Inclusive Entrepreneurship Policies, Country Assessment Notes

Germany, 2016
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 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.

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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. 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.

Self-employment rates in Germany are relatively low compared to European Union (EU) average. In 2015, the German self-employment rate was 9.6% relative to 14.1% for the EU. Germans were also less likely than the EU average to expect to start a business over the 2010-14 period (9.4% vs. 12.4%) and this was also true for population groups such as youth (13.6% vs. 20.9%) and women (7.3% vs. 9.7%) 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 part of 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 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.
<table>
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<tr>
<td>ALG II</td>
<td>Arbeitslosengeld II (Unemployment benefits II)</td>
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<td>BAND</td>
<td>Business Angels Netzwerk Deutschland (Business Angels Network Germany)</td>
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<td>bga</td>
<td>Bundesweite Gründerinnenagentur</td>
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<td>BMAS</td>
<td>Bundesministerium für Arbeit und Soziales (German Federal Ministry of Labour and Social Affairs)</td>
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<td>BMBF</td>
<td>Bundesministerium für Bildung und Forschung (German Federal Ministry for Education and Research)</td>
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<td>Bundesministerium für Familie, Senioren, Frauen und Jugend (German Federal Ministry for Family Affairs, Seniors, Women and Youth)</td>
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<td>BMWi</td>
<td>Bundesministerium für Wirtschaft und Energie (German Federal Ministry for Economic Affairs and Energy)</td>
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<td>IHK</td>
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<td>KfW</td>
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KEY MESSAGES

- Tailored entrepreneurship programmes are widely available for selected population groups such as women and students (rather than youth generally), and more modestly for the unemployed and immigrants. Tailored entrepreneurship support for older people is uncommon and largely absent for people with disabilities.

- Overall, self-employment rates were lower in Germany than the European Union average in 2015 (9.6% vs. 14.1%), as was the proportion of people involved in setting up or managing a new business (9.4% vs. 12.4% over the 2010-14 period). This gap in the proportion of people involved in starting and managing new businesses is even greater for some groups such as youth and women. These relatively low activity rates are, to a large extent, likely due to a healthy labour market.

- Although tailored entrepreneurship support is well-developed for some target groups and is generally of high quality, some challenges remain. For example, there are few tailored entrepreneurship support offers for groups such as immigrants and older people. Moreover, some of the support offers could be further differentiated to meet the needs of different profiles of youth and women entrepreneurs.

- The following actions are recommended to strengthen inclusive entrepreneurship in Germany: i) define more precise objectives and targets for all disadvantaged groups in the context of entrepreneurship policy, ii) develop entrepreneurship policies and programmes for youth with low levels of educational attainment and youth in VET, iii) increase awareness and support for entrepreneurship in all disciplines of tertiary education, iv) improve the availability of tailored information on business creation for women, including on available support programmes, and v) develop more tailored support measures for migrant entrepreneurship and assure appropriate outreach to migrant communities.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Inclusive entrepreneurship policies are used as a social policy instrument rather than for economic policy. Inclusive entrepreneurship policies and programmes have been developed for selected under-represented and disadvantaged social groups such as women and university students, and in a modest form for unemployed people and immigrants. However, the development of tailored entrepreneurship policies for disadvantaged youth, older people and people with disabilities has not been a priority.

Although youth entrepreneurship generally does not feature high on the political agenda (youth employment generally does), considerable support has been developed to assist higher education students in entrepreneurship to create more innovative start-ups from universities. There are also efforts to support young people who pursue a vocational training with entrepreneurial ambitions. Special focus is placed on those successfully graduating with a “master’s certificate” (Meisterabschluss), which is the highest diploma in the German apprenticeship system.

Over the past two decades, Germany has been a leader in supporting the unemployed in business creation. However, the objective to integrate unemployed people into the labour market through self-employment has lost momentum, partially due to very low unemployment rates in Germany. The
support for unemployed entrepreneurs decreased substantially after three instruments – a basic start-up-subsidy (Existenzgründerzuschuss), a bridging allowance scheme (Überbrückungsgeld) and a grant for entrepreneurs known as the “Me, Inc.” (Ich-AG) – were merged into a single modified start-up allowance (Gründungszuschuss)\(^1\) in 2012.

Women’s entrepreneurship support has also been traditionally strong in Germany as part of the policy objective to create equal opportunities for men and women. However, women’s entrepreneurship policy objectives and targets are not clearly defined in strategic policy documents.

The integration of immigrants into society and the labour market is currently a dominant issue for policy makers. Entrepreneurship can clearly play a role in achieving both of these objectives and the development of further support for immigrant entrepreneurship is being considered.

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

The German labour market fared much better than nearly all European Union countries over the last decade. Unemployment rates have fallen over the last decade and were much lower than the EU average in 2015 (Figure 1a). This is also true for various groups that typically face greater challenges entering and participating in the labour market (e.g. youth, women, and older people).

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\(^1\) From 2003, the start-up-subsidy Existenzgründungszuschuss (ExGZ) plus Überbrückungsgeld (ÜG) (Bridging Allowance) led to a strong increase in the number of supported start-ups. In 2006, both instruments were merged to the start-up allowance Gründungszuschuss (GZ). On August 1, 2006, the new Gründungszuschuss (§ 57 SGB III) replaced its predecessors, the ÜG and the start-up subsidy for Me Inc.’s. Since 2012, a modified and regulated start-up allowance (Gründungszuschuss) is available.
Figure 1. Key inclusive entrepreneurship indicators

a. Unemployment rate, 2006-15

b. Self-employment rate, 2006-15

c. TEA Rate, 2010-14

d. Proportion of TEA that is necessity entrepreneurship, 2010-14

e. Proportion who expect to start a business in the next 3 years, 2010-14

f. Proportion who report that a fear of failure prevents them from starting a business, 2010-14

g. Proportion who perceive that they have the skills to start a business, 2010-14

h. 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, 2010-14
i. Proportion early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2010-14

Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total 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 c, d, e, f, g, h and i were pooled for the period 2010-14, producing an unweighted average. The EU25 average in panels c, d, e, f, g, h and i covers all EU28 countries, except Bulgaria, Cyprus and Malta.

Source: Panels a and b contain data from Eurostat (2016), Labour Force Survey; Panels c, d, e, f, g, h and i contain data from the 2010 to 2014 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2016).

There are several ways to measure the level of entrepreneurial activity: one is to examine self-employment activities. The self-employment rate for the overall population was lower in Germany than the EU average in 2015 (9.6% vs 14.1%) (Figure 1b). Men were twice as likely to be self-employed as women in 2015 (12.1% vs. 6.8%), which was common across most European countries. Among the population groups that typically face the greatest challenges in entrepreneurship, older people had the highest self-employment rate in 2015 (13.2%), while youth had the lowest (1.4%).

Another way to measure entrepreneurial activity is to estimate the proportion of people involved in setting up or managing a new business. A well-known measure is the Total early-stage Entrepreneurial Activity (TEA) Rate, which is estimated by the Global Entrepreneurship Monitor. It measures the proportion of people who are in the process of starting a business or who manage a business that is less than 42 months old. The TEA rate for Germany was very similar to the EU average over the 2010-14 period (6.0% vs. 6.5%) (Figure 1c). However, German youth were less likely than the EU average to be involved in starting and managing new businesses over this period (6.3% vs. 7.7%).

The proportion of new entrepreneurship activity (i.e. TEA) that was driven by people lacking other opportunities in the labour market was slightly below the EU average over the 2010-14 period (20.3% vs. 22.8%) (Figure 1d). This is unsurprising given the low levels of unemployment in Germany. While the proportion of women (24.2%) and older people (23.9%) who started businesses out of “necessity” were approximately equal to the EU average, German youth were less likely than the EU average to do so (15.2% vs. 19.4%).

Moreover, Germans were less likely than the EU average to expect to start a business over the 2010-14 period (9.4% vs. 12.4% EU-wide) (Figure 1e). This finding was true for women, youth and older people, with the gap being the greatest among youth (13.6% vs. 20.9%).

Germans were slightly less likely to report that a fear of failure was a barrier to business creation (45.6% to 47.5% in the EU) (Figure 1f). However, more than half of German women reported this barrier over the 2010-14 period (52.5%). The perception of having sufficient skills to start a business
over this period was in line with the EU average (43% for both Germany and the EU average) (Figure 1g). However, German youth were less likely than the EU average to be confident about their knowledge and skills to create a business (29% vs. 37%). German entrepreneurs were also as likely as the European Union average to operate innovative businesses (Figure 1h) and new entrepreneurs were as likely to expect to create at least 19 jobs (Figure 1i). There was also little difference between the proportions of women, youth and older people and the EU average.

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

3.1. Policy framework

In recent years, there has been a shift from group-specific entrepreneurship policies towards the use of mainstream policies and instruments. The logic behind the one-size-fits-all-approach is that entrepreneurs, regardless whether they are disadvantaged or not, need the same information, training, coaching and financial support as any other entrepreneur.

Entrepreneurship policies and programmes are often co-ordinated by the Ministry of Economy (BMWi) in co-operation with the Ministry of Labour and Social Affairs (BMAS), the Ministry of Education (BMBF) and the Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ). Co-operation also takes place vertically with the German Länder and several Länder offer dedicated online portals providing start-up information and support, such as in Thuringia (www.thex.de), Baden-Württemberg (www.frauundberuf-bw.de), North Rhine-Westphalia (www.competentia.nrw.de and www.startercenter.nrw.de) and Hesse (www.startercenter.hessen.de).

Among all tailored entrepreneurship programmes for people from under-represented and disadvantaged groups, policies and programmes that support women entrepreneurs are the most advanced. The Ministry of Economy and the National Agency for Women Start-up Activities and Services (bga – Bundesweite Gründerinnenagentur) support female entrepreneurs together with regional offices and more than 200 local partners. The bga offers online information on business creation, access to networks, and seeks to inspire potential female entrepreneurs through role models and success stories. The Ministry of Economy and the bga established a network of female role model entrepreneurs in 2014 (Frauen Unternehmen).

Policies and programmes have also been developed to promote entrepreneurship among specific segments of the youth population. Support schemes for innovative students from technical universities have a long tradition and have been in place since 1998 when the EXIST programme was launched by the German Federal Ministry of Economy. This programme seeks to improve the entrepreneurial environment at universities and research institutes and increase the number and quality of technology and knowledge based business start-ups. A large co-ordination network to promote and support the programme has been developed, including technical universities, federal and state ministries and research organisations. The high profile programme has received excellent evaluations. Other types of universities (i.e. non-technical universities) do not have access to the same level of entrepreneurship support.
Aside from higher education graduates, youth (overall) do not receive much attention in entrepreneurship promotion initiatives. A new national programme titled “Fostering entrepreneurial mindsets in schools” (Unternehmergeist in die Schulen) by the Ministry of Economy aims at promoting entrepreneurial attitudes and behaviours of pupils aged 15-19 years old through projects, business awards and information at schools. An information letter and online training material has been circulated among teachers to increase the programme’s outreach. Nonetheless, entrepreneurship education at schools is still in the early stages of development.

Older people face a large number of barriers in becoming entrepreneurs and are not considered to be priority target groups of entrepreneurship policy. Consequently, objectives, policies and programmes related to entrepreneurship are not well developed for older people. Although 10% of all start-ups are launched by the 55 to 64 year old cohort and this population segment is growing, there are few tailored entrepreneurship supports offered for older people. The Ministry of Economy does however promote entrepreneurship by older people by providing information on business creation and offering online advice and resources. Other national ministries put a focus on older people in the context of demographic change; their activities however are not linked to entrepreneurship promotion and activation.

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) and a bridging allowance scheme (Überbrückungsgeld) have been thoroughly evaluated by academic researchers, also on behalf of the government. Though the evaluation results were overall positive, the government is currently concentrating financial support on a modified version of a basic start-up allowance (Gründungszuschuss). Since this modification in 2012, the number of start-ups by unemployed decreased significantly, partially due to tighter eligibility criteria.

Support to migrant entrepreneurs is provided through the Network “Integration through Qualification (IQ)” (IQ Netzwerk). Since 2005, the Network has been working to improve employment opportunities for immigrants through various programmes that are delivered through 16 regional networks (one for each Bundesland, or federal state). There are currently 11 projects that support immigrants in business creation. In addition to the regional networks, there are five competence centres dedicated to migrant-specific concerns at the federal level. These provide professional advice to the regional networks, support the development of training schemes, and manage an online portal on business start-up in Germany.

In addition, the project Business Creation for Female Migrants (Migrantinnen gründen - Existenzgründung von Migrantinnen) was launched in January 2015, funded by the Ministry for Family Affairs, Senior Citizens, Women and Youth. It supports women from diverse ethnic backgrounds with mentoring and accompanying entrepreneurship activities consisting of individual consultations, workshops, and networking activities (BMFSFJ, 2015). Emphasis on migrant entrepreneurship is set to further increase due to the high number of refugees who entered Germany in 2015 and 2016.

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. 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”, which was launched in Berlin in 2004. It supported more than 100 people with disabilities between 2004 and 2013, of which one-third became self-employed. As of 2013, the
initiative was renamed “Social Impact” and its mandate broadened to also cover social enterprises and businesses that assist people with disabilities.

3.2. Government regulations

Self-employed workers in Germany are generally not covered by collective forms of social security. They are responsible for arranging their own pension and health care provisions as well as their own funds for period of “unemployment”. However, there have been some changes in recent years in how the self-employed are covered by the social security system.

The self-employed can join a health insurance scheme, either private or statutory, on a voluntary basis. No return to compulsory health insurance is possible after shifting to a private insurance provider. For dealing with administrative duties and challenges, the BMWi navigator offers substantial guidance and initial support online.

The Rürrip pension, also known as “basic pension” (Basis-Rente), was developed after a pension reform in 2001. It was developed for the self-employed, freelancers and high-income earners and has taxation and benefits attributes similar to the Public Retirement Insurance. 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), but are allowed to deduct a considerable amount of their contributions from their taxes as “special expenses”. The Rürrip pension pays a guaranteed lifelong pension and it cannot be reduced even if a person may collect unemployment benefits or benefits from Hartz-IV measures.

For women entrepreneurs, various measures exist to support them in complying with administrative obligations, including support offered through the bga website, a telephone hotline (bgs Gründerinnenhotline) and through an online training portal (www.existenzgruenderinnen.de). Another online information tool is provided by the Ministry of Economy (http://www.bmwi-wegweiser.de/start/). One of the greatest challenges is securing childcare. While parents have a legal right on access to public kindergarten and nursery, there are too few places available. Further, a progressive subsidy system exists so that the costs per child increase with any additional income generated by women (or parents). This likely inhibits many women from starting a business since the income generated may not cover the costs of childcare. To address this challenge, the Federal government recently increased spending on childcare and the BMFSJ introduced a new parental allowance (Elterngerld Plus) and a new partnership bonus (Partnerschaftsbonus).

Older entrepreneurs can seek assistance with meeting their regulatory and administrative requirements from the Rationalisation and Innovation Centre for German Business (RKW), which offers individual assistance. In addition, self-employment income can have implications for the public pensions collected by seniors. People older than 65 years (female) or 67 years (male) who receive full pension entitlements may generate income through self-employment without losing pension entitlements. However, those who did not reach full eligibility for benefits from the public pension scheme (e.g. due to early retirement), may only generate self-employment income up to EUR 450 per month.

Recipients of unemployment benefits who create a business on a part-time basis while working less than 15 hours per week can continue to receive unemployment benefits at a reduced level. Those who receive the start-up allowance (Gründungszuschuss) receive an income to the amount of the latest amount of unemployment benefits and an allowance of EUR 300 per month to cover social security costs. After six months, and with an additional application, they can receive an additional EUR 300 per month for another nine months to cover social security costs, only. After this period income has to be generated fully through self-employment and contributions to social security insurance have to be
borne by the entrepreneur. The jobcentres and other local consulting organisations provide support when dealing with administrative procedures.

Immigrants face challenges in business creation due complex legal conditions that vary according to residency status. Since 2012, the legal preconditions for non-EU residents and immigrants have been simplified, predominantly for people with a university degree. However, the situation for all other immigrants is still complex with more than 60 different residence statuses in Germany. Strong support mechanisms for immigrants when dealing with administrative challenges exist at the state and local levels through the previously-mentioned IQ networks (see 3.1), as well as public or non-profit associations. Similarly, legal preconditions for asylum seekers can also be prohibitive to business creation. Differences are made between (i) persons entitled to asylum have full access to the labour market; but setting up a business is dependent on the status and reasons of asylum; (ii) persons entitled to asylum with special allowance and status need special permission by the foreigners registration office (Ausländerbehörde); and (iii) asylum seekers who only receive the status acquiescence and are not eligible to start a business. Policy makers have attempted to strengthen the available information on business creation for asylum seekers, as well as existing start-up support programmes but more can be done.

3.3. Financing entrepreneurship

There are several policies and programmes that aim to help entrepreneurs access start-up financing. Microcredit is an important tool that is widely used (e.g. KfW offers microcredits – ERP-Gründerkredite – up to EUR 100 000). In order to facilitate micro and small businesses, the German Institute for Microfinance (Deutsches Mikrofinanz Institut DMI) was established in 2004 to support consultancy and funding organisations in creating micro finance organisations (MFIs) on the local, regional and federal level. It now fulfils all tasks of an apex organisation, including accrediting MFIs for access to risk capital funds and supervising the necessary benchmarking.

In addition the German Microfinance Fund (Mikrokreditfonds Deutschland) is a significant source of microcredit. It was launched in 2010 with a budget EUR 100 million from the federal budget and the European Social Fund (ESF), and includes 10 microfinance institutes. Initially these funds were targeted at supporting the unemployed, but applications are now accepted from anyone. Applications can be submitted via 16 microfinance institutes (MFIs) across Germany, which also provide a range of support services to loan recipients (e.g. training, coaching). These MFIs tend to target immigrants and women entrepreneurs.

Special loan guarantee schemes do not exist for any specific population groups. However, there are guarantee banks (Bürgschaftsbanken), which are private sector and state-supported promotional banks that support commercial enterprises and liberal professions in financing loans and equity guarantees. In addition, the KfW start-up loan (Gründerkredit) are guaranteed up to 80%.

A range of other platforms are in place to facilitate access to finance for German entrepreneurs. For example, the Business Angels Network Germany e.V. (BAND) was founded in 1998 and allows businesses to set up a profile in search of Angel Investors. It is supported by the KfW and the BMWi, among others. In addition, crowdfunding has become popular among new entrepreneurs. There are platforms that support certain sectors (e.g. social projects, green technology), but none are specifically developed for start-ups by entrepreneurs from disadvantaged groups.

A number of group-specific financing initiatives are available. For women, there is one significant programme that supports female entrepreneurs with start-up financing, as well as entrepreneurship training. The Goldrausch Frauenetzwerk (a MFI) is a small non-governmental association that started providing small interest-free loans to women entrepreneurs in Berlin. Between
September 2010 and September 2013, Goldrausch dispersed 70 loans (with a total of EUR 240,000). Its default rate is a remarkably low (1.3%). More recently, it has started a partnership with the GLS Bank to administer loans partially funded by the ESF as part of the national Mikrofinanzfonds Deutschland scheme. In addition, female entrepreneurs can also receive business financing through bga.

Tailored financial support for youth entrepreneurs is available through the EXIST Business Startup Grant, which supports students, graduates and scientists from universities and research institutes in preparing innovative technology- and knowledge-based start-ups, and in turning their idea into a business plan. Universities and research institutes are in charge of submitting applications on students’ behalf to the BMBF. Additionally, there are centres for innovation and business creation that offer a start-up support infrastructure.

Germany is well-known for its financial supports and welfare bridges for the unemployed who seek to become self-employed (see section 3.1). The Hartz Reforms (I-IV) between 2003 and 2005 introduced a new business start-up subsidy scheme in 2006, which provided financial support for unemployed people in the initial start-up phase (up to EUR 300 per month on top of unemployment benefit). These schemes have demonstrated positive results but were scaled-back due to the low levels of unemployment.

For immigrants, the IQ Network, which assists immigrants in many aspects of entrepreneurship, also supports access start-up financing. While refugees have been supported by many organisations, including the IQ Network, they continue facing financial constraints more often than non-immigrants in the process of starting a business because of insufficient financial resources or a lack of credit history.

People with a disability may apply for financial support for business creation via the integration offices (Informationsämter), which offer loans with 10% interest rate. Technical and administrative support can also be granted under certain conditions and depending on severity and type of disability.

There are no specific financial support schemes for senior entrepreneurs but they are encouraged to apply for an ERP-Gründerkredit or a microcredit of the Mikrokreditfonds Deutschland as any other German entrepreneur.

3.4. Entrepreneurship skills

Entrepreneurship training and business development support is generally very strong in Germany, and many of these initiatives have been developed at the regional level. For example, a strong support system for entrepreneurs has been developed in Thuringia by the Chambers of Commerce (IHK), the Chambers of Crafts (Handwerkskammer) and the Ministry of Economics, Research and Digital Society (Thueringer Ministerium für Wirtschaft, Wissenschaft und Digitale Gesellschaft – TMWWDG). Support is comprehensive and a key tool for entrepreneurs from under-represented and disadvantaged groups is the online portal ThEx. Similar support infrastructures exist in nearly all regions across the country.

There are also several support initiatives that offer tailored entrepreneurship training or coaching for various population groups. For women, there are many training initiatives and consultancy offers that are implemented by the Ministry of Economy, bga, IHKs, Chambers of Crafts, other local and regional actors. The Ministry of Economy offers access to information for all entrepreneurs including disadvantaged groups via an online database (Förderdatenbank).
At the local levels, the Chambers of Commerce and Crafts and many other public initiatives have developed locally-based support schemes for female entrepreneurs. For example, the programme Women in Work and Business (Frauen in Arbeit und Wirtschaft e.V. B.EG.IN) in Bremen offers coaching and consulting for women in several languages. There are also a growing number of initiatives organised by non-governmental organisations. For example, Two Women Win (TWIN) is a successful mentoring initiative that has supported more than 400 start-ups, and NeW Mentoring, designed to help unemployed women in business start-up. In addition, some financial institutions started supporting female entrepreneurs with mentoring campaigns such as the Hypo Vereinsbank (HVB).

For youth, many entrepreneurship skills development initiatives are organised in higher education through the EXIST programme. The Ministry of Education and the Ministry of Economy are very supportive to promote training initiatives at universities, but there are few initiatives targeting non-university graduates. Older entrepreneurs (45 years old and older) can access professional coaching and consultancy support through the RKW. In addition, there are private sector initiatives that support older entrepreneurs. For example, Start-up 50Plus (Gründer50Plus) offers coaching and business counselling for older people who seek to start a business or social enterprise.

For the unemployed, some of the financial support schemes offer some form of basic entrepreneurship training or advisory support. In addition, recipients of unemployment benefits may apply for financial support for coaching at the local unemployment agencies. Many of these initiatives are co-financed by the European Social Fund (ESF).

Entrepreneurship training for immigrant entrepreneurs is widely available and often of high quality. Information on business start-up and training programmes are often delivered in several languages and can be accessed through Chambers of Commerce and Crafts and other local actors such as the Immigration Office (Ausländerbehörde). However, there are two significant challenges that hamper the impact of training. First, take-up is very 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.

3.5. Entrepreneurial culture and social capital

Overall, entrepreneurship is viewed positively in Germany. Nonetheless, targeted entrepreneurship promotion is undertaken for some of the key inclusive entrepreneurship target groups. For example, the bga is active in promoting an entrepreneurial culture for women through an online portal showcasing successful women entrepreneurs (Gründerinnen-Galerie). This initiative is supported by the activities of several non-profit organisations such as Push up, Weiberwirtschaft eG, and TWIN. In addition, the visibility and attractiveness of entrepreneurship and self-employment for academic graduates has been greatly enhanced through the EXIST programme. Innovative start-ups are well-promoted in the media and there is a growing interest in social entrepreneurship. In addition, the federal initiative “Entrepreneurial mindsets in schools” (Unternehmergeist in den Schulen) is an initiative by the Ministry of Economy to promote entrepreneurship at schools with a focus of creating entrepreneurial mindsets. Finally, the RKW promotes senior entrepreneurship with brochures and success stories and the IQ Network uses success stories to promote migrant entrepreneurship (www.wir-gruenden-in-deutschland.de).

There are also public policy efforts to strengthen entrepreneurship networks, especially for women entrepreneurs. The Ministry of Economy and the bga launched a network of women entrepreneurs (Frauen unternehmen) in 2004. The network appears however to be under-used and
receives little visibility in the media. There are several other large women’s entrepreneurship networks, including the Association of German Businesses (Verein deutscher Unternehmerinnen e.V. VdU) with 22 regional offices in all 16 federal states and the National Council of German Women’s Organisations (Deutscher Frauenrat), which is comprised of 56 female associations and networks.

4. POLICY RECOMMENDATIONS

Inclusive entrepreneurship policies and programmes are well-developed in Germany for some of the key social target groups, in particular women and educated youth. Offers are less available for immigrants and there is very little tailored support available for older people who wish to become entrepreneurs. Entrepreneurship support for the unemployed has been scaled-back in recent years due to the low levels of unemployment. There are also high-quality offers at the state level, and the non-government sector is very active. 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. **Define more precise objectives and targets for all disadvantaged groups in the context of entrepreneurship policy.** Policy objectives and strategies should be defined for all disadvantaged and under-represented groups, including older people, people with disabilities and immigrants, to ensure that policy actions address the appropriate issues and challenges. Clear objectives and targets will also help policy makers understand the impact that policy actions have.

2. **Develop entrepreneurship policies and programmes for youth with low levels of educational attainment and youth in VET.** Entrepreneurship skills programmes should not only be available to university graduates, but also for youth with lower qualification levels. Entrepreneurship is especially relevant for young people in vocational training, but the current support offer is limited. Little support is available for youth not in the education system and few promotional activities are undertaken.

3. **Increase awareness and support for entrepreneurship in all disciplines of tertiary 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. More emphasis is needed on young people who pursue entrepreneurship activities outside of technological innovation and who put a focus on social innovation.

4. **Improve tailoring of information and support for women entrepreneurs.** Not all women who want to start a business have the same objectives, nor face the same challenges. Women’s entrepreneurship initiatives could offer some differentiated support to help different groups of women. For example, those operating in STEM sectors or those seeking to start part-time businesses to generate extra income. It is also important to review current policies and programmes to understand how they impact different profiles of women. For example, unemployed women with children who seek a part-time self-employment are no longer eligible to receive support from the start-up allowance (Gründungszuschuss) because it only applies to full-time activities.
5. Develop more targeted support measures for migrant entrepreneurship and assure appropriate outreach to migrant communities. The support programmes offered by the Chambers of Commerce and start-up centres are not well-aligned with the needs of migrant entrepreneurs. For example, there is a need to provide more information about their legal rights. In addition, basic support offers should be available in more languages.

5. REFERENCES


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, programme 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, programmes 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 programmes 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?