



Federal Ministry
of Economics
and Technology

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Guten Start

Germany – A Nation of Entrepreneurs: Facts and Figures

Company registrations and entrepreneurial spirit in Germany



Preliminary remark

This factbook is intended as a research aid for media representatives. It is based on public information, and the relevant sources are indicated throughout. All of the facts presented are true to the best of our knowledge. For a more detailed analysis, please consult the original sources.

Please send any comments or suggestions to:

info@gruenderland-deutschland.de

Unless specified otherwise, all facts and figures are for 2012.

The factbook is available for download at:

www.gruenderland-deutschland.de



Chapter overview

- ▶ Entrepreneurship in Germany: macroeconomic data
- ▶ New entrepreneurs: socio-demographic data
- ▶ New companies: business data
- ▶ Encouraging entrepreneurship in Germany: institutions and programmes
- ▶ ‘Germany – a Nation of Entrepreneurs’ initiative: objectives, players, instruments
- ▶ Links and addresses for further research/publication data



Key facts at a glance

- ▶ 346,400 businesses newly registered in 2012
- ▶ Potential for entrepreneurship particularly among women and migrants
- ▶ 17.7% of entrepreneurs introduce an innovation onto the regional, German, or world markets
- ▶ Broad range of support offered by the Federal Ministry of Economics and Technology for all stages of the start-up process
- ▶ ‘Germany – a Nation of Entrepreneurs’ initiative is strengthening the culture of entrepreneurship in Germany
- ▶ Database of addresses of over 25,000 public institutions at www.existenzgruender.de



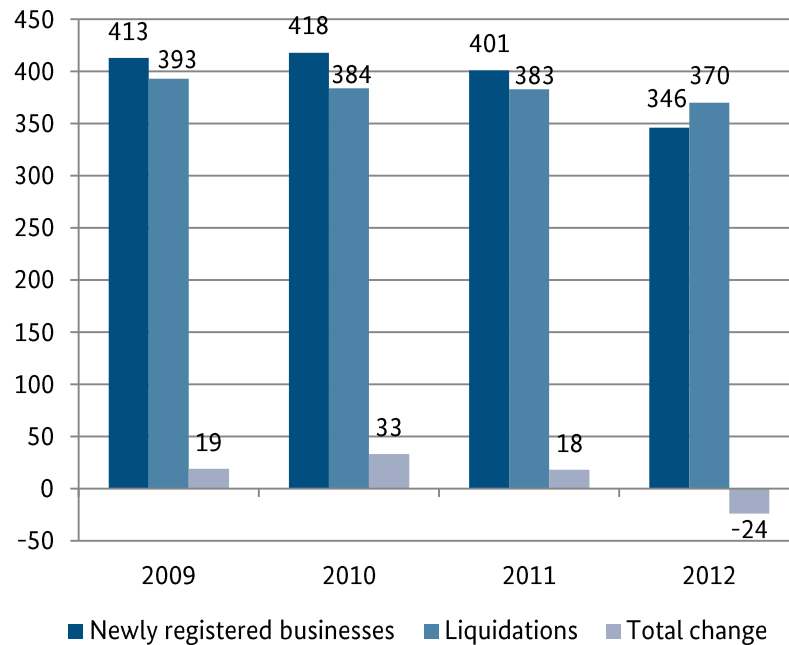
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Number of newly registered businesses and liquidations

Number of newly registered businesses compared to liquidations (in thousands)



- ▶ According to Institute for SME Research in Bonn (IfM), 346,400 new businesses were registered in 2012.
- ▶ This is compared to 370,500 liquidations. This means that the total number of businesses decreased by 24,100. In other words, fewer new businesses were founded than were closed down in the same period. The fall in the number of company registrations is primarily thanks to the stable employment situation in Germany, with high demand for skilled labour and fewer businesses set up among the unemployed.



Self-employment rate – women under-represented

Self-employment rate in 2011:

1 in 10 is self-employed



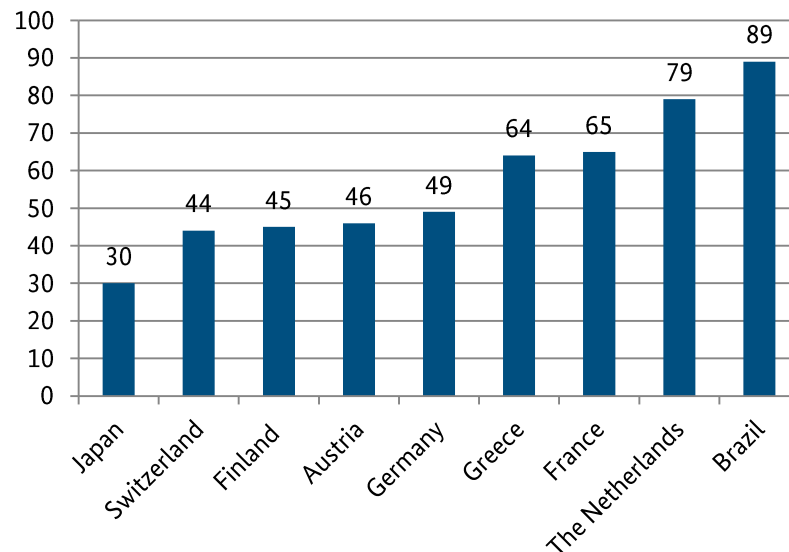
- ▶ According to the microcensus, the proportion of self-employed persons in Germany is around 11%. This means that 1 in 10 gainfully active persons is self-employed.
- ▶ Men are much more likely to be self-employed than women. Some 13.3% of men are self-employed, compared to 7.5% of women.
- ▶ Just under a third of businesses newly registered in 2012 (29.5%) were done so by women, whereas women account for 46.1% of gainfully active persons aged between 15 and 64 (Federal Statistical Office). This means that there is still more potential for women to set up new businesses.



Willingness to start up a business in an international comparison

“Setting up a business is an attractive career option”

Percentage of respondents (aged 18-64) who agreed with this statement



- ▶ According to the Global Entrepreneurship Monitor (GEM) Country Report, just over half of 18 to 64 year-olds (55%) in Germany consider setting up a business to be an attractive career option.
- ▶ This figure means that an international comparison, Germany lies in the middle of the pack.
- ▶ Brazil tops the list at 89%, with Japan coming in bottom at 30%.



Germany is on the right track

- ▶ Studies have shown that the start-up ecosystem in Germany is excellent.
- ▶ Germany excels in terms of:
 - ▶ Physical infrastructure
 - ▶ State-sponsored support programmes
 - ▶ Protection of intellectual property (e.g. patents)
 - ▶ Very positive attitude to innovation
- ▶ It is now for Germany to find ways of imparting entrepreneurial skills both within and outside the classroom and to help young and growing companies to find the skilled labour they need.



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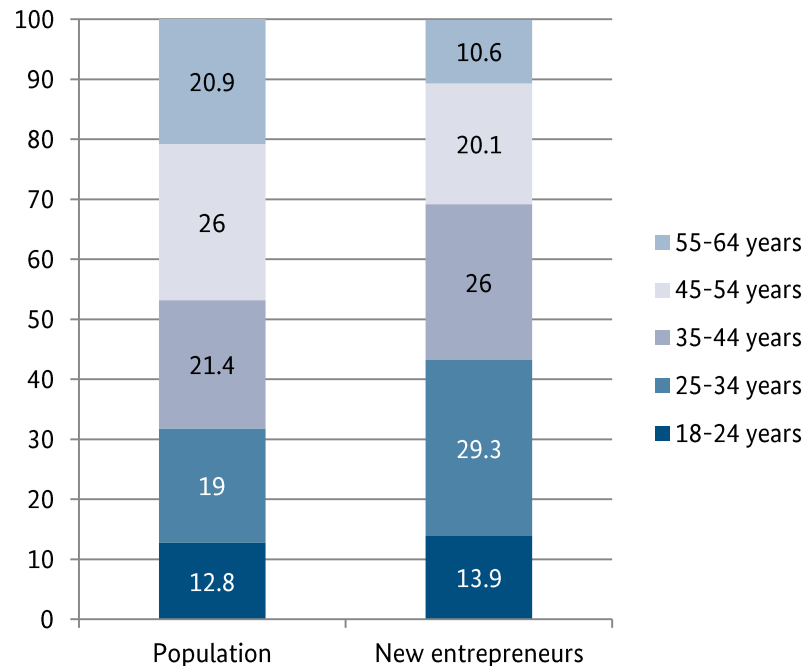
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People of all ages become entrepreneurs

Age group (in %)

Comparison: population/new entrepreneurs



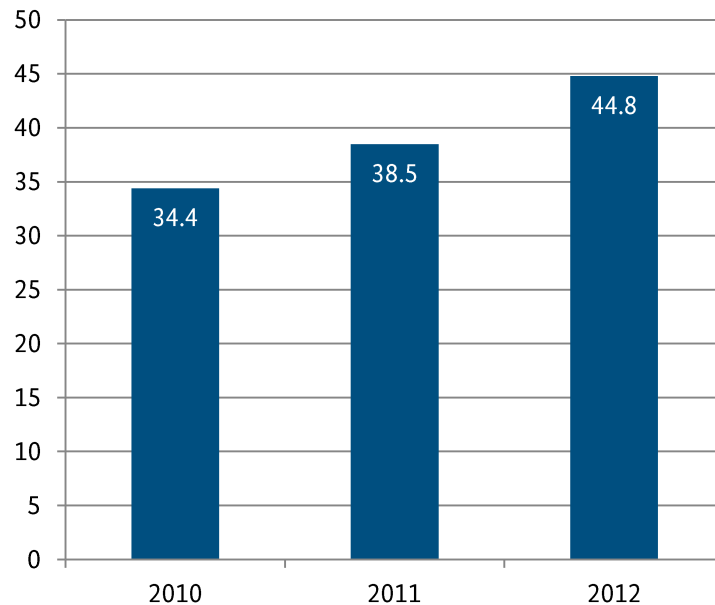
- There is no particular age for entrepreneurship. Businesses are being set up by people of all ages and from all walks of life.
- Younger age groups are overrepresented here, whereas older age groups are under-represented. However, almost a third of all newly registered companies are set up by people who are between 45 and 64 years of age.



Businesses set up by non-German nationals

Proportion of businesses set up by non-German nationals

Figures for 2010-2012



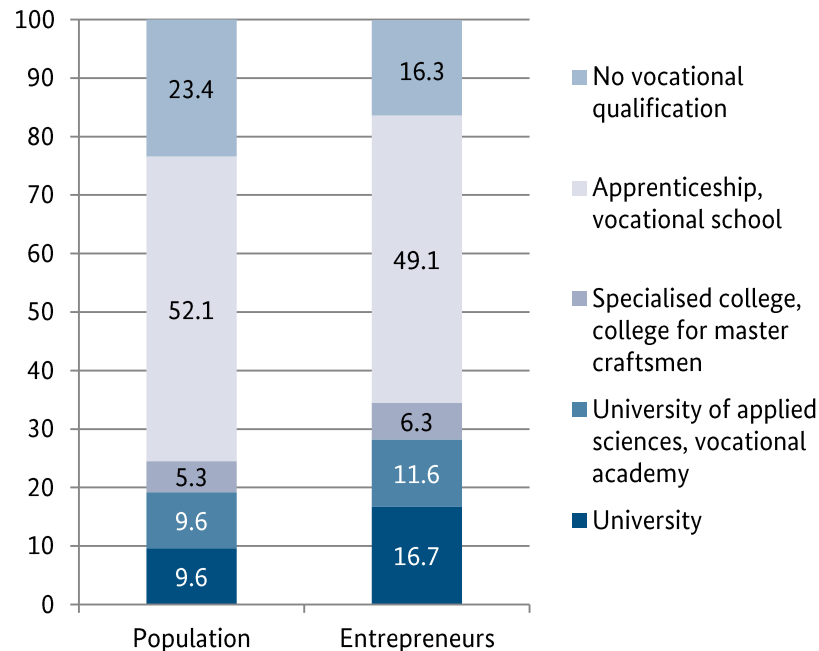
- ▶ In recent years, the proportion of individual companies set up by non-German nationals among all new businesses in Germany has risen considerably.
- ▶ The figure now stands at 44.8%, the equivalent of 121,748 start-ups.
- ▶ The highest number of businesses were set up by Polish nationals (28,704), followed by Romanians (22,121) and Bulgarians (20,109).



Most start-ups are set up by people with vocational training

Professional qualifications (in %)

Comparison: population/new entrepreneurs



- 5 in 10 new entrepreneurs (49.1%) have completed an apprenticeship/finished vocational school as their highest qualification.

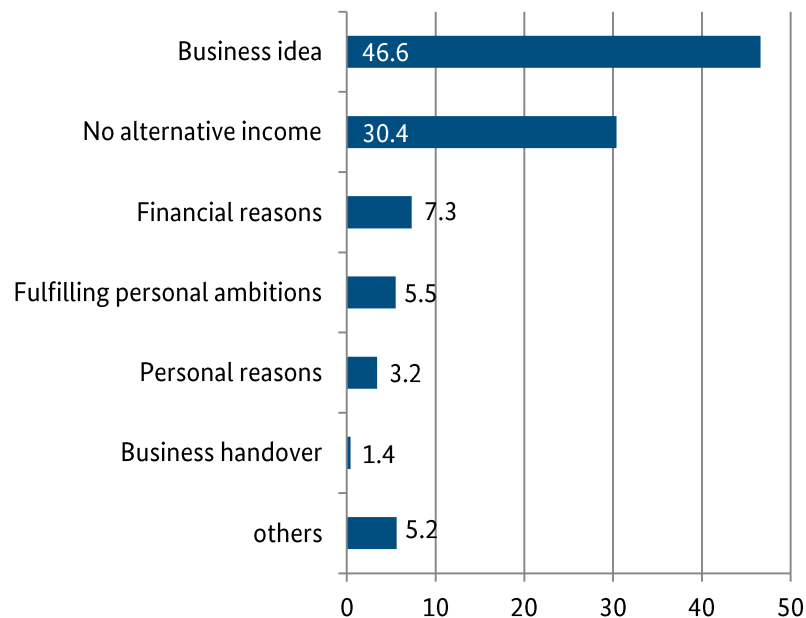
Some 16.7% have a university degree (compared to 9.6% of the total population).

- Self-employment and entrepreneurship are also interesting career paths for people without professional qualifications, who currently make up 16.3% of all new entrepreneurs in Germany.



Most common reason for starting a business: turning a business idea into a commercial product/service

Reason for starting a business
in %



- ▶ Some 46.6% of those who started a new business stated that they did so to turn a business idea into reality.
- ▶ Nearly a third said they had started/were starting a business because of a lack of alternative sources of income.
- ▶ Fewer than 6% of the people who set up a new business see fulfilling their ambitions as a priority – most mainly think in terms of financial return.



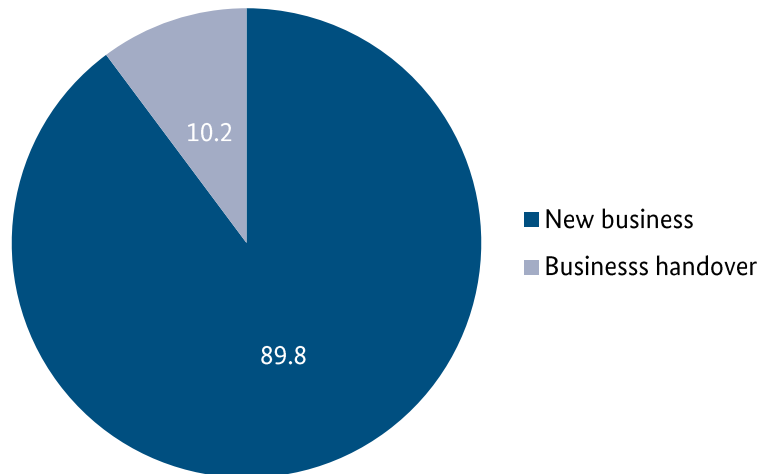
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Most common type of new registration: New business

Types of business registration
in %

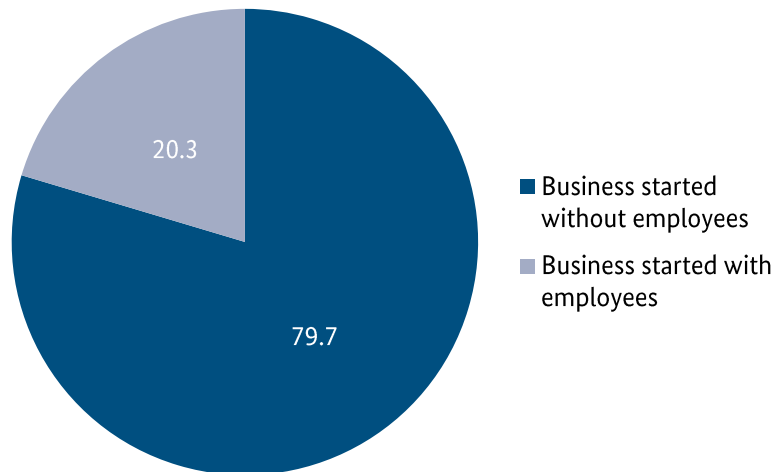


- ▶ Nearly 90% of the businesses that were newly registered in 2012 are new businesses.
- ▶ Business successions (inheritance, acquisitions, leases) accounted for roughly 1 in 10 new registrations.



New businesses: The majority are one-person businesses

New businesses with/without employees
in %

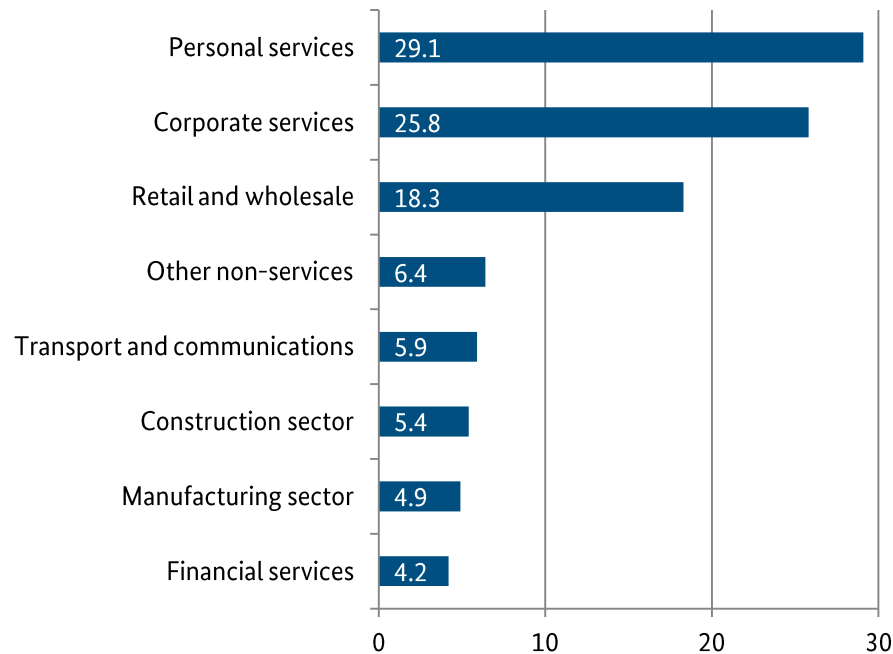


- ▶ The vast majority (79.7%) of newly registered businesses are started without employees. One-person businesses account for more than 80% of these businesses (as opposed to businesses launched by teams).
- ▶ More than a fifth of new entrepreneurs hire employees right from the start.
- ▶ In 2012, start-up companies created some 383,000 additional full-time jobs.



Sectors: Services and retail/wholesale sectors lead the way

Sectors and industries in %

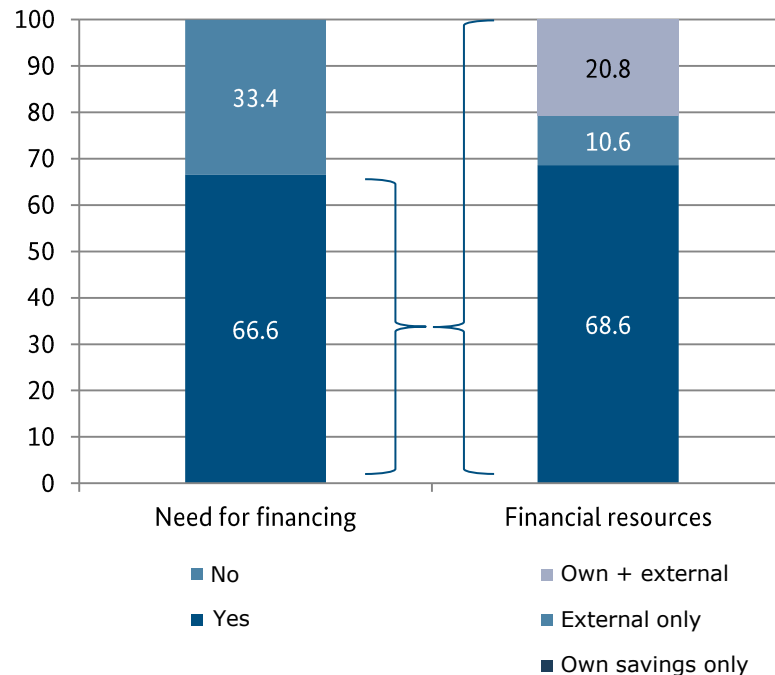


- ▶ Services (personal, corporate, and financial) account for 59.1% of new businesses launched in Germany.
- ▶ The retail/wholesale sector is in second place (18.3%).
- ▶ The proportion of newly registered businesses in the services industry has been consistently high for many years, reflecting a general structural change in our economy.



Seed financing: External financing not always a must

Seed financing in %

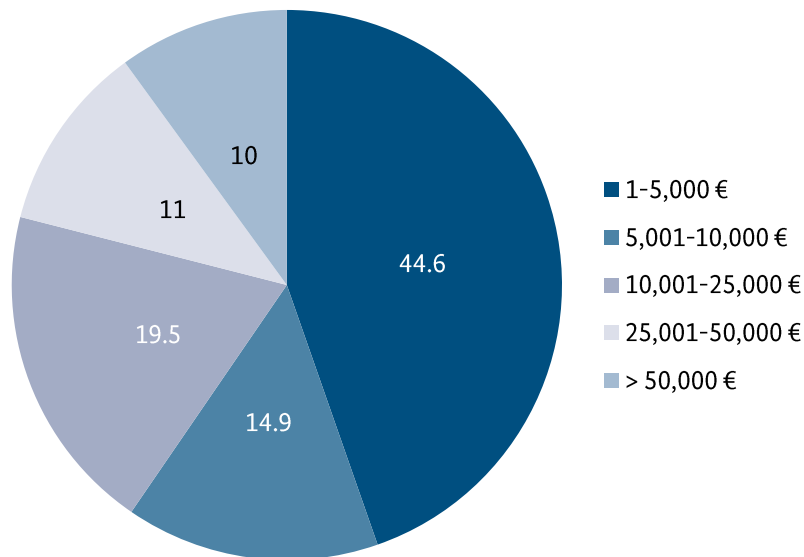


- ▶ 3 in 10 new businesses (33.4%) are launched without any third-party funds. This is in contrast to the large proportion of businesses (66.6%) that depend on external financing in the start-up period.
- ▶ Of these, 68.6% solely rely on their own savings; whereas 10.6% use only external financing.



Seed financing: mostly small sums

Financial needs of new businesses
in %

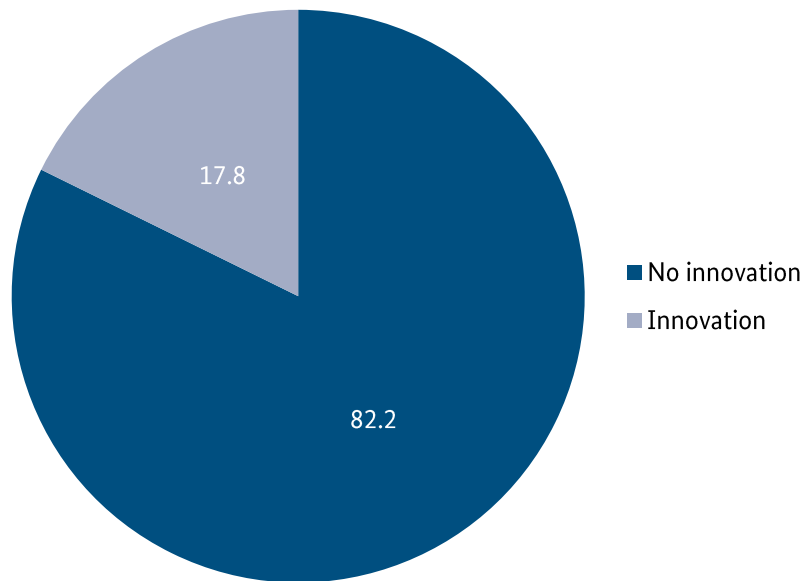


- ▶ Nearly half of all newly registered businesses (44.6%) were launched with a maximum of €5,000 (material and financial resources).
- ▶ Some 10.0% of all newly registered businesses require at least €50,000 in seed money (6.3% of these require more than €100,000).



New businesses spur innovation

Innovative value of newly registered businesses
in %

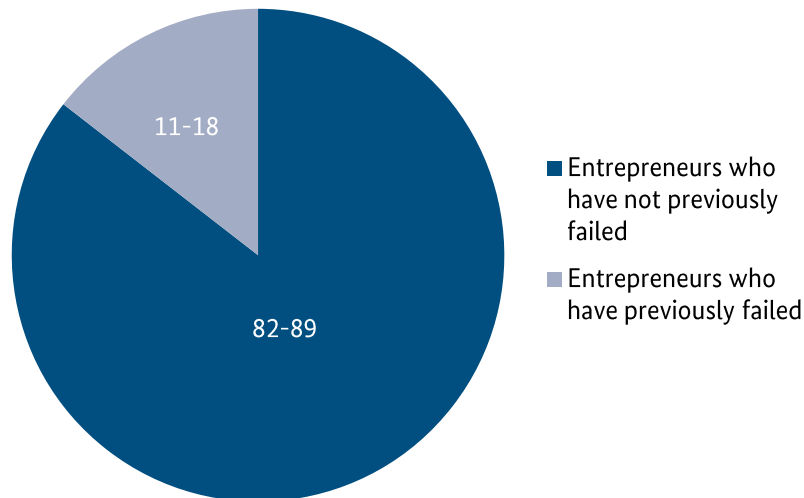


- ▶ Around 18% of new entrepreneurs in Germany offer a product or service that qualifies as a novelty on the regional, German, or international markets.
- ▶ These new products and services play an important role in strengthening the capacity to innovate across the entire economy.
- ▶ The vast majority of new entrepreneurs rely on tried-and tested business ideas.



Entrepreneurs who fail at their first attempt at establishing a business but who give it a second try

Number of entrepreneurs who give business a second try (as of 2010)
in %



- ▶ 11 to 18% of the entrepreneurs who fail at their first attempt at establishing a business give it a second try. This corresponds to 45,000 to 80,000 business registrations a year.
- ▶ Giving it a second try is worth it since there are opportunities for entrepreneurs who have failed at their first attempt at setting up a business: A considerable proportion of those who give it a second try are able to successfully compete on the market.



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Key institutions providing support for new entrepreneurs

In a global comparison, Germany sets high standards when it comes to providing government support for new entrepreneurs (source: Global Entrepreneurship Monitor). In addition to the Federal Ministry of Economics and Technology, the most important German institutions working in this area are as follows:

- ▶ *Länder* ministries
- ▶ Chambers of Industry and Commerce
- ▶ Chambers of Craft
- ▶ Local and regional business developers
- ▶ KfW banking group and promotional banks of the *Länder*
- ▶ Banks and their associations
- ▶ Entrepreneur networks and advice



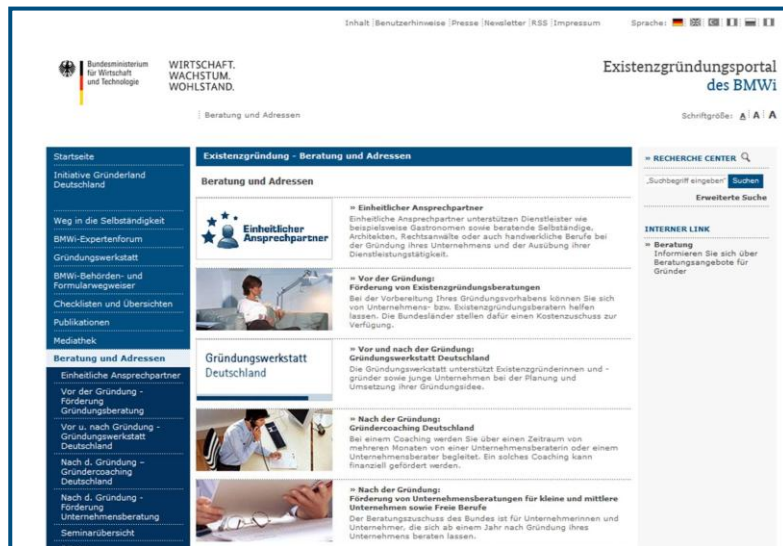
Financial support for entrepreneurs

- ▶ Government funding programmes can be designed around the needs of entrepreneurs and are divided up into three core areas: advice, financial support, and innovations. This includes a range of products and services offered by chambers and business associations, the KfW banking group, the Federal Employment Agency.
- ▶ Both the Federal Government and the *Länder* fund advisory services for newly established businesses (including corporate take-overs) – the *Länder* providing assistance in the pre-start-up phase, and the Federal Government in the five years that follow. Some of these products and services are co-financed by the EU, e.g. assistance from the European Social Fund (ESF).
- ▶ At *Länder* level, there are the promotional banks of the *Länder*. Further products and services at regional and local level (local business development agencies).
- ▶ Private investors, e. g. business angels, and venture capital firms offer financial support for entrepreneurs.



Start-up advisors: The right expert for every question

More than 25,000 contact address at
www.existenzgruender.de



- ▶ The database at www.existenzgruender.de contains 25,000 addresses of public institutions which can offer advice for newly established businesses.
- ▶ The KfW Consultant Exchange (<http://beraterboerse.kfw.de>) brings together a list of qualified experts dealing with all phases of the start-up process.
- ▶ The German Chambers of Industry and Commerce and the Chambers of Craft in the *Länder* and the local business developers offer a comprehensive range of advisory services. There are 82 start-up centres in North Rhine-Westphalia alone.
Source: www.go-online.nrw.de



Start-up centres: A large network with a wide range of products and services

- ▶ German start-ups centres have now provided support to more than 40,000 new businesses and, in this way, have created 248,000 jobs.
- ▶ The ADT - German Association of Innovation, Technology and Business Incubation Centres network comprises over 150 centres.
- ▶ Start-up centres provide support for newly established businesses by creating the right business environment for young companies – from the concept, to the initial and early development phase, and throughout their growth.



Professional chair for entrepreneurship: A growing field of research

Number of professional chairs for entrepreneurship in Germany



- ▶ There are a total of 103 professional chairs for entrepreneurship at German universities and universities of applied sciences (as of July 2012).
- ▶ North Rhine-Westphalia leads the pack with 17, followed by Berlin/Brandenburg with 14, and Lower Saxony with 13.
- ▶ The first professional chair was established in 1998 in co-operation with the Federal Ministry of Economics and Technology. Entrepreneurship research is a growing field of research in Germany.



Support for entrepreneurs provided by the Federal Ministry of Economics and Technology (selection)

- ▶ existenzgruender.de / existenzgruenderinnen.de

Existenzgründungsportal
des BMWi

- ▶ 'Start-App' mobile app



- ▶ The 'Entrepreneurial Spirit in Schools' initiative



- ▶ EXIST – business start-ups in science



- ▶ 'ICT innovative' start-up competition



- ▶ Coaching for new entrepreneurs in Germany



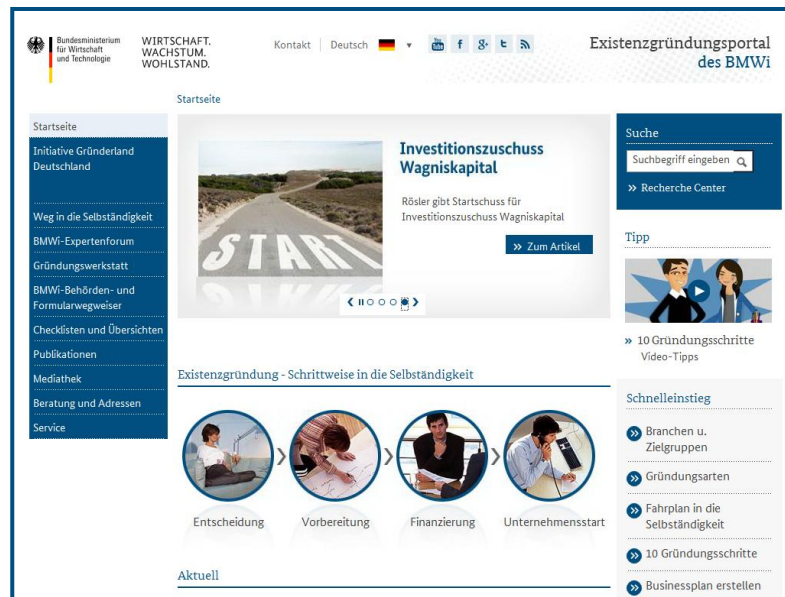
- ▶ nexxt-change corporate succession exchange





Winning information portal

www.existenzgruender.de

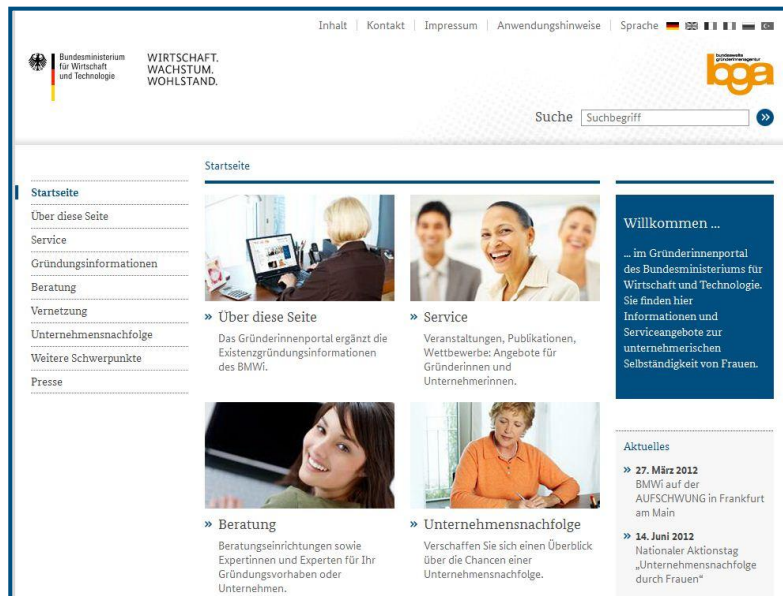


- ▶ Winner of consumers' association test *Stiftung Warentest* (in a comparison of 14 start-up portals, test.de, 2009).
- ▶ Comprehensive range of information – from the idea right through to self-employment
- ▶ Site content/services (selection)
 - ▶ Information on preparations, funding, and business launch
 - ▶ Experts' forum, organised according to topic
 - ▶ Entrepreneurs' workshop: online guides, e.g. business plan, public authorities
 - ▶ Check-lists, organised according to topic
 - ▶ Foreign-language information



Special services for female entrepreneurs

www.existenzgruenderinnen.de

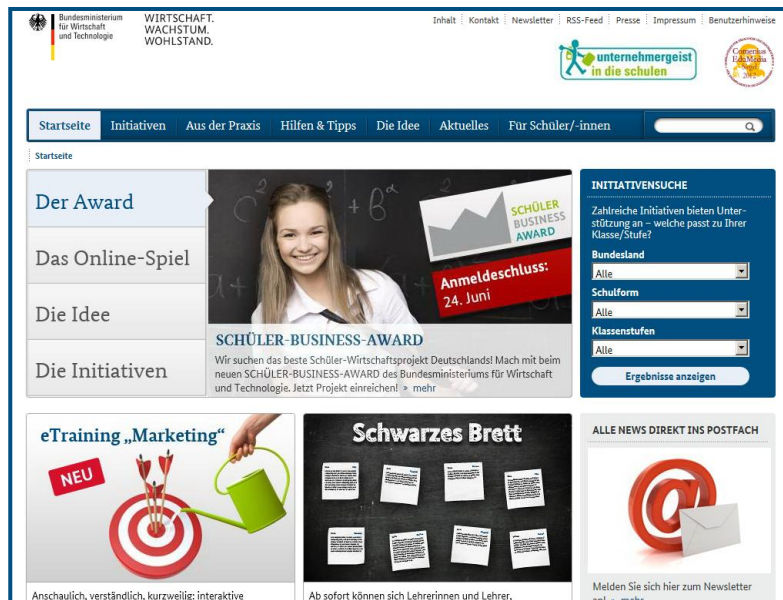


- ▶ Information, service, and advice for women who have decided to set up a business or would like to take over a company.
- ▶ Site content/services (selection):
 - ▶ eTraining for female entrepreneurs
 - ▶ Seminars, workshops, symposiums etc.
 - ▶ Facts and figures, e.g. studies and literature
 - ▶ Database of experts
 - ▶ Networks, centres for female entrepreneurs, mentoring programme etc.
 - ▶ Facts and materials on the topic of corporate succession



Fostering entrepreneurial spirit in schools

The 'Entrepreneurial Spirit in Schools' initiative



www.undernehmergeist-macht-schule.de

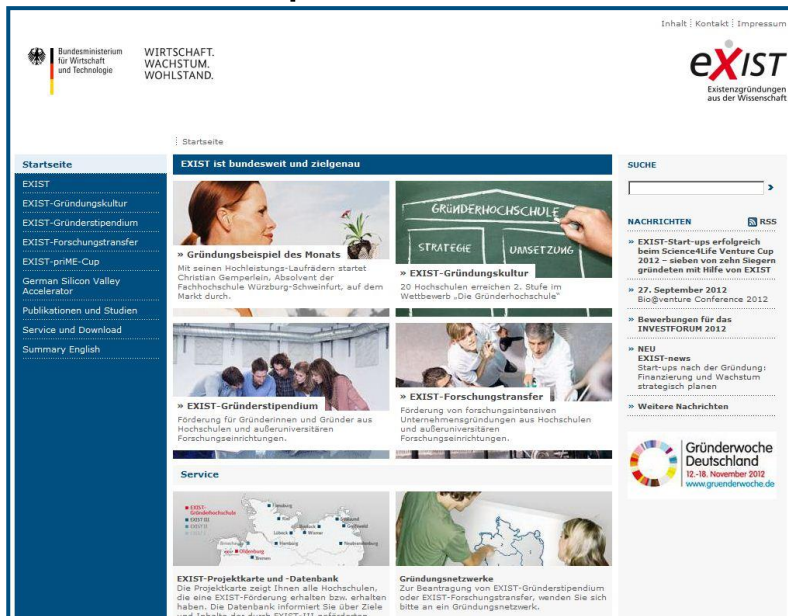
- ▶ Objectives: To introduce school pupils and young people to business practice as early as possible.
- ▶ Targeted at: Pupils and teachers – in order to support them as they focus on economic education
- ▶ Site content:
 - ▶ Overview of the various types of classroom projects
 - ▶ Overview of the various initiatives targeted at pupils
 - ▶ Reports written by teachers and pupils
 - ▶ Contact points in each of the *Länder*
 - ▶ Training events



Promoting entrepreneurship in higher education

EXIST

– business start-ups in science



www.exist.de

- ▶ Objectives: To foster a stronger entrepreneurial climate at higher education establishments and to raise the number of technology/science-based start-ups.
- ▶ The EXIST Start-up Culture helps higher education establishments to develop holistic strategies to develop a culture of entrepreneurship and entrepreneurial spirit throughout the institution, and to implement these in a sustainable and visible manner.
- ▶ The EXIST Start-Up Grant provides support for students, graduates, and scientists during the preparatory stages of technology and science-based business ventures.
- ▶ The EXIST Research Transfer supports the development work necessary in order to demonstrate the technical viability of new research-based ideas for start-ups, and the preparations required for the business launch.



Advisory programmes for entrepreneurs and young business owners

Coaching for new entrepreneurs in Germany



www.kfw.de

- ▶ Advisory programme established by the Federal Ministry of Economics and Technology (and by the Federal Ministry of Labour and Social Affairs for businesses set up by the unemployed); managed and run by the KfW.
- ▶ Financial support for start-ups in the form of grants for advisory costs through funding from European Social Fund (ESF).
- ▶ Percentage of costs assumed generally 50/70% in the old/new Länder in Germany; up to 90% for businesses set up by the unemployed.
- ▶ Funding provided for up to five years after registration of the business (launch and consolidation phase); funding for one year after registration of the business for businesses set up by the unemployed.



Initiative for the passing on of businesses to the next generation

nexxt

- handing businesses on to the next generation



The screenshot shows the homepage of the nexxt-CHANGE website. At the top, there is a navigation bar with links: Startseite, Verkaufsangebot, Kaufgesuch, Ihr Inserat, Regionalpartner, Finanzierung, Förderung, Planungshilfen, Service, and Login. Below this, there are three main sections with search buttons: 'Sie suchen ein Unternehmen?' (6979 Verkaufangebote), 'Sie suchen einen Nachfolger/ eine Nachfolgerin?' (2910 Kaufgesuche), and 'Sie suchen einen Regionalpartner für die Vermittlung?' (822 Regionalpartner). The bottom section contains four columns of content: 'IHR INSERAT' (Register now), 'FÖRDERUNG' (Bund, Länder und EU bieten eine Vielzahl von Förderangeboten), 'PLANUNGSHILFEN' (Checklisten, Übersichten und Online-Tools), and 'VIDEO-TIPP' (BMW.tv: Unternehmerinnen und Unternehmer berichten von Ihren Erfahrungen mit Unternehmensnachfolge). There are also sections for 'Häufig gestellte Fragen', 'Interne Links', 'Neue Verkaufsangebote', and 'Neue Kaufgesuche'.

www.nexxt-change.org

- ▶ Central meeting point for all entrepreneurs wishing to transfer or take on an existing business.
- ▶ nexxt-Partner is an exchange that currently contains around 10,000 adverts and helps to broker transactions between seller and purchaser.
- ▶ Services/site content: Planning guidance in the form of check-lists and online programmes.
- ▶ More than 9,000 successful transactions to date.



Start-up competitions: An opportunity for young entrepreneurs

- ▶ Start-up competitions are aimed at people with innovative ideas and are starting their own business.
- ▶ The Federal Ministry of Economics and Technology is providing support for a range of different start-up competitions, including

- ▶ deutscher-gruenderpreis.de



- ▶ gruenderwettbewerb.de



- ▶ kultur-kreativpiloten.de



- ▶ degut.de/gruenderchampions-2013





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‘Germany – a Nation of Entrepreneurs’ initiative



- ▶ This initiative was launched by the Federal Ministry of Economics and Technology in early 2010.
- ▶ The aim is to develop instruments to strengthen the culture of entrepreneurship in Germany, to bring these together, and to promote more entrepreneurship.
- ▶ The initiative is being partnered by the Association of German Chambers of Commerce and Industry, the German Confederation of Skilled Crafts, and the Federal Association of Liberal Professions.
- ▶ www.gruenderland-deutschland.de



German Entrepreneurship Week 2013



- ▶ Nation-wide week of events as part of Global Entrepreneurship Week (first launched in 2008), taking place this year from 18 to 24 November.
- ▶ The aim of the German Entrepreneurship Week is
 - ▶ to encourage young adults to become passionate about entrepreneurship,
 - ▶ to create a platform for sharing of ideas, experience, and opinions on the topic of entrepreneurship and self-employment,
 - ▶ to present initiatives that have been successful in fostering entrepreneurship to the public.
- ▶ Figures for 2012: 920 partners, 1,650 events, 45,000 participants



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Sources and further reading

- ▶ www.bmwi.de
- ▶ www.existenzgruender.de
- ▶ Institut für Mittelstandsforschung (IfM Bonn, www.ifm-bonn.de),
e. g. start-up and liquidation statistics for 2012
- ▶ KfW Start-up Monitor 2013, Frankfurt am Main 2013 (www.kfw.de)
- ▶ ‘Gründerzeiten’ start-up newsletter
(www.existenzgruender.de/publikationen/gruender_zeiten/index.php)
- ▶ Global Entrepreneurship Monitor: New businesses in a global comparison, Country Report
for Germany 2012, Hannover/Nürnberg 2013
([http://www.wigeo.uni-hannover.de/fileadmin/wigeo/Geographie/Forschung/Wirtschaftsgeographie/
Forschungsprojekte/laufende/GEM_2012/gem2012.pdf](http://www.wigeo.uni-hannover.de/fileadmin/wigeo/Geographie/Forschung/Wirtschaftsgeographie/Forschungsprojekte/laufende/GEM_2012/gem2012.pdf))



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