

Entrepreneurial Skills for Sustainable Business Solutions in Peru and Brandenburg, Germany



CHALLENGE QUESTION

How could we foster **entrepreneurial skills** for sustainable business solutions by collaborating processes between established small and medium sized enterprises and start-ups?

WHICH REGION, FEDERAL CONSTITUENCY OR COUNTRY IS AFFECTED BY THE CHALLENGE?

Name your region, federal constituency or country. Regions are understood as regions, provinces, districts, metropolitan areas, inter-municipal cooperations or any administrative, cultural or geographical entity above municipal level

Our regions are affected in the interface between urban and rural areas:

1. Urban area: Start-ups/Entrepreneurs in urban areas have the advantage that existing (infra-)structures can be used and an active start-up scene can be accessed. For Brandenburg, the Berlin-Brandenburg metropolitan region in particular - and thus the close connection to the "start-up" capital Berlin - could offer opportunities for synergy effects. With its high density of research institutions and a wide range of business-related and sustainable research and development, the capital region as a whole offers a good basis for future-orientated and innovative business solutions. In Perú we have a similar situation regarding the difference between Lima (the capital) and La Libertad, taking into

account that the “start-up” culture is still on development process.

2. Rural Areas: Problems arise for regions in particular when start-ups/innovative business solutions are not established due to a lack of structures, jobs, etc., or when they lead to product development locally, but the actual implementation and production is relocated to other regions or abroad (especially to low-wage countries). Entrepreneurial Solutions in rural areas offer the potential to develop or expand local production sites. This is important because, from a purely economic point of view, state support for start-up ideas can only be justified if they can be expected to have positive external effects, e.g. if they are innovative and growth-oriented or benefit political targets. A good entrepreneur ecosystem thus not only helps the sector itself, but also enables fundamental challenges facing rural areas (including demographic change, structural change, lack of equal living conditions in urban and rural areas etc.) to be addressed.

This counts also for Peru where the difference of gaps in innovation, competitiveness, economic and social development among the territory is massive, even if Lima considerably behind a city like Berlin.

In particular, the challenges with regard to a greater degree of sustainability - measured against the UN sustainability goals of Agenda 2030 - are to be focused on. In this way, the main aim is to promote a climate that encourages future-oriented start-ups (e.g. with a focus on environmental projects). Such a corporate culture could also help to better meet cross-border targets, such as those of the UN SDGs.

WHAT ARE THE ROOT CAUSES FOR THE CHALLENGE OR THE MAIN OBSTACLES TO SOLVING IT?

After decades of high growth, the Peruvian economy's capacity to generate well-being has recently been weakened by various factors that have been reflected in the lower productivity of production resources, a slowdown in investments in physical capital and a reduced use of the talent and skills of Peruvians

And also in Germany the situation is crucial. In Brandenburg, too, the number of startups has been declining for years. The Corona pandemic - together with general challenges, such as structural change in rural areas - is already reinforcing this negative trend.

An attractive ecosystem for entrepreneurship and innovation could further foster the productivity growth of companies, especially small and medium-sized ones on both sides. Both in the Peru rural areas and in Brandenburg there is still a lack of easily accessible information, individual advice, incubators as well as entrepreneurship labs or improved framework conditions for access to financing. Despite funding opportunities, the bureaucratic hurdles for start-ups are often high and are perceived as confusing and non-transparent. Structural deficits, such as problems with market access or levies, must be scrutinized and, if necessary, adjusted to meet needs.

At the same time, potential sustainable innovators need successful business personalities as role models.

The positive image and attractiveness of entrepreneurial solutions are also shaped not least by school and secondary **education**. Therefore, it is important to raise awareness of future collaboration between established small and medium sized enterprises and start-ups. So far, these topics (start-up, self-employment and sustainable entrepreneurship as well as active business orientation) have not been integrated into training. Social movements, such as “Fridays-for-future” show the need to focus on applying topics of *sustainable* business solutions

In general, entrepreneurship skills need to be communicated more strongly in education and training landscape, for example through target-group-specific training measures, networks and mentoring

programmes, **Regional Development Agencies** or by raising awareness of entrepreneurial thinking at trade fairs and specialist events.

In addition, there is still a lot of untapped potential: In terms of business succession, for example, a **stronger link between the start-up scene and the established SME** sector could be of great benefit for both sides. This would create new contacts and options for action, both for the transferors and the potential successors. However, start-up activities in rural regions also require investments in the digital infrastructure, such as the nationwide expansion of gigabit networks. This is the only way to make rural regions more attractive for entrepreneurs.

General challenges have to be considered. For example, environmental and social challenges that make an increased focus on sustainable business development indispensable, requirements due to an increased need of digitization (e-government) or those due to increased globalization (e.g. promotion of SMEs with regard to international competitiveness). There is also a need for improvement due to location-specific challenges, especially with regard to the regional economic structure (airport development, regional value chains, shortage of skilled workers, demographic change, etc.).

HOW DOES THE CHALLENGE AFFECT YOUR REGION, FEDERAL CONSTITUENCY OR COUNTRY? WHO IS AFFECTED?

Describe the effects that the unsolved challenge is causing

The ecosystem of entrepreneurship and innovation become important mechanisms of competitiveness and economic, social and sustainable development of a territory in both countries:

Start-ups/Entrepreneurship represent an important competitive driver for the regional economy. With innovative and sustainable ideas (e.g. in products, services, operational and procedural processes) - adapted to current needs - they challenge existing structures in companies and contribute to a future-oriented and flourishing economy. If these fail to materialize or are unsuccessful, a negative impact on growth dynamics in the long term can be expected. Other challenges, such as structural change, demographic change (among other things), are thus exacerbated and not only the stability, competitiveness and future viability of the economy, but also the region as a whole, are slowed down. With entrepreneurial skills for sustainable business solutions by collaborating processes between established SME and start-ups important impulses can be given for an efficient regional transformation and sustainable growth.

IN HOW FAR IS THIS A DECENTRALISED DEVELOPMENT CHALLENGE?

Does it touch upon the responsibilities or competencies of a federal constituency, a province, a district, a metropolitan area, an inter-municipal cooperation or any other administrative, cultural or geographical entity above municipal level?

In Brandenburg the challenge topic concerns regional economic development in particular as well as competencies at the federal level. The differentiation between rural areas (e.g. structural change in Lusatia) and urban centers (e.g. the Berlin-Brandenburg metropolitan region) also affects the respective regional levels.

In Peru, regional Government, Business, Academia and other organizations will be the ones to build the strategies and proposals to meet the challenge of promoting entrepreneurship and innovation for the sustainable development of the territory. At the same time, by promoting and strengthening development in the regions, they hope to consolidate economic hubs outside Lima that will strengthen the decentralisation process and the growth of more cities.

IN HOW FAR IS THIS ALSO A CHALLENGE FOR OTHER REGIONS, FEDERAL CONSTITUENCIES OR COUNTRIES?

Do you know of other regions, federal constituencies or countries with a similar challenge?

Entrepreneurial solutions could be an important factor for economic growth everywhere. Especially in economically weak regions, they can help to make them attractive, enable growth potential and thus create jobs.

The structural promotion of an improved entrepreneurial ecosystem in itself advances regional development and at the same time makes innovative solutions to pressing problems possible. In the process, a new kind of collaboration can emerge, promoting people who use innovative ideas to advance their country, region or community and contribute to a more sustainable economy. The startup scene appreciates the inventiveness and pragmatism of entrepreneurs - this applies equally to Germany and Peru.

The exchange between Brandenburg and Peru can also be transferred as a model to many other regions, e.g. in other Latin-American countries or German (east) federal states.