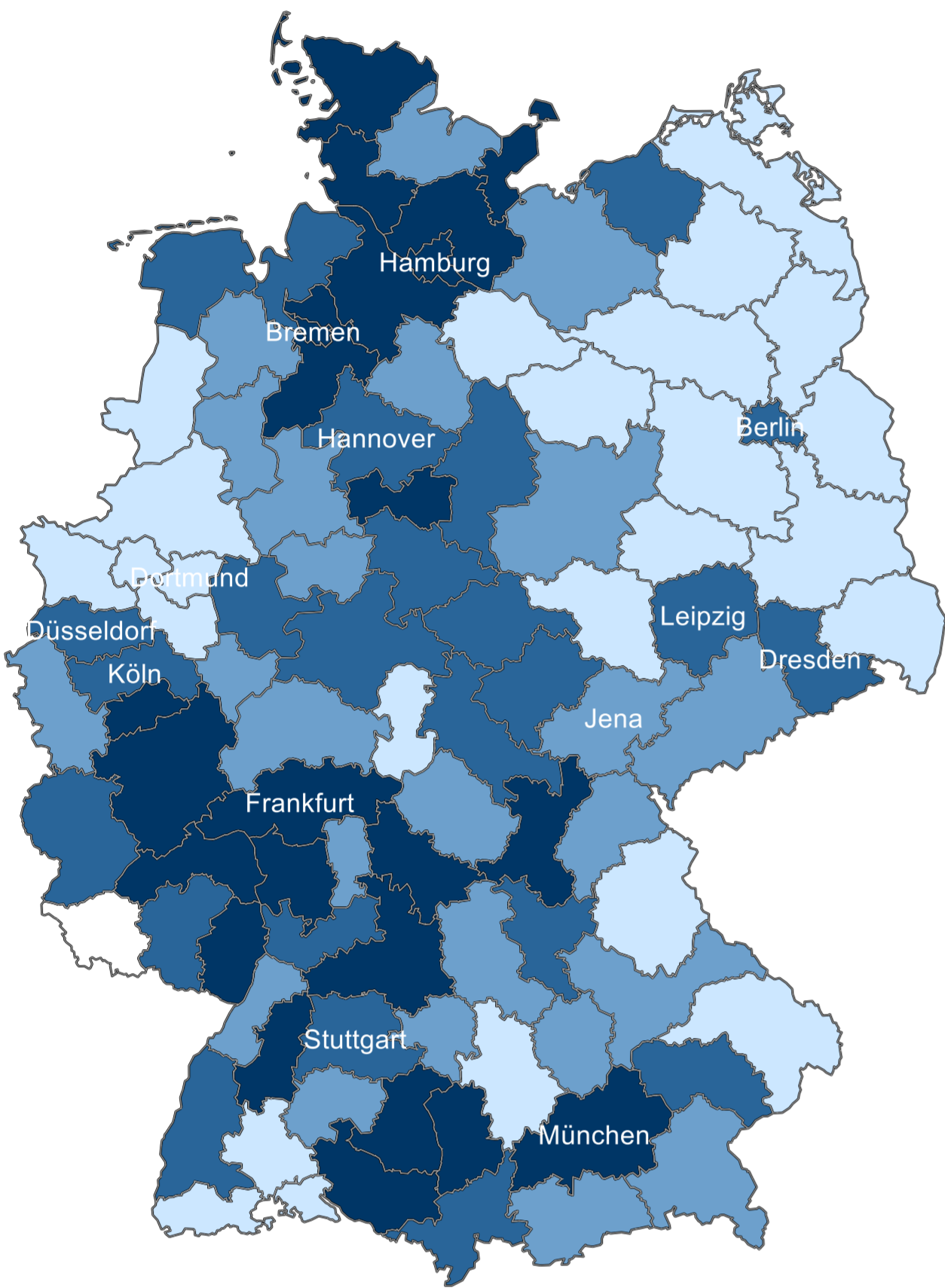


PERSISTENCE AND CHANGE OF REGIONAL ENTREPRENEURSHIP AND INNOVATION

Michael Fritsch, Maria Greve, Michael Wyrwich

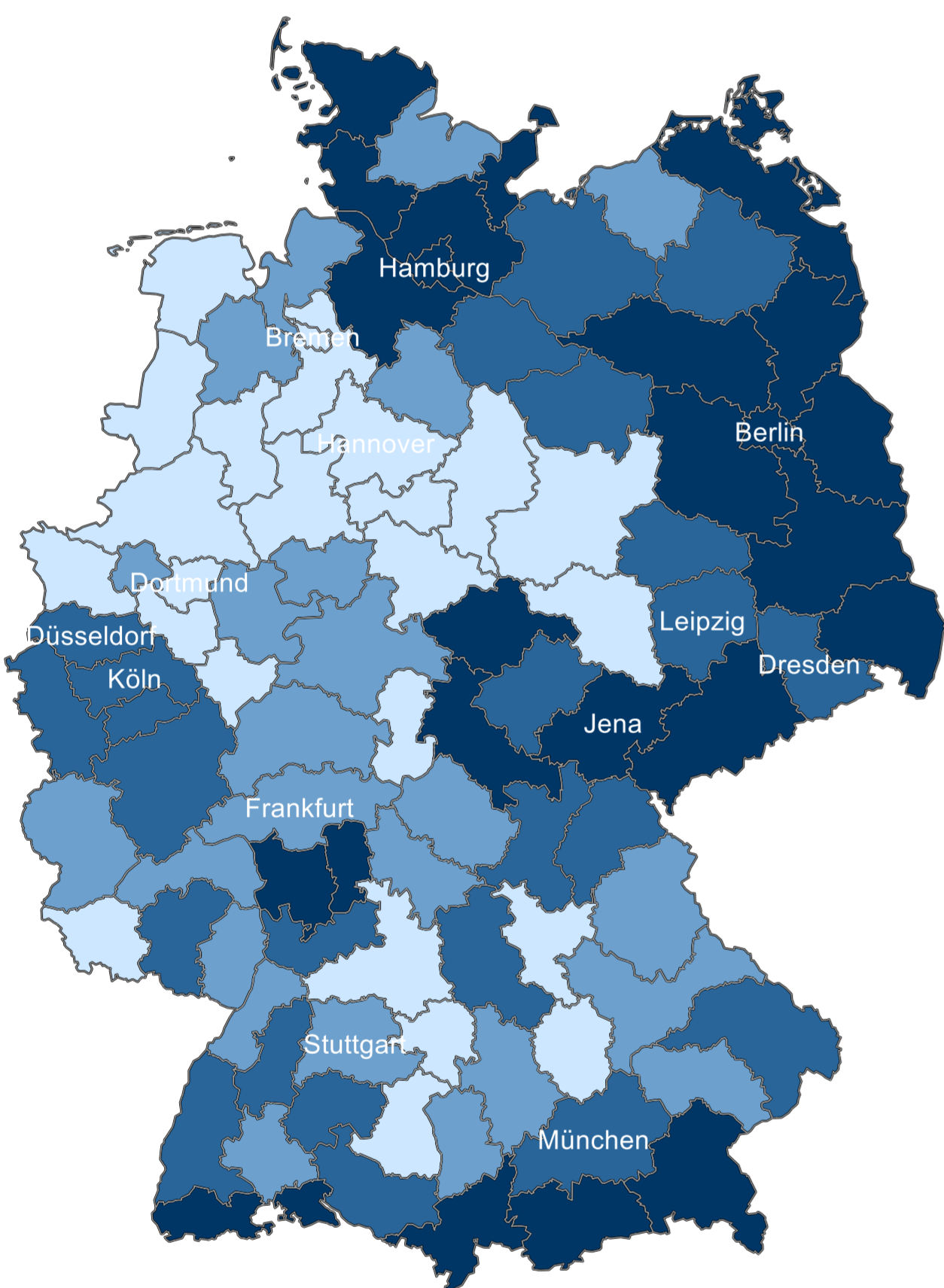
ENTREPRENEURSHIP

Self-employment rate in 1925, in %



0.1 - 0.1 (24) 0.1 - 0.1 (24) 0.1 - 0.1 (24) 0.1 - 0.1 (23) No data (1)

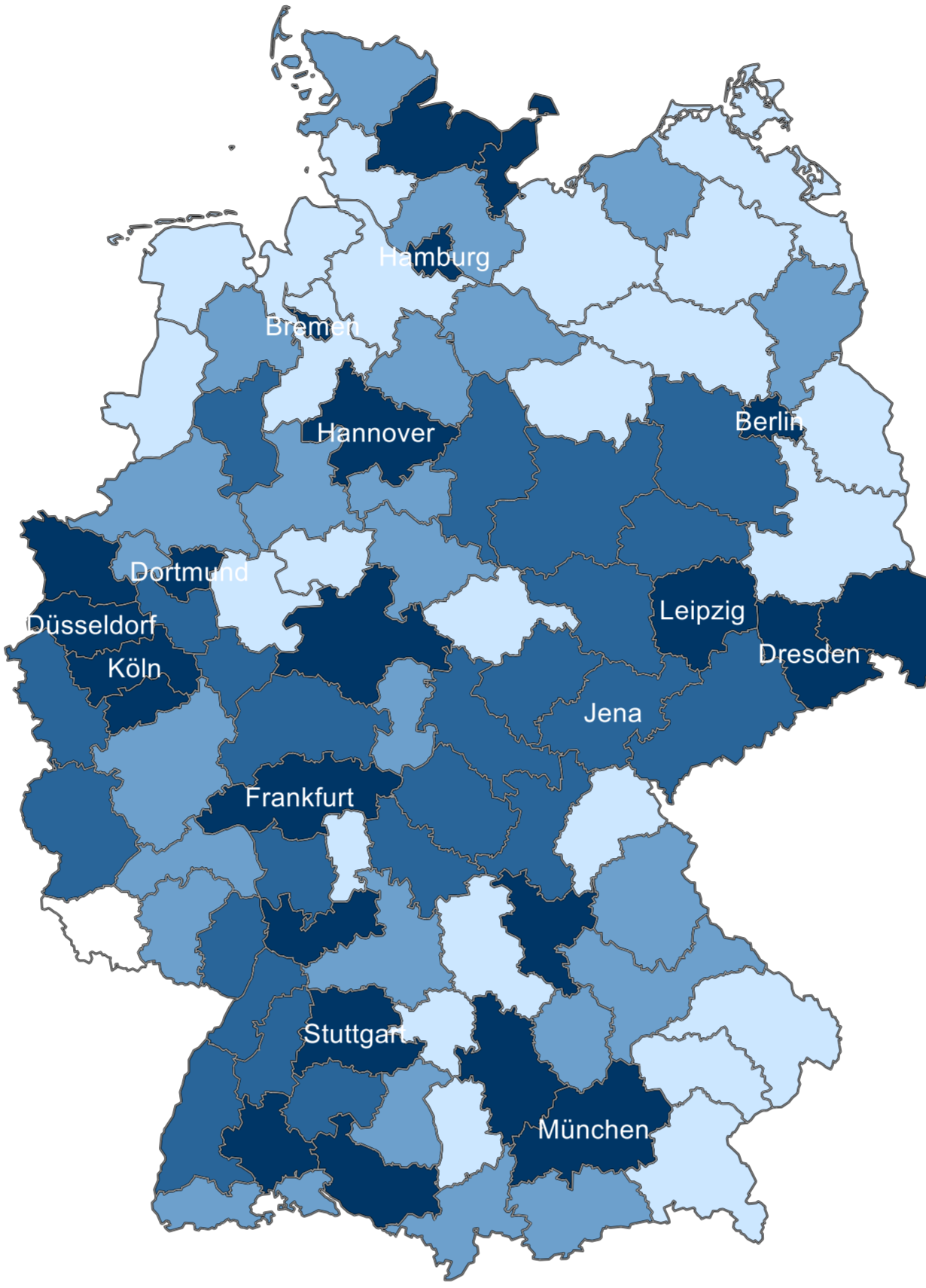
Self-employment rate in 2015, in %



0.1 - 0.1 (24) 0.1 - 0.1 (24) 0.1 - 0.1 (24) 0.1 - 0.1 (24)

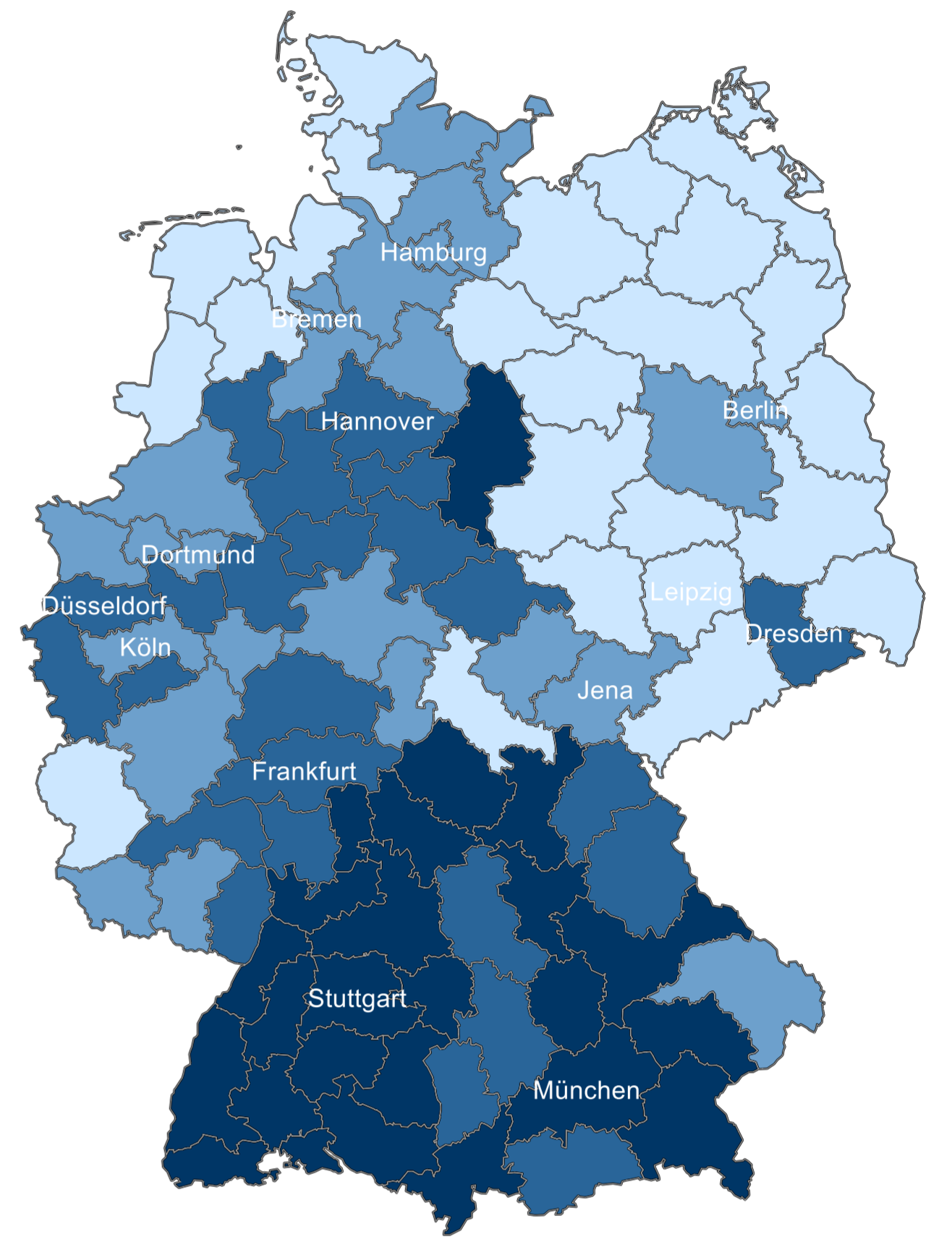
INNOVATION

Patents per 10 Tsd population in 1926



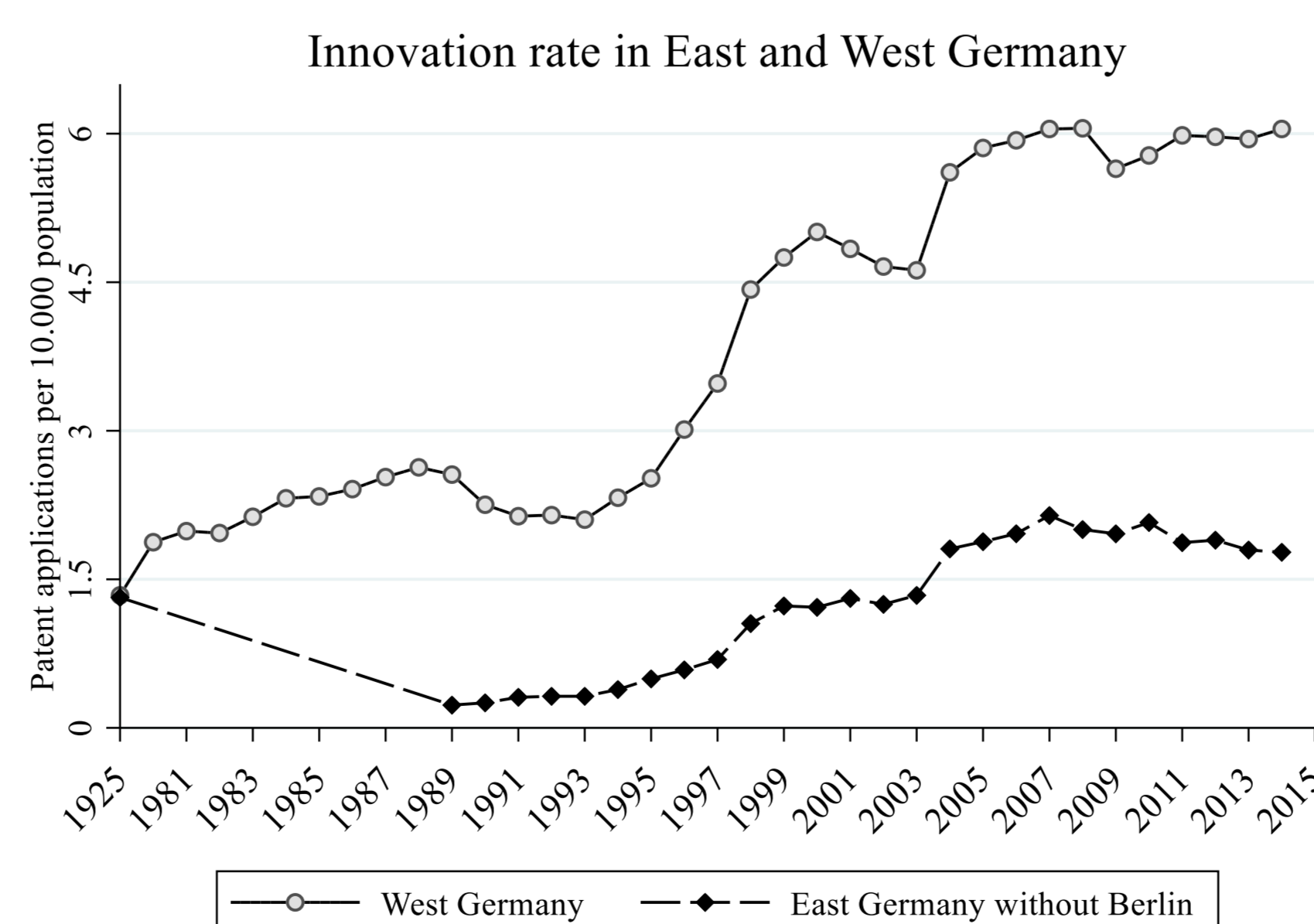
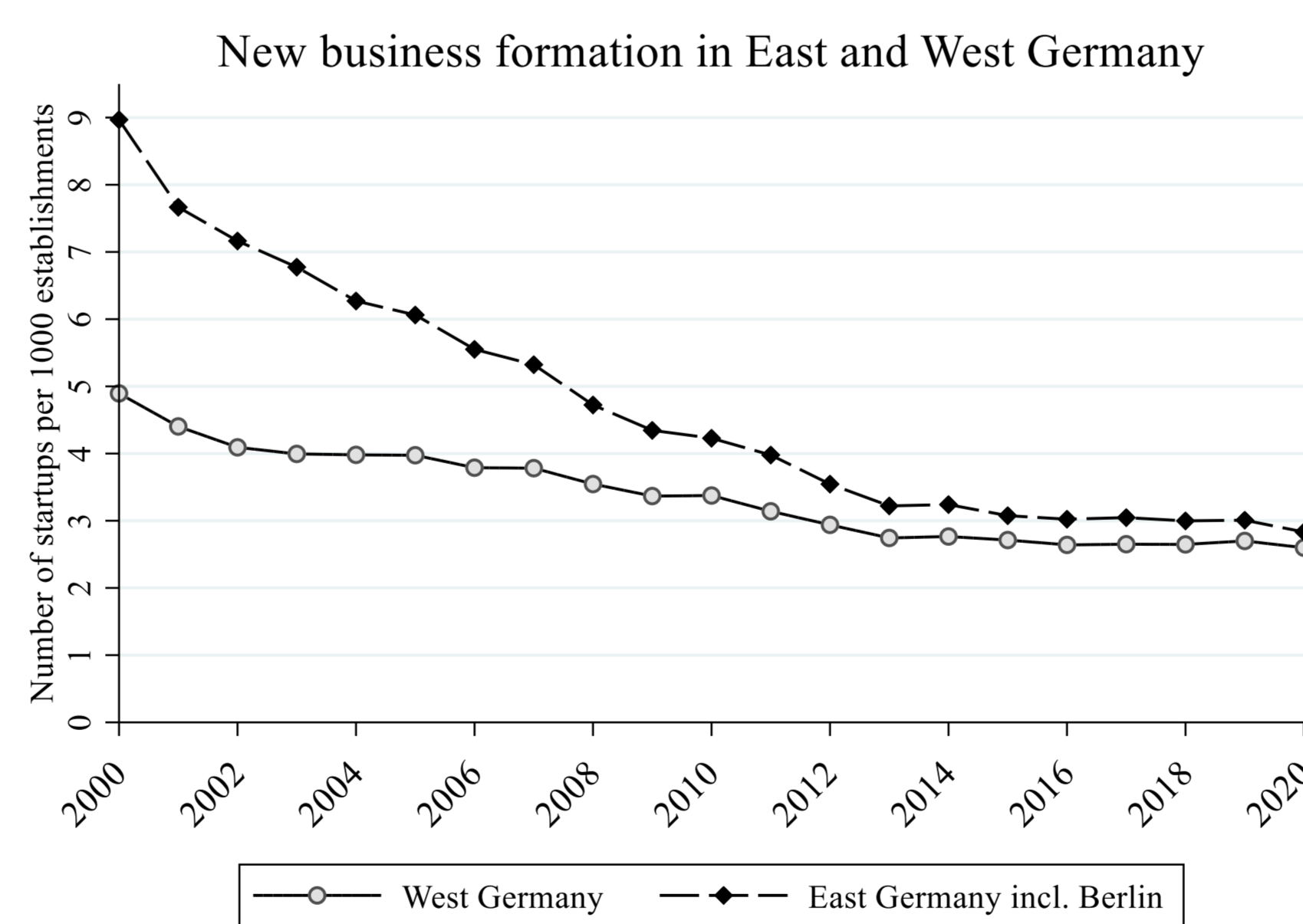
0.1 - 0.5 (24) 0.5 - 0.9 (24) 0.9 - 1.8 (24) 1.8 - 9.4 (23) No data (1)

Patents per 10 Tsd population in 2014



0.6 - 2.0 (24) 2.0 - 3.7 (24) 3.7 - 6.2 (24) 6.2 - 22.7 (24)

RESULTS AND DISCUSSION



- Germany as a laboratory to analyze the effect of historical shocks on entrepreneurship and innovation

Entrepreneurship:

- Fast convergence of self-employment levels in the 1990s
- East Germany with the persistently higher self-employment rate than West Germany since the 2000s
- The higher self-employment rate in East Germany is not (!) explained by necessity start-ups in services

Innovation:

- Slight convergence of innovation levels in the early 1990s
- Increasing East-West innovation gap since the 2000s explained by decline of manufacturing sector and out-migration
- Gap was strongest for technologies where East and West were specialized in before 1990
- Increasing technological similarity of innovation activity in East and West Germany after reunification

RESEARCH QUESTIONS

- What are the reasons behind change of regional entrepreneurship and innovation levels?
- To what extent is innovation and entrepreneurship in East Germany shaped by the socialist legacy of the GDR?
- What are the long-term consequences of historical shocks on economic activities?

CONCLUSION

- Historical shocks change long-term development trajectories

Entrepreneurship:


- There is no negative long-term "GDR effect" on the level of self-employment
- The higher self-employment rate in East Germany after the year 2000 seems to be a "transition effect"
- Policy focus on increasing level of self-employment in East Germany is not warranted (focus on quality needed!)

Innovation:

- The integration of the East German innovation system after 1989 implied an increasing technological similarity
- East Germany did not develop a specific technological profile after 1989 and faces an increasing innovation gap
- Policy should focus on helping regions develop own competitive specializations in innovation!

GEFÖRDERT VOM



Mod-Block  DDR



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