

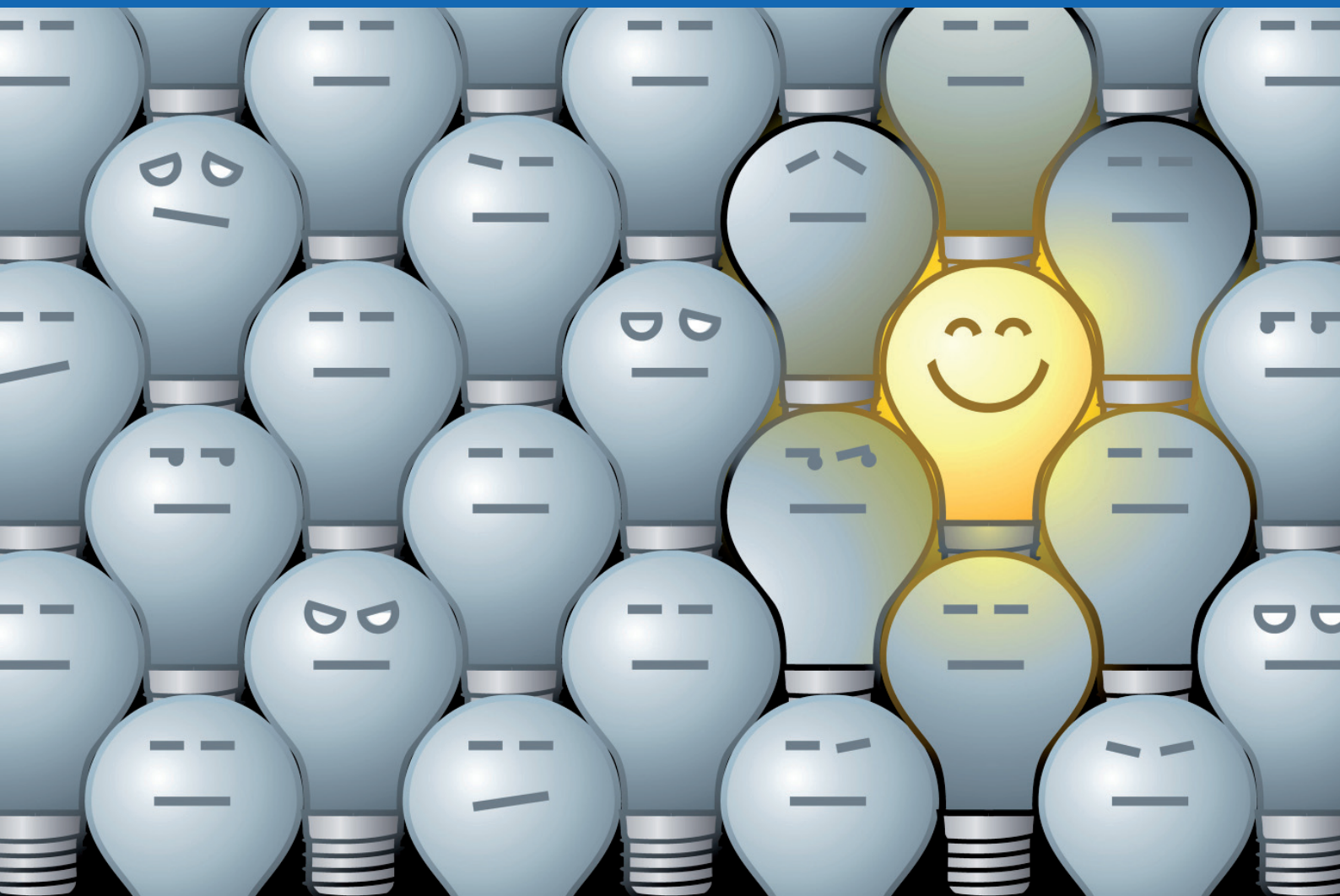


Global Entrepreneurship Monitor

Country Report Germany 2012

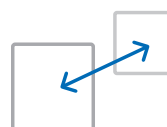
- Executive Summary -

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Executive Summary

The 13th German national report for the Global Entrepreneurship Monitor (GEM) describes and explains entrepreneurial activities undertaken in Germany in 2012. It also compares Germany with other countries and with data from previous years. The analysis is based on telephone interviews of a representative random sample of 4,300 individuals carried out in the early summer months of 2012 in addition to 60 interviews with experts. Data from interviews with almost 199,000 citizens and 2,782 experts from 69 countries performed in the same year was used for the international comparison.

How much entrepreneurial activity is there?

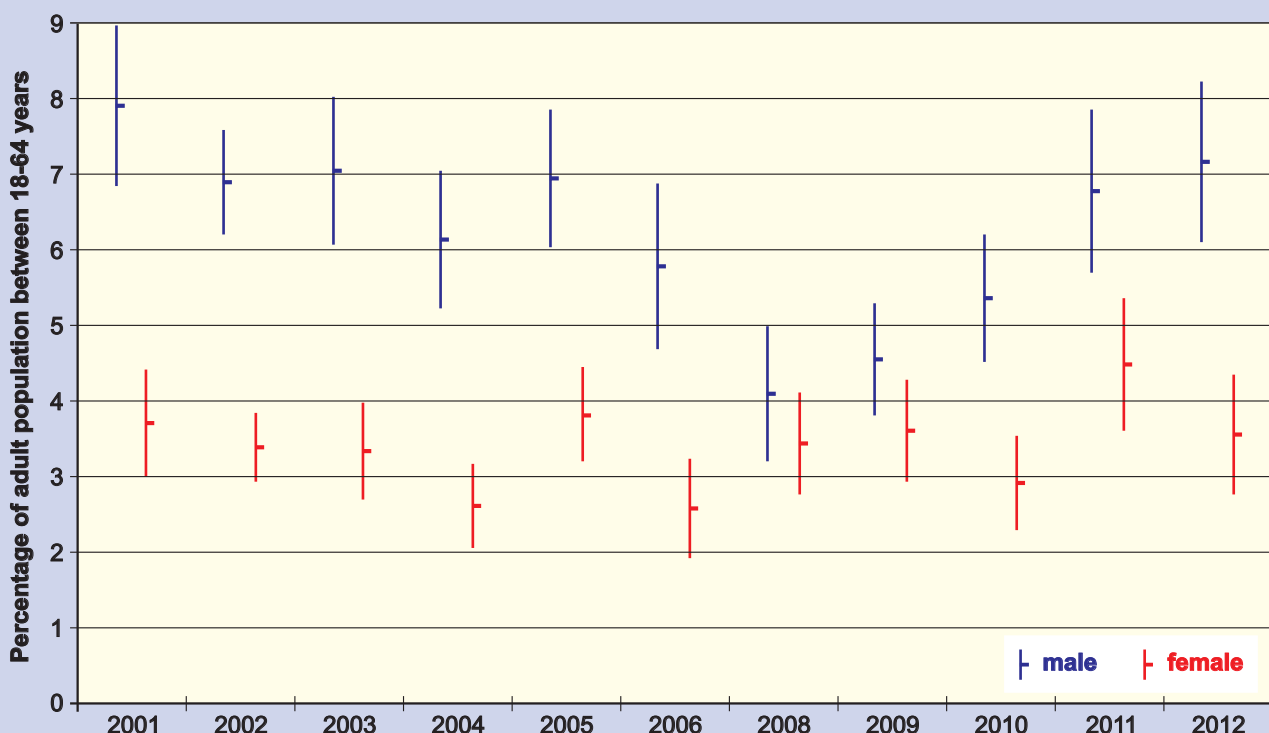
At the time of the survey, a total of just 5.3% of Germany's adult population were actively trying to set up new businesses (nascent entrepreneurs) or were owners or managers of firms that were no more than 3½ years old (young businesses). Germany ranks 20th of 24 innovation-based and therefore comparable countries with regard to this Total Early-Stage Entrepreneurial Activity (TEA rate). The TEA rate is at the same level as in the previous year and

therefore considerably higher than in the years pre-2010.

Who is launching new firms?

Gender is one of the sociodemographic factors with a strong influence on entrepreneurial propensity. The TEA rate for men in Germany is 7.2%, but only 3.5% for women. Germany ranks 15th in terms of the relation between the two rates when balanced participation by the two genders is taken as a criterion. Whereas the TEA rate for men has been rising consistently since 2008, the rate for women has stagnated.

TEA of males and females in Germany 2001 - 2012



The vertical bars show the the range within which the average value of 95 out of 100 replications of the survey would be expected to lie. This range is shown by vertical bars on either side of each data point. If the 'confidence intervals' (denoted by the vertical bars) of two national Nascent rates do not overlap, the difference between these rates is not statistically significant at the 0.05 level.

Total Early-stage Entrepreneurial Activity (TEA): Rate of individuals in the working age population who are actively involved in business start-ups, either in the phase in advance of the birth of the firm (i.e., the payment of any wages for more than three months) or the phase spanning 42 months after the birth of the firm.

Data source: GEM Adult Population Surveys 2001-2006, 2008-2012

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Why are people launching new firms?

Entrepreneurs who become self-employed to pursue a business idea (4.1% of all 18-64-year-olds) are also more numerous in Germany than those who do so for lack of alternative employment (1.2%). Compared with other countries, however, this latter motivation is cited relatively frequently in Germany. There are no significant differences in entrepreneurial motives between men and women.

A pleasing finding is that the proportion of opportunity entrepreneurs among all other entrepreneurs has risen year by year in Germany since 2009 and in 2012 hit its highest mark since GEM records began.

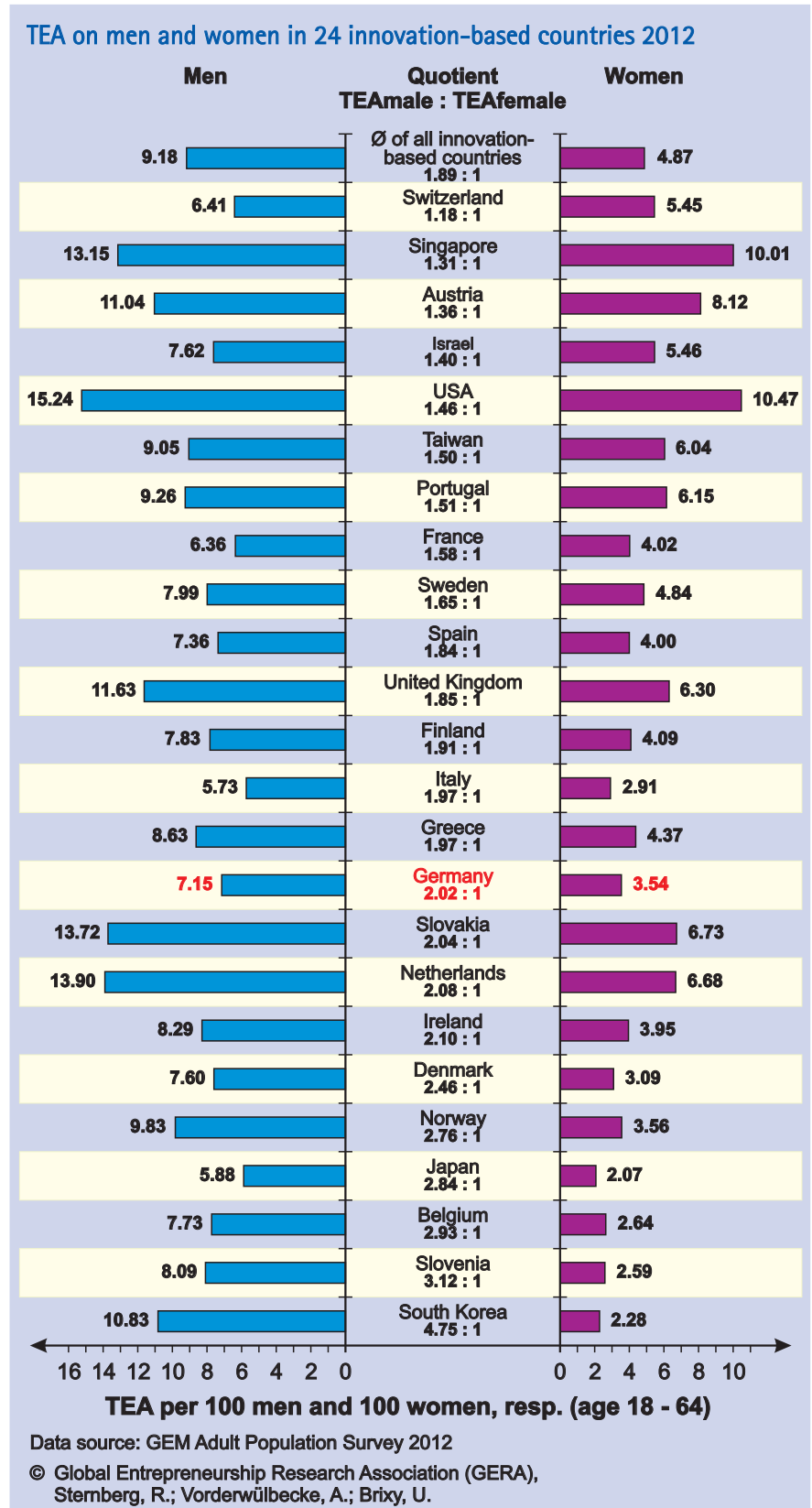
What are people launching?

Not all entrepreneurial activities are the same. New businesses whose founders want to grow and have the potential to do so generate different economic effects from those generated by new businesses whose founders neither want to grow nor fulfil the necessary preconditions to do so. The current German national report shows positive signs in this respect, too. In an international comparison, entrepreneurs in Germany aim to employ a relative high number of people (at least ten people five years after launching the business) and a relatively high proportion of them intend to increase the number of employees in that period by at least 50 percent. The optimism of entrepreneurs that this reflects is most pleasing. Of course, these statements must not be misinterpreted as evidence of actual employment figures over the coming five years.

Nevertheless, the high proportion of entrepreneurs as described above sends out a positive signal because this kind of entrepreneur often

possesses several characteristics that are conducive to growth: they often know other entrepreneurs, they often live in households with a relatively

high income, they are more likely to launch a business to exploit a market opportunity and they are often high-tech entrepreneurs.



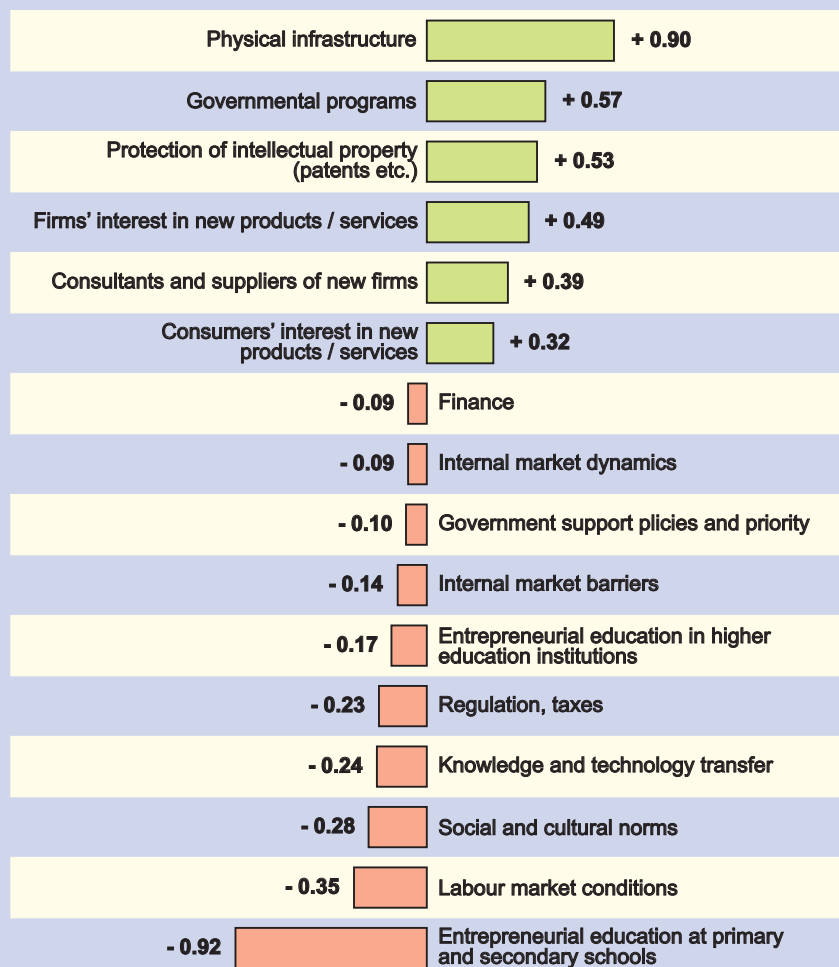
In which context are firms being launched?

Part of the entrepreneurial climate has also developed positively. In 2012, almost 35% of those interviewed saw good opportunities for entrepreneurship (7th position). But only 37% of 18-64-year-olds interviewed felt they had the skills and experience necessary to actually launch a business (13th position). The entrepreneurship experts interviewed were particularly positive in their evaluation of the physical infrastructure, public support programs and the protection of intellectual property rights in 2012. Germany's weaknesses as a centre of entrepreneurship are in the preparation for entrepreneurial independence at school and outside school as well as in the supply of labour for new firms. Largely speaking, Germany is in a good position in an international comparison of such framework conditions. It is noticeable that framework conditions that are very important to entrepreneurship (e.g., education) often tend to receive a poor evaluation in Germany, while less important framework conditions (e.g., physical infrastructure) tend to be evaluated positively.

What can politicians do?

The authors recommend maintaining active entrepreneurship promotion policies at national, regional state and local government level. The entrepreneurship gap relative to many comparable countries remains, but could be reduced in the medium term by emphasising entrepreneurial independence more within the framework of school and university education. In addition, building up a family-friendly infrastructure could help make entrepreneurial independence and bringing up children more reconcilable with each other and thereby encourage more women to set up their own firm.

Entrepreneurial Framework Conditions in Germany 2012



Rating of framework conditions

The rating is based on the mean value of the experts' assessment of several statements regarding each framework condition on a scale of 1 (completely false) to 5 (completely true). The higher the value, the better the experts' assessment of the respective framework condition.

Data source: GEM National Expert Survey 2012

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