



OECD East Germany Entrepreneurship Review

Key findings and
recommendations

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Themes from the study

- Entrepreneurial attitudes and culture
- Modernising and diversifying SMEs
- Financing entrepreneurship
- Universities and entrepreneurship
- Rural entrepreneurship
- Entrepreneurship policy delivery framework

Cross-cutting policy issues

1. Addressing fragmentation of policy design and delivery
2. Distinguishing between supporting start-ups and growth enterprises
3. Building an entrepreneurial culture

Policy fragmentation

Findings (1/2)

- Different objectives and targets across ministries and agencies at Land and Federal levels leads to fragmentation at local level
- Communication is weak between different levels of government
- There is a lack of regional or local level entrepreneurship strategies

Findings (2/2)

- Local governments have limited competencies and capacities for policy design
- The majority of initiatives to foster entrepreneurial activity are driven 'top-down' from the Land level
- A systematic analysis of local needs and policy options is lacking

Recommendations (1/2)

- More local tailoring of policies
- Institutional adaptation in entrepreneurship across ministerial boundaries
- Greater involvement of Land ministries and agencies in existing local networks
- Introduce regional or local strategies for entrepreneurship

Recommendations (2/2)

- Capacity building to promote the policy cycle method at the local level (problem definition, design, delivery, evaluation)
- Participatory evaluation of previous and ongoing programmes and projects, involving local stakeholders

Growing enterprises

Findings (1/2)

- There is significant support for businesses that are not likely to be capable of exporting from the local area and be regionally, nationally or internationally competitive – this will be associated with *displacement*
- Weaknesses in skills linked to
 - Negative attitudes of entrepreneurs to training
 - Lack of awareness and access to training offers
- Lack of incentives and financial support for growth

Findings (2/2)

- Business networking initiatives are promoting innovation but the emphasis is mainly on growth centres
- There is strong potential to develop innovative entrepreneurship around core science and technology strengths
- There are barriers to stimulating entrepreneurship from research strengths in the cultures and regulatory frameworks of universities and research organisations

Recommendations (1/3)

- Special policy initiatives should be developed to support growth enterprises
- Identify a small pool of potential innovators and growers
- Provide special support to overcome growth constraints – management skills, growth finance, external market partners, innovation support, premises

Recommendations (2/3)

- Initiatives to facilitate the modernisation and diversification of existing SMEs
- Increased emphasis on skills development and business performance
- The shift towards innovation support and away from investment allowances should be encouraged

Recommendations (2/3)

- Promote business networks, not just in growth centres and high-tech sectors but also in the broader business base
- A greater focus on tradable goods and increased internationalisation activity by SMEs should be fostered and supported by policy
- Focus on stimulating entrepreneurship from centres of key science strengths – facilitating spin-outs and knowledge transfers

Entrepreneurial culture

Findings

- Low entrepreneurial activity rate
- High proportion of necessity entrepreneurship
- Dominant employee culture
- Negative opinions of East Germany as a place to start and run a business
- Out-migration of many talented people

Recommendations (1/2)

- Undertake activities to promote entrepreneurial skills and motivations
 - Improve the attractiveness and image of East Germany
 - Promote successful entrepreneur role models
 - Increase awareness of entrepreneurial opportunities
 - Establish mentors for new and potential entrepreneurs

Recommendations (2/2)

- Increase the emphasis on ‘soft’ support for encouraging the right skills and motivations
- Reinforce the shift from an ‘SME policy’ to an ‘entrepreneurship policy’

International learning models

- See Compendium by theme
- Major point – create comprehensive and integrated entrepreneurship strategies – Wallonia and Scotland