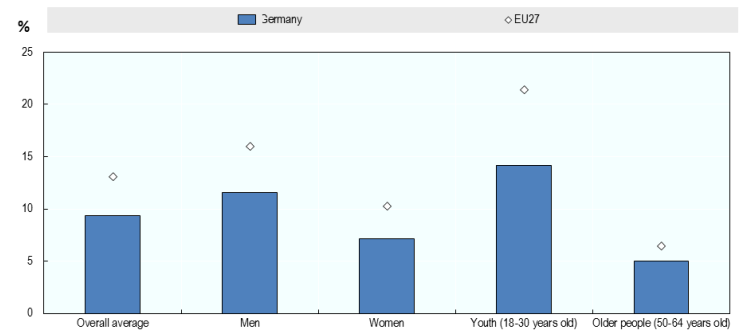
b. TEA Rate, 2012-16



c. Proportion of TEA that is necessity entrepreneurship, 2012-16



d. Proportion who expect to start a business in the next 3 years, 2012-16



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average in panels b, c, and d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b, c, and d contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

One of the reasons that the proportion of people involved in entrepreneurship is below the EU average is that the labour market is strong and many people are able to find quality employment. Thus, the share of people who have started a business due to an inability to find employment (i.e. “necessity entrepreneurship”) is also below the EU average (Figure 2c). Over the period 2012-16, 19.7% of entrepreneurs started out of necessity relative to 22.1% across the EU. Over this period, 22.9% of women and 21.5% of older entrepreneurs, active in pre start-up activities or managing a new business, were driven by necessity while men (17.8%) and youth (16.3%) were less likely to report having no other opportunity at the labour market. Most women-led businesses are neither based on the rationale of profit maximisation nor are they growth-oriented (Tegtmeier et al., 2016). Other EU countries show similar differences between different gender and age groups. Entrepreneurship support policies should take into account different motivations of women and men when starting a business as maximising lifetime income is not the main incentive of many women to start a business. From an economic perspective, the opportunity-driven entrepreneurs are those who have the potential to generate significant positive impacts on the economy.

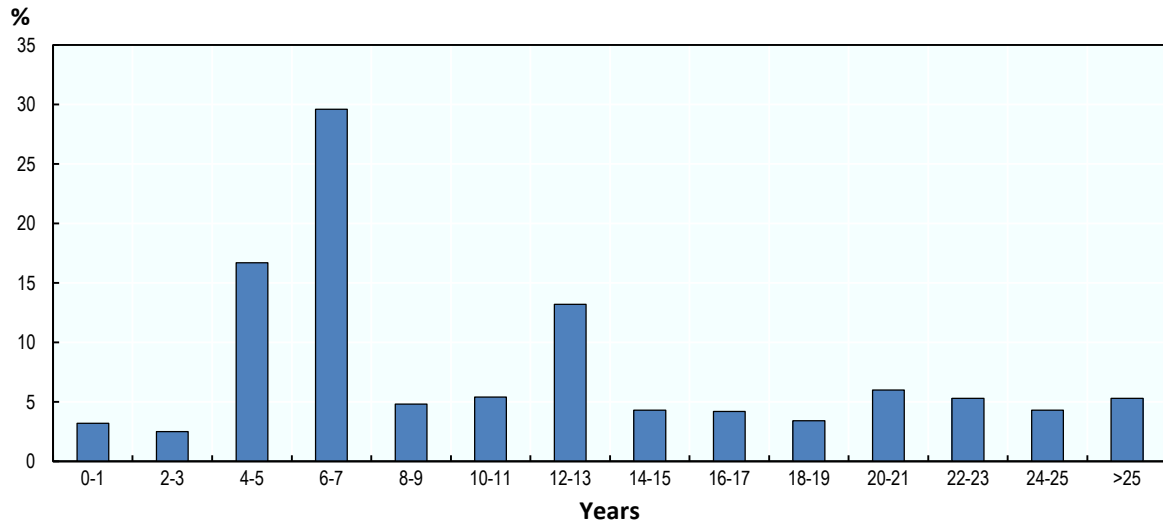
Germans were less likely to expect to set up a business over the 2012-16 period compared to the EU average (9.4% vs. 13.0%) (Figure 2d). Older people were least active among the key social target groups over this period (5.0%) and youth most active (14.1%).

The number of self-employed was continuously decreasing since 2011-12. In 2016, national statistics counted almost 3.8 million self-employed in Germany, 83% of which were born in Germany (Figure 3). While the total number of self-employed decreased by 5% between 2007 and 2016, those born in Germany even decreased by 8.1%. Immigrants helped to attenuate the decrease of self-employment although they have not (yet) led to an increase of self-employment. Self-employment is higher among immigrants than among German-born (Leicht and Berwing, 2016; Brixy et al., 2013) and estimates from Leicht and Langhauser (2014) show that self-employed immigrants in Germany employ between 1.5 and 2.0 million people (DIHK, 2015). Male immigrants from other innovation-driven economies are more entrepreneurial than non-migrants, but also than female migrants (Brixy et al., 2013; Xavier et al., 2013). The length of stay accounts for an important indicator in order to assess the effect of migrants on the national self-employment rate (Sternberg et al., 2017).

There are also clear gender differences: while the number of self-employed men has decreased by 7.7% between 2007 and 2016 (those born in Germany even suffered from a decrease of 11.4%), the respective figures for women show an increase by 2.5%. These developments are driven by immigration, but they are independent from the massive inflow of refugees to Germany from MENA countries since 2015 as the majority of these refugees does not stay long enough in the country yet to achieve language skills and know-how on how to start a firm or to become self-employed (Kay and Schneck, 2012).

When an immigrant chooses between self-employment and wage-employment based upon overall earnings, they can often earn more in entrepreneurial activities than Germans, having a significantly higher treatment effect (the income effect solely due to the decision for self-employment). Among the countries of origin, Turkish migrants benefit the most from their self-employment decision, while southern Europeans exhibit the lowest income relevant skills. Women, however, exhibit both a lower treatment effect and a lower endowment effect (they are equipped with characteristics that positively affect earnings in either occupation) than men (Hopp and Martin, 2017).

Figure 3: Immigrant TEA rate 2015 and 2016 by number of years living in Germany



Source: Adapted from Sternberg and von Bloh (2017).

Self-employment mainly occurs in the service sector where currently 86% of the self-employed are active. Self-employment has decreased by 3.8% between 2008 and 2016. This decrease was significantly higher among youth (minus 20% to 51 000 people), with a similar decrease for men and women. An important reason for the increase among youth may be the increase of the absolute numbers of university students as well as the increase of the proportion of secondary school leavers moving to a university or a technical college. Over the same period, self-employment for older people has increased by 40%, particularly in four industries: (i) Construction; (ii) Wholesale and retail trade; (iii) Professional, scientific and technical activities; and (iv) Human health and social work activities. In 2016 these four industries accounted for 40% of self-employment among older people. Among older men, Construction and Professional, scientific and technical activities, exhibit particularly high growth rates and show the highest absolute numbers across all industries. Among older women the increase is particularly high for Professional, scientific and technical activities, and in Human health and social work activities. These gender- and age-specific dynamics reflect the longer and higher level education periods for youth as well as the increased ability and willingness of older people to stay economically active (Kautonen and Minniti, 2014), but also to be led by other entrepreneurial motivations than youth (see Kautonen et al., 2014; Zissimopoulos and Karoly 2007).

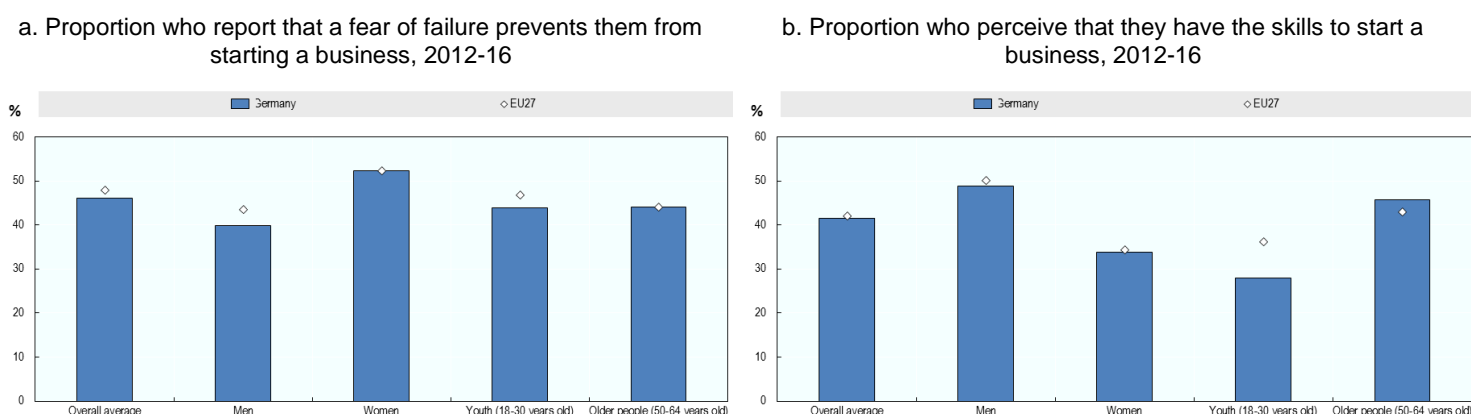
Self-employment data by education (ISCED 2011 levels) show that the higher the educational level the higher the absolute number of self-employed and the higher the absolute increase of self-employment between 2007 and 2016. While the number of self-employed decreased from 3.9 million in 2007 to 3.7 million in 2016, those with tertiary education increased slightly to 1.8 million (+2.6%). While male self-employment decreased by 7.7% with no differences between educational levels, the absolute number of self-employed women increased - and this increase is due to tertiary education only. Total self-employment decreased for youth and increased for older people, with an increase of the respective values for self-employed with upper secondary and tertiary education for both genders. A possible explanation is that older people in general are more economically active than in previous generations, which is partially driven by their own motivation and the advantages of autonomous time decisions compared with employment, partially driven by economic pressure if statutory pension is too low.

2.3. Barriers to business creation

While fear of failure might be one reason not to start a business, Germans are less likely to be affected by this barrier than other EU citizens. Some years ago a discussion emerged among German policy makers whether a potential lack of a “culture of failure” prevented founders from raising start-up capital. Academic studies based upon GEM data show that role models, family connections and entrepreneurial networks can reduce a fear of failure in local environments where approval of entrepreneurship is high, while this effect is significantly weaker in low approval environments (Wyrwich et al., 2016). Women were most likely to report fear of failure as a barrier, close to the EU average over the period 2012-16 (52.4% vs. 52.2%) (Figure 4a).

In Germany the perception of having sufficient skills to start a business (Figure 4b) was in line with the EU average over the period 2012-16 (about 41%). Youth represent a notable exception (28% vs. 36%). While older people showed the same perception of entrepreneurial skills as their counterparts in the EU, their perception was still much higher than that of youth. Given the (negative) effects of demographic change on the level of entrepreneurial activity in the future, older people should be increasingly considered as a potential target group for entrepreneurship policies. Interviews with German entrepreneurship experts show that the majority of the interviewed experts think that “the experience and accumulated knowledge of people aged 50 or older increases, in general, their chances of successfully starting a business” (Sternberg and von Bloh, 2017).

Figure 4. Barriers to entrepreneurship by target group



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor’s household surveys from the 2012 to 2016.

2.4. Entrepreneurship performance

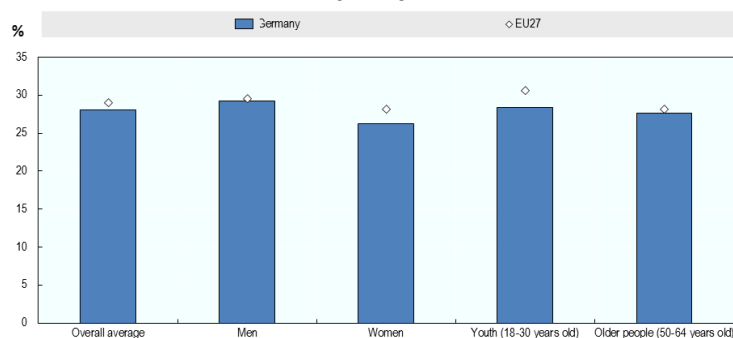
German entrepreneurs were slightly less likely than the EU average to operate businesses that offered new products or services over the period 2012-16 (Figure 5a). Differences between German and EU results particularly stood out for women (28.1% vs. 26.3%) and for youth (30.5% vs. 28.3%).

No major gap existed between Germany and the EU in the proportion of entrepreneurs who sell to customers in another country (Figure 5b). New entrepreneurs were more optimistic than the EU average to expect to create at least 19 jobs (Figure 5c, 12.0% vs. 10%), which holds true for all

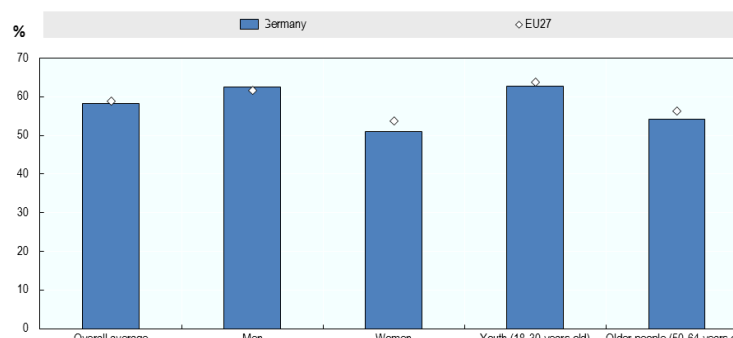
subgroups expect from older people. This optimism might be caused by a healthy economic situation, providing more market opportunities for young and potentially growing firms.

Figure 5. Self-employment and entrepreneurship activities by target group

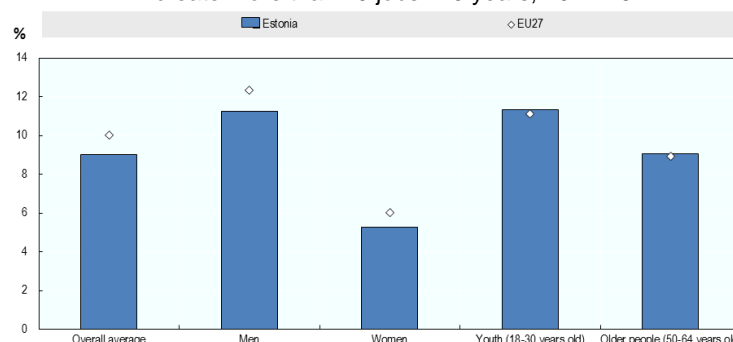
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



b. Proportion who sell to customers in another country, 2012-16



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

Entrepreneurship policies and programmes at the national level are often co-ordinated by the German Federal Ministry for Economic Affairs and Energy (BMWi) in co-operation with the German Federal Ministry of Labour and Social Affairs (BMAS), the German Federal Ministry of Education

and Research (BMBF) and the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ). Co-operation also takes place vertically with the German Länder and almost all Länder, districts and many cities offer dedicated online portals providing start-up information and support.

Among all programmes for dedicated social target groups, the support scheme for female start-up initiatives and self-employment is, besides the programmes fostering immigrant entrepreneurship, the most advanced. The BMWi and the National Agency for Women Start-up Activities and Services (bga – *Bundesweite Gründerinnenagentur*)¹ support female entrepreneurs together with regional offices and more than 200 local partners. The bga offers online information, support, access to networks, and seeks to activate potential female entrepreneurs through role models and success stories. The BMWi established a network of female role model entrepreneurs in 2014 (*FRAUEN unternehmen*)², that has recently been extended due to a successful internal evaluation.³ The BMFSFJ funds a travelling exhibition of the bga, the roadshow “My Future: Master Craftswoman as Business Owner” (“*Meine Zukunft: Chefin im Handwerk*”)⁴, presenting role models of self-employed women in different, traditionally male-dominated trades. The exhibition is shown throughout the country in Federal Careers Service offices, Chambers, professional schools and others, in order to support young women in their vocational orientation. bga also yearly organizes a National Action Day on “Company succession by women” (the next will be June 21, 2018).⁵ Furthermore, German female entrepreneurs are the only social target group organised in a particular association named *Verband deutscher Unternehmerinnen* (VdU) – Association of German Women Entrepreneurs (Germany)⁶. The VdU represents German businesses run by women, (approximately 1 800 businesses). They campaign for female entrepreneurship, more women in leadership positions, better rights for women in the workplace and a healthier combination of work and family life for both women and men as well as for better general framework conditions for business. A small number of these government initiatives to support women's entrepreneurship explicitly address spatial disparities in terms of entrepreneurship, i.e. the well-known dominance of urban areas over rural ones in terms of entrepreneurship (see Bosma and Sternberg, 2014). These attempts are often allocated in federal States with a rather part of the population living in rural areas, like Saxony the Federal State Government of which supports business start-ups by women in rural areas.⁷

Policies and programmes have been developed to promote entrepreneurship among some segments of youth. Support schemes for students, graduates and scientific personnel from universities and research institutes exist since 1998 when EXIST programme was launched. EXIST is a support programme by BMWi, co-funded by the European Social Fund (ESF).⁸ The programme aims at

¹ http://www.existenzgruenderinnen.de/DE/Home/home_node.html

² http://www.existenzgruenderinnen.de/DE/Vernetzung/Frauen-unternehmen/frauen-unternehmen_node.html

³ <https://www.bmw.de/Redaktion/DE/Pressemitteilungen/2016/20160930-erfolgreiche-bmw-initiative-frauen-unternehmen-wird-fortgefuehrt.html>

⁴ http://www.existenzgruenderinnen.de/DE/bga-Service/weitere-Schwerpunkte/Roadshow-Handwerk/Handwerk_node.html

⁵

http://www.existenzgruenderinnen.de/DE/Unternehmensnachfolge/NationalerAktionstag/nationaleraktionstag_node.html

⁶ <https://www.wegate.eu/vdu-verband-deutscher-unternehmerinnen-%E2%80%93-association-german-women-entrepreneurs-germany>

⁷ https://www.lds.sachsen.de/foerderung/index.asp?ID=10911&art_param=334

⁸ <http://www.exist.de/DE/Home/inhalt.html>

improving the entrepreneurial environment at universities and research institutes, and some elements of the programmes also seek to increase the number and success of technology- and knowledge-based business start-ups. A large co-ordination network to promote and support the programme exists between universities, federal and state ministries and further research organisations. The programme has received a lot of attention and excellent evaluations (Kulicke, 2014).

Apart from higher education graduates, youth in general are targeted by current entrepreneurship promotion efforts. The long-standing national programme entitled “Fostering entrepreneurial mindsets in schools” (*Unternehmergeist in die Schulen*) by the BMWi aims at promoting entrepreneurial attitudes and behaviours of students aged 15-19 years old through projects, business awards and information at schools. The website provides information, activities, partners and tools for teachers to inform them about the initiative; for example online training material has been made available to support teachers.⁹ Recently activities to train teachers in entrepreneurship were developed.¹⁰ Nonetheless, entrepreneurship education at schools is still in its infancy. The initiative “*FRAUEN unternehmen*” by BMWi also targets schools: The female entrepreneurs chosen to act as role models within initiative seek to inspire and ignite a passion for entrepreneurship in other females. They speak about the opportunities and challenges of setting up a business at events attended by schoolgirls, female apprentices, students, and graduates as well as with other women who are interested in starting their own business. This gives the women and girls present a realistic and highly personal insight into what daily life as an entrepreneur is really like. There are also several non-profit attempts to support entrepreneurship at secondary schools. “Rock it biz” belongs to the most active and successful initiatives in this field as they co-operate with several schools in Germany, partially supported by academic evaluations.¹¹ Other activities have not yet left the project stage.¹²

Older people face a large number of barriers in becoming entrepreneurs (Schott et al., 2017) but programmes related to entrepreneurship are not well developed for older people. Although the BMWi points to the fact that 10% of all start-ups are launched by the 55 to 64 year old cohort and although the number of start-ups by people older than 55 is increasing, policy makers do not focus on this group. The BMWi supports entrepreneurship by older people through information and online advice. A specific project of the RKW Competence Center, funded by BMWi, called “*Gründen mit Erfahrung*” is addressed to people over 45 years old who intend to start a new firm.¹³ Other Federal Government ministries set a focus on older people in the context of demographic change, while their activities are not directly linked to entrepreneurship promotion and activation. There are currently few programmes and tax benefits to encourage people aged 50 and older to start their own business (Sternberg and von Bloh, 2017). More should be done in that field in the future as, from a more general perspective, there is an additional benefit for the economy by employing the human and social capital of mature individuals. This added value for the whole economy is further increased as older entrepreneurs tend to retire later than older employees (see Kenny and Rossiter, 2018).

⁹ http://www.unternehmergeist-macht-schule.de/DE/Startseite/home_node.html

¹⁰ However, some of them have already been stopped, like the Network for Teaching Entrepreneurship, which ended 2016: <http://www.nfte.de/partner/derzeitige-unterstuetzer/>

¹¹ <http://www.rockitbiz.org>

¹² See for example <https://www.klimaschutz.de/de/projekt/startgreenschool-nachhaltigkeitsorientierte-grundungskultur-schulen>

¹³ See <https://www.rkw-kompetenzzentrum.de/gruendung/leitfaden/leitfaden-fuer-die-gruendungsberatung-45plus/>; the same institution offers a wide range of other support means for senior entrepreneurs: <https://www.rkw-kompetenzzentrum.de/gruendung/gruendungskultur/senior-entrepreneurship/>

Policies and efforts to integrate the unemployed into the labour market through entrepreneurship or self-employment have decreased at the national level since 2012. The programmes “Me, Inc.” (*Ich-AG*), a basic start-up subsidy (*Existenzgründungszuschuss*, now called *Gründungszuschuss*) and a bridging allowance scheme (*Überbrückungsgeld*) have been thoroughly evaluated by academic researchers (Caliendo et al., 2007, 2011; Caliendo and Künn, 2010, 2015; Caliendo and Kritikos, 2010). Though the evaluation results were overall positive, the government is concentrating financial support on a modified and regulated version of a basic start-up allowance (*Gründungszuschuss and Einstiegsgeld*). Since this modification in 2012, the number of start-ups by unemployed decreased significantly, partially due to tighter eligibility criteria.

Support to migrant entrepreneurs has drastically been expanded in recent years, partially due to the refugee inflow since 2015, supported by the idea that immigrants have a higher propensity to start a firm than people born in Germany. In a joint initiative BMWi, BMAS and the Federal Employment Agency (“*Bundesagentur für Arbeit*”) provide, in different languages, a quick check for each immigrant whether or not self-employment may be an option and whether it would be supported by government schemes.¹⁴ It is provided through the network “Integration through Qualification (IQ)” (*IQ Netzwerk; IQ Fachstelle Migrantenökonomie and ism 2016*). This network has been working to improve employment opportunities for people with a migration background, applying a modified strategy and organisational structure since 2015. Programmes of the network are delivered through 16 regional networks in each Bundesland. Target groups of the IQ Netzwerk are migrants, companies, and local employment agencies. Apart of the general aim of improving labour market integration, it is one mayor aim to raise awareness for the significance of self-employment and inclusive entrepreneurship as a possible gateway to labour market and thus social integration in Germany. Five competence centres dedicated to migrant-specific concerns at the federal level provide expert advice and assistance to the regional networks and cooperate with 153 local help desks all over Germany¹⁵ (see also Sachs et al., 2016). These centres develop training schemes, instruments and policy recommendations for integrating migrants into the labour market. The portal established a dedicated website, which provides support to foreign students and academics and refugees.¹⁶ The project “Business Creation for Female Migrants (*Migrantinnen gründen - Existenzgründung von Migrantinnen*)” ended in December 2016 (funded by the BMFSFJ), but the successor project supports women with a recent refugee history (“*Frauen mit Fluchterfahrung gründen*”) if they wish to start a firm or to be self-employed.¹⁷ Besides, there are numerous local or federal State initiatives that try to integrate refugees into the labour market by supporting them in starting a firm.¹⁸ The Federal Ministry of Economic Affairs and Energy carries out the pilot project *Gründerpatenschaften* in Berlin-

¹⁴ See <http://www.make-it-in-germany.com/>

¹⁵ <http://www.netzwerk-iq.de/angebote/eingewanderte/beratungsangebote.html>

¹⁶ www.wir-gruenden-in-deutschland.de

¹⁷ <https://www.frauenmitfluchterfahrunggruenden.de/>; for the related press release see:

<https://www.bmfsfj.de/bmfsfj/aktuelles/alle-meldungen/unternehmerisches-potenzial-von-frauen-mit-fluchterfahrung-nutzen/115616>

¹⁸ For a selection of Länder see, e.g., Brandenburg: <http://lotsendienst.socialimpact.eu/>; Mecklenburg-Western Pomerania:

<https://www.migra-mv.de/>; Lower Saxony:

<https://www.wirtschaftsfoerderung-hannover.de/hannoverimpuls/Gr%C3%BCndung-und-Entrepreneurship/Gr%C3%BCndungInterkulturell>; Bremen:

<http://www.faw-bremen.de/interkulturelles-und-mehrsprachiges-beratungsangebot/>;

Berlin: <http://vielfalt-gruendet.de/>

Hesse: <http://www.kompassfrankfurt.de/index.php?p=1>; Saxony-Anhalt: <http://www.ego-migra.com/>;

Schleswig-Holstein:

http://www.schleswig-holstein.de/DE/Fachinhalte/I/integration/downloads/mbsb_beratungsstellen.pdf?__blob=publicationFile&v=6

Brandenburg. The goal of this pilot project is to socially integrate refugees by supporting their entrepreneurial ambitions with knowledge from experienced local business men and women. Refugees therefore gain valuable mentoring insights across all aspects of the start-up process, they also benefit from important networking effects and opportunities. This initiative has strong social and economic potential, since one out of five businesses in Germany is founded by migrants. The mentoring programme with the *Gründerpaten* supports the founder to overcome language barriers and to improve knowledge about Germany society.

There are no policies or programmes at the national level to support people with disabilities in business start-up or self-employment. At the local level, so-called integration offices (*Integrationsämter*) support people with disabilities with information on business start-up and offer business counselling.¹⁹ However, the attitude taken in much of the material is rather negative, warning about the risks of self-employment rather than encouraging it. To date, the most successful project has been *enterability*,²⁰ which was launched in 2004 in Berlin. Up to 2017 it supported 163 people with disabilities since 2004, of which 124 are still employed and one-third became self-employed.²¹ The *enterability* programme is part of the company Social Impact gGmbH²² that, besides many other activities in the social entrepreneurship field, also assists people with disabilities.²³

3.2. Government regulations

Self-employed workers are generally not subject to statutory social security contributions and therefore are not covered by collective forms of social security. However, self-employed workers may opt for coverage in this branch if they work at least 15 hours per week (voluntary insurance). Apart from that, they are responsible for arranging their own pension and health care provisions as well as the financial funds that they can rely on during periods out of employment. However, recent years have seen changes with regard to the coverage of self-employed workers by the social security system.

The “basic pension” (*Basis-Rente*, also called Rürup pension) was developed in 2001 and, among others, self-employed belong to the main target group with taxation and benefits attributes similar to the Public Retirement Insurance. The Rürup pension works by capital cover, i.e. anyone can participate but the plan is designed specifically for people with high tax burdens. Contributors to this plan do not receive any government bonuses (subsidies). In return they are eligible to deduct a considerable amount of their contributions from their taxes as special expenses. Data shows that social security coverage is especially low in the solo self-employed – nearly two-thirds of which are not covered by statutory pension insurance – leading to claims to include them into statutory social security to prevent financial precarity of these predominantly female entrepreneurs (Bundesregierung, 2017).

Female entrepreneurs face the same challenge in the context of social security as most other entrepreneurs in Germany and there are few regulatory supports available. Most information portals about the institutional environment for women in Germany refer to supportive public childcare. Whereas parents have a legal right on access to free public kindergarten and nursery, the reality is that there are still too few places available. The Federal government recently increased spending on childcare and the BMFSFJ introduced an additional version of parental allowance (*Elterngeld Plus*)

¹⁹ www.integrationsaemter.de

²⁰ <http://enterability.de/>

²¹ <https://www.caritas.de/neue-caritas/heftarchiv/jahrgang2010/artikel/trotz-behinderung-der-eigene-chef>

²² www.socialimpact.eu

²³ See http://www.einfach-teilhaben.de/DE/StdS/Ausb_Arbeit/Selbstaendig/selbstaendig_node.html#doc277324bodyText2

which makes it easier for parents to work part-time while caring for their child, and a new partnership bonus (*Partnerschaftsbonus*) that enables parents who share professional and child caring duties equally, to receive four additional months of Parental Allowance Plus, each. In addition, various measures exist in complying with administrative procedures for entrepreneurship offered by the bga through their website, a telephone hotline (*bga Gründerinnenhotline*) and with an online training (eTraining²⁴). A useful navigator is also provided by the BMWi to find the right information on business creation and self-employment.²⁵

The social security system offers some support to older people who are self-employed. People who have reached the statutory retirement age receiving benefits from the public pension scheme may generate income through self-employment without losing pension entitlements. Older people who worked as employees and paid contributions to unemployment insurance on a regular basis need to pay only 50% of regular contributions within the first year of self-employment if they apply for this exception within the first three months of self-employment. RKW offers specific support for older entrepreneurs in dealing with administrative procedures.

Strong and increasing support mechanisms for immigrants when dealing with administrative challenges exist at the federal state and local levels through the above-mentioned IQ networks (see 3.1)²⁶ and public or non-profit associations. Since 2012, the legal preconditions for non-EU residents and immigrants have been simplified. Non-EU residents need permission for professional entrepreneurial activity in various forms dependent whether they plan to come to Germany or are already living in Germany. For asylum seekers, differences are made between different kinds of asylum seekers. Consequently, much information about starting-up a business which has been developed recently in the context of the high number of refugees entering Germany is only applicable for some refugees. The startup information, advisory and network services for people with a migrant background vary in terms of reach and type across the Länder. The demand for these services often exceeds their supply, in particular with regards to personalised professional guidance extending beyond the initial startup period. Advisory services targeting migrants to start a business are rarely coordinated or matched with each other (Sachs et al., 2016). However, the IQ network described in section 3.1 has significantly improved their information policy and quality recently. Moreover, the Government has recently began to lower administrative burden for immigrants and this group does not appear to face any regulatory discrimination during start-up (Sternberg and von Bloh, 2017).

3.3. Financing entrepreneurship

There are several policies and programmes that aim to help entrepreneurs access start-up financing in Germany and significant improvements have been made in the last decade (Sternberg et al. 2018). The focus of this funding is on small and medium-sized enterprises, which are often structurally disadvantaged in their financing situation compared to large companies. For this purpose, a wide range of financing support is available mainly from the European Recovery Programme (ERP)-Special Fund. All programmes are neutral, i.e. independent e.g. of industry and gender.

- The *ERP Start-Up Loan (ERP-Gründerkredit Startgeld)* – Start-up Money is available for start-ups and young firms that have been active for less than five years. It provides maximum financing of up to EUR 100 000. The main bank used by the company receives an 80% release from liability. The government would pay the 80% of the default back to the creditor.

²⁴ www.existenzgruenderinnen.de

²⁵ <http://www.bmwi-wegweiser.de/start/>

²⁶ www.wir-gruenden-in-deutschland.de

- *The ERP Start-Up Loan – Universal (ERP-Gründerkredit Universell)* is available for start-ups and young firms that have been active for less than five years. Long-term loans of up to EUR 25 million are available.
- *The ERP Capital for Start-ups (ERP-Kapital für Gründung)* is available for start-ups and young firms that have been active for less than three years. The aim is to improve the provision of equity to serve as a platform for further investment in starting up and strengthening companies. The capital provided can improve the creditworthiness of a company and create new financial leeway for a company.

The three ERP-loans noted above can be requested from the promotional bank *Kreditanstalt für Wiederaufbau* (KfW) via the house bank.

- *The Micro-Mezzanine Fund (Mikromezzaninfonds)* provides dormant equity of up to EUR 50 000 for small companies and business starters. The fund is aimed at companies that provide training, are operated by women or people with a migration background, or were founded by persons who were formerly unemployed. Social enterprises operating commercially are also eligible to apply for financing, as are companies with a focus on environmentally compatible production. The funding is provided by the SME investment companies, which are represented in all German Federal States. The fund is financed by both the European Social Fund (ESF) and the European Recovery Programme (ERP).

In addition to the aforementioned ERP-programmes, further financing options are available:

- The Federal Government (Federal Ministry of Labour and Social Affairs, Federal Ministry for Economic Affairs and Energy) has used the *German Micro-loan Fund (Mikrokreditfonds Deutschland)* to establish a nationwide system for the allocation of micro-loans in Germany in order to respond to the financing needs of small companies which would otherwise have no access to borrowing. The fund is aimed at small and young start-ups and companies, as well as at persons with a migrant background and at persons who are self-employed and pursuing a creative venture. Funding of between EUR 1 000 and EUR 25 000 is granted in the form of a loan with a term of up to four years. Applications can be submitted via 16 accredited microfinance institutes (MFIs) across Germany which also provide a range of support services (e.g. training, consulting, personnel support and advice, coaching). MFIs as partner organisations are start-up centres, consultancies, associations and social co-operatives. The microcredits are awarded by GRENKE Bank following the recommendation of an accredited microfinance institution.

While special focus was initially put on the support of unemployed people, today, microcredit is available for all applicants regardless whether belonging to an under-represented or disadvantaged group or not.

- *INVEST - Grant for Venture Capital (Invest - Zuschuss für Wagniskapital)* is a grant programme run by the Federal Ministry for Economic Affairs and Energy. It has been set up in May 2013 to support private investors who want to acquire a stake in young and innovative companies. Under this programme, business angels that invest in start-ups receive an acquisition grant worth 20 per cent of the sum invested. In addition, natural persons can receive an exit grant if they sell their shares. The amount provided is 25% of the capital gains from the sale and thus more or less covers the tax imposed on the capital gains. The shares must be held for a minimum of three years. Both grants under the INVEST scheme are tax-free. Funding can be promoted for a maximum of EUR 500 000 of investment per investor per

year. The maximum amount eligible for funding that can be invested in a single company per year is EUR 3 million. The shares can be held by either a natural person or by an associated company (with the legal status of a GmbH or UG). Follow-up financing is also available for shares that have already received funding under the INVEST programme, as well as for convertible loans.

The Business Angels Network Germany e.V. (BAND) is committed to co-operation and promoting the network idea amongst Business Angels and entrepreneurs in Germany without any specific focus on social target groups.

Crowdfunding has become popular and many new businesses have begun using crowdfunding.²⁷ There are platforms that support certain sectors, like social projects or green technology, but none are specifically developed for any particular under-represented or disadvantaged group in entrepreneurship. However, data from an independent evaluation project reveals that personal networks and underlying project quality are associated with the success of crowdfunding efforts. There is also a strong geographic component to the nature of projects, with founders proposing projects that reflect the underlying cultural products of their geographic area (see Mollick, 2014).

In addition, there is a new interactive website “*Gründerplattform*” to support the development of business concepts and to match entrepreneurs with investors. The website offers Information on preparations, funding, and business launch (www.gruenderplattform.de).

From a women entrepreneur’s perspective, access to mainstream financial support is still implicitly gender biased, although much has been improved since Welter’s (2004) study several years ago. There is one significant programme that supports female entrepreneurs not only with information and training but also financial support. The *Goldrausch Frauennetzwerk* (one of the microfinancing institutes) is a small non-governmental association that started providing small loans to women entrepreneurs in the Berlin area. Its objective is to help female entrepreneurs in Berlin to set up and invest in their own businesses by using microloans.²⁸ In recent years preference has been given to women over 45 years old and with a migrant background. Between 1982 and 2007, it distributed around EUR 850 000 to more than 450 female start-ups and projects in Berlin. The *Goldrausch Frauennetzwerk* is one of the 16 from the German Micro-loan Fund accredited microfinance institutes (MFIs) across Germany. Female entrepreneurs can also receive information and training on business start-up and business financing through bga.²⁹

The Second Gender Equality Report of the German Government (*Zweiter Gleichstellungsbericht der Bundesregierung*) lists several measures to achieve gender equality in entrepreneurship (Bundesregierung, 2017) and encourages an evaluation of KfW’s existing funding programmes to see if they are able to reach women entrepreneurs (Bundesregierung, 2017).

Financial support for youth entrepreneurs is provided through the EXIST Business Start-up Grant which supports students, graduates and scientists from universities and research institutes in preparing start-ups, and in turning their idea into a business plan. Universities and research institutes are the ones who can submit applications on students’ behalf to the BMWi. Additionally, there are centres for innovation and business creation that publicize their unique infrastructure to successfully build up businesses from initial seed of an idea to the growth phase.

²⁷ <http://www.crowdfunding.de/plattformen/>

²⁸ <http://www.goldrausch-ev.de/data/pdf/flyer-mikrokredit.pdf>

²⁹ http://www.existenzgruenderinnen.de/EN/Home/home_node.html

There are no specific financial support schemes for senior entrepreneurs but they are encouraged to apply for financing programmes described above as any other German entrepreneur.

Immigrants more often than entrepreneurs born in Germany face challenges in accessing finance for business creation (Sternberg and von Bloh, 2017; Metzger, 2016). The professional IQ Network assists immigrants in many aspects of entrepreneurship, including accessing start-up financing. While refugees have been supported by many organisations, including the IQ Network, they continue to face financial constraints more often than non-immigrants in the process of starting-up a business because of insufficient financial resources or problems to receive a loan from banks and/or a loan guarantee.

People with a disability may apply for start-up financing support via the integration offices (*Integrationsämter*), which offer loans with 10% interest rate; and under certain conditions and dependent on degree and kind of disability, technical or administrative support is also provided. No other financial support schemes exist (e.g. loans, grants), however, entrepreneurs with a disability may receive business advice, technical work aid (*“Arbeitshilfe”*) and personal assistants (*“Arbeitsassistenten”*).³⁰ Some Chambers of Industry and Commerce offer financial support for people with disability.³¹

3.4. Entrepreneurship skills

Several public organisations like Chambers of Industry and Commerce (*IHK*), Chambers of Crafts (*Handwerkskammern*), BMWi and KfW (both offer the online database *Foerderdatenbank*) provide advanced consulting and support systems for all entrepreneurs, not just those but including those addressed in this report.

In the Second Gender Equality Report of the German Government (*Zweiter Gleichstellungsbericht der Bundesregierung*) experts recommends that mainstream institutions like KfW or BA offer coaching to help female entrepreneurs get access to capital, competencies and networks (Bundesregierung, 2017). However, there are several organisations offering training initiatives and consultancy for start-ups addressed at women. Major organisations that offer support for female entrepreneurs include the bga and women-only business incubators (*Unternehmerinnen- und Gründerzentren*). At the local level many public initiatives have developed locally-based support schemes for female entrepreneurs. A good practice example is also the programme Women in work and business (*Frauen in Arbeit und Wirtschaft e.V. B.EG.IN*) in Bremen which offers coaching and consulting for women in several languages. There are a growing number of initiatives and public and non-profit mentoring programmes which offer access to one-to-one group coaching or mentoring across all regions in Germany, for example, Two Women Win (TWIN) of the *Verband deutscher Unternehmerinnen* (VdU), which is a successful mentoring initiative for young businesswomen that has supported more than 400 women.³²

Along with the highly competitive and very successful EXIST programme (Kulicke, 2014), there are new service centres at universities to support young entrepreneurs with training, consultancy and

³⁰ http://www.einfach-teilhabe.de/DE/StdS/Ausb_Arbeit/Selbstaendig/selbstaendig_node.html#doc277324bodyText2

³¹ https://www.rhein-neckar.ihk24.de/gruendung/Finanzierung/Zuschussprogramme/Zuschuesse_fuer_die_Existenzgruendung_von_Schwerbehinderten/947652

³² For more examples see: <http://www.akelei-online.de/index.html>; <http://www.frauenimhandwerk.de/>; <http://www.frauenzentrum-marie.de/aktuelles/>

more. The BMBF and the BMWi are very supportive to promote training initiatives at universities, but there is little available for youth that do not attend higher education.

The RKW offers coaching by professionals and consultants for older entrepreneurs over 45 years old. RKW has recently published a new programme for senior entrepreneurship assistance.³³ In addition, private consultancies have increased the availability of support for older entrepreneurs, for example Start-up 50Plus (*Gründer50Plus*). It offers coaching and counselling for older people who seek to start a business or social enterprise.

For the unemployed, some of the financial supports offer basic entrepreneurship training or advisory support. In addition, recipients of unemployment benefits may apply for financial support for coaching at the local unemployment agencies. Funding is co-financed by European Social Fund. The new business grant ("*Gründungszuschuss*") should help unemployed to start a business by providing a grant during a 15 months period (maximum). It is tax-free and the unemployed has not to return the grant (see also section 3.1.).³⁴

Entrepreneurship training for immigrant entrepreneurs is widely available and often of very high quality. Information on business start-up and training programmes are often available in several languages and can be accessed through local actors such as the Immigration Office (*Ausländerbehörde*). These efforts should consider that immigrants, compared with people born in Germany, are characterised by two comparative strengths: due to often challenging migration experiences they have a high resilience (i.e. competence to overcome risky situations) and they are used to absorb and exploit new knowledge generated in international contexts. Both are useful for self-employment (Leicht and Berwing, 2016). However, there are two significant challenges that hamper the impact of training. First, take-up is low so more attention is needed to reach the intended target groups. Second, there is a need to place more emphasis on explaining the many and various legal preconditions for immigrants and migrants to become self-employed. Immigrant entrepreneurs should also be considered to be an option when it comes to one the biggest problems of the German "*Mittelstand*" in the long run: an growing number of companies still led by entrepreneurs who will soon retire but do not find someone who is willing to take over the company, the proportion of inter-ethnic taking over ("*Unternehmensübergaben*") is very low. There is a big and hitherto completely unexploited potential for taking over by immigrants since otherwise many of these often healthy companies will have to be closed (Leicht and Berwing, 2016).

Enterability is another example of an initiatives offers consultancy, training, coaching and support for entrepreneurs with disabilities.³⁵ It is based in Berlin.

3.5. Entrepreneurial culture and social capital

The Ministry of Economic Affairs and Energy (BMWi) started the WOMEN Entrepreneurs initiative in 2004 (*FRAUEN unternehmen*). The aim is to encourage more women to become selfemployed and to raise the interest of young girls in a career as an entrepreneur. The initiative is also designed to make the work undertaken by female entrepreneurs more visible – to present their courage, dedication, and success. It serves to highlight the contribution that female entrepreneurs make to competitiveness and economic growth in Germany. As part of the WOMEN Entrepreneurs initiative, more than 100 successful female entrepreneurs have been mobilised to act as role models for

³³ <https://www.rkw-kompetenzzentrum.de/gruendung/leitfaden/leitfaden-fuer-die-gruendungsberatung-45plus/>

³⁴ <https://www.arbeitsagentur.de/arbeitslos-arbeit-finden/existenzgruendung>

³⁵ <http://berlin.enterability.de/>

female entrepreneurship. The women entrepreneurs that make up this network come from across Germany. They include one-woman businesses as well as female entrepreneurs that employ several hundred staff. Almost every different branch is represented within the network. Going forward, the initiative is seeking to have an even broader impact. It is therefore currently looking for new female entrepreneurs especially from STEM, the digital sector and industry as part of this drive. The network appears however receives little visibility in the media.

The bga is also active in promoting an entrepreneurial culture for women and building networks through an online portal showcasing successful women entrepreneurs (www.existenzgruenderinnen.de). This initiative is supported by the activities of several non-profit organisations. Further, the Association of German Businesses (*Verband deutscher Unternehmerinnen e.V. VdU*) is a remarkable network of female business leaders with 22 regional offices in all 16 Länder. There are many other initiatives of different size. One example is “*Schöne Aussichten*”, organised as a registered society in Germany, represents the specific interests of female entrepreneurs who either run their own businesses or work as freelancers.³⁶

The visibility and attractiveness of entrepreneurship and self-employment for academic graduates has been greatly enhanced through the EXIST programme. Entrepreneurship promotion to other groups of youth than university graduates is however not as developed. The use of role models as a tool to promote youth entrepreneurship is generally not available beyond the EXIST programme and “*FRAUEN unternehmen*”. The initiative “*FRAUEN unternehmen*” by BMWi also targets universities: The female entrepreneurs chosen to act as role models within initiative seek to inspire and ignite a passion for entrepreneurship in other females. They speak about the opportunities and challenges of setting up a business at events attended by schoolgirls, female apprentices, students, and graduates as well as with other women who are interested in starting their own business. This gives the women and girls present a realistic and highly personal insight into what daily life as an entrepreneur is really like. Innovative start-ups are well-promoted in the media and online and there is also a growing interest in social entrepreneurship. In addition, the federal initiative “*Entrepreneurial mindsets in schools*” (*Unternehmergeist in die Schulen*) is an initiative by the Ministry of Economic Affairs and Energy to promote entrepreneurship at schools with a focus of creating entrepreneurial mindsets.³⁷ The most established initiative to support new businesses founded by pupils is “*JUNIOR*”, funded by the employer-friendly, non-university German Economic Institute.³⁸ Furthermore, several Federal States, such as Mecklenburg-Western Pomerania,³⁹ developed specific programmes to support pupil-run school companies.

Older people are rarely viewed as potential entrepreneurs but rather as experienced and knowledgeable people who can assist younger entrepreneurs (Sternberg & von Bloh 2017). Older professionals frequently get engaged in business mentoring and one-to-one coaching rather than starting a business on their own. However, mentoring for older entrepreneurs is offered, among others through the RKW initiatives “*Senior citizens in business*” (*Senioren der Wirtschaft*) and “*Old helps Young*” (*ALT HILFT JUNG*).⁴⁰ Creating positive awareness of entrepreneurship as a late-career option

³⁶ <http://schoene-aussichten.de/>

³⁷ <http://www.existenzgruender.de/DE/Service/Beratung-Adressen/Linksammlung/Junge-Gruenderinnen/inhalt.html>

³⁸ <https://www.junior-programme.de/de/junior-schuelerlebenswirtschaft/>; JUNIOR also organises contests for school companies at the federal State's level, see https://www.iwjunior.de/iw-junior/news/?tx_ttnews%5Btt_news%5D=187&cHash=612cec55314ad32046d75a1ea9f40c09

³⁹ <https://www.enterprise-mv.de/>

⁴⁰ www.althilftjung.de

is necessary also in order to remove negative age-bias as a potential barrier to senior entrepreneurship. The RKW promotes senior entrepreneurship by putting emphasis on the cohort 45 years old and older with information and brochures and success stories from older entrepreneurs.⁴¹

Entrepreneurs with a disability do not have any kind of national association representing their specific interests.

The IQ Network refers to successful stories of immigrant entrepreneurs on their website.⁴² Recently public media as well as government agencies have tried to promote migrant entrepreneurship by various activities⁴³ including promotion of successful role models (Bertelsmann Stiftung, 2016) and therefore of inclusive growth (Garcia Schmidt and Niemann, 2015; OECD, 2015).

4. POLICY RECOMMENDATIONS

Inclusive entrepreneurship programmes are well-developed in Germany for some of the social target groups, in particular educated youth and women, and, to a lesser extent, migrants. There are many high-quality offers at the Federal and state levels, and the non-government sector is active in supporting under-represented and disadvantaged groups in entrepreneurship. Nevertheless the analysis has shown that some gaps remain in the provision of inclusive entrepreneurship policies and programmes. The following recommendations are therefore offered in order to further strengthen inclusive entrepreneurship:

1. *Increase awareness and support for entrepreneurship in all disciplines of tertiary education in the context of strengthening youth entrepreneurship in higher education.* A strong focus is placed on supporting students from technical universities aiming at commercialising their innovations and supporting entrepreneurial endeavours. Less attention is given to students from the humanities and social sciences where the majority of students are studying, but it would be worth to address them as well. It is recommended to provide low-threshold offers to university students in their first semester in order to sensitise them to self-employment as a self-evident option to regular employment. While these very early events will usually show large spreading losses, this is the only way to reach (almost) all of the students. Later, there should be more specific events for those students who are close to successfully leave the university and for whom starting a firm is a realistic option. Such events should be more demanding, more specific and may be rewarded with credits if curriculum allows so. Support for entrepreneurship should be considered a horizontal task with all faculties and departments involved; thus a decentralised structure of entrepreneurship support (the lower in the organisational hierarchy of a university the better) is recommended. Each faculty should have a responsible (and active) professor who is dedicated to self-employment and spin-offs firms and who assigns – using a well-developed local (intra-university or extra-university) network – potential entrepreneurial students to skilled staff in a starting business like organisation at the university, or outside the university but in the same city.

⁴¹ <https://www.rkw-kompetenzzentrum.de/gruendung/leitfaden/leitfaden-fuer-die-gruendungsberatung-45plus/>

⁴² www.wir-gruenden-in-deutschland.de

⁴³ See also <http://uog-ev.de/>

2. *Strengthen the local/regional focus of support measures for all inclusive entrepreneurship target groups.* Entrepreneurship is primarily a regional (not a national) phenomena with primarily regional origins, effects and policies, at least in a federal system like the German one. Entrepreneurs from the various target groups (i.e. women, immigrants, people with a disability, youth and seniors) need contact persons in the local environment where they live, study or work - and they should have the possibility to meet them regularly on a face-to-face basis. This requires geographical proximity. Thus, entrepreneurship support infrastructure should be locally embedded too, and this requires a spatially deconcentrated strategy with a large number of local agencies all over the country that are, however, adequately integrated in an interregional network so that competent advice may be acquired from other places if needed.
3. *Ensure appropriate outreach to migrant entrepreneurs and migrant communities.* Immigrants are an important but still insufficiently supported target group of entrepreneurship policies although there has been a lot of improvement in recent years. In general, immigrants are more likely to be self-employment than people born in Germany but their specific needs and competences should be better considered by the increasing number of programmes to support their entrepreneurial activities. The decentralised, network-oriented strategy of the IQ network with many local agencies covering the whole territory of Germany (and serving as a spider in the local web) is a valuable step in the right direction. It also provides potential for developing local one-stop-agencies for immigrants who are interested in self-employment. In the future these local agencies should even more actively try to create links to the local diaspora communities of specific ethnics or immigrants as these contacts may create necessary trust and, enable important scale-effects of entrepreneurship support policies dedicated to immigrants.

5. REFERENCES

- Bergmann, H., C. Hundt, and R. Sternberg (2016), "What makes student entrepreneurs? On the relevance (and irrelevance) of the university and the regional context for student startups", *Small Business Economics*, Vol. 47, No. 1, pp. 53-76.
- Bertelsmann Stiftung (2016), *Neue Gründer hat das Land. Sieben gute Beispiele zur Förderung von Migrantengründern*, Gütersloh: Bertelsmann Stiftung.
- Brixy, U., S. Schrüfer, R. Sternberg, and J. von Bloh (2016), *Unternehmensgründungen in einer alternden Gesellschaft: Ungenutzte Potenziale bei Frauen und Älteren*, Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung (= IAB-Kurzbericht 27/2016).
- Brixy, U., R. Sternberg, and A. Vorderwülbecke (2013), *Unternehmensgründungen durch Migranten*. Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung (= IAB-Kurzbericht 25/2013).
- Bundesregierung (2017), *Zweiter Gleichstellungsbericht der Bundesregierung*. BT-Drucksache 18/2840, Berlin.
- Caliendo, M. and A. Kritikos (2010), "Start-Ups by the Unemployed: Characteristics, Survival and Direct Employment Effects", *Small Business Economics*, Vol. 35, No. 1, pp. 71-92.

- Caliendo, M., A. Kritikos, V. Steiner and F. Wießner (2007), *Unterm Strich ein Erfolg (Successfully at the bottom line)*, Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung (= IAB-Kurzbericht 10/2007).
- Caliendo, M., J. Hogenacker, S. Künn and F. Wießner (2011), *Alte Idee, neues Programm. Der Gründungszuschuss als Nachfolger von Überbrückungsgeld und Ich-AG (Old ideas, new programs. The start-up subsidy as a successor of the bridging allowance scheme and the Me, Inc.)*. Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung (=Discussion Paper, No. 24).
- Caliendo, M. and S. Künn (2010), Start-Up Subsidies for the Unemployed: Long-Term Evidence and Effect Heterogeneity [Abstract]. *Journal of Public Economics*, Vol. 95, Nos. 3-4, pp. 311-331.
- Caliendo, M. and S. Künn (2015), “Getting back into the labor market: the effects of start-up subsidies for unemployed females”, *Journal Of Population Economics*, Vol. 28, No. 4, pp. 1005-1043.
- DIHK (2015), *Existenzgründer mit Migrationshintergrund beleben die Wirtschaft*, Sonderauswertung DIHK Gründerreport 2015.
- Eurostat (2017), Employment and unemployment (LFS), <http://ec.europa.eu/eurostat/web/lfs/data>.
- Fritsch, M. and M. Wyrwich (2014), “The Long Persistence of Regional Entrepreneurship: Germany 1925 to 2005” (with Michael Fritsch), *Regional Studies*, Vol. 48, No. 6, pp. 955-973.
- García Schmidt, A. and F.-S. Niemann (2015), *Inklusives Wachstum für Deutschland 02/2015: Das Potenzial der heterogenen Gesellschaft nutzen*, Gütersloh: Bertelsmann Stiftung.
- Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from Global Entrepreneurship Monitor.
- Hopp, C. and J. Martin (2017), “Does entrepreneurship pay for women and immigrants? A 30 year assessment of the socio-economic impact of entrepreneurial activity in Germany”, *Entrepreneurship and Regional Development*, Vol. 29, Nos. 5-6, pp. 517-543.
- IQ Fachstelle Migrantenökonomie im ism – Institut für sozialpädagogische Forschung Mainz e.V. (2016), *Die Potenziale der heterogenen Gesellschaft heben. Praxisbeispiele und Handlungsoptionen, um migrantisches Unternehmertum zu stärken*, Mainz: Institut für Sozialpädagogische Forschung Mainz e.V.
- Kautonen, T., S. Down and M. Minniti (2014), “Ageing and entrepreneurial preferences”, *Small Business Economics*, Vol. 24, No. 3, pp. 579-594.
- Kautonen, T. and M. Minniti (2014), “‘Fifty is the new thirty’: ageing well and start-up activities”, *Applied Economics Letters*, Vol. 21, No. 16.
- Kay, R. and S. Schneck (2012), *Hemmnisse und Probleme bei Gründungen von Migranten*. IfM Materialien 214, März 2012.
- Kitching, J. (2013), “Entrepreneurship and disability”, OECD Local Economic and Employment Development Programme, Paris.
- Koch, A., M. Rosemann and J. Späth (2010), *Soloselbstständige in Deutschland. Strukturen, Entwicklungen und soziale Sicherung bei Arbeitslosigkeit (Solo self-employed in Germany)*.

- Structures, developments and social security in phases of unemployment*), Kurzexpertise im Auftrag der Friedrich-Ebert-Stiftung. Tübingen: Institut für Angewandte Wirtschaftsforschung e. V. (IAW).
- Kösters, S. and M. Obschonka (2011), “Public business advice in the founding process: an empirical evaluation of subjective and economic effects”, *Environment and Planning C - Government and Policy*, Vol. 29, No. 4, pp. 577-604.
- Kulicke, M. (2014), *15 Years of EXIST university-based start-up programs*, Karlsruhe: Fraunhofer ISI.
- Leicht, R. and M. Langhauser (2014), *Ökonomische Bedeutung und Leistungspotenziale von Migrantenunternehmen in Deutschland*, WISO Diskurs: Expertisen und Dokumentation zur Wirtschafts- und Sozialpolitik. Berlin: Friedrich Ebert Stiftung.
- Leicht, R. and S. Berwing (2016), *Gründungspotenziale von Menschen mit ausländischen Wurzeln: Entwicklungen, Erfolgsfaktoren, Hemmnisse Studie im Auftrag des Bundesministeriums für Wirtschaft und Energie*. Mannheim: IfM.
- Leifels, A. (2017), *Existenzgründer und Bürokratie: für jeden dritten eine Schwierigkeit, aber selten ein Abbruchgrund*, KfW Research Fokus Volkswirtschaft, Nr. 175, 21. Juli 2017.
- Little, A.D. (1977), *New technology based firms in the United Kingdom and the Federal Republic of Germany*, London: Wilton House Publications
- Mahuteau, S., M. Piracha, M. Tani, and M. Lucero (2014), “Immigration Policy and Entrepreneurship”, *International Migration*, Vol. 52, No. 2, pp. 53-65.
- Metzger, G. (2016), *Migranten überdurchschnittlich gründungsaktiv – Arbeitsmarkt spielt große Rolle*, KfW Research Fokus Volkswirtschaft 115, 29. January 2016.
- Moriset, B. and E. J. Malecki (2009), “Organization versus Space: The Paradoxical Geographies of the Digital Economy”, *Geography Compass*, Vol. 3, No. 1, pp. 256–274.
- Möller, J. (2010), “The German labor market response in the world recession: De-mystifying a miracle”, *Journal for Labour Market Research*, Vol. 42, No. 4, pp. 325–336.
- OECD (2015), *All on Board: Making Inclusive Growth Happen*, OECD Publishing 2015.
- Pauwels, C., B. Clarysse, M. Wright, and J. van Hove (2016), “Understanding a new generation incubation model: The accelerator”, *Technovation*, Vol. 50–51, pp. 13-24.
- Reuschke, D. and M. van Ham (2013), “Testing the 'residential rootedness' hypothesis of self-employment for Germany and the UK”, *Environment and Planning A*, Vol. 45, No. 5, pp. 1219-1239.
- Sachs, A., M. Hoch, C. Münch, and H. Steidle (2016), *Migrantenunternehmen in Deutschland zwischen 2005 und 2014, Ausmaß, ökonomische Bedeutung, Einflussfaktoren und Förderung auf Ebene der Bundesländer*, Gütersloh: Bertelsmann Stiftung.
- Schott, T., E. Rogoff, M. Herrington and P. Kew (2017), *Global Entrepreneurship Monitor: Special Topic Report 2016-2017 on Senior Entrepreneurship*, GERA. www.gemconsortium.org.

- Sternberg, R. (1990), "The Impact of Innovation Centres on Small Technology-Based Firms: The Example of the Federal Republic of Germany", *Small Business Economics*, Vol. 2, pp. 105-118.
- Sternberg, R., H. Behrendt, H. Seeger and C. Tamásy (1996), *Bilanz eines Booms - Wirkungsanalyse von Technologie- und Gründerzentren in Deutschland* (2. unveränderte Aufl. 1997), Dortmund: Dortmunder Vertrieb für Bau- und Planungsliteratur.
- Sternberg, R. and J. von Bloh (2017), *Global Entrepreneurship Monitor (GEM). Länderbericht Deutschland 2016*, Hannover: Institut für Wirtschafts- und Kulturgeographie, Universität Hannover.
- Tegtmeier, S., A. Kurczewska and J. Halberstadt (2016), "Are women graduates jacquelines-of-all-trades? Challenging Lazear's view on entrepreneurship," *Small Business Economics*, Vol. 47, No. 1, pp. 77-94.
- Vorgrimler, D., A. Bitz, P. Schweizer and Y. Vatter (2015), *Welcher Bürokratieaufwand ist mit der Gründung eines Unternehmens verbunden?* Statistisches Bundesamt, WISTA 1 2015.
- Welter, F. (2004), "The environment for female entrepreneurship in Germany", *Journal of Small Business and Enterprise Development*, Vol. 11, No. 2, pp. 212-221.
- Wyrwich, M., M. Stützer and R. Sternberg (2016), "Entrepreneurial role models, fear of failure, and institutional approval of entrepreneurship: a tale of two regions", *Small Business Economics*, Vol. 46, No. 3, pp. 467-492.
- Xavier, S.R., D. Kelley, M. Herrington, A. Vorderwülbecke (2013), *Global Entrepreneurship Monitor. 2012 Global Report*. Babson Park, MA: Babson College, Santiago de Chile: Universidad del Desarrollo, Kuala Lumpur: Universiti Tun Abdul Razak, London: London Business School.
- Zissimopoulos, J.M. and L.A. Karoly (2007), "Transitions to self-employment at older ages: The role of wealth, health, health insurance and other factors", *Labour Economics*, Vol. 14, pp. 269-295.

ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, program managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains 5 pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programs and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?

- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programs or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?