

Inclusive Entrepreneurship Policies,
Country Assessment Notes

Germany

2020



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 seek to ensure that everyone has an opportunity to create a sustainable business for those with realistic potential, regardless of their background. Business creation by people from under-represented and disadvantaged groups (e.g. women, youth, seniors, immigrants, the unemployed, people who experience disability) helps generate jobs, thereby fighting social and financial exclusion while stimulating economic growth.

These policies have become much more relevant with the COVID-19 pandemic, which has led to rapidly increasing unemployment and inactivity. Addressing this jobs crisis is one of the top policy priorities in European Union and OECD countries and inclusive entrepreneurship schemes have strong potential for moving some unemployed people back into work. Moreover, these policies can be leveraged to help reboot economies as there is untapped growth potential among some of the target groups.

This note is the fourth country assessment note prepared by the Organisation for Economic Co-operation and Development (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 of the entrepreneurship activities by women, youth, seniors, immigrants and the unemployed. It also provides an 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 2020 notes include a special section on entrepreneurship support for people who experience disability. This section provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses. It also contains a new section on entrepreneurship framework conditions to provide additional context for interpreting the tailored policies and programmes.

These country-specific notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu), a series of Policy Briefs on specific target groups, policies and issues, and national policy reviews of youth entrepreneurship and women entrepreneurship. This work stream examines 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. For more information please refer to: www.oecd.org/employment/leed/inclusive-entrepreneurship.htm.

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 by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director, as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme, led by Karen Maguire, Head of Division. 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 edited by David Halabisky of the OECD CFE under the direction of Dr. Jonathan Potter, also of the OECD CFE.

A draft of this report was reviewed by policy officers at the Federal Ministry for Economic Affairs and Energy; the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth; the Federal Ministry of Labour and Social Affairs; as well as researchers at IfM Bonn.

Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor.

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

Abbreviations

| | |
|----------|--|
| ALG I | <i>Arbeitslosengeld</i> (Unemployment benefit) |
| ALG II | <i>Arbeitslosengeld II</i> (Unemployment benefit II) |
| BA | <i>Bundesagentur für Arbeit</i> (Federal Employment Agency) |
| BDA | <i>Bundesvereinigung der Deutschen Arbeitgeberverbände</i> (Confederation of German Employers' Associations) |
| BDI | <i>Bundesverband der Deutschen Industrie</i> (Federation of German Industries) |
| bga | <i>bundesweite gründerinnenagentur</i> (Nationwide Agency for Women Start-ups Activities and Services) |
| 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 of Education and Research) |
| BMFSFJ | <i>Bundesministerium für Familie, Senioren, Frauen und Jugend</i> (German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth) |
| BMWi | <i>Bundesministerium für Wirtschaft und Energie</i> (German Federal Ministry for Economic Affairs and Energy) |
| COVID-19 | <i>Coronavirus-Krankheit-2019</i> (Coronavirus disease 2019) |
| DIHK | <i>Deutscher Industrie- und Handelskammetag</i> (Association of German Chambers of Industry and Commerce) |
| ERP | European Recovery Programme |
| ESF | European Social Fund |
| EXIST | Existenzgründungen aus der Wissenschaft |
| GEM | Global Entrepreneurship Monitor |
| GKV | <i>gesetzliche Krankenversicherung</i> (statutory health insurance) |
| GLS Bank | <i>Gemeinschaftsbank eG</i> (cooperative bank) |

| | |
|--------------------------|--|
| “GO!” | Gründungsoffensive (Start-up Campaign “GO!”) |
| HTGF | <i>High-tech Gründerfonds</i> (High-tech Start-up Fund) |
| IHK | <i>Industrie- und Handelskammer</i> (German Chambers of Industry and Commerce) |
| INVEST | <i>Zuschuss für Wagniskapital</i> (Grant for Venture Capital) |
| IQ | <i>Integration durch Qualifizierung-Netzwerk</i> (Network “Integration through Qualification”) |
| IQ | <i>IQ Fachstelle Migrantenökonomie</i> (Office for migrant economics) |
| INTERREG | European Territorial Cooperation |
| ISI | <i>Initiative Selbstständiger Immigrantinnen</i> (Initiative Self-Employed Female Migrants) |
| JUNIOR | <i>Junge Unternehmer initiieren – organisieren – realisieren</i> (Young Entrepreneurs initiate – organize – realize) |
| KfW Group | <i>KfW Bankengruppe</i> (KfW Group) |
| KOS | <i>Koordinierungsstellen für Frauen in Arbeit und Wirtschaft</i> (Coordination Offices for Women in work and business) |
| LaGeSO | <i>Landesamt für Gesundheit und Soziales</i> (Integration Office of the Regional Office for Health and Social Affairs) |
| MAGNET | Migrant Acceleration for Growth |
| MFI | <i>Mikrofinanzinstitut</i> (Microfinance Institute) |
| MIGOEK | <i>Migrantische Ökonomie für Ländliche Kommunen</i> (Migrant Economy for Rural Communities) |
| MWIDE | Ministry of Economy, Innovation, Digitization and Energy of North Rhine-Westphalia |
| NGO | Non-governmental organisation |
| NRW | <i>Nordrhein-Westfalen</i> (North Rhine-Westphalia) |
| OZG | Online Access Act |
| PATEC | <i>Passau the Entrepreneurial Campus</i> |
| RKW Kompetenzzentrum | <i>Rationalisierungs- und Innovationszentrum der Deutschen Wirtschaft e.V</i> (German Center for Productivity and Innovation) |
| RKW Landesorganisationen | (RKW regional agencies) |
| SEA | <i>Social Entrepreneurship Akademie</i> (Social Entrepreneurship Academy) |
| SEND | <i>Social Entrepreneurship Netzwerk Deutschland</i> (Social Entrepreneurship Network Germany) |
| SGB | <i>Sozialgesetzbuch</i> (Social Code Book) |

| | |
|----------|--|
| SIforREF | <i>Soziale Innovation für Geflüchtete Menschen</i> (Social Innovation for Refugees) |
| SME | Small and Medium-Sized Enterprise |
| TEA | Total Early-Stage Entrepreneurial Activity |
| ThEx | <i>Thüringer Zentrum für Existenzgründungen und Entrepreneurship</i> (Thuringian Center for Business Start-ups and Entrepreneurship) |
| TWIN | Two Women Win |
| USt | <i>Umsatzsteuer</i> (sales tax) |
| VdU | <i>Verband deutscher Unternehmerinnen</i> (Association of German Women Entrepreneurs) |
| ZDH | <i>Zentralverband des Deutschen Handwerks</i> (German Confederation of Skilled Crafts) |

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Key messages

- The framework conditions for entrepreneurship are comparable to most European Union (EU) Member States. The federal government continues to simplify the regulatory environment with actions such as strengthening e-government services. However, the cost differential of borrowing for small loans relative to large loans increased slightly in recent years.
- The share of people working in self-employment was below the EU average in 2019 (8.5% vs. 13.4%) and this share has declined slightly since 2010 due largely to strong labour market conditions. Relative to other EU Member States, seniors and immigrants account for a disproportionate share of the self-employed.
- Data from the Global Entrepreneurship Monitor indicate that there are about 3.3 million early-stage entrepreneurs (i.e. those starting or managing a business that is less than 42 months old). The share of people involved in early-stage entrepreneurship was slightly below the EU average for the period 2015-19, due to low levels of unemployment and “necessity” entrepreneurship. The gender gap was slightly smaller than for the EU overall.
- Eliminating all of the gaps in entrepreneurship activity rates across population groups (i.e. applying the early-stage entrepreneurship rate of men who are 30-49 years old to the whole population) would result in an additional 1.3 million entrepreneurs. More than one million of these “missing” entrepreneurs are female and 55% are over 50 years old, which is a lower share than in most EU Member States.
- Entrepreneurship support policies have become an important and effective component of economic policies over recent decades. This includes actions to stimulate a more inclusive entrepreneurship culture (e.g. Start-up Campaign “GO!” (*Gründungsoffensive “GO!”*)), as well as a comprehensive suite of schemes to support women, students and migrants in business creation.
- However, there is little tailored support for senior entrepreneurs even though the population is relatively old compared with other EU Member States. There is potential to do more to extend the working life of some seniors through entrepreneurship, which will help offset some of the effects of an aging population. Furthermore, support for entrepreneurs who experience disability can be strengthened since many of those who have the capacity to work can be successful in entrepreneurship.
- The following actions are recommended to strengthen inclusive entrepreneurship support:
 - Increase funding for programmes that support women entrepreneurs in STEM fields;
 - Promote role models for senior entrepreneurs to increase awareness about the potential of senior entrepreneurship;
 - Create more entry points into the support system for entrepreneurs who experience disability; and
 - Provide more low-threshold entrepreneurship support to students.

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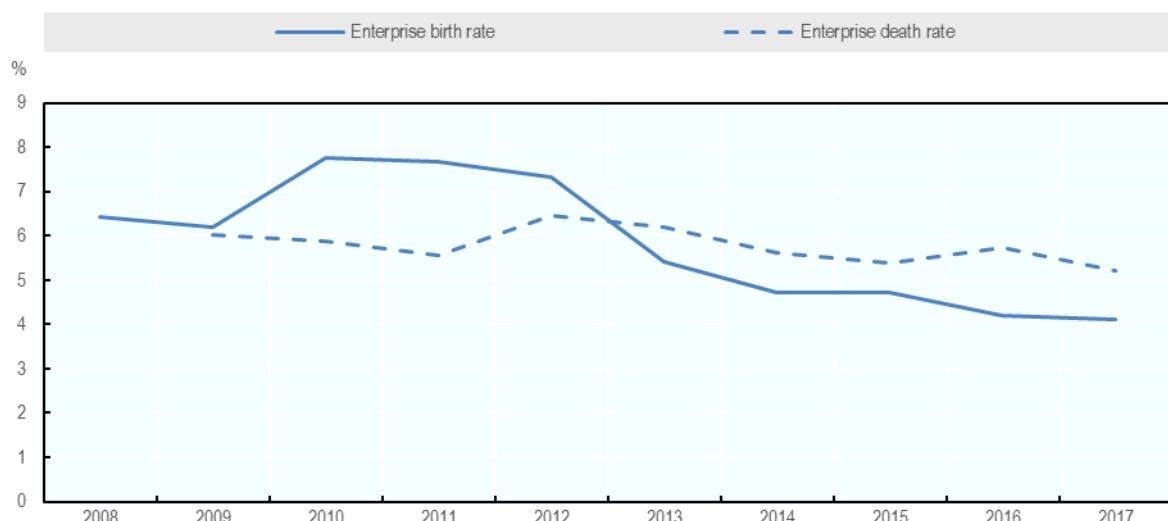
Inclusive entrepreneurship trends

Conditions for entrepreneurship

Business entry and exit rates have declined slightly over the past decade (Figure 1.1). Since 2013, business exit rates have exceeded entry rates, indicating that the business population is shrinking. Both the business entry and exit rates were below the median for European Union (EU) Member States over the past decade (approximately 7% for both).

Figure 1.1. Business entry and exit rates

Enterprise entry and exit rates 2008-17



Note: Enterprise birth rate is the share enterprise births in the reference period (t) divided by the number of enterprises active in t . Enterprise death rate is the share enterprise deaths in the reference period (t) divided by the number of enterprises active in t . The construction sector is excluded from these rates.

Source: Eurostat (2020), Business demography statistics, <https://ec.europa.eu/eurostat/web/structural-business-statistics/data/main-tables>.

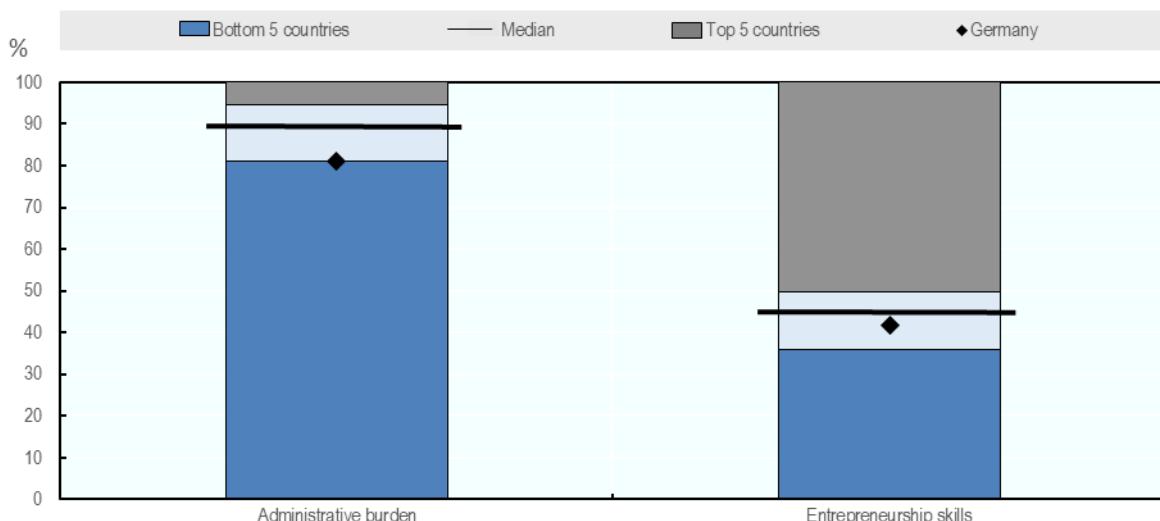
Overall, there is a supportive regulatory framework for entrepreneurs and businesses. Administrative procedures are being simplified and the insolvency regime is being strengthened. However, the administrative burden on new start-ups in 2019 according to the World Bank is relatively high (Figure 1.2). While further administrative simplification could help alleviate burden on new and existing firms, e-government remains less widespread in Germany than in other EU and OECD countries. Steps were recently taken to establish nationwide uniform online services while expanding the scope of services. Legislation in late 2016 laid the framework for such upgrading of e-government services, including the Act to Improve Online Access to Administrative Services (Online Access Act (OZG) for that stipulates that the central and local governments must offer their administrative services online within five years and make

them accessible via centralised administrative portals at the national or state level. This includes also the process of registering new businesses. The Online Access Act also includes implementing the EU Regulation Establishing a Single Digital Gateway (2018/1724). Using the same structures to implement the Online Access Act and the requirements of the EU regulation creates valuable synergies and savings for the federal, state and local governments.

Skills in small and medium-sized enterprises (SME) are relatively strong in Germany and several initiatives such as “SMEs Digital” have been launched to further strengthen skills, particularly digital skills.¹ SMEs Digital shows the opportunities for small and medium-sized companies and points them to ways in which they can successfully implement digital technologies. Companies can make use of information that is accessible and of specific advisory services designed to help firms develop and implement their own strategy for digitisation. Since 2015, the BMWi has set up a total of 26 *Mittelstand 4.0* Centres of Excellence which provide the small and medium-sized enterprises with information and specific support about digitisation. The Centres of Excellence serve as companies’ regional point of contact for all digital matters. However, self-perception of entrepreneurial capabilities and skills remains below the EU median (Figure 1.2).

Figure 1.2. Conditions for business creation

Ranking relative to other European Union Member States, 2019



Note: The median score reported represents the median among EU Member States. Administrative burden is a score of 1 to 6 given to a country to reflect the relative scale of the administrative burden that new start-ups face. Entrepreneurship skills is the share of the population who report that they have the skills and knowledge to start a business. This indicator is an average of the period 2015-19.

Source: World Bank (2019), Ease of Doing Business Survey; GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Access to finance appears to be improving for SMEs. Rejected bank loan applications fell in 2017 but the cost differential of borrowing for small loans relative to large loans increased slightly (OECD, 2019). However, interest rates remain low for SMEs in absolute terms. Equity investments from professional business angels and venture capital all improved slightly in 2017. Several measures have been introduced recently to promote equity financing for start-ups at different stages of development, including government-funded venture capital funds that match private investment. In addition, “KfW Capital”, a new private equity

¹ <https://www.mittelstand-digital.de/MD/Navigation/DE/Home/home.html>

entity of KfW Group, has been launched in 2018. KfW Capital will invest up to EUR 200 million per year, mainly in German and European venture capital funds. In its work, the new venture capital firm will build on the professional foundation already established by KfW Group and BMWi. The aim of the KfW Capital is to improve access to capital for innovative technology-oriented as well as growth-oriented companies in Germany through financially strong funds (see Chapter 3.2).

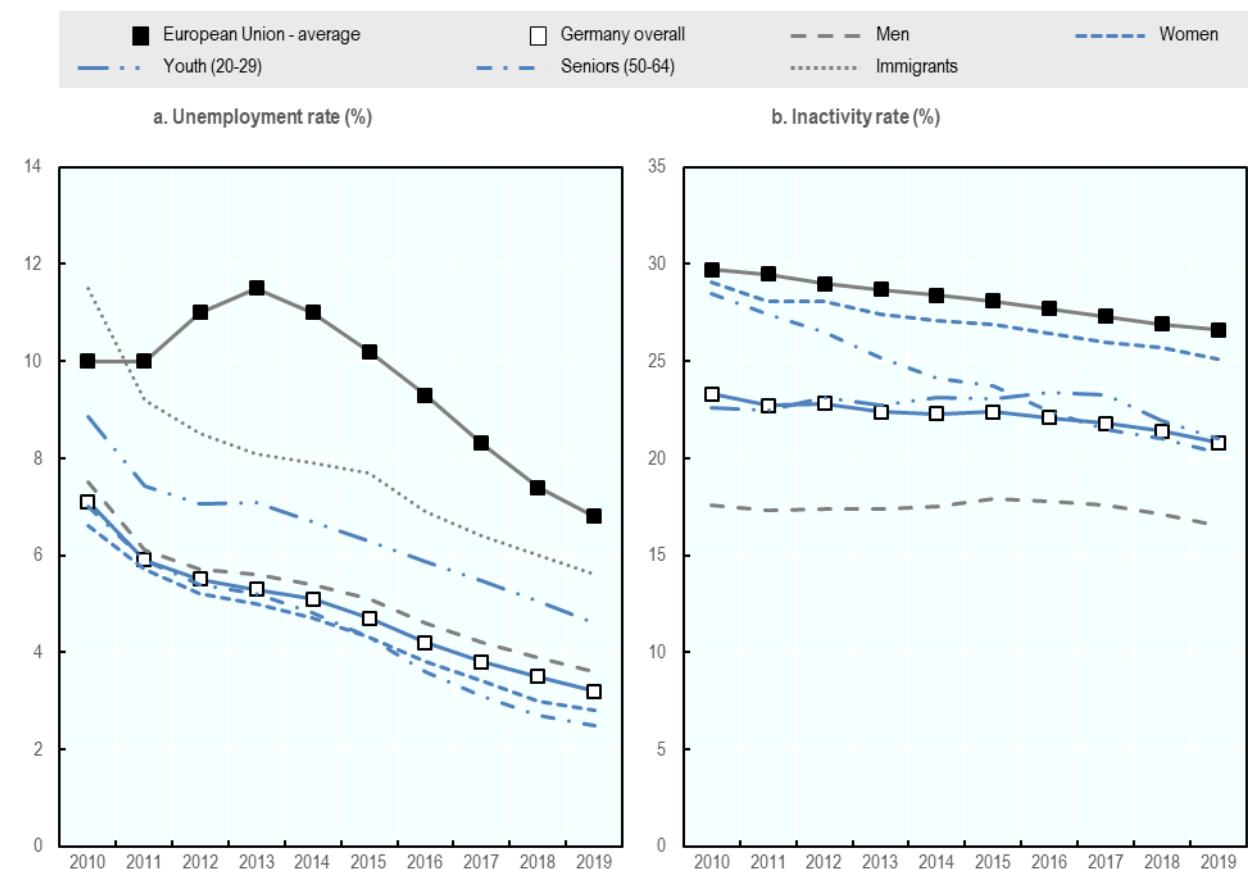
Recent labour market trends

The German labour market was doing better than nearly all EU countries over the last decade. Unemployment rates have fallen over the past decade and were lower than the EU average in 2019 (Figure 1.3). Overall, the unemployment rate fell to 3.2% in 2019. This decline was observed across various population groups that typically face greater challenges entering and participating in the labour market (e.g. youth, women, and seniors).

Similarly, inactivity rates have declined over the past ten years. In 2019, the inactivity rate was 20.8%, which was below the EU average of 26.6%. Inactivity rates fell for all of the population groups, but the decline was greatest among older people.

Figure 1.3. Unemployment and inactivity

Proportion of the labour force that is unemployed and proportion of the working age population that is inactive



Note: Break in time series for unemployment in 2010 and 2011 and for inactivity in 2010.

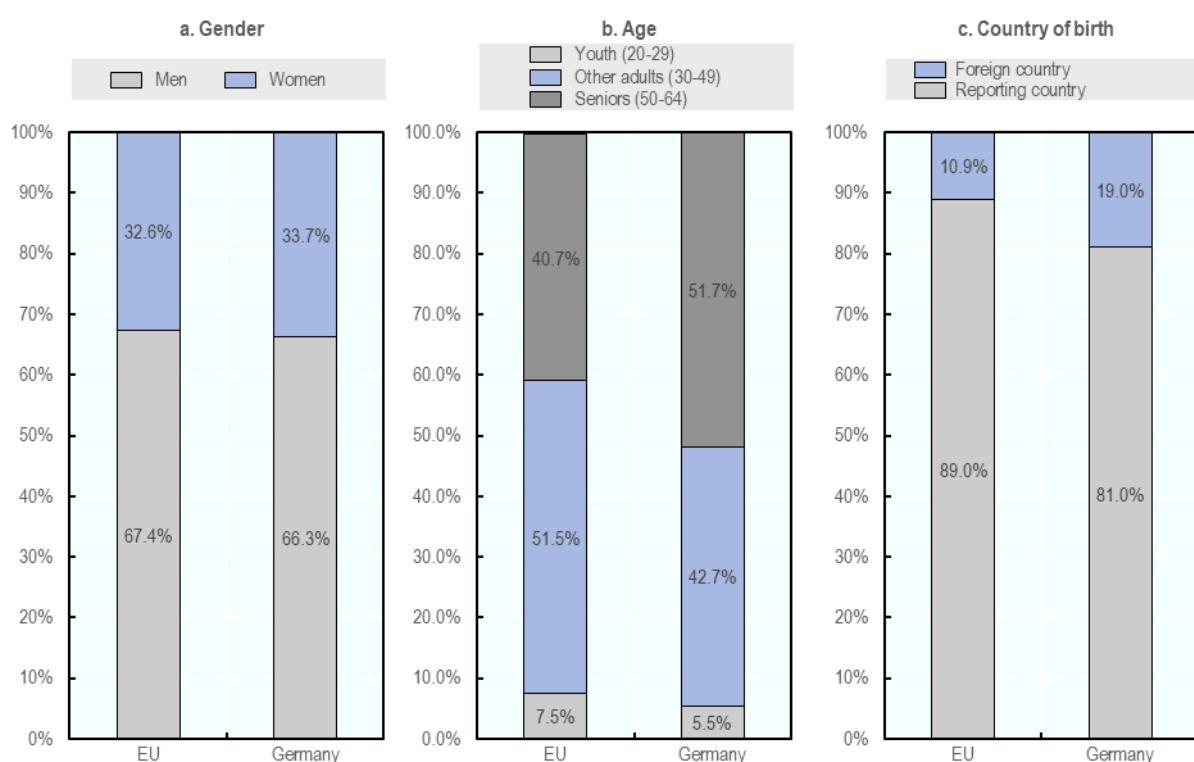
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Self-employment activities

Germany has had low levels of self-employment and entrepreneurship over the past decades. Nonetheless, the composition of the self-employed is similar to the EU average in several ways. For example, about 34% of the self-employed were women in 2019 (Figure 1.4). This was almost the same as the EU average. However, the age profile of the self-employed was more skewed towards older people than the EU average – 51.7% of the self-employed were over 50 years old. Further, there is a greater share of immigrants among the self-employed population in Germany relative to the EU average (19.0% vs. 10.9%), which is consistent with the higher share of immigrants in the overall population.

Figure 1.4. Composition of the self-employed

Proportion of self-employed workers, 2019

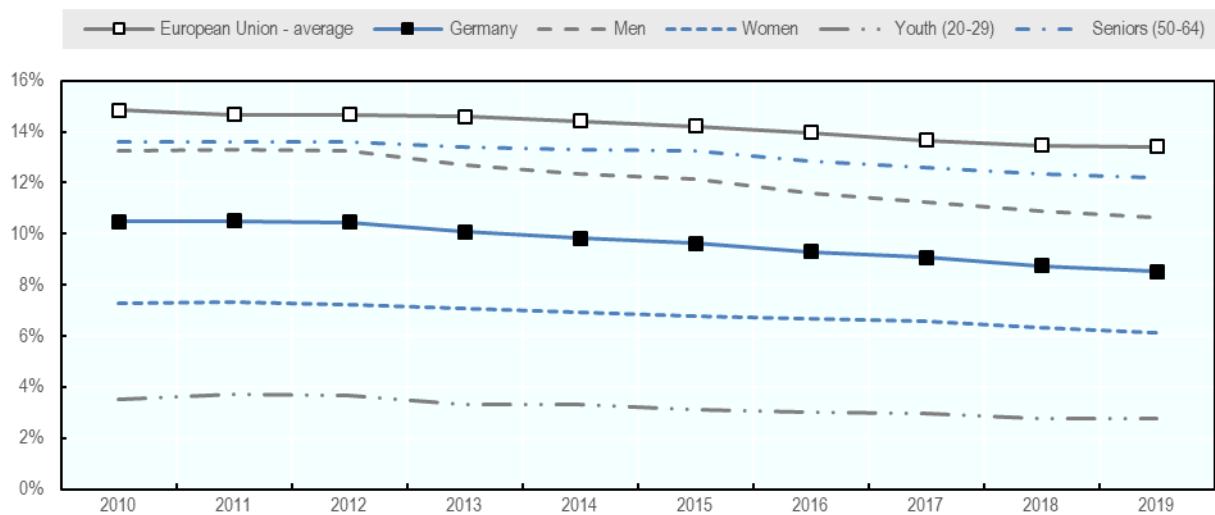


Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Overall, the proportion of workers who were self-employed in 2019 was significantly lower than the EU average (8.5% vs. 13.4%) (Figure 1.5). This self-employment gap relative to the EU average was observed across all population groups. The number of self-employed has continuously decreased since 2011-12. While the total number of self-employed decreased by more than 400 000 people between 2010 and 2019, there was an increase in the number of self-employed immigrants of 117 500 over this period. This partially offsets the overall decline. When an immigrant enters self-employment due to earnings potential, 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 demonstrate the greatest effect (i.e. benefit) while those from southern EU Member States have the smallest effect (Hopp and Martin, 2017).

Figure 1.5. Self-employment rate

Proportion of employment that is self-employed



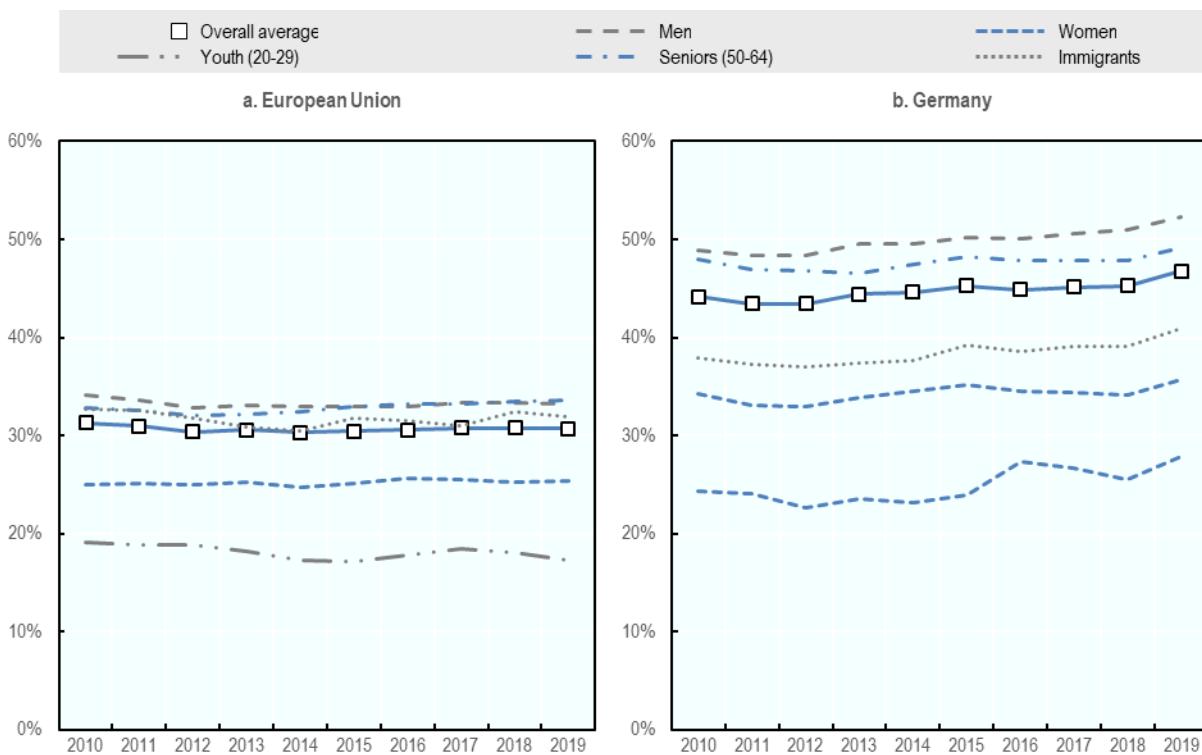
Note: There is a break in the time series in 2010 and 2011.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Overall, the self-employed in Germany are more likely to employ others than the EU average (Figure 1.6). In 2019, 46.7% of the self-employed reported having employees relative to an EU average of 30.7%. Self-employed men were the most likely to have employees (52.3%), which was about 1.5 times more higher than the share of self-employed women (35.7%). Self-employed seniors (49.1% vs. 33.5%), immigrants (41.0% vs. 31.9%) and youth (27.8% vs. 17.2%) were also much more likely than the EU average to have employees in 2019.

Figure 1.6. Self-employed as employers

Proportion of the self-employed who employ others

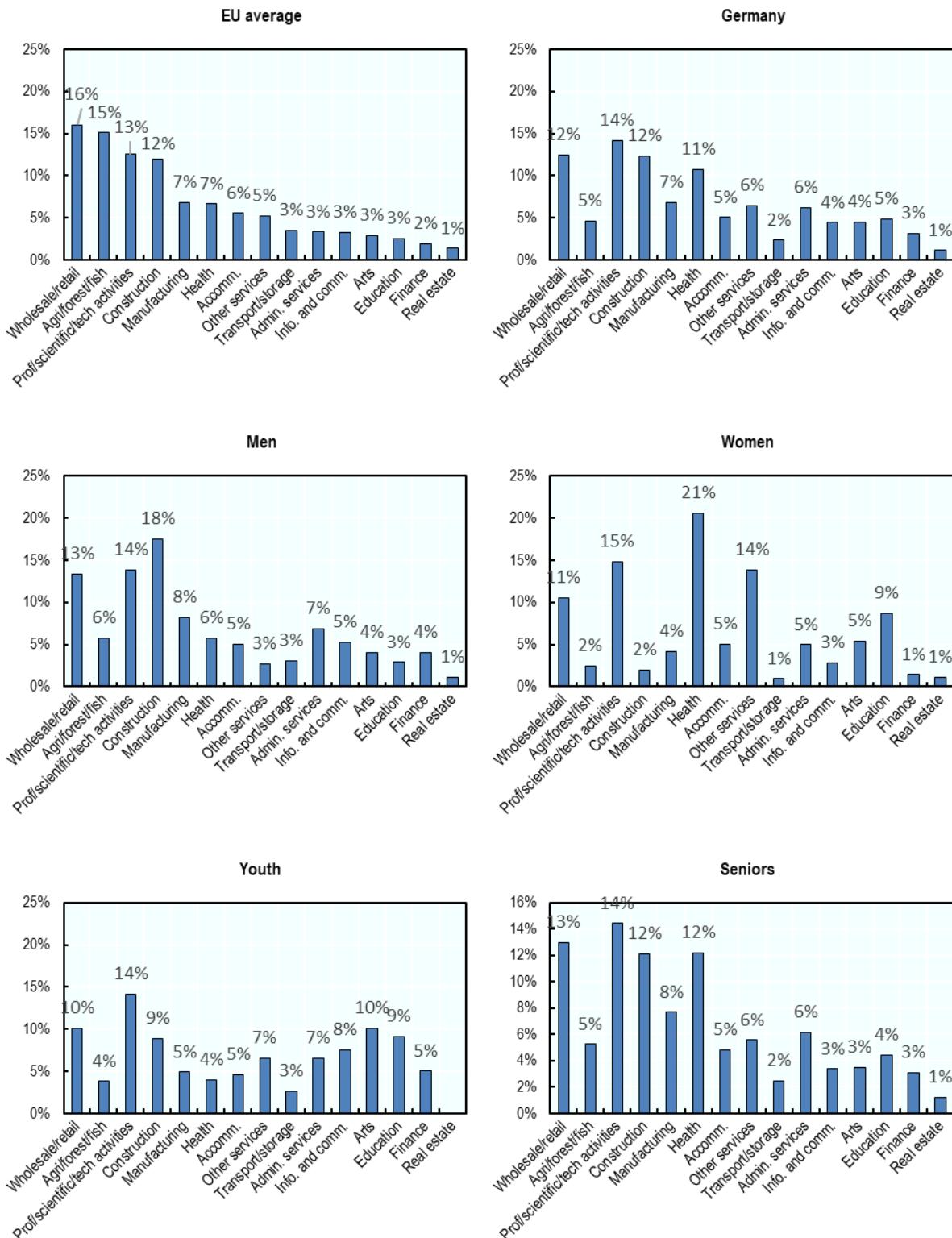


Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The distribution of the self-employed by sector was largely similar to the EU average distribution in 2019 (Figure 1.7). The sectors with the greatest proportions of self-employment were Professional, scientific and technical activities (14.1%), Wholesale and retail trade (12.4%), and Construction (12.3%). Some substantial differences could be observed by gender. Women were more likely to be self-employed in Human health and social work than men (20.6% vs. 5.8%), as well as in Other service activities (13.9% vs. 2.7%) and Education (8.7% vs. 2.9%). They were, however, much less likely to be self-employed in Construction (2.0% vs. 17.5%). The distribution of older self-employed people by sector was fairly similar to the overall average. Data for self-employed youth are limited, but they appear to be over-represented in Arts, entertainment and recreation relative to the overall population (9.5% vs. 4.5%), as well as in Education (10.2% vs. 4.9%).

Figure 1.7. Self-employment by economic activity

Distribution of the self-employed by sector, 2019

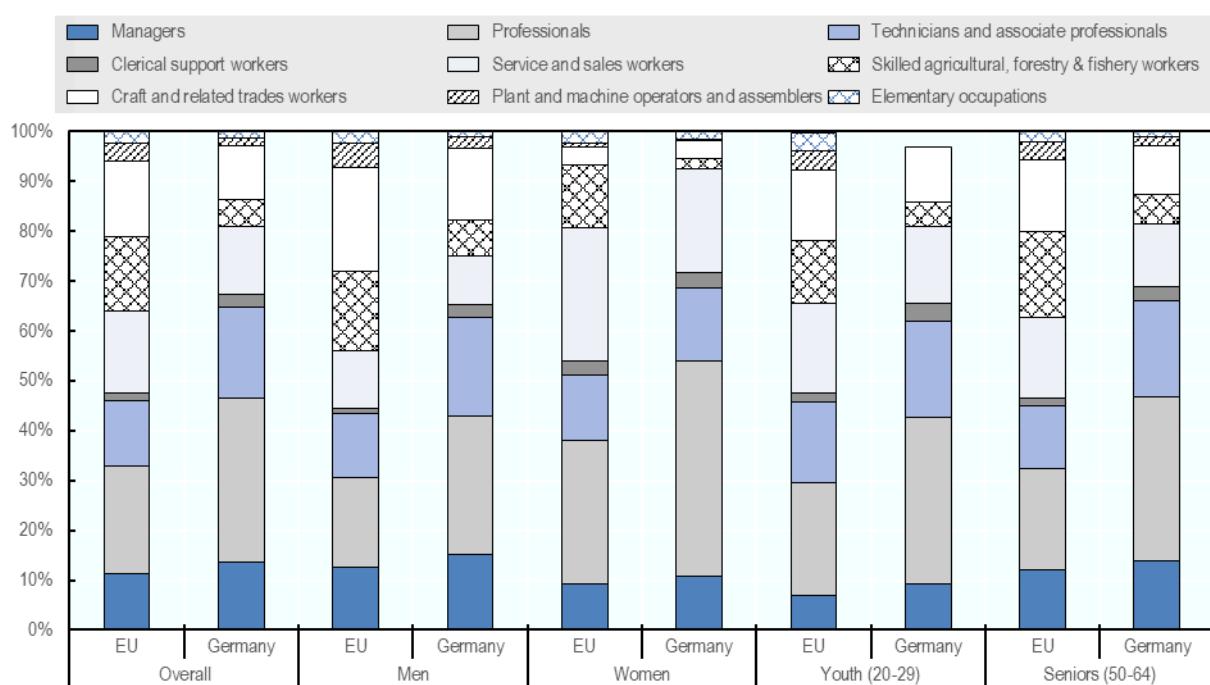


Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The self-employed in Germany were more likely than the EU average to be working as Professionals in 2019 (32.8% vs. 21.6%) (Figure 1.8). They were also more likely to work as Technicians and associate professionals (18.1% vs. 12.9%), which is consistent with having a strong vocational training system. However, they were less likely to be working as Skilled agriculture, forestry and fishery workers (5.3% vs. 14.8%). Self-employed women were more likely to be working as Professionals than self-employed men (29.0% vs. 18.0%) and as Service and sales workers (26.6% vs. 11.7%). But they were less likely to be working as Craft and related trades workers (3.5% vs. 20.8%) and Managers (9.2% vs. 12.5%) (1.9% vs. 6.7%). Data for self-employed youth are limited but they appear to suggest that their distribution across occupations follows the national average. The same was true for older self-employed people in 2019.

Figure 1.8. Self-employment by occupation

Distribution of the self-employed by occupation, 2019

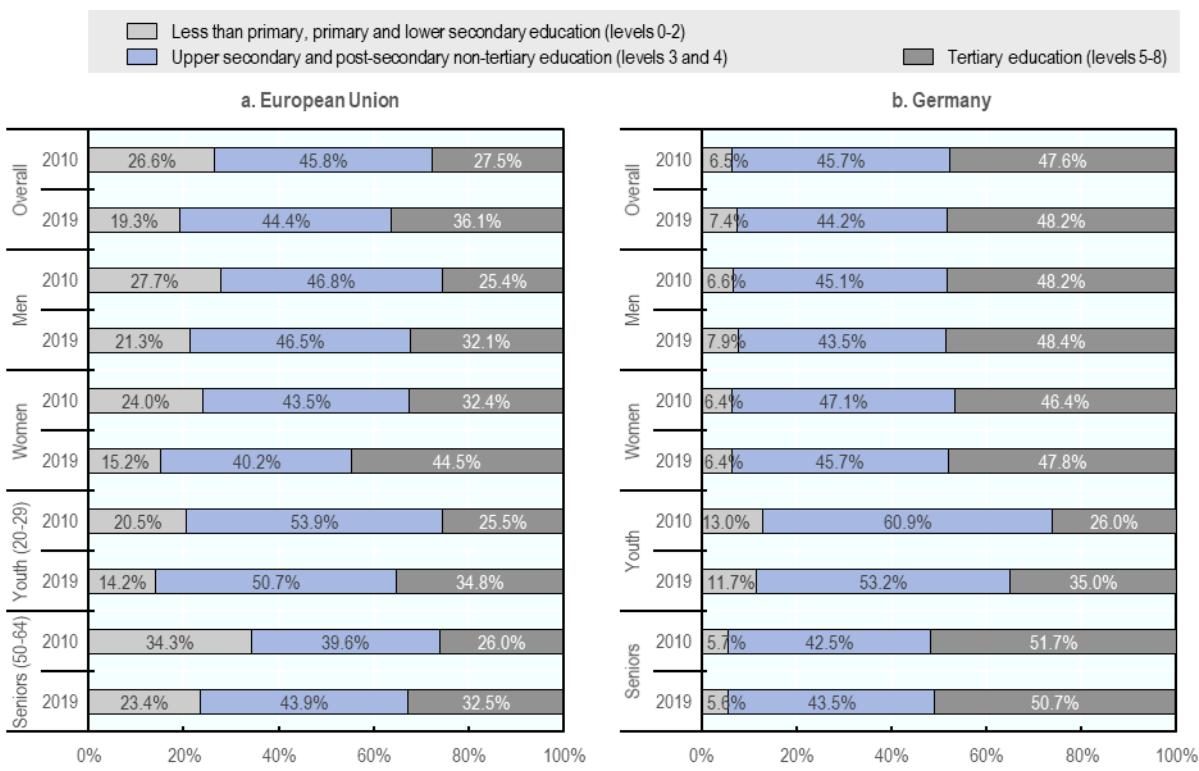


Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The self-employed were more likely than the EU average to have attained tertiary education in 2019 (48.2% vs. 36.1%) despite a similar share of the population with a tertiary education. However, there are fewer self-employed than would be expected with an upper secondary and post-secondary non-tertiary education given the high share of the working age population who has this level of educational attainment (54% in 2019). There is virtually no difference in the educational attainment rates of the self-employed by gender in Germany (Figure 1.9), which is also true in the overall population. Self-employed youth were less likely than the German average to have completed a tertiary education, which is expected given that some are still completing their studies. This is consistent with the EU average.

Figure 1.9. Self-employment by education level

Distribution of the self-employed by educational attainment



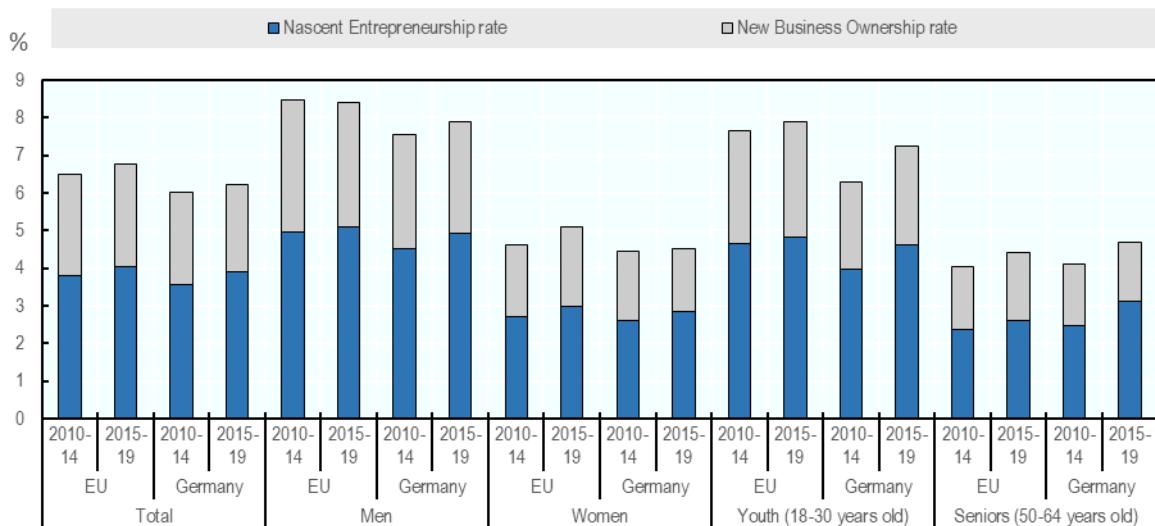
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Entrepreneurship activities

Another way to measure the level of entrepreneurship activities is through household surveys that ask about entrepreneurship activities. One well-known survey 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 Entrepreneurial Activity (TEA). The TEA rate for the period 2015-19 showed significant differences between the German average and the respective rates for men and women, as well as for youth and older people (Figure 1.10). However, the rates in Germany were slightly below the EU average. The gender gap in early-stage entrepreneurship was slightly smaller than for the EU overall (7.9% vs. 4.5% in Germany and 8.4% vs. 5.1% for the EU). Consistent with the EU average, youth were quite active in early-stage entrepreneurship relative to other population groups (7.3%).

Figure 1.10. Nascent entrepreneurship and new business owners

Proportion of the population (18-64 years old) that self-report being engaged in nascent entrepreneurship activities or new business ownership (The TEA rate in %)



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

How many “missing” entrepreneurs are there?

The gaps in early-stage entrepreneurship rates across population groups suggest that there are many “missing” entrepreneurs. There are currently about 3.3 million early-stage entrepreneurs in Germany (i.e. those starting or managing a business that is less than 42 months old) and this number would increase by about 1.3 million if the early-stage entrepreneurship rate for core-age males (30-49 years old) was applied to the whole population.

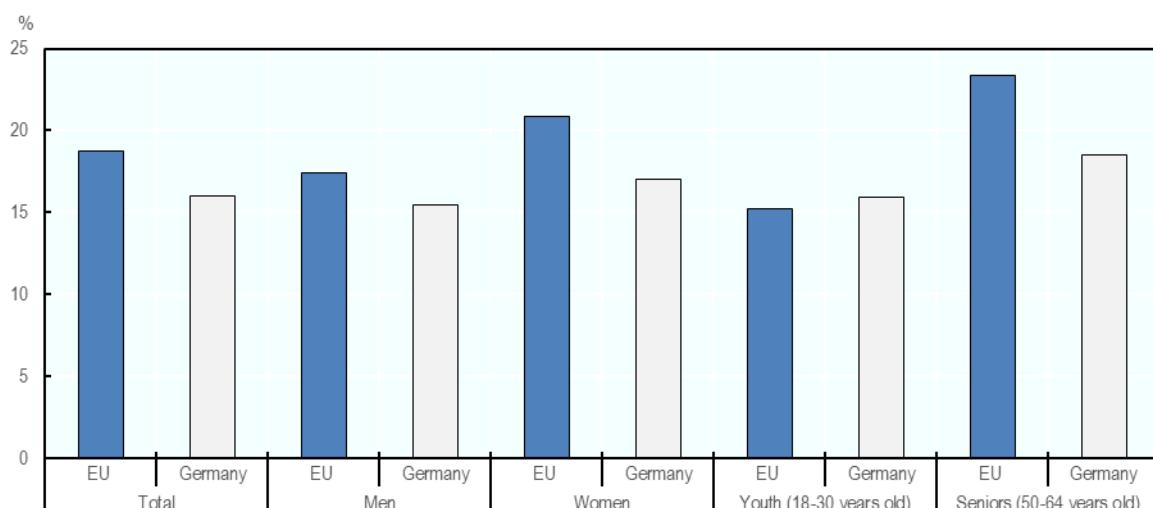
A similar exercise can be done for each population group by applying the rate for core-age males to each group (i.e. women, youth, seniors, immigrants). This shows that more than one million of these “missing” entrepreneurs are female and 55% are over 50 years old, which is a lower share than in most EU Member States.

Public policy should not seek to convert all of these “missing” entrepreneurs into actual entrepreneurs. Entrepreneurship is a labour market activity that involves risk and it is not suitable for everyone. Nonetheless, the exercise of estimating the number of “missing” entrepreneurs can illustrate the scale of entrepreneurship gaps and the potential benefits if some of the gaps in activity rates were reduced.

One of the reasons that the proportion of people involved in entrepreneurship is below the EU average might be 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 1.11). Over the period 2015-19, 16.0% of entrepreneurs started out of necessity relative to 18.8% across the EU. Over this period, 17.0% of women and 18.5% of older entrepreneurs, active in pre start-up activities or managing a new business, were driven by necessity while men (15.5%) and youth (16.0%) reported to a lower extent to have no other opportunity at the labour market. Other EU countries show similar differences between gender and age groups. Entrepreneurship support policies should take into account different motivations of women and men when starting a business as maximising their income is not the main goal of many women when starting a business. From an economic perspective, the opportunity-driven entrepreneurs are those who have the potential to generate a significant positive impact on the economy. Most women-led businesses in Germany are neither based on the rationale of profit maximisation nor are they growth-oriented (Tegtmeier et al., 2016).

Figure 1.11. Necessity entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that self-report that their entrepreneurship activities are necessity-driven, 2015-19



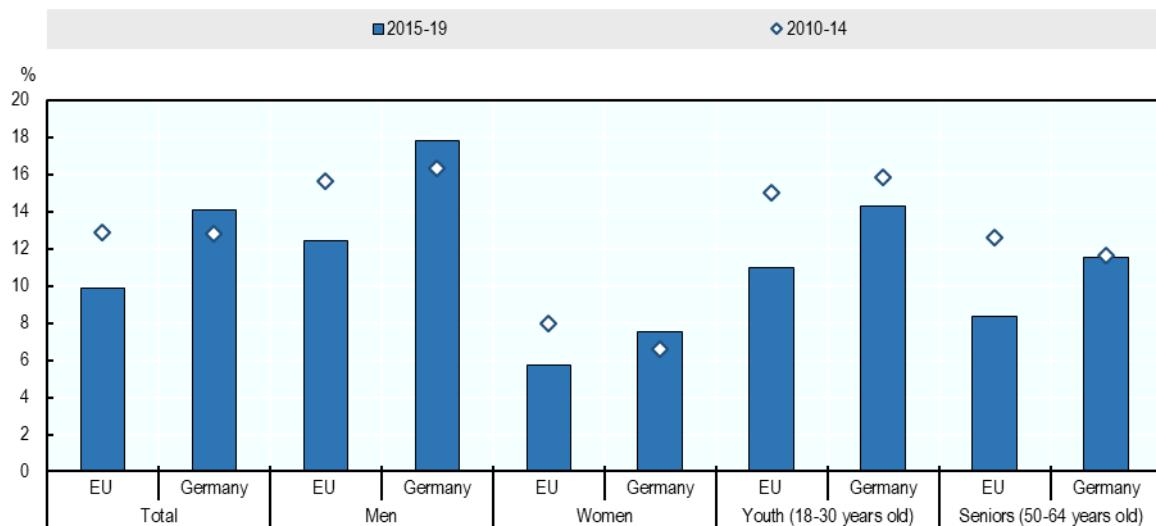
Note: Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

New entrepreneurs in Germany were more optimistic than the EU average as they expect to create at least 19 jobs over the 2015-19 period (14.1% vs. 9.9%) (Figure 1.12). This gap was observed across all population groups. Moreover, the shares of new entrepreneurs reporting this expected level of job creation increased slightly relative to the past decade (2010-14) whereas the share decreased for the EU average. There was, however, a substantial gender gap in growth-oriented entrepreneurship. Early-stage male entrepreneurs were twice as likely as females to report this expected level of job creation (17.8% vs. 7.5%).

Figure 1.12. Growth-oriented entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that expect to create at least 19 new jobs over the next five years



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Barriers to business creation

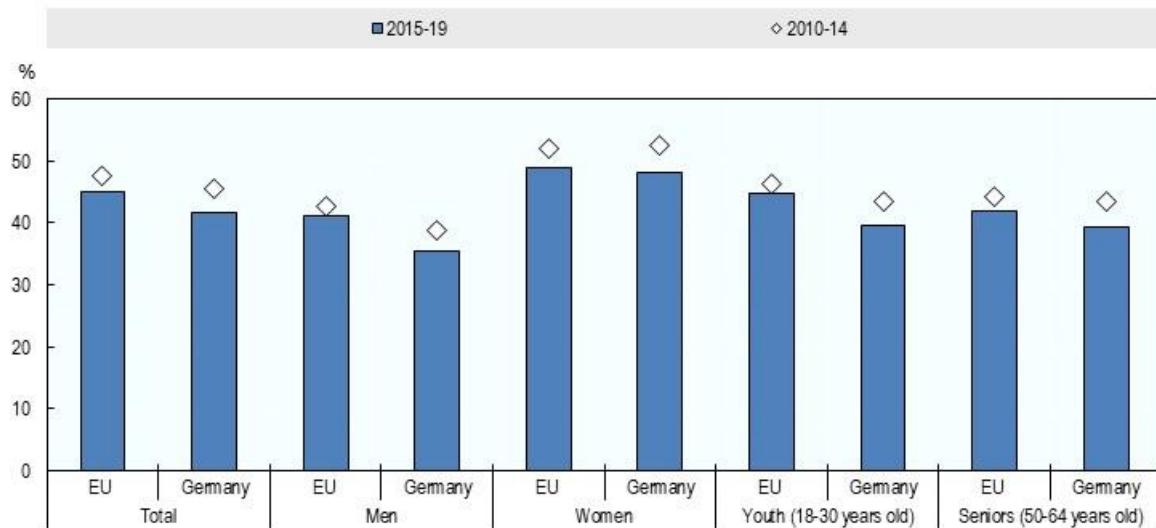
Overall, about 42% of the German respondents reported that a “fear of failure” was a barrier to business creation between 2015 and 2019 (Figure 1.13). This was almost the same compared to the EU average for this period (45%). Women were most likely to report this barrier (48.1%), older people were least likely to do so (39.3%). Academic studies based upon GEM data for German regions show that role models, family and entrepreneurial networks can reduce a fear of failure in local environments where the approval of entrepreneurship is high, while this effect is significantly weaker in low approval contexts (Wyrwich et al., 2016).

Germans were about as likely as the EU average to perceive that they have sufficient skills to start a business between 2015 and 2019 (Figure 1.14). Overall, about 42% of the population reported about having entrepreneurship skills. Men were more likely than women to self-report that they possess entrepreneurship skills (50.7% vs. 34.8%), but both proportions were equal to the EU average. Youth, however, were less likely than the EU average to report having entrepreneurship skills during this period (30.8% vs. 37.2%). Conversely, older people were more likely to report possessing entrepreneurship skills (46.3% vs. 40.9%).

Figure 1.13. Fear of failure

“Does a fear of failure prevent you from starting a business?”

Percentage of population who responded “yes”, 18-64 years old, 2015-19



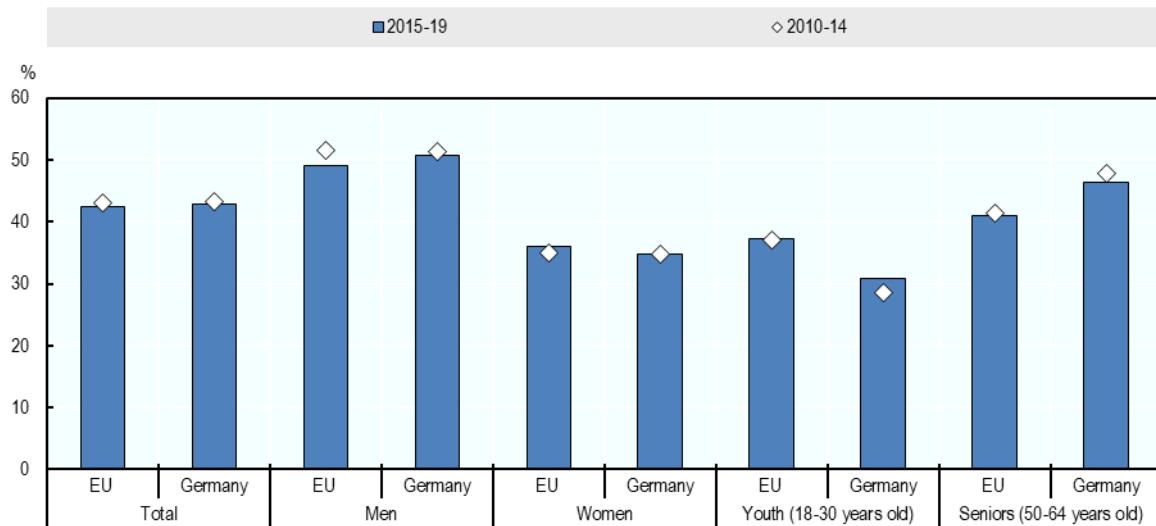
Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Figure 1.14. Entrepreneurship skills

“Do you have the knowledge and skills to start a business?”

Percentage of population who responded “yes”, 18-64 years old, 2015-19



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

2 Inclusive entrepreneurship policy framework

Overview and assessment

Table 2.1. Characterisation of the inclusive entrepreneurship policy context

| | | Women | Immigrants | Youth | Seniors | Unemployed |
|--|----------|-------|------------|-------|---------|------------|
| 1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked) | National | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Regional | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Local | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. A group-specific entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy) | | ✓ | ✓ | ✓ | | ✓ |
| 3. Clear targets and objectives for entrepreneurship policy have been developed and reported for different target groups | | ✓ | ✓ | ✓ | | |
| 4. Monitoring and evaluation practices for entrepreneurship support are strong and wide-spread | | ✓ | ✓ | ✓ | | ✓ |

Note: A check-mark indicates the level policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

Policy responsibility

Responsibility for entrepreneurship policies and programmes at the national level lies with the **Federal Ministry for Economic Affairs and Energy** (BMWi), 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). Inclusive Entrepreneurship is an interdisciplinary issue. As part of economic policy, entrepreneurship policy traditionally belongs to the Federal Ministry for Economic Affairs and Energy, whereas entrepreneurship education is also part of the area of competence of the Federal Ministry of Education and Research. Labour market and employment policy are typically under the jurisdiction of the BMAS. Finally, where specific groups of the population (women, seniors etc.) are affected, the jurisdiction of the Ministry for Family Affairs, Senior Citizens, Women and Youth is affected. Moreover, the Integration Commissioner of the Federal Government (*Integrationsbeauftragte der Bundesregierung*) takes care of the interests of the entire group of immigrants and also of immigrant entrepreneurs in Germany. Co-operation in this field takes place among the noted Ministries, as well as with the German states (*Bundesländer*). Almost all states, districts and many cities have either created their own departments or established a contact person that offers start-up information and support.

Entrepreneurial topics have attracted increasing attention in recent years. In Germany, many different

policy measures were bundled to form the Start-up Campaign “GO!” (*Gründungsoffensive “GO!”*).² This initiative was launched with a public joint statement by the Federal Ministry for Economic Affairs and Energy, the Confederation of German Employers' Associations (*BDA*), the Federation of German Industries (*BDI*), the Association of German Chambers of Industry and Commerce (*DIHK*) and the German Confederation of Skilled Crafts (*ZDH*) on 29 November 2018.³ The campaign contains a programme comprising ten measures aimed at promoting start-ups, strengthening the culture of entrepreneurship in Germany, and encouraging people to identify opportunities for founding new companies. Furthermore the Start-up Campaign “GO!” seeks to develop a spirit of entrepreneurship in Germany, especially among groups that have so far been under-represented among business founders, such as youth, women and second-generation immigrants.

The role of the **non-governmental organisations** (NGOs) in promoting inclusive entrepreneurship has increased in recent years, including directly providing support to entrepreneurs from under-represented and disadvantaged groups. Non-government actors include non-profit associations, networks, foundations, chambers of crafts and more. To finance their projects, they acquire or raise private and public funding from the EU, federal, regional and local institutions. In this context, questions concerning inclusive entrepreneurship have been discussed as part of social entrepreneurship in Germany. “Social entrepreneurs are individuals with innovative solutions to society’s most pressing social, cultural, and environmental challenges”.⁴ The support of entrepreneurship among under-represented groups of the population (inclusive entrepreneurship) is often part of social entrepreneurship. There are a number of social entrepreneurship organisations in Germany, for example: Ashoka, the Social Impact Lab, the Social Entrepreneurship Network Germany (SEND), *Hilfswerft* and the Social Entrepreneurship Academy (SEA). These institutions have developed several initiatives and projects for supporting most of the groups targeted by inclusive entrepreneurship. While Berlin has held the position as the world's top hotspot for social entrepreneurs since 2016, Germany advanced from the 34th position in 2016 to the 21st position in the ranking of the best countries to be a social entrepreneur in 2019.⁵

Against the backdrop of an increasing awareness concerning social, economic and ecological challenges in the world, the Network “*Gründung für alle*” was founded by the Social Impact GmbH und the JP Morgan Foundation in 2018. Its mission is to support disadvantaged entrepreneurs by putting the topic of inclusive entrepreneurship on the political agenda. For this purpose, a policy paper arguing for the support of inclusive entrepreneurship was prepared by 80 experts from 28 organisations at a conference in Frankfurt on the Main in February 2019.⁶

Finally, regional and local governments are also very active in supporting entrepreneurship through a wide range of actions, including promotional campaigns, training programmes, incubator and accelerator programmes, grants and more.

Inclusive entrepreneurship strategies and objectives

In short, inclusive entrepreneurship aims to make entrepreneurship a realistic option for everyone. Inclusive entrepreneurship policies and programmes promote entrepreneurship for disadvantaged social groups (immigrants, women, youth, seniors, unemployed and people with disabilities). Entrepreneurship

² www.bmwi.de/GO

³ <https://www.existenzgruender.de/DE/GO/Gemeinsame-Erklarung/inhalt.html>

⁴ <https://www.ashoka.org/en/focus/social-entrepreneurship>

⁵ www.forbes.com/sites/khaitran/2019/10/26/the-best-country-to-be-a-social-entrepreneur-in-2019/

⁶ <https://socialimpact.eu/gruendung-fuer-alle>

is a way to create jobs and raise individuals' economic and social autonomy. In the case of **women**, entrepreneurship policy makes a contribution to the German gender equality policy (*Gleichstellungs politik*), derived from the cross-sectional policy field "equal opportunities for men and women". The Federal Government's Gender Equality Strategy, adopted in July 2020, names the support for female founders and entrepreneurs as one measure to achieve the goal of economic independence for everyone.⁷ Although the employment rate for women has raised to over 75% during the last decades, women are still under-represented in terms of new firm creation (Metzger, 2020).

Policy to support **immigrant** entrepreneurs are outlined in general terms in the political objectives "Integration to German society" and "Integration in the labour market." A milestone for reaching these objectives is the Skilled Immigration Act (*Fachkräfteeinwanderungsgesetz*),⁸ which came into force on 1 March 2020. The act allows qualified professionals from non-EU countries to work in Germany. It is tailored in particular to professionals with vocational training; priority checks are no longer required.⁹ The act also facilitates immigration for the purpose of further training, seeking a job, or attaining a trainee position. It creates new instruments to strengthen the immigration of skilled labour. Furthermore, the Recognition Laws of the federal and state governments (*Anerkennungsgesetze*) improve the chances of people who gained their professional qualifications abroad to work in their profession in Germany.¹⁰ In the medium- and long-term the Skilled Immigration Act in combination with the Recognition Laws will not only help to attract professionals to come to Germany but may also foster entrepreneurship activities by immigrants for those requiring formal certifications.

Public policy frequently promotes an entrepreneurial spirit among **young people** (entrepreneurship education) as a way to generate more innovative start-ups from the university system. However, there are also efforts to support young people in vocational training who consider becoming self-employed. Special attention is placed on those successfully graduating with a master craftsman certificate (*Meisterbrief*), the highest diploma in the German apprenticeship system. This level of training provides a good basis for self-employment.

Senior entrepreneurship is highly relevant to government policy activity, and this relevance will further increase in the future given increasing absolute and relative number of elderly people and a lack of qualified labour (Sternberg, 2019). Compared to other EU Member states, Germany's population is relatively old. The baby boomer generation in Germany is reaching retirement age and the birth rate has been comparatively low for decades. At the end of 2019, the average age of the population in Germany was 44.5 years. That is why senior citizens are an important target group when it comes to strengthening entrepreneurship activities in Germany. Older people are not only important in their role as entrepreneurs, but also as mentors or investors (EU, 2016). In this context, Germany has to deal with one of the major challenges of an ageing population: the entrepreneurial succession (*Unternehmensnachfolge*). Already more than 1.5 million owners are 55 years of age or older. In the coming years there will be an increasing demand for people who are willing and able to take over an existing company. By the end of 2021, around 76 000 owners are looking for a suitable successor for their company (Schwartz, 2019). Since the number

⁷ <https://www.gleichstellungsstrategie.de/rgs-en/goals/economic-independence-for-everyone>

⁸ <https://www.buzer.de/s1.htm?g=Fachkraefteeinwanderungsgesetz&f=1>

⁹ Under the previous law, the Federal Employment Agency (BA) carried out priority checks as part of a work permit procedure conducted by the Immigration Authority. Their purpose was to ensure that vacancies were filled with domestic or EEA member state workers (national workers). Thus, the BA had to check whether unemployed national workers were available for the position before giving its consent to a work permit.

¹⁰ www.existenzgruender.de/SharedDocs/Downloads/DE/GruenderZeiten/GruenderZeiten-10.pdf?__blob=publicationFile

of potential successors is relatively low, this topic should also be given more attention regarding women, migrants and young people.

There is long-standing entrepreneurship support for the **unemployed**. In 2012, the popular “bridging allowance programmes” were changed to a start-up subsidy (*Gründungszuschuss*) for recipients of unemployment benefit (*Arbeitslosengeld*) (*ALG*). Since then, the support for long-term unemployed entrepreneurs in Germany has decreased substantially. Recipients of unemployment benefit II (*Arbeitslosengeld II*) (*ALG II*) can apply for another instrument, the so-called entry grant (*Einstiegsgeld*) when starting a self-employed, freelance or employed activity.

The support of **people who experience disability** in entrepreneurship is included in many policy measures. On the regional level there are a few organisations and projects to foster entrepreneurship by people with disabilities, for example “enterability” in Berlin, a well-known organisation whose project has been very positive evaluated (Bühler, 2008) and that has become a unique best practice example. “Enterability” will be described in detail in the fourth chapter.

Monitoring and evaluation practices

The majority of political programmes and initiatives described above are undergoing academic monitoring and evaluation. Renewal or funding often depends on the results of this evaluation. The “*FRAUEN unternehmen*” initiative was evaluated at the end of the first funding phase and has been extended.¹¹ The EXIST programme, University-Based Business Start-Ups (*Existenzgründungen aus der Wissenschaft*), has received a lot of attention and excellent evaluations (Kulicke, 2014), although there are still low numbers of supported start-ups. A further evaluation of the EXIST programme is currently taking place, which will be completed in autumn 2020. Monitoring and evaluation are also applied to finance instruments and measures, for example the start-up subsidy (*Gründungszuschuss*) to promote business creation by the unemployed. In this case, the overall evaluation was positive (Caliendo et al., 2007, 2011; Caliendo and Künn, 2010, 2015; Caliendo and Kritikos, 2010).

The mentoring project “Start-Up Your Future” in the Berlin-Brandenburg area supports refugees on their way to self-employment by providing them with experienced entrepreneurs as mentors. It has also obtained positive results: Around 200 mentoring teams with coaching, mentoring and observation had started since 2017. The project has been evaluated in 2019, in particular, to find out how its experience can be used nationwide.

Recent developments

In recent years support programmes focused on female, immigrant and youth entrepreneurship in particular.

Women

BMWi and the Nationwide Agency for Women Start-up Activities and Services (*bga – Bundesweite Gründerinnenagentur*)¹² support female entrepreneurs alongside regional offices, around 445 listed advisory bodies and more than 340 networks. The bga is an agency that largely functions as a one-stop-shop for entrepreneurs by offering online information, support, access to networks. It also seeks to activate

¹¹ <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2016/20160930-erfolgreiche-bmwi-initiative-frauen-unternehmen-wird-fortgefuehrt.htm>

¹² http://www.existenzgruenderinnen.de/DE/Home/home_node.html

potential female entrepreneurs through role models and success stories. The latter is also the purpose of "**FRAUEN unternehmen**"¹³. The initiative for women entrepreneurs was launched by the bga and the BMWi in 2014 and has been extended by the BMWi after an evaluation demonstrated the positive effects of its activities. Furthermore, German female entrepreneurs are the only social target group organised in their own association, the Association of German Women Entrepreneurs (*Verband deutscher Unternehmerinnen*, VdU).¹⁴

Currently, the German government is fostering female entrepreneurship in rural areas through the project "**Self-made Women**" ("*Selbst ist die Frau*"), funded by BMFSFJ (2019-20). The project is operated by the German Association of Rural Women (*Landfrauenverband*) with the aim of keeping women as innovative players in their home regions and raising their awareness regarding the opportunity of starting a business. As part of the project, eight rural women with entrepreneurship experience were trained as self-employment guides (*Gründungslotsinnen*).¹⁵ They offer workshops on all aspects of self-employment for women who are unemployed or in the process of setting up a business. The bga-project "Women Business Future" (*Frauen Unternehmen Zukunft*) is also funded by the BMFSFJ, consisting of three modules in order to develop recommendations for action on relevant future fields for female founders, such as digitisation. The project is funded until end of 2021.¹⁶

Immigrants

Triggered by increasing numbers of immigrants and their strategic importance for the German labour market policy makers have been interested in using entrepreneurship as a mechanism to support integration of immigrants into the labour market and society in general. The network "**Integration through Qualification (IQ)**" (IQ Netzwerk; *IQ Fachstelle Migrantenökonomie*), funded by the BMAS and the European Social Fund (ESF), is working to improve employment opportunities for first- and second-generation immigrants.¹⁷ Strategic partners are the BMBF and the Federal Employment Agency (*Bundesagentur für Arbeit*, BA). The IQ federal programme is organised in 16 regional networks, one in each federal state, and five competence centres, which operate nationwide by providing expert advice and assistance to the regional networks and cooperating with 178 local help desks all over Germany.¹⁸ These centres develop training schemes, instruments and policy recommendations. One of these is the Competence Centre on Migrant Entrepreneurship, which has started a website offering support to foreign students, academics and refugees.¹⁹ The ESF-funded programme "Strong in the workplace" (*Stark im Beruf*), by the BMFSFJ, addresses the potential of 585 000 non-working immigrant mothers in Germany, giving support at 90 model agencies at finding employment or realising the aim of starting a self-employed

¹³ www.existenzgruenderinnen.de/DE/Vernetzung/Frauen-unternehmen/frauen-unternehmen_node.html

¹⁴ www.wegate.eu/vdu-verband-deutscher-unternehmerinnen-%E2%80%93-association-german-women-entrepreneurs-germany

¹⁵ There are start-up guides (Gründungslotsinnen) in North Rhine-Westphalia, Bayern, Lower Saxony, Baden-Württemberg, Rhineland-Palatinate, Thuringia and Saxony-Anhalt; https://www.landfrauen.info/fileadmin/Redaktion/PDF/Themen/Gerechte_Chancen/2020_Anprechpartnerinnen_Selbst_ist_die_Frau.pdf; for more information on the project see: <https://www.landfrauen.info/projekte/selbst-ist-die-frau>.

¹⁶ www.existenzgruenderinnen.de/DE/bga-Service/weitere-Schwerpunkte/Frauen-Unternehmen-Zukunft/Frauen-Unternehmen-Zukunft_node.html

¹⁷ www.netzwerk-iq.de/en/network-iq/programme-overview

¹⁸ www.netzwerk-iq.de/angebote/eingewanderte/beratungsangebote.html

¹⁹ www.wir-gruenden-in-deutschland.de

business²⁰. Further political measures are the pilot projects “Women refugees start a business” (*Frauen mit Fluchterfahrung gründen*) in the Rhine-Main metropolitan region funded by the BMFSFJ,²¹ “Start-up Your Future” in Berlin-Brandenburg by the BMWi²² (both 2017-19) and “Migrant Economy for Rural Communities” (*Migrantische Ökonomie für Ländliche Kommunen, MIGOEK*) in the districts of Cloppenburg, Holzminden (Lower Saxony) and Werra-Meissner (Hesse) by the BMBF (2017-20).²³ In addition to these three examples there are many other initiatives at the local and regional level.

The **Integration Commissioner of the Federal Government** has recently outlined the following five areas of activity to promote migrant entrepreneurship in Germany: enhancing the visibility of migrant entrepreneurs, increasing the equal recognition of self-employed and dependent work, building digital support infrastructure (e.g. digital advice), improving access to finance and founding instruments and - lastly - networking. With this purpose the Commissioner intends to strengthen the link between institutions and other players involved in the process of fostering entrepreneurship among immigrants (and refugees) both on the federal and regional level. In this context, the *Schöpflin* Foundation (*Schöpflin Stiftung*) is currently preparing a conference in October 2020 to launch the initiative “perspective new start” (*Perspektive Neustart*) aiming to build an alliance for entrepreneurial migration.²⁴

Youth

Policies and programmes to promote entrepreneurship among young people were also extended in recent years. The main programme addressing students from universities with innovative business ideas is **EXIST**, a support programme by BMWi, co-funded by the ESF.²⁵ EXIST consists of three programmes in order to improve the entrepreneurial environment at universities and research institutes, to offer funding for start-ups out of academia and to promote the development of research oriented business ideas. EXIST is based on a large co-ordination network between universities, federal and state ministries and further research organisations.

A number of **universities** funded by the new programme EXIST-Potentials aim to increase the start-up potential of female students and scientists through role models (e.g. the University for Applied Sciences *Würzburg - Schweinfurt*, the University of Bamberg and the *Bergische University Wuppertal*). The project “PATEC – Passau the Entrepreneurial Campus”²⁶ wants to increase the interest of female students in business and new firm creation, recruiting from fields as diverse as Computer Science and Mathematics, Philosophy, the Humanities as well as Social and Cultural Studies. Another approach is to create and strengthen university networks in order to provide tailor-made support for female entrepreneurship in academia. The University of Wuppertal is building a network for women interested in new firm creation as

²⁰ www.starkimberuf.de

²¹ www.frauenmitfluchterfahrunggruenden.de/;
for summary and recommendations see: <https://www.frauenmitfluchterfahrunggruenden.de/wp-content/uploads/2020/09/Summary-Projekt-Frauen-mit-Fluchterfahrung-gr%C3%BCnden-2020.pdf>

²² <https://www.wjd.de/projekte/start-up-your-future>

²³ <http://blogs.hawk-hhg.de/migoek/>

²⁴ Information provided by representatives of the Integration Commissioner of the Federal Government, during a conversation/interview on 27th August 2020

<https://www.schoepflin-stiftung.de/foerderthemen/flucht-integration/>

²⁵ www.exist.de/DE/Home/inhalt.html

²⁶ <https://www.uni-passau.de/bereiche/presse/pressemeldungen/meldung/detail/bund-foerdert-gruendungskultur-projekt-der-universitaet-passau/> (4th December 2019)

part of the project “Women Entrepreneurs in Science”,²⁷ which is funded by the initiative “Excellence Start-up Center.NRW“ of the Ministry of Economy, Innovation, Digitization and Energy (MWIDE) of North Rhine-Westphalia.²⁸

The initiative “**Entrepreneurial Spirit in Schools**” (*Unternehmergeist in die Schulen*) by the BMWi comprises projects, business awards and information campaigns at schools and addresses schoolchildren between 15 to 19 years old.²⁹ It includes the JUNIOR Programmes (basic, advanced and expert), which encourage young people at the secondary school level to create their own companies.³⁰ These student companies (*Schülerfirmen*) can apply for the JUNIOR competitions at the regional and federal level.³¹ Another (private) competition for student companies is the “*Bundes-Schülerfirmen-Contest*”.³² There are also several non-profit initiatives to support entrepreneurship at secondary schools (e.g. “Rock it biz”).³³

The “Initiative Klischeefrei” [Cliché Free Initiative]³⁴, which is funded by the BMBF and the BMFSFJ, campaigns for career and study choices to be made free from gender stereotypes. It is an alliance between representatives from the areas of education and training, policy making, business and research. A stereotype-free career choice is important to promote women in technical professions and also their entrepreneurship in technical industries and fields.

Seniors

Half of the population in Germany is 50 years of age or older. Recent surveys show that the majority of this group would like to stay active after retirement. Setting up a business is one possible option for late bloomers. One in five people between the age of 50 and 75 is interested in new firm creation after retirement, especially as social entrepreneurs (Körber Stiftung, 2018). However, empirical evidence shows that older people have to face a large number of barriers in becoming entrepreneurs including lack of entrepreneurship skills, difficulty accessing finance due to the shorter time-scale for generating profit and a growing opportunity cost of time (Schott et al., 2017). The BMWi supports entrepreneurship by older people through information and online advice. A specific project of the German Center for Productivity and Innovation (*RKW Kompetenzzentrum*), funded by the BMWi, named “**Founding with Experience**” (*Gründen mit Erfahrung*) addresses people aged 45 and older who intend to start a new firm.³⁵ Former initiatives supporting older founders are for example “Experience is Future” (*Erfahrung ist Zukunft*) and “Perspective 50plus” (*Perspektive 50plus*) (Fernández Sánchez, 2019).³⁶

²⁷ https://www.exzellenz-start-upcenter.nrw/individualprojects/universitaet_wuppertal

²⁸ www.exist.de (September 2020)

²⁹ http://www.unternehmergeist-macht-schule.de/DE/Startseite/home_node.html

³⁰ <https://www.junior-programme.de/startseite>

³¹ <https://www.bmwi.de/Redaktion/DE/Wettbewerb/junior-bundeswettbewerb.html>

³² www.bundes-schuelerfirmen-contest.de

³³ <http://www.rockitbiz.org>

³⁴ https://www.klischee-frei.de/de/klischeefrei_92804.php

³⁵ 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/](http://www.rkw-kompetenzzentrum.de/gruendung/gruendungskultur/senior-entrepreneurship/)

³⁶ <http://www.perspektive50plus.de>

The unemployed

Policies and efforts to integrate the unemployed into the labour market through entrepreneurship or self-employment concentrate on established instruments (*Gründungszuschuss* and *Einstiegsgeld*). As explained above, the number of start-ups by unemployed has decreased significantly since 2012 as labour market conditions improved.

Policy measures in response to COVID-19 to support entrepreneurs and the self-employed³⁷

The German federal government has agreed on a package of general measures for employees and companies. Access to short-term work arrangements (*Kurzarbeit*) was expanded to avoid an increase in unemployment. State liquidity-aid and guarantees to improve liquidity support for firms were implemented. This is complemented by other liquidity measures such as deferring tax payments and reducing tax pre-payments. The goal is to provide businesses with sufficient liquidity in order to enable them to make it through the crisis.³⁸

To mitigate the impact of the COVID-19 lockdown, the German government approved a multi-billion-euro aid package on 25 March 2020, including a EUR 600 billion economic stabilisation fund, especially for SMEs and freelancers. It is the largest rescue package in German history. The fund encompasses: EUR 100 billion for equity measures, EUR 400 billion for guarantees, up to EUR 100 billion to refinance existing KfW special programmes. A multi-billion-euro assistance programme will be set up at KfW group to provide businesses, self-employed people and freelancers with liquidity. A EUR 2 billion package was finalised on 30 April that aimed at start-ups and small enterprises with sustainable business models.³⁹

On 4 June, the government agreed on a EUR 130 billion stimulus package, aimed at rebooting the national economy after weeks of pandemic paralysis. The programme (Future Package) includes a number of measures to foster economic growth and investment in Germany, including a temporarily reduction of the value-added tax from 19% to 16%, providing families with additional EUR 300 per child and doubling a government-supported rebate on electric car purchases. The package also establishes a EUR 50 billion fund for addressing climate change, innovation and digitisation within the German economy. The government is committed to implementing an integrative programme that will boost consumer spending, invest in innovation, and ease the financial strain on German households.

³⁷ The text was drafted in August 2020. Policy actions implemented after this date are not covered in this report.

³⁸ https://www.bmwi.de/Redaktion/EN/Downloads/a/a-protective-shield-for-employees-and-companies.pdf?__blob=publicationFile&v=3

³⁹ https://www.bmwi.de/Redaktion/EN/Downloads/P/package-of-measures-to-combat-the-impact-of-coronavirus-on-companies.pdf?__blob=publicationFile&v=6

3 Assessment of current and planned inclusive entrepreneurship policies and programmes

Developing entrepreneurship skills

Overview and assessment of policies and programmes

Table 3.1. Characterisation of schemes for developing entrepreneurship skills

| | | | | | Tailored: Are public programmes tailored for the target group (i.e. dedicated)? | Consultation: Are the targeted entrepreneurs consulted during the design of programmes? | Outreach: Are appropriate outreach methods used for different target groups? | Delivery: Are specialist organisations used to deliver programmes? | Take-up: Does the support have high take-up among target group? | Scale: Is the scale of available support sufficient? | Impact: Does evaluation evidence show a positive impact? | Integrated: Is the programme delivered linked to other related supports? | Links: Do tailored programmes link to mainstream support programmes? |
|----------------|--|---|---|--|---|---|--|--|---|--|--|--|--|
| Women | 1. Entrepreneurship training | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 2. Entrepreneurship coaching and mentoring | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 3. Business consultancy, including incubators/accelerators | ✓ | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Immigrants | 1. Entrepreneurship training | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 2. Entrepreneurship coaching and mentoring | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 3. Business consultancy, including incubators/accelerators | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Youth | 1. Entrepreneurship training | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 2. Entrepreneurship coaching and mentoring | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 3. Business consultancy, including incubators/accelerators | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Seniors | 1. Entrepreneurship training | | | | | | | | | | | | ✓ |
| | 2. Entrepreneurship coaching and mentoring | | | | | | | | | | | | ✓ |
| | 3. Business consultancy, including incubators/accelerators | | | | | | | | | | | | ✓ |
| The unemployed | 1. Entrepreneurship training | | | | | | | | | | ✓ | ✓ | |
| | 2. Entrepreneurship coaching and mentoring | | ✓ | | | | | | | | ✓ | ✓ | |
| | 3. Business consultancy, including incubators/accelerators | | | | | | | | | | ✓ | ✓ | |

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Entrepreneurship training and business development support is well-developed in Germany at the federal and regional levels. This includes, for example, digital advice and training offered by BMWi through its online Start-up Portal *Existenzgruender*.⁴⁰ People who are willing to become self-employed or entrepreneurs receive feedback from experts and get information about possible finance instruments (*Foerderdatenbank*). They can work with calculation sheets and e-learning programmes going through the different phases of starting a new business. Another online platform, “nexxt change”, intends to facilitate corporate succession by matching company owners with potential successors. Recently, since the number of owners who enter retirement is increasing, the BMWi has started the initiative "Company succession – from practice for practice" (*Unternehmensnachfolge – aus der Praxis für die Praxis*), to increase awareness of this topic nationwide.⁴¹

On the other side several regional institutional actors responsible for business creation and finance like Chambers of Industry and Commerce (*IHK*), Chambers of Crafts (*Handwerkskammern*), RKW regional agencies (*RKW Landesorganisationen*) and others often work together and provide advanced consulting and support systems for all entrepreneurs. One good practical example is the Thuringian Center for Business Start-ups and Entrepreneurship (*Thüringer Zentrum für Existenzgründungen und Entrepreneurship - ThEx*) and its online portal, a customised tool for all entrepreneurs, also those from under-represented and disadvantaged groups. Similar support infrastructure exists in nearly all regions across the country.⁴² Most of the organisations involved in promoting entrepreneurship follow a holistic approach by combining entrepreneurship training, coaching, (frequently mentoring) and business consultancy for all entrepreneurial groups.

Women

For women, a large number of training and consultancy organisations work to foster entrepreneurial activities, many of them co-ordinated by the bga or connected with business incubators providing a special focus on female entrepreneurship (*Unternehmerinnen- und Gründerzentren*). At the regional level many public initiatives have developed locally-based support structures for female entrepreneurs. A good practical example is the Coordination Offices for Women in Work and Business (*Koordinierungsstellen für Frauen in Arbeit und Wirtschaft - KOS*) in Lower Saxony (Niedersachsen). The KOS are funded by the ESF, the regional government and the municipalities. There is also a growing number of initiatives as well as public and non-profit mentoring programmes that offer access to one-to-one and group coaching or mentoring across all regions in Germany, for example Two Women Win (TWIN),⁴³ which is a successful mentoring initiative that has accompanied more than 500 start-ups.⁴⁴

Immigrants

Entrepreneurship training for immigrant entrepreneurs is widely available and often of high quality. The “Handbook Germany”⁴⁵ offers information for immigrants and refugees about living and working in Germany and is also a useful guide for starting a business. The platform “Make it in Germany” by the

⁴⁰ <https://www.existenzgruender.de/DE/Planer-Hilfen/Online-Training/inhalt.html>

⁴¹ <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2019/20190830-altmaier-ungeklaerte-nachfolgesituationen-in-kmu-koennen-wir-uns-nicht-leisten.html> (30 August 2019)

⁴² www.thex.de

⁴³ <https://www.kaete-ahlmann-stiftung.de/twin---two-women-win.html#>

⁴⁴ For more examples see: <http://www.akelei-online.de/index.html>; <http://www.frauenimhandwerk.de/>; <http://www.frauenzentrum-marie.de/aktuelles/>

⁴⁵ <https://handbookgermany.de/de/work/self-employment.html>

Federal Government offers a quick check available in different languages to help immigrants to decide, if self-employment could be an option for them.⁴⁶ The quick check also identifies special support programmes for immigrant entrepreneurs. It is provided by the IQ Network. Information on business start-ups and training programmes are often available in several languages and can be accessed through local actors such as the Immigration Office (*Ausländerbehörde*).

The Initiative Self-Employed Female Migrants (*Initiative Selbständiger Immigrantinnen*, I.S.I. e.V.), offers consultancy, training, coaching and networking by migrant women for migrant women in Berlin since 1990. I.S.I. e. V. has been able to implement additional projects with female refugees over the last years, for example the tandem project "FIRST STEPS initial consultation for newcomer interested in founding a company" (*FIRST STEPS Erstberatung für Gründungsinteressierte Newcomer*). I.S.I. e. V. is now partner in the INTERREG Project "Social Innovation for Refugees" (*Soziale Innovation für Geflüchtete Menschen, SiforREF*).⁴⁷

Another project for immigrants is the SINGA Business Lab. It is an inclusive incubator co-created with and for newcomer entrepreneurs to support them in the process of founding successful, innovative, and scalable businesses. It combines networking, mentoring and community building.⁴⁸ SINGA Germany was founded in 2016 and is a member of the international SINGA Network. Its portfolio includes the SINGA Business Lab, Professional Mentoring, Language Café and Living Room Events. Furthermore, SINGA is a member of the research partnership within the project MAGNET (Migrant Acceleration for Growth – Network for Entrepreneurship Training) funded by the EU. The MAGNET network brings together European organisations providing migrant entrepreneurship support, as well as interested public and private actors. The aim is to exchange and improve current tools and to develop an open to the public toolkit made by practitioners for practitioners to foster migrant entrepreneurship.⁴⁹

Youth

The topic of entrepreneurship has been increasingly taken up by universities in research, teaching and transfer. Since the establishment of the first chair at the European Business School in 1998, the number of entrepreneurship institutions at German universities and colleges has reached 141 professorships. Related to the highly competitive and very successful EXIST programme, many German universities have established entrepreneurship centres for supporting young entrepreneurs with training, consultancy and further services, based on different initiatives and funding. Many initiatives focus on technology-oriented and knowledge-driven start-ups and businesses.

Seniors

The *RKW Kompetenzzentrum* offers information and workshops for stakeholders (professionals and consultants) who are working with older entrepreneurs.⁵⁰ The expert group "Senior Entrepreneurship" has been meeting twice a year since 2014, exchanging knowledge and making recommendations to promote senior entrepreneurship including advice on training, coaching and business consultancy. Know-how and recommendations have been collected and published in several documents.⁵¹ In addition, private consultancies have increased the support for older entrepreneurs, for example the initiative "Start-up

⁴⁶ www.make-it-in-germany.com/

⁴⁷ https://isi-ev.de/wp-content/uploads/2020/07/siforref-social_innovation_for_refugees.pdf

⁴⁸ <https://singabusinesslab.de/>

⁴⁹ <https://migrantacceleration.eu/>

⁵⁰ <https://www.rkw-kompetenzzentrum.de/gruendung/leitfaden/leitfaden-fuer-die-gruendungsberatung-45plus/> and <https://www.rkw-kompetenzzentrum.de/gruendung/leitfaden/empfehlungskatalog-senior-entrepreneurship/>

⁵¹ <https://www.rkw-kompetenzzentrum.de/gruendung/gruendungskultur/senior-entrepreneurship/>

50Plus" (*Gründer50Plus*). The initiative offers coaching and counselling for older people who seek to start a business or social enterprise.

The unemployed

For the unemployed, some of the financial support programmes offer basic entrepreneurship training or advisory support as well. In addition, recipients of unemployment benefits may apply for financial support regarding coaching at the local employment agencies. Funding is co-financed by the ESF. The start-up subsidy (*Gründungszuschuss*) helps the unemployed to start a business. It consists of two funding stages and provides a compensation for a maximum of 15 months. For the unemployed applicant it is tax-free and does not have to be returned (see also section 2.1.).⁵²

Other target groups – prisoners

Leonard gGmbH promotes entrepreneurship among prisoners. This programme focuses on teaching business knowledge and entrepreneurial know-how that will allow them to set up their own business after they have served their sentence.⁵³

Recent policy developments

In April 2018, the *Gründerplattform* – a digital platform – was launched by the BMWi together with the KfW Group. At www.gruenderplattform.de interactive tools are offered to help entrepreneurs develop their business idea into a business model and business plan and finally find suitable funding and financing. Offers of central actors involved in start-up support – such as chambers, state development institutions, banks and credit institutions – are included on the platform. Potential entrepreneurs can contact these actors directly in order to receive advice or feedback on their business model, business plan or submit a financing request to a bank. The platform also invites founders to exchange ideas. These diverse options offer individuals interested in founding a company the chance to better assess their chances of success.⁵⁴

As a result of the COVID-19 crisis, the German states and regional authorities have strengthened their efforts to improve the digital infrastructure for potential entrepreneurs through e-learning instruments and online consultancy services. An example is the new digital programme for self-employment and entrepreneurship "#FastForward" with its motto "from the idea to the first customer in only 100 days". It was launched in on 17 July 2020. "#FastForward" brings together the activities of the projects "ThEx Mentoring", "ThEx Enterprise" and "ThEx Microfinance Agency" (*ThEx Mikrofinanzagentur*), all of which are bundled under the umbrella of the ThEx Center, as well as further services promoting entrepreneurship from the Erfurt Economic Development Corporation (*Erfurter Wirtschaftsförderung*) and the RKW Thüringen (RKW Thüringen).⁵⁵

As mentioned in chapter 2.1. the organisations that are working in the growing field of social entrepreneurship in Germany have focused on improving and developing entrepreneurial support for under-represented and disadvantaged groups such as youth, unemployed, people with disabilities, immigrants and refugees. At present, there are nine regional Social Impact Labs in Germany as part of the

⁵² <https://www.arbeitsagentur.de/arbeitslos-arbeit-finden/existenzgruendung>

⁵³ www.leonhard.eu/

⁵⁴ www.bmwi.de/Redaktion/DE/Pressemitteilungen/2018/20180416-gem-pm-startschuss-fuer-neue-digitale-gruenderplattform.html

⁵⁵ <https://programm-fastforward.de/>

company Social Impact gGmbH.⁵⁶ Social Impact gGmbH's project "Social Innovation in Non-statutory Welfare" is being funded by the BMFSFJ. In addition, there is an independent Social Impact Lab, the Impact Factory, in Duisburg.⁵⁷ Social Impact Labs are co-working spaces and at the same time incubators for social enterprises. They offer scholarship programmes for various start-up target groups, coaching services and networking events, but also office space and workplaces for rent.

There are many regional initiatives to foster inclusive entrepreneurship and the development of necessary entrepreneurial skills. For example: "Founding Workshop Enterprise" (*Gründungswerkstatt Enterprise*) put the focus on business consultancy services for young entrepreneurs up to the age of 30 years who want to start their own business in the state of Brandenburg.⁵⁸ Other projects, such as "OpportunityUser" (*ChancenNutzer*)⁵⁹ in Frankfurt (Hesse) or "Pilot Service" (*Lotsendienst*)⁶⁰ in the Brandenburg region offer entrepreneurship training, coaching and business consultancy especially for immigrants. While the "Young Starters" (*Jungstarter*)⁶¹ project in Hamburg provided start-up advice for young people who are unemployed or at risk of unemployment expired in 2018, the "self & employed" (*Selbst & Ständig*)⁶² project which is currently running in the Leipzig area has a similar focus. The "Human Safety Net"⁶³ and "StartHope@Home"⁶⁴ are projects focussing on refugees, who want to return to their countries of origin in order to become self-employed.

⁵⁶ There are currently Social Impact Labs in Berlin, Bremen, Bonn, Frankfurt, Hamburg, Leipzig, München, Potsdam und Stuttgart.

⁵⁷ <https://impact-factory.de/>

⁵⁸ <https://gruendungswerkstatt-enterprise.de/>

⁵⁹ <https://chancennutzer.eu/>

⁶⁰ www.lotsendienst.net/lotsendienst.htm

⁶¹ <https://hamburg.socialimpactlab.eu/das-lab/jungstarter/>

⁶² <https://leipzig.socialimpactlab.eu/selbst-staendig>

⁶³ <https://www.thehumansafetynet.org/de/>

⁶⁴ <https://socialimpact.eu/starthope>

Financing entrepreneurship

Overview and assessment of policies and programmes

Table 3.2. Characterisation of schemes for facilitating access to finance

| | | Tailored: Are public programmes tailored for the target group (i.e. dedicated)? | Consultation: Are the targeted entrepreneurs consulted during the design of programmes? | Outreach: Are appropriate outreach methods used for different target groups? | Delivery: Are specialist organisations used to deliver programmes? | Take-up: Does the support have high take-up among target group? | Scale: Is the scale of available support sufficient? | Impact: Does evaluation evidence show a positive impact? | Integrated: Is the programme delivered linked to other related supports? | Links: Do tailored programmes link to mainstream support programmes? |
|-----------------|--|---|---|--|--|---|--|--|--|--|
| Women | 1. Grants for business creation | ✓ | | | ✓ | | | | | ✓ |
| | 2. Loan guarantees | ✓ | | | ✓ | | | | | ✓ |
| | 3. Microfinance and loans | ✓ | | | ✓ | | | | | ✓ |
| | 4. Other instruments (e.g. crowdfunding, risk capital) | ✓ | | | ✓ | | | | | ✓ |
| Immigrants | 1. Grants for business creation | ✓ | | | ✓ | | | | | ✓ |
| | 2. Loan guarantees | ✓ | | | ✓ | | | | | ✓ |
| | 3. Microfinance and loans | ✓ | | | ✓ | | | | | ✓ |
| | 4. Other instruments (e.g. crowdfunding, risk capital) | ✓ | | | ✓ | | | | | ✓ |
| Youth | 1. Grants for business creation | ✓ | | | ✓ | | | | | ✓ |
| | 2. Loan guarantees | ✓ | | | ✓ | | | | | ✓ |
| | 3. Microfinance and loans | ✓ | | | ✓ | | | | | ✓ |
| | 4. Other instruments (e.g. crowdfunding, risk capital) | ✓ | | | ✓ | | | | | ✓ |
| Seniors | 1. Grants for business creation | | | | | | | | | |
| | 2. Loan guarantees | | | | | | | | | |
| | 3. Microfinance and loans | | | | | | | | | |
| | 4. Other instruments (e.g. crowdfunding, risk capital) | | | | | | | | | |
| The unem-ployed | 1. Grants for business creation | ✓ | | | | | | | | |
| | 2. Loan guarantees | ✓ | | | | | | | | |
| | 3. Microfinance and loans | ✓ | | | | | | | | |
| | 4. Other instruments (e.g. crowdfunding, risk capital) | ✓ | | | | | | | | |

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Funding to support start-ups and self-employment is typically provided by commercial banks, savings banks and cooperative banks. They constitute the entrepreneurs main Bank (*Hausbank*). Even though many subsidised loan programmes and financing instruments are managed by the KfW Group on the federal level or other business development banks on the regional level, applications are processed by the so-called main bank. This practice is called “main banking connection” (*Hausbankprinzip*). In Germany, these main banks are often the regional mutual savings banks like *Volksbanken*, *Raiffeisenbanken* or

Sparkassen. After reviewing all the documents required for the application, the house bank decides whether they will recommend the start-up project. In case of a positive assessment, the application documents are sent either to the KfW Group or the regional business development bank. At the end of this process, the main bank informs the customer whether the loan has been approved or denied.

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. With the rise of the concept of entrepreneurial ecosystems within the recent years a renewed focus was put on special loans for start-ups and young firms, the development of the venture capital market in Germany and the provision of microcredits (*ERP-Gründerkredite*), which are offered by the KfW Group. At present there are no special loan guarantee schemes for disadvantaged or under-represented group, however, there are various funding instruments for the start-up phase including all target groups mentioned above.⁶⁵

- ERP Start-up Loan - Start-Up Money (*ERP-Gründerkredit – Startgeld*): The ERP Start-up Loan – Start-up Money is available for start-ups and young firms that have been active on the market for less than five years. This programme provides maximum financing of up to EUR 125 000 with a duration of five or ten years and addresses small companies. The bank that provides the financing to the company receives an 80 percent release from liability.
- ERP Start-up Loan – Universal (*ERP-Gründerkredit Universell*): The ERP Start-up Loan – Universal is available for start-ups and young firms that have been active on the market for less than five years. It provides financing for investments and working capital for new companies, for takeovers or for active stakes. Long-term loans up to EUR 25 million are available. Companies that have been active on the market for a minimum of three years can opt to take advantage of a 50 percent liability release for investment financing. In the context of the corona crisis this promotional programme is subject to special regulations that apply until 30.06.2021 as part of the KfW Special Programme 2020. For details, please see <https://www.bmwi.de/Redaktion/DE/Coronavirus/coronahilfe.html>.
- ERP Capital for Start-ups (*ERP-Kapital für Gründung*): The ERP Capital for Start-ups is available for start-ups and persons taking over existing companies during the first three years. It provides subordinated loans up to EUR 500 000 with a duration of 15 years. No repayments are due within the first seven years. The aim is to improve the equity base of the company in order to facilitate further external financing. Only investments are eligible for funding.

German Micro-loan Fund (*Mikrokreditfonds Deutschland*): With the Microcredit Fund Germany, the German government is improving access to capital for microenterprises and start-ups. Since 2015, the aim of the fund has been to stabilize a nationwide microcredit offering in Germany. As a guarantee fund, it secures microloans against GRENKE Bank and offers microfinance institutions incentives to build up a high-quality lending business.

For this purpose, the fund's reflows are used on a revolving basis. The Federal Ministry of Labor and Social Affairs (BMAS) is responsible for the fund and together with the Federal Ministry for Economic Affairs and Energy (BMWi) forms the fund's board of directors. The fund is managed in trust by NBank.

- The German Micro-loan Fund addresses small companies, young start-ups, migrants, self-employed workers and those pursuing a new venture in the creative industry. Funding between EUR 1 000 and EUR 25 000 is granted in the form of a loan with a duration up to four years.

⁶⁵ <https://www.bmwi.de/Redaktion/EN/Dossier/financing-for-start-ups-company-growth-and-innovations.html>

- Micro-Mezzanine Fund (*Mikromezzaninfonds*): The Micro-Mezzanine Fund was launched in 2013 and provides dormant equity up to EUR 50 000 for small companies and business starters and up to EUR 150 000 for companies within its target group. The fund's target groups are companies that provide training, are operated by women or migrants, or were founded by persons who were formerly unemployed. Social enterprises operating commercially are also eligible to apply for financing at the terms of the mentioned target group, as are companies with a focus on environmentally compatible production. The fund is financed by both the ESF and the European Recovery Programme (ERP).

Women

From a women entrepreneur's perspective, access to financial support is different for the genders, although much has improved since Welter's study in 2004. There are still differences in business angels and venture capital investments. These financing instruments are used more often by men than women. Differences can be also observed concerning public funding. Male founders (41.5%) are clearly ahead of female founders (27.5%). Personal savings are by far the most common form of funding used by start-ups in Germany, regardless of gender (Hirschfeld et al., 2020).

There is one important programme that supports female entrepreneurs not only with information and training but also with financial support. The "Gold Rush Women Network" (*Goldrausch Frauennetzwerk*, one of the microfinancing institutes) is a small non-governmental association that started providing small loans to women entrepreneurs in Berlin decades ago.⁶⁶

Immigrants

The professional IQ Network (see above) 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.⁶⁷

Youth

The "EXIST Start-up Grant" (*EXIST-Gründerstipendium*) is a broad-based programme that provides one-year grants to university graduates and scientists prior to or during the start-up phase so they can implement their business plan (approximately 200 projects per year). Universities and research institutes can submit applications on students' behalf to the BMWi. Additionally, there are centres for innovation and business creation that offer their unique infrastructure to build businesses from the initial seed of an idea to the growth phase. "EXIST Research Transfer" (*EXIST-Forschungstransfer*) was created in early 2008 to support challenging technical start-up projects at universities and research centres by first supporting the product development at a scientific institution and then the set-up phase of the company.⁶⁸

The BMWi has launched "EXIST Potentials" (*EXIST-Potenziale*) in 2019 to continue developing start-up networks and infrastructure to foster entrepreneurship at universities. Important foundations for this were created within the framework of the "EXIST Start-up Culture" programme (*EXIST-Gründungskultur*) in

⁶⁶ <https://www.goldrausch-ev.de/>

⁶⁷ <https://www.rkw-kompetenzzentrum.de/gruendung/studie/global-entrepreneurship-monitor-20172018/>

⁶⁸ www.exist.de

recent years.

Seniors

As there are no specific financial support schemes for senior entrepreneurs, they are encouraged to apply for an *ERP-Gründerkredit* or a microcredit of the *Mikrokreditfonds Deutschland* – which are open to all groups of entrepreneurs.⁶⁹

The unemployed

If the necessary requirements are met, unemployed people can access all public funding programmes. In addition, there are the following special instruments from the BA: start-up subsidy (*Gründungszuschuss*), available for recipients of unemployment benefit (ALG) and entry grant (*Einstiegsgeld*) for recipients of unemployment benefit II (ALG-II).⁷⁰

Recent policy developments

Despite growing the international recognition of Germany's start-up scene, the German venture capital market is relatively small—both, compared internationally and in relation to Germany's economic strength. The Federal Government will therefore update legislation and tax rules to make Germany more attractive for venture capital.⁷¹

- INVEST – Grant for Venture Capital (*INVEST-Zuschuss für Wagniskapital*): INVEST is a grant programme run by the Federal Ministry for Economic Affairs and Energy. It has been set up to support private investors who want to acquire a stake in young and innovative companies. Under this programme, business angels who invest in innovative start-ups receive an acquisition grant worth 20% of the sum invested. In addition, natural persons can receive an exit grant if they sell their shares. The amount provided is equivalent to 25 percent of the capital gains from the sale and thus more or less covers the tax imposed on the profit from the sale. The shares must be held for a minimum of three years. Both grants are tax-free for the investor.
- Venture Capital for migrant entrepreneurs: The venture capitalist Earlybird and the management consultancy Bain have founded the "Vision Lab" Fund in summer 2020 to support migrant entrepreneurs who came to Germany recently and are willing to set up a technology-oriented or internet company.

⁶⁹ <https://www.bmwi.de/Redaktion/DE/Artikel/Mittelstand/gruendungsfinanzierung-mikrokreditfonds.html>

⁷⁰ <https://www.existenzgruender.de/DE/Gruendung-vorbereiten/Entscheidung/Ihre-Startposition/Gruendung-aus-Arbeitslosigkeit/inhalt.html>

⁷¹ www.bmwi.de/Redaktion/EN/Downloads/financing-start-ups-and-growth-overview-of-funding-instruments.pdf?__blob=publicationFile&v=9

Entrepreneurship culture and social capital

Overview and assessment policies and programmes

Table 3.3. Characterisation of public policy actions to promote entrepreneurship and develop networks

| | | Tailored: Are public programmes tailored for the target group (i.e. dedicated)? | Consultation: Are the targeted entrepreneurs consulted during the design of programmes? | Outreach: Are appropriate outreach methods used for different target groups? | Delivery: Are specialist organisations used to deliver programmes? | Take-up: Does the support have high take-up among target group? | Scale: Is the scale of available support sufficient? | Impact: Does evaluation evidence show a positive impact? | Integrated: Is the programme delivered linked to other related supports? | Links: Do tailored programmes link to mainstream support programmes? |
|----------------|---|---|---|--|--|---|--|--|--|--|
| Women | 1. Entrepreneurship campaigns, including role model initiatives | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 2. Networking initiatives | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Immigrants | 1. Entrepreneurship campaigns, including role model initiatives | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 2. Networking initiatives | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Youth | 1. Entrepreneurship campaigns, including role model initiatives | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | 2. Networking initiatives | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Seniors | 1. Entrepreneurship campaigns, including role model initiatives | | ✓ | ✓ | | | | | ✓ | ✓ |
| | 2. Networking initiatives | | ✓ | ✓ | | | | | ✓ | ✓ |
| The unemployed | 1. Entrepreneurship campaigns, including role model initiatives | | | | | | | | ✓ | ✓ |
| | 2. Networking initiatives | | | | | | | | ✓ | ✓ |

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

The Global Entrepreneurship Week Germany – branded as “*Gründerwoche Deutschland*” (Start-up Week Germany) – has been hosted by the BMWi since 2010. With this initiative the Ministry aims to create a nationwide network to raise awareness for entrepreneurship and its importance for society. Therefore, the Ministries of Economy of all 16 federal states as well as many business associations are involved in this campaign. Their task is to support their members to offer events for young people in general and potential founders and young entrepreneurs in particular.⁷² “*Gründerwoche Deutschland*” has grown from about 12 000 participants and 120 events in the first year to nearly 90 000 participants and 1 600 events in

⁷² www.gruenderwoche.de/english/

2019.

In 2018, the German government added social entrepreneurship to its political agenda. The “*Gründerwoche Deutschland*” is leveraging its platform to bring more attention to social entrepreneurship and drive a change in German perception. It has for example adopted social entrepreneurship as one of its themes in 2018 to raise awareness and drive a conversation about the entrepreneurial mindset in Germany.⁷³ Furthermore, in 2017 SEND was founded to better support social entrepreneurs. SEND is a registered association based in Berlin and the political voice of social enterprises in Germany. SEND cooperates with the Federal Association of German Start-ups.⁷⁴

The German government is also supporting the development and improvement of entrepreneurial ecosystems. The model project “Best Practice Start-up Ecosystem in the New Federal States” (*Best Practice Gründerökosystem in den neuen Bundesländern*) was launched in summer 2020 by the BMWi to stimulate start-up activities in eastern Germany. The programme helps to build networks and infrastructure for start-ups, entrepreneurs and successors.⁷⁵

Women

The BMWi fosters entrepreneurial activities by women. Women set up fewer technology-oriented businesses than men: only around 19% of the founders of growth-oriented technology start-ups are women (Metzger, G. (2020_[2]). There are many reasons for this: women are often more risk averse, pursue other motives for founding a company or lack entrepreneurial role models. The BMWi wants to encourage women to set up or take over an existing company, including by promoting it through the “*Nationaler Aktionstag zur „Unternehmensnachfolge durch Frauen“* on June 21 (National Action Day for the Taking Over of Existing Companies by Women).

Through the “*FRAUEN unternehmen*” initiative (Women venture) the ministry showcases female role models to encourage women to implement their business ideas and start up their own companies. The initiative also aims to inspire girls to become entrepreneurs. As part of this successful initiative, 200 volunteer “*Vorbild-Unternehmerinnen*” (female role model entrepreneurs) regularly speak at regional events and share their experiences with individuals founding or taking over companies and in everyday business life. The initiative's new office connects female role model entrepreneurs with girls and women, who are interested in starting up a business. In addition, the initiative is expanding the group of role model entrepreneurs, for example by recruiting women entrepreneurs from science and technology, the digital economy and the industrial sector. The network also will be expanded to regions where only few female role models exist.⁷⁶

The start-up portal www.existenzgruenderinnen.de by the BMWi offers specific information, advice and networking opportunities for women in cooperation with the bga. The bga is also promoting entrepreneurial

⁷³ www.genglobal.org/germany-global-entrepreneurship-week/gew-germany-changing-mindset-around-social-entrepreneurship

⁷⁴ https://de.wikipedia.org/wiki/Social_Entrepreneurship_Netzwerk_Deutschland

⁷⁵ <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/20200519-neue-ideen-fuer-start-ups-in-den-neuen-laendern.html>

⁷⁶ www.existenzgruender.de/DE/GO/10-Punkte-fuer-mehr-Gruendungen/Punkt-4-Mehr-Frauen-fuer-die-unternehmerische-Selbststaendigkeit-gewinnen/inhalt.html?cms_trackLinkLpGOTeaser=true&cms_trackLinkLpGOTeaserTitle=Alle%2010%20Punkte%20konkret

culture among women and building networks through an online portal showcasing successful women entrepreneurs.⁷⁷ This initiative is supported by the activities of several non-profit organisations such as Push up, *Weiberwirtschaft eG*, and TWIN. Encouraging business and company succession among women is also an important issue for the bga: the agency organises an annual National Action Day to promote company succession by women.⁷⁸ Furthermore, the Association of German Female Entrepreneurs (*Verband deutscher Unternehmerinnen e.V., VdU*) is a remarkable network with 22 regional offices in all 16 federal states.⁷⁹ The National Council of German Women's Organisations (*Deutscher Frauenrat*)⁸⁰ is a national association of 56 female associations and networks.

Immigrants

The topic of immigration is receiving a lot of attention in Germany. Highlighting the opportunities shows that immigrants not only include many skilled workers, but also many potential entrepreneurs. From the perspective of immigrants, owning a business offers the prospect of economic success, recognition and thus integration. Therefore, the propensity of immigrants to set up a business is often higher than that of the locals, a tendency also seen in other countries. Indeed, comparing start-up activities across countries reveals that entrepreneurial activities are significantly higher in countries that have a vibrant immigration culture.⁸¹

The Recognition Laws (*Anerkennungsgesetze*) of the federal and state governments allows professional qualification acquired abroad to be recognized as equivalent to the German qualification. This improves the chances for immigrants to work in their original profession. In many cases, this is also a prerequisite for starting a business, especially in the regulated professions, e.g. the skilled crafts and trades or the medical industry that require authorisation.⁸²

The IQ Office for migrant economics (*IQ Fachstelle Migrantenökonomie*) supports foreign students and academics as well as specialists from abroad setting up a business in Germany. For this purpose, it offers business plan workbooks in 12 different languages and success stories of immigrant entrepreneurs on their website.⁸³

Recently, public media as well as government agencies have tried to promote migrant entrepreneurship by various activities.⁸⁴ The Berlin Newcomer Start-up Award is awarded by the Berlin Senate Department for Economics, Energy and Enterprises in cooperation with the SINGA Business Lab. Once a year it honors

⁷⁷ https://www.existenzgruenderinnen.de/DE/bga-Service/Ueber-bga/ueber-bga_node.html

⁷⁸

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

⁷⁹ <https://www.vdu.de/home.html>

⁸⁰ <https://www.frauenrat.de/>

⁸¹ www.rkw-kompetenzzentrum.de/gruendung/presse/gruendungen-durch-migranten-in-deutschland-ruecklaeufig/

⁸² <https://www.existenzgruender.de/SharedDocs/Downloads/DE/GruenderZeiten/GruenderZeiten-10.pdf?blob=publicationFile>

⁸³ www.wir-gruenden-in-deutschland.de/

⁸⁴ <http://uog-ev.de/>

a start-up business idea by newcomers who have immigrated to Germany.⁸⁵

Youth

The BMWi organises the initiative and working group “Entrepreneurial Spirit in Schools” (*Unternehmergeist in die Schulen*) as a platform for initiatives that help strengthen the initiative, creativity, independence, teamwork as well as communication and entrepreneurial skills of schoolchildren. Nationwide these initiatives reach around 40 000 schoolchildren every year. The offers, which are aimed mainly at teachers, range from simulation games via internet to setting up real business start-ups in schools and also provide teaching and training materials. The website “Entrepreneurial Spirit in Schools” (*Unternehmergeist macht Schule*)⁸⁶ collects information on economic education in schools for teachers and also offers a separate area for schoolchildren.⁸⁷ Entrepreneurship promotion for younger people is gaining momentum in Germany. For example, “START-UP TEENS” is the digital education platform with the widest reach in Germany, which teaches schoolchildren how to code and programme but also how to think and act entrepreneurially.⁸⁸

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 online and there is also a lot of interest in social entrepreneurship. However, it is necessary to further encourage a new entrepreneurial culture (at the university) using the potential of already existing entrepreneurs. Some steps are: Teaching entrepreneurial culture; providing role models for young students, scientists and engineers; organise evening talks by entrepreneurs to “infect” students to take their fate into their own hands” etc. (Bienert et al., 2018).

Seniors

Older people are rarely viewed as potential entrepreneurs, but rather as experienced and knowledgeable, skilled labour that can assist younger entrepreneurs. 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 through the initiatives “Senior citizens in business” (*Senioren der Wirtschaft*) and “Old helps Young” (ALT HILFT JUNG), among others. Creating awareness of entrepreneurship as a late-career option is also necessary in order to remove potential barriers to senior entrepreneurship. The RKW Kompetenzzentrum promotes senior entrepreneurship by putting an emphasis on the cohort 45 years older in their information brochures and success stories about senior entrepreneurs.⁸⁹ The Körber Foundation honours founders older than 60 years with the “Encore Award” (*Zugabe-Preis*), an annual price of EUR 60 000 first awarded in 2019. The award is for people who have found solutions to the social challenges of our time using entrepreneurial means and who have built up a company or a social enterprise. The goal is to show that experience and innovation, age and social impact complement each other productively.

⁸⁵ <http://newcomeraward.de/award/>

⁸⁶ https://www.unternehmergeist-macht-schule.de/DE/Startseite/home_node.html

⁸⁷ <https://www.bmwi.de/Redaktion/DE/Artikel/Mittelstand/staerkung-des-unternehmergeistes01.html>

⁸⁸ <https://www.startupteens.de/site/home>

⁸⁹ <https://www.rkw-kompetenzzentrum.de/gruendung/studie/gruenderinnen-und-gruender-45plus/>

The unemployed

All public funding programmes are also available to founders out of unemployment. In addition, there is special help from the BA. This includes the start-up subsidy (*Gründungszuschuss*) for ALG recipients and the entry grant (*Einstiegsgeld*) for ALG-II recipients.⁹⁰

Recent policy developments

In April 2018, the digital *Gründerplattform* was launched by the BMWi together with the KfW Group. At www.gruenderplattform.de interactive tools can be found that help potential entrepreneurs to develop a business idea, a business model and a business plan and make it easier to find suitable funding and financing⁹¹ (see also Chapter 3.1).

Another step towards an infrastructure that improves the access to finance for start-ups is the Digital Hub Initiative. The initiative enables entrepreneurs to get in contact with professional partners and experts from tech and business. Vice versa, tech founders can establish contacts with investors, potential customers and partners via the digital hubs.⁹² Moreover, the BMWi honors young digital companies with the annual "Digital Start-up of the Year" award. This price is given to start-ups chosen from its start-up initiatives that have already been successful on the market and have developed concepts for quick growth.⁹³

The institutional environment and locational factors play an important role for the development of start-ups. A lively entrepreneurial environment and culture can not only be found in big cities like Berlin, Munich, Hamburg or Frankfurt. Numerous other regions in Germany also offer an excellent range of support measures. In the BMWi's video series "Setting up a business in your region - good for you. Good for Germany" (*Gründen in Deiner Region – Gut für Dich. Gut für Deutschland*), which was part of the Start-up Campaign "GO!" the *RKW Kompetenzzentrum* showcased 24 entrepreneurial regions or ecosystems. The videos highlight the breadth and diversity of the start-up landscape in Germany using the example from 24 regions and unique start-up stories. The aim is to make start-up culture visible beyond the big cities.⁹⁴

⁹⁰ <https://www.existenzgruender.de/DE/Gruendung-vorbereiten/Entscheidung/Ihre-Startposition/Gruendung-aus-Arbeitslosigkeit/inhalt.html>

⁹¹ <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2018/20180416-gem-pm-startschuss-fuer-neue-digitale-gruenderplattform.html>

⁹² <https://www.de-hub.de/>

⁹³ <https://www.de.digital/DIGITAL/Navigation/DE/Gruenderwettbewerb/gruenderwettbewerb.html>

⁹⁴ <https://www.rkw-kompetenzzentrum.de/gruendung/gruendungskultur/gruenden-in-deiner-region/>

Regulatory measures

Overview and assessment of regulatory environment

Table 3.4. Characterisation of regulatory measures used to support entrepreneurship

| Women | 1. Support with understanding and complying with administrative procedures 2. Measures to address group-specific regulatory challenges | Maternity leave and benefits for the self-employed Access to childcare | | | Tailored: Are public programmes tailored for the target group (i.e. dedicated)? | Consultation: Are the targeted entrepreneurs consulted during the design of programmes? | Outreach: Are appropriate outreach methods used for different target groups? | Delivery: Are specialist organisations used to deliver programmes? | Take-up: Does the support have high take-up among target group? | Scale: Is the scale of available support sufficient? | Impact: Does evaluation evidence show a positive impact? | Integrated: Is the programme delivered linked to other related supports? | Links: Do tailored programmes link to mainstream support programmes? |
|----------------|---|---|--|--|---|---|--|--|---|--|--|--|--|
| Immigrants | 1. Support with understanding and complying with administrative procedures 2. Measures to address group-specific regulatory challenges | Entrepreneurship visa Administrative and tax obligations can be met in several languages | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Youth | 1. Support with understanding and complying with administrative procedures 2. Measures to address group-specific regulatory challenges | Student business legal form Reduced tax and/or social security contributions for new graduates | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Seniors | 1. Support with understanding and complying with administrative procedures 2. Measures to address group-specific regulatory challenges | Medical leave schemes for the self-employed | | | | | | | | | | | |
| The unemployed | 1. Support with understanding and complying with administrative procedures 2. Measures to address group-specific regulatory challenges | Welfare bridge to support those moving into self-employment Mechanisms for regaining access to unemployment benefits if business is not successful | | | ✓ | ✓ | | ✓ | ✓ | | ✓ | | |

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the "typical" entrepreneur in each of the different target groups, in the "typical" region in the country. A check-mark indicates when the characteristic is typically fulfilled.

The self-employed belong to the target group of the “basic pension” (*Basis-Rente*, also called *Rürup* pension), developed in 2001. It provides benefits and taxation similar to the public pension scheme. In addition, self-employed workers have to join a health insurance scheme, either private or statutory, which is mandatory since 2009. For dealing with administrative duties and challenges, the BMWi navigator (*BMWi Wegweiser*) offers substantial guidance and initial support online.⁹⁵

Women

Female entrepreneurs face the same challenge in the context of social security as most other entrepreneurs in Germany and there is little regulatory support available, especially for females. There are no maternity benefits for female entrepreneurs who have private health insurance or those who have statutory health insurance but no entitlement to sick pay.

Immigrants

Support mechanisms for immigrants that deal with administrative challenges are steadily expanding at the federal, state and local levels through the above-mentioned IQ networks (see 3.1)⁹⁶ and public or non-profit associations. Differences exist between EU and non-EU residents. Since 2012, the legal preconditions for non-EU residents and immigrants have been simplified.

Seniors

People older than 67 years old will receive benefits from the public pension scheme after continuous paid-employment until the above-mentioned retirement age. They may generate income through self-employment without losing pension entitlements.

The unemployed

Recipients of unemployment benefits who start-up on a part-time basis while working less than 15 hours per week continue to receive unemployment benefits, however the additional income generated will be credited against these benefits accordingly.

Recent policy developments

The German Government has paid more attention to self-employment and business creation in recent years. Five specific projects to achieve better legal conditions for potential entrepreneurs and self-employed people were mentioned in the coalition agreement (*Koalitionsvertrag*), and should be established within the current legislative period (Bundesregierung, 2018).

Many low-income self-employed are not able to pay their health insurance minimum contribution because it is based on an assumed minimum income—regardless of their actual earnings. This often affects solo self-employed such as small business owners in the crafts, for example shoemakers or hairdressers. As a response the minimum contribution was reduced (*Senkung des GKV-Mindestbeitrags*) from EUR 350 to EUR 160 monthly as part of the *Versichertenentlastungsgesetz* in January 2019.⁹⁷

⁹⁵ www.bmwi-wegweiser.de

⁹⁶ www.wir-gruenden-in-deutschland.de

⁹⁷ See *Versichertenentlastungsgesetz*:
<https://www.bundesgesundheitsministerium.de/versichertenentlastungsgesetz.html#c13239>

The third bureaucracy relief law (*Bürokratieentlastungsgesetz III*)⁹⁸ introduces two benefits for self-employed people and small businesses: the sales tax limit for small business owners was increased from EUR 17 500 to EUR 22 000 starting in January 2020 (*Anhebung der Kleinunternehmengrenze*); and company founders will no longer have to submit their sales tax returns on a monthly basis, but quarterly. This facilitates the start-up phase by reducing the administrative burden, but is limited in time and only applies if the sales tax that has to be paid is not expected to exceed EUR 7 500 (*Vierteljährliche USt-Voranmeldung für Gründer*).

⁹⁸ See Bürokratieentlastungsgesetz III:
<https://www.bundesregierung.de/resource/blob/656734/847984/5b8bc23590d4cb2892b31c987ad672b7/2018-03-14-koalitionsvertrag-data.pdf?download=1>

4 Supporting people who experience disability in entrepreneurship

Self-employment and entrepreneurship activities

Existing data on self-employment and entrepreneurship by people who experience disability is, *inter alia*, based on the application forms submitted to the integration offices (*Integrationsämter*) by people who experience disability who are interested in setting up a business. However, only a small fraction of self-employed people with disabilities has ever applied for support or funding at the integration office at all. According to estimates, in Berlin these cover less than 20% of entrepreneurship activities by people with disabilities. The rest – about 80% – are missing in the statistics.

Local employment agencies can also gather data about potential entrepreneurs who experience a disability from recipients of unemployed benefit who apply for the start-up allowance programmes (*Gründungszuschuss* or *Einstiegsgeld*). However, in order for this information to be included in the statistics, the person has to report information on their disability.

The shares of self-employed disabled people with regards to different types of disability are in accordance with their proportion in the population. In 2019, 18% of the entrepreneurs supported by “Enterability” in Berlin were affected by mental health impairment, 15% by brain injuries and neurological problems, 14% by vision disability, 8% were deaf or hard of hearing, 33% had cancer or autoimmune disorders and 12% physical disability.⁹⁹

Whether or not people become self-employed is independent of the type of disability. Whether self-employed or entrepreneurs, people who experience disabilities are looking for a business model that suits them. Most of them have entrepreneurial experience in the past and half of them were over 50 years old when starting their business.

⁹⁹ Data provided by Manfred Radermacher from enterability, interview, 14th August 2020

Policy framework

Table 4.1. Characterisation of the entrepreneurship policy context for people who experience disability

| | | People who experience disability |
|--|----------|--|
| 1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked) | National | ✓ |
| | Regional | ✓ |
| | Local | ✓ |
| 2. A dedicated entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy) | | |
| 3. Clear targets and objectives for entrepreneurship policy have been developed and reported | | |

Note: A check-mark indicates the level of policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

Entrepreneurship policies for people who experience disability at the national level are mainly under the responsibility of the **BMWi** and the **BMAS**. At the regional level this field of activity lies in the competence of the employment agencies (**job centers**) but also in the **integration offices** and the **pension insurance offices** (*Rentenversicherungsstellen*).

Entrepreneurial activity is particularly beneficial for people who experience disabilities. They are often motivated because they have created their own tailor-made workplace, occasionally hire employees and may even experience health improvements over time.

Overview and assessment of policies and programmes

Table 4.2. Characterisation of entrepreneurship schemes for people who experience disability

| | | Tailored: Are public programmes tailored for the target group (i.e. dedicated)? | Consultation: Are the targeted entrepreneurs consulted during the design of programmes? | Outreach: Are appropriate outreach methods used for different target groups? | Delivery: Are specialist organisations used to deliver programmes? | Take-up: Does the support have high take-up among target group? | Scale: Is the scale of available support sufficient? | Impact: Does evaluation evidence show a positive impact? | Integrated: Is the programme delivered linked to other related supports? | Links: Do tailored programmes link to mainstream support programmes? |
|-------------|--|--|---|--|--|---|--|--|--|--|
| Skills | 1. Entrepreneurship training 2. Entrepreneurship coaching and mentoring 3. Business consultancy, including incubators/accelerators | ✓ ✓ ✓ | | ✓ ✓ ✓ | ✓ ✓ ✓ | ✓ ✓ ✓ | | | ✓ ✓ ✓ | |
| Finance | 1. Grants for business creation 2. Loan guarantees 3. Microfinance and loans 4. Other instruments (e.g. crowdfunding, risk capital) | | | | | | | | | |
| Culture | 1. Entrepreneurship campaigns, including role models 2. Networking initiatives | | | | | | | | | |
| Regulations | 1. Support with understanding and complying with administrative procedures 2. Measures to address group-specific regulatory challenges | ✓ Mechanisms to move back into disability benefit system if business is not successful Mechanisms to move regain access to other social security supports (e.g. housing benefits) if business is not successful Medical leave schemes for the self-employed | | ✓ ✓ ✓ | ✓ ✓ ✓ | | | ✓ ✓ | | |

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

One of the most successful projects to support people who experienced disability in entrepreneurship is “enterability”,¹⁰⁰ which was launched as a private initiative in Berlin in 2002. From 2003 to 2007 “enterability” was funded as a pilot project by the Integration Office of the Regional Office for Health and Social Affairs Berlin (LAGeSo). From 2008 to 2012 the project was supported by various ESF funded private foundations and public organisations. Since 2013, “enterability” has been funded again as an integration service (*Integrationsfachdienst*) by the Integration Office Berlin (in accordance to the Social Code Book IV, SGB IV). The present funding period will end in 2021, but it will likely be extended until the end of 2022. From

¹⁰⁰ <http://enterability.de/>

February 2004 to the end of 2019, the project supported more than 1 370 people with severe disabilities who were willing to start their own business. 454 of these became self-employed in Berlin.¹⁰¹

“Enterability” offers consultancy, training, coaching and support for entrepreneurs with disabilities.¹⁰² It also offers training in areas such as business knowledge and skills, but also in self-organisation. Enterability organises network activities (mostly for members of the “enterability” network) and helps them to acquire funding (Radermacher, 2008).

Under certain conditions and dependent on the degree and kind of disability, technical or administrative support is granted for people with severe disabilities. They may receive business advice, technical work aid (*Arbeitshilfe*) and personal assistants (*Arbeitsassistenz*).¹⁰³ IHKs offer financial support for people with disability as well.¹⁰⁴

People who experience disability and are interested to become entrepreneurs have access to the same funding and financial instruments as the rest of the population. However, a national association representing their specific interests has not been established yet.

Recent policy developments

“Enterability” is now passing on its expertise to other organisations across Germany. There are currently a number of other projects inspired by the “enterability” model, in particular “Inclusion and Innovation” and “Founding for people with disabilities”¹⁰⁵ at KOMPASS in Frankfurt (Hesse) and “Found-it” in Wuppertal (North Rhine-Westphalia). Within the first project SMEs, start-ups and employees with visual impairments develop innovative solutions and business ideas, while at the same time creating awareness for diversity and inclusiveness. “Found-it” was launched in August 2020.

¹⁰¹ Data provided by Manfred Radermacher from enterability, 2nd interview, 9th September 2020

¹⁰² <http://berlin.enterability.de/>

¹⁰³ http://www.einfach-teilhaben.de/DE/StdS/Ausb_Arbeit/Selbstaendig/selbstaendig_node.html#doc277324bodyText2

¹⁰⁴ https://www.rhein-neckar.ihk24.de/gruendung/Finanzierung/Zuschussprogramme/Zuschuesse_fuer_die_Existenzgruendung_von_Schwerbehinderten/947652

¹⁰⁵ <https://www.kompassfrankfurt.de/projekte/gruenden-mit-handicap/>

5 Policy recommendations

There are many high-quality inclusive entrepreneurship support offers at the federal state and municipal levels, which are complemented by an active non-government sector. These supports are generally broad and integrative. Many of these measures guarantee access to all target groups and thus correspond to the basic idea of inclusive entrepreneurship. The existing institutional framework provides a solid basis, but there are certain areas for further improvement. Overall, it is important to further increase the awareness to the potential of inclusive entrepreneurship as a contribution to regional development and the German economy as a whole. To strengthen inclusive entrepreneurship, the following actions are recommended:

- 1. Increase funding for programmes that support women entrepreneurs in STEM fields.** Women entrepreneurs are still under-represented in knowledge and technology-intense areas. The early introduction of female students (at school) to STEM fields can have a long-term positive effect. In addition, existing programmes in the STEM field should continuously review their communication, structures and approaches with regards to their attractiveness for female target groups.
- 2. Promote role models for senior entrepreneurs to increase awareness about the potential of senior entrepreneurship.** Compared to other EU Member states, Germany's population is relatively old and shortages of skilled labour are expected. However, surveys show that the majority of people in their fifties and older would like to stay active in the labour market after retirement. Some schemes have been launched to support senior entrepreneurship (e.g. "Founding with Experience" (*Gründen mit Erfahrung*), "Experience is Future" (*Erfahrung ist Zukunft*), "Perspective 50plus" (*Perspektive 50plus*), but there is scope to increase awareness about senior entrepreneurship since it offers a flexible form of work that can extend the working life for some older people. Promoting successful senior entrepreneurs as role models can also promote existing schemes.
- 3. Increase support for entrepreneurs who experience disability by launching more projects to act as contact points for entrepreneurs with disabilities.** Individuals with disabilities who are interested in becoming self-employed need special support services before, during and after setting up a business. The "enterability" project in Berlin for example offers these services for about ten years and is an importance contact point for this target group. The project is a good practical example that could be scaled-up.
- 4. Boost entrepreneurship education in the formal education system and increase use of experiential learning for students so that they can acquire some entrepreneurship experience.** The initiative "Entrepreneurial Spirit in Schools" (*Unternehmergeist in die Schulen*) by the BMWi can serve as a model. It comprises projects, business awards and information campaigns at schools and addresses pupils between 15 to 19 years old.¹⁰⁶ It includes the JUNIOR Programmes (basic, advanced and expert), which encourage young people at the secondary school level to create their own companies.¹⁰⁷

¹⁰⁶ http://www.unternehmergeist-macht-schule.de/DE/Startseite/home_node.html

¹⁰⁷ <https://www.junior-programme.de/startseite>

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Annex A. Methodology

Each country report 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 policy officers, entrepreneurship support organisations and other stakeholders. The information was then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders, including through the circulation of draft reports for comment and online seminars that were organised between June and September 2020.

The reports are based on a common assessment framework that was developed by the OECD Secretariat. The framework contains five pillars:

1. Policy framework
2. Entrepreneurship skills
3. Financing entrepreneurship
4. Entrepreneurial culture and social capital
5. Government regulations

The reports provide an overview of the current inclusive entrepreneurship policies and programmes. They also notes assess programmes against the following international good practice criteria, considering the “typical” entrepreneur in each of the different target groups (i.e. women, immigrants, seniors, youth, the unemployed, people who experience disability), in the “typical” region in the country. It covers schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. The international good practice criteria used in the assessment are:

- **Tailored:** Are public programmes tailored for the target group (i.e. dedicated)?
- **Consultation:** Are the targeted entrepreneurs consulted during the design of programmes?
- **Outreach:** Are appropriate outreach methods used for different target groups?
- **Delivery:** Are specialist organisations used to deliver programmes?
- **Take-up:** Does the support have high take-up among target group?
- **Scale:** Is the scale of available support sufficient?
- **Impact:** Does evaluation evidence show a positive impact?
- **Integrated:** Is the programme delivered linked other related supports?
- **Links:** Do tailored programmes link to mainstream support programmes?

A focus is placed on the most commonly targeted population groups, namely women, immigrants, youth, seniors and the unemployed. Other groups such as the Roma are covered by the report when relevant. A special thematic section was added on entrepreneurship support for people who experience disability (Section 4) to highlight their potential as entrepreneurs and to showcase the variety of tailored entrepreneurship schemes that are in place around the European Union.