

GEM Country Report Germany 2016

Executive Summary

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This is the 17th German national report for the Global Entrepreneurship Monitor (GEM). GEM is an international research program which was initiated by London Business School (UK) and Babson College (USA) in the late 1990s. This national report on Germany describes and explains the entrepreneurial activities undertaken in Germany in 2016. It compares the findings with those of the other 64 countries participating in GEM in 2016 and with the data on the previous years. The 2016 GEM national report on Germany provides answers to the following key questions:

- How do the entrepreneurial activities here in Germany differ from those in other countries?
- How has the volume of entrepreneurial activity changed, and why?
- What are Germany's strengths and weaknesses with regard to the entrepreneurial framework conditions (e.g. funding, support schemes, education/training) compared with other innovation-driven nations?

The data basis in Germany comprises a representative sample of 3,944 personal telephone interviews conducted in the early summer of 2016. These were supplemented by 53 interviews with experts. In 2016 the international comparison is based on data from 65 countries with information about 182,000 statistically representative respondents between the age 18 and 64 and about 2,900 experts. With regard to timeliness, scope and international and intertemporal comparability these data sets are currently unrivalled in research into entrepreneurial activity. For most of the indicators Germany is compared with 26 other so-called innovation-driven economies (according to the definition used by the World Economic Forum) that were recorded in the GEM 2016.

Entrepreneurial activities and motives in Germany in 2016:

- At the time of the survey, a total of 4.6% of Germany's adult population were actively trying to set up new businesses (nascent entrepreneurs) or were owner-managers of firms that were no more than 3 ½ years old (young businesses). Germany ranks low among the innovation-driven GEM countries with regard to this so-called Total Early-Stage Entrepreneurial Activity (TEA, the sum of all young and nascent entrepreneurs).
- 2.9% of all adults are nascent entrepreneurs. The proportion of young entrepreneurs is 1.7% of the adult population.
- In Germany, too, entrepreneurs who become self-employed in order to put a business idea into practice (3.5% of all 18-64-year-olds) are more numerous than those who become self-employed due to a lack of employment alternatives (1.0%). As in previous years, however, the latter motive for becoming self-employed was reported relatively frequently compared with other countries. The numbers show significant differences in motivation and TEA involvement if differentiated by gender (e.g. male TEA: 6.0% vs. female TEA: 3.1%).
- Migrant entrepreneurs in Germany show an especially high level of entrepreneurial activity within the specific period of time between the first years of the integration process and the later phase of adapting to the behaviour observed in the endogenous population.

Entrepreneurial attitudes and perceptions:

- Germany's adult population is more pessimistic than the citizens of most of the comparable GEM countries as regards future entrepreneurial opportunities, and fear of failure is relatively frequently claimed to prevent them from starting a business at all.
- Compared with the other innovation-driven countries, the image of entrepreneurs in German society is relatively positive. According to 79% of the respondents in Germany, successful entrepreneurs

enjoy respect and a good status, a far better result than that obtained for most of the reference countries. According to half of the respondents, the media often report about successful new businesses, which may be considered also as a sign of a good climate for entrepreneurship, but the majority of the 27 innovation-driven economies show higher values. Furthermore, only 52% of the 18-64-year-olds interviewed see a business start-up as possessing “attractive career prospects”, the sixth-lowest value within the reference group.

Entrepreneurial framework conditions:

- Germany’s strengths as a location for entrepreneurship, according to the experts interviewed, include its physical infrastructure, government programs and intellectual property rights.
- In contrast, the German experts interviewed assess as rather negative the school-based preparation for self-employment, priority and engagement of policymakers (regulations, taxes) as well as the social values and norms.
- Irrespective of how the experts judge the total of 16 framework conditions (good vs. poor), these framework conditions are important in very different ways. In Germany the especially important framework conditions that can be defined as key factors on the way to an ‘entrepreneurial society’ include in particular finance, government programs, entrepreneurship education in schools and in the training system, knowledge transfer as well as social values and norms.
- As the majority of the framework conditions that are regarded as particularly important are those for which Germany is given comparably poor marks, there is a need for action (also political action) in the latter areas if an increase in the number of self-employed people is desired from a political viewpoint.