STRENGTHENING ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT IN EASTERN GERMANY

CREATING A LOCAL ENTERPRISE STRATEGY

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IMPORTANCE OF ENTREPRENEURSHIP

- Entrepreneurship is at the top of the social, political and economic agendas globally.
- The process whereby individuals create and build new firms has captured the public and political imagination.
- Policy makers worldwide have grown attentive to developing strategies that nurture and sustain entrepreneurial activity.
- It is now generally assumed that one of the key conditions for unlocking economic growth is increasing entrepreneurial activity.
The aim of the GEM study is to answer three fundamental questions:

- Does the level of entrepreneurial activity vary between countries (and regions within countries) and, if so, by how much?

- Does the level of entrepreneurial activity affect the national or regional rate of economic growth?

- What makes a country (or region) entrepreneurial?
General National Framework Conditions
- Openness (External Trade)
- Government (Extent, Role)
- Financial Markets (Efficiency)
- Technology, R&D (Level, Intensity)
- Infrastructure (Physical)
- Management (Skills)
- Labour Markets (Flexible)
- Institutions (Unbiased, Rule of Law)

Entrepreneurial Framework Conditions
- Financial
- Government Policies
- Government Programmes
- Education & Training
- R&D Transfer
- Commercial, Legal Infrastructure
- Internal Market Openness
- Access to Physical Infrastructure
- Cultural, Social Norms

Major Established Firms (Primary Economy)

Micro, Small, and Medium Firms (Secondary Economy)

Entrepreneurial Opportunities
- Entrepreneurial Capacity
  - Skills
  - Motivation

Social, Cultural, Political Context

National Economic Growth (GDP, Jobs)

Business Churning
Entrepreneurship is a major global phenomenon

The level of entrepreneurial activity differs significantly between countries

Entrepreneurship is strongly associated with economic growth

Most firms are started by men aged 25-34

Financial support is highly associated with the level of entrepreneurial activity.

Education has a vital role in entrepreneurship.

Entrepreneurship policies should not be confined to the entrepreneurship sector

Social legitimacy of entrepreneurship makes a difference
GEM GLOBAL – KEY POLICY ISSUES

- The promotion of entrepreneurship, is critical for facilitating economic growth.
- Enhancing the entrepreneurial capacity of a society will have the greatest impact on the level of entrepreneurial activity.
- Increasing the participation of women in entrepreneurship is critical.
- For long-term impact, policies should encourage people younger than 25 and older than 44 into entrepreneurship.
- All aspects of its economic system are conducive to and supportive of increased levels of entrepreneurial activity.
- Policies should facilitate the development of a positive financial environment.
Develop an Enterprise Culture
Change attitudes towards entrepreneurship
Embed entrepreneurship education throughout whole educational process
Widen the horizons of potential and actual entrepreneurs.
Stimulate entrepreneurial behaviour within local communities

Create more start-up businesses and more businesses with growth potential
A co-ordinated national programme of start-up support based on ‘best practice’, that reflects the actual type of support required by the different types of business

To increase the number and proportion of indigenous businesses that grow to their full potential
Specific initiatives in areas of funding and advice which are tailored to the specific needs of growth businesses
RECOGNISING THE OPPORTUNITY
Changing attitudes towards entrepreneurship

- Development of role models to profile regional success stories
- The creation of high profile awards for enterprise
- The development of an enterprise roadshow
- The establishment of a Business Plan competition
RECOGNISING THE OPPORTUNITY
Embedding enterprise education

- Private sector entrepreneurs working in partnership with education to create new provision
- Embedding entrepreneurship into the curriculum
- Encouraging educational bodies to develop individual strategies for entrepreneurship
- Supporting educational bodies to incorporate entrepreneurship as a valid option in career advice
- Developing initiatives that encourage young people to understand and experience business.
RECOGNISING THE OPPORTUNITY
Embedding enterprise education

• Summer schools to provide opportunities for groups to participate in small business education and training programmes
• Development and design of entrepreneurship teaching materials for incorporation into existing subjects
• Encouraging the use of work shadowing schemes
• Creating specific programmes of enterprise in universities
• Entrepreneurial programmes which develop entrepreneurial skills for teachers and lecturers
RECOGNISING THE OPPORTUNITY
Widening horizons

• Development of an internet site for entrepreneurs
• Encouragement of entrepreneurship as a strategic priority within the public sector
• Networking with other national international entrepreneurs
• Establishing programmes for opportunity awareness
• Development of entrepreneurship experience programmes.
• Creation of entrepreneurship clubs
RECOGNISING THE OPPORTUNITY
Stimulating enterprise in communities

• Undertaking a comprehensive review to identify examples of good practice in community enterprise and how these can be applied within communities.
• Extending existing student placement programmes to the community sector
• Developing entrepreneurship action plans for local areas
CREATING THE ENTERPRISE

• Increasing the rate of business start-ups is crucial to developing an entrepreneurial regional economy
• A co-ordinated regional national programme for start-ups should be established based on ‘best practice’
• Rather than reinventing the wheel, policy-makers must build upon existing provision to provide new business start-up programmes that reflect best practice globally.
CREATING THE ENTERPRISE

- Mentoring programmes using people with experience who have ‘been there and done it’
- The development of specific support programmes for under-represented groups
- Creation of new high technology businesses through spin-off activities from universities
- ‘Return to the Region’ Entrepreneurial Programme to attract entrepreneurs back home
- Creation of a ‘business talent bank’
- Development of business incubation facilities
- Establishment of ‘Entrepreneurial Zones’
GOING FOR GROWTH

• Regional Enterprise Development Fund
• Co-ordinated series of financial support packages to assist small firms
• On-line business information resource
• Peer-mentoring scheme
• Corporate venturing to develop potential spinouts with employers.
• Networks for entrepreneurship
LOCAL ENTERPRISE STRATEGY
Conclusions and the way forward

• A LOCAL ENTERPRISE STRATEGY must bring about changes in attitudes to entrepreneurship.
• Need for a consensual approach to economic development that includes the desire to tackle the very specific needs of the SME sector.
• The public sector must take a proactive role in driving entrepreneurship.
• Creation of a coherent, structured approach to entrepreneurship as part of a municipal strategy.
• Different barriers to entrepreneurship must be targeted.
• Local initiatives must have a sense of place within a wider scheme of national economic development.
LOCAL ENTERPRISE STRATEGY
Conclusions and the way forward

• Ensure more people recognise business opportunities and are motivated and skilled to turn ideas into action.

• Business support services should be co-ordinated, coherent, simple to access; demand led, credible & based on best practice.

• Entrepreneurship strategy requires extra financial resources and individual effort.

• No ‘quick fixes’ as developing entrepreneurial culture is a long-term challenge

• Effective delivery of successful initiatives requires new approaches

• Success will depend on developing effective innovative partnerships and targeting resources more effectively