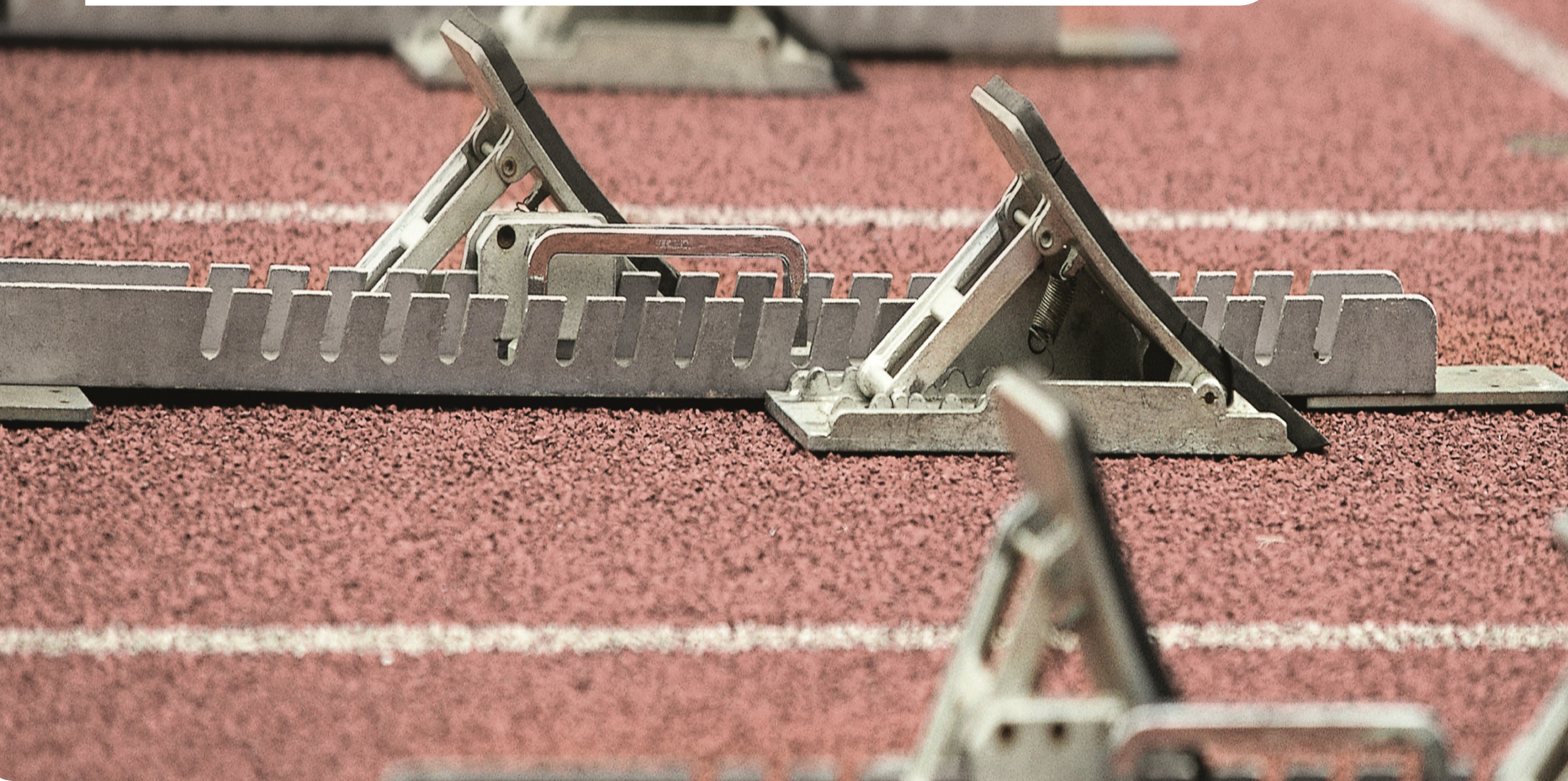


KfW Research

# KfW Entrepreneurship Monitor 2025

Start-up activity in economically uncertain times: now better than expected but still (too) low





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Palmengartenstrasse 5-9

60325 Frankfurt / Main

Phone +49 69 7431-0, Fax +49 69 7431-2944

[www.kfw.de](http://www.kfw.de)

Author

Dr Georg Metzger, KfW

Phone +49 69 7431-9717

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# Start-up activity in economically uncertain times: now better than expected but still (too) low

## Start-up activity in Germany grew moderately in 2024

Start-up activity in Germany increased to 115 newly started businesses per 10,000 people (18–64 years) in 2024. That amounted to 585,000 business founders and a moderate increase of 3%. The number of part-time business founders grew to 382,000 (+5%). The number of full-time business starters fell slightly to 203,000 (-1%).

## Digitalisation is advancing

The trend of growing importance of digital technologies for start-up activity remains intact. In 2024, 36% of newly started businesses were digital, meaning that customers need to use digital technologies in order to be able to use the products and services. That was the highest level recorded to date.

## Employment effect fell slightly

Newly founded businesses created nearly half a million full-time equivalent (FTE) jobs in 2024. With 485,000 FTE jobs, the direct gross employment effect was slightly lower than in the previous year. More frequent problems resulting from a shortage of suitable workers weighed on the gross employment effect.

## Household incomes were mostly sufficient

A large portion of new business starters reported having had less difficulty making ends meet on their net household income. In 2024, 73% reported that this was easy or relatively easy to manage. However, full-time business starters usually find it more difficult to get by than part-time founders.

## Entrepreneurs are gradually becoming younger despite demographic ageing

In 2024, the average age of new business starters was 34.4 years. That was the youngest average age recorded to date. Since 2002, the age average has trended downward by 2.6 years – 1.5 years for full-time business starters and 2.8 years for part-time founders.

## Younger people exhibited a stronger entrepreneurial spirit

In 2024, a mere 25% of 18 to 67-year-olds would have opted for self-employment irrespective of their current personal situation. The share was highest at 36% for 18–29 year-olds, as it was in the previous year, followed by 27% for 30–39 year-olds. The entrepreneurial spirit is strongest overall in Berlin and Hamburg.

## Financial and social risks act as deterrents

Entrepreneurial constraints are associated with varying discontinuation rates in the start-up process. Financing difficulties presented the highest risk ratio in 2024. Where such difficulties existed, the likelihood of discontinuation increased by a factor of 1.6. The rate was similar for concerns over excessive financial risk (1.6x) and fear of social descent in the event of failure (1.5x).

## Positive outlook for start-up activity in 2025

Based on the forecasts for the economy and labour market, moderately positive impetus on start-up activity can be expected for 2025. Entrepreneurial planning activity is also providing an uplift. With a planning rate of 4.9%, the number of active start-up planners increased again.

## Box 1: The KfW Entrepreneurship Monitor

The data of the KfW Entrepreneurship Monitor is collected in representative population surveys. In 2024, 50,000 telephone interviews were conducted with randomly selected individuals domiciled in Germany and supplemented by 10,000 online interviews for the first time. The current survey partner of the KfW Entrepreneurship Monitor is Verian. Newly started businesses are broadly defined. They include individuals who have become self-employed on a full-time or part-time basis as freelancers or business owners, by founding a new business or by taking over an existing one. The KfW Entrepreneurship Monitor thus provides a comprehensive picture of the development and structure of start-up activity in Germany.

### Newly started businesses are of great importance for the economy

Lively start-up activity maintains competitive pressure on established enterprises. This is good for their customers but also for the established businesses themselves. It forces them to constantly reassess their business model and processes. At the same time, as suppliers and service providers, new business starters help keep established businesses going. They also create jobs themselves. The innovators and growth-oriented businesses among them also ensure that innovations and new technologies are disseminated. In this way, newly started businesses make important contributions to keeping Germany future-proof:

#### Newly started businesses keep the 'Mittelstand' alive ...

Without start-ups, the diversity of supply declines as a result of business closures. Not only does this mean fewer choices, both for households and for businesses, it also means rising prices as a result of reduced competition. Important are not just greenfield start-ups but takeovers, too, because small and medium-sized enterprises are deeply affected by demographic ageing and the proportion of businesses in search of successors is growing. If start-ups based on takeovers or active participation fail to materialise, more business closures due to a lack of successors will be inevitable.<sup>1</sup>

#### ... and small and medium-sized businesses running

A large portion of start-up activity is undertaken by sole traders, many of whom work either as freelancers or independent professionals and provide established enterprises with important support in delivering outcomes.<sup>2</sup> Freelancers can help established businesses become more agile and work in a solution-oriented manner.<sup>3</sup> In this way, they provide the basis for them to grow and create additional jobs (that are subject to social security contributions).<sup>4</sup>

### Start-ups lead to efficient business management

Intense start-up activity makes established enterprises feel greater competitive pressure that extends beyond their region.<sup>5</sup> The perceived competitive pressure ultimately makes established enterprises become more productive.<sup>6</sup>

### Start-ups create employment

Newly founded businesses not only contribute directly to employment by creating jobs for their founders and employing staff; they can also have delayed positive spillover effects on salaried employment across their entire region.<sup>7</sup>

### Start-ups disseminate innovations

Newly founded businesses make an important contribution to the commercialisation of innovations and new technologies.<sup>8</sup> They contribute to disrupting old markets and develop new ones, thereby maintaining innovative pressure on established businesses and breaking up the ossified economic structure. Although only few newly founded businesses are themselves innovative, these few enterprises play a particularly important role for the economy. They have higher survival rates<sup>9</sup> and grow faster than others.<sup>10</sup> Their ability to respond quickly to crises also makes them important for the adaptability of the economy.<sup>11</sup>

### Start-up activity in Germany grew moderately in 2024

While part-time start-ups increased, full-time start-ups were fewer

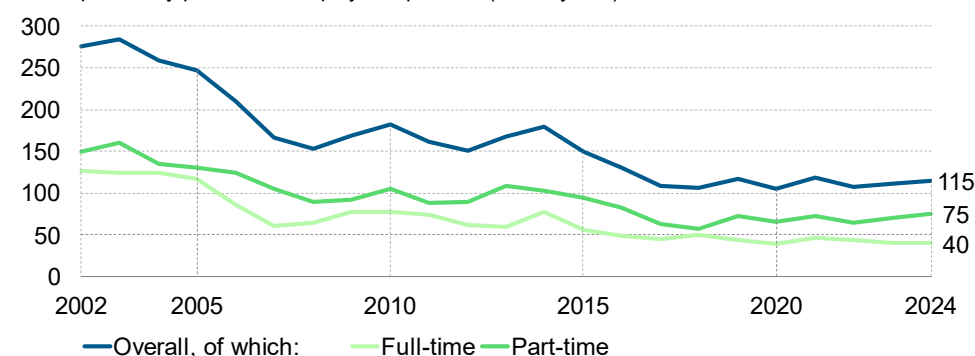
Just as in the previous year, start-up activity in Germany was slightly more positive in 2024. The most recent survey of the KfW Entrepreneurship Monitor found that start-up intensity increased to 115 new business starters per 10,000 persons aged 18 to 64 years (from 110 in 2023 (Figure 1). That means 585,000 businesses were newly started in 2024, 17,000 or 3% more than in the previous year. A look at the more long-term development and the structure reveals that despite the moderate increase, start-up activity in Germany has been in a sideways trend since 2018. The development in 2024 was a net effect from a slightly stronger increase in part-time start-ups amid a moderate drop in full-time start-ups. In terms of part-time start-up activity, start-up intensity climbed to 75 newly started businesses per 10,000 individuals (18–64 years) after 71 in the previous year. That means 382,000 part-time businesses were started in 2024, 19,000 or 5% more than in 2023. Start-up intensity for businesses started on a full-time basis climbed to 40 per 10,000 individuals (18–64 years old). Thus, start-up intensity varied only in the decimal digits compared with the previous year. With 203,000 full-time businesses started in 2024, the increase was 2,000 or 1% fewer than in 2023.

### Increased economic uncertainty is a burden

The slight increase in start-up activity was a better-than-expected development. Based on the forecasts for the economy and labour market, little impetus on start-up activity was to be expected for 2024. By contrast, the record low in active start-up planners (known as ‘nascent entrepreneurs’) was a bad omen for start-up activity in 2024.<sup>12</sup> In addition, the economy experienced a downturn in the course of the year and economic uncertainty increased significantly. Three quarters of the population aged 18–64 years viewed the economic situation in Germany as rather or very uncertain (Figure 2). The balance between the ‘certain’ and ‘uncertain’ shares dropped to -68 from -42 in 2023. Conversely, however, the labour market situation also deteriorated more strongly than predicted. The cooling of the labour market surely contributed to the growth in start-up activity. One reason was that higher unemployment meant that more people opted for self-employment as a way out of unemployment. Another was that the conditions for salaried employment thus became generally less attractive.

**Figure 1: Start-up rate has been fluctuating on a low level since 2018**

Start-up intensity per 10,000 employable persons (18–64 years)

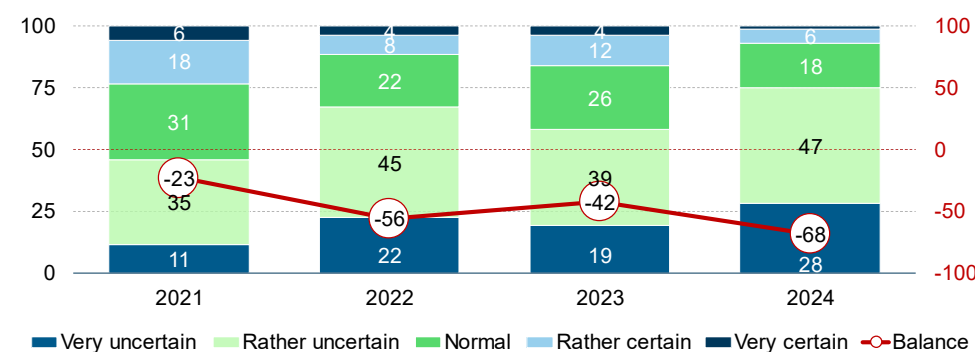


Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 2: Economic uncertainty has grown**

How do you perceive the current economic situation in Germany?

Population shares (18–64 years) in per cent



Source: KfW Entrepreneurship Monitor surveys from the respective years

## Start-ups were mainly geared towards private individuals, regional customers and services

### Focus on individuals and regions

In 2024, 61% of newly started businesses focused on private individuals and 39% on business and/or public-sector customers (Figure 3, left). Thus, the vast majority of start-ups target households, even if the share has recently increased slightly.

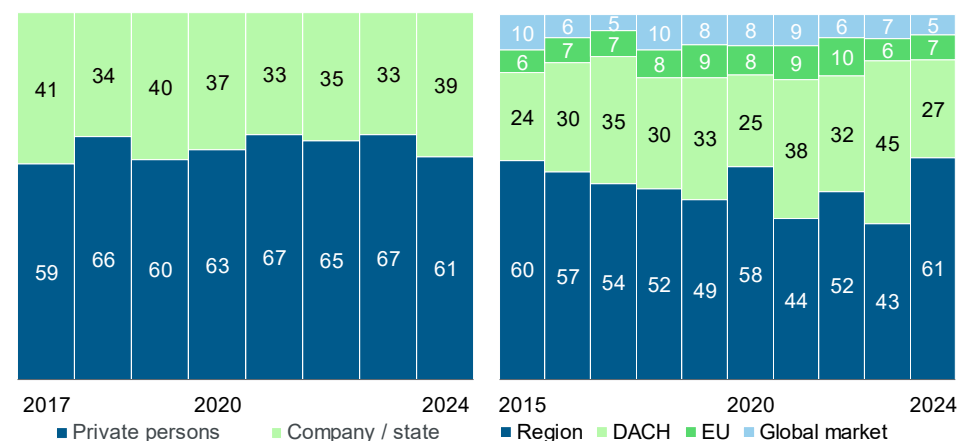
The majority of newly started businesses focus on their respective regions as target markets, which means their customers are either locals or domiciled in the relevant region (53% on a long-term average). The importance of supra-regional customer groups has trended upward since 2015 (with two outliers in 2020 and 2022, Figure 3, right). In 2024, however, the share of start-ups with regional customers surged to 61%, the highest level recorded to date. Only 27% of start-ups were aimed at customers in German-speaking countries and 12% at customers in the remainder of the EU or around the world. In other words, most start-ups focus on local customers. Conversely, they are often the main providers of regional supplies and services, especially in rural areas. There, start-ups are important for the diversity of supply.

### Start-ups are a reflection of the service society

Seventy per cent of the start-ups in the year 2024 operated in the services sector (Figure 4). Furthermore, 16% were in wholesale and retail and 14% in the producing sector. Thus, the sectoral structure of start-up activity is very much in line with the sectoral structure of the SME sector as a whole.<sup>13</sup> The services sector is divided into personal (28%), business (38%) and other services (3%). Personal services have a strong focus on retail customers (avg. 81%, 2017–2024), as they are usually rendered either for or together with a person. These include hairdressers and beauty parlours, medical and psychotherapeutic practices but also laundries or gyms etc. The focus on business services, on the other hand, lies more strongly on business and/or public-sector customers (average 62%). Examples of business services are management consulting firms, advertising agencies, engineering firms and programming activities.

**Figure 3: Focus is on private individuals within the region**

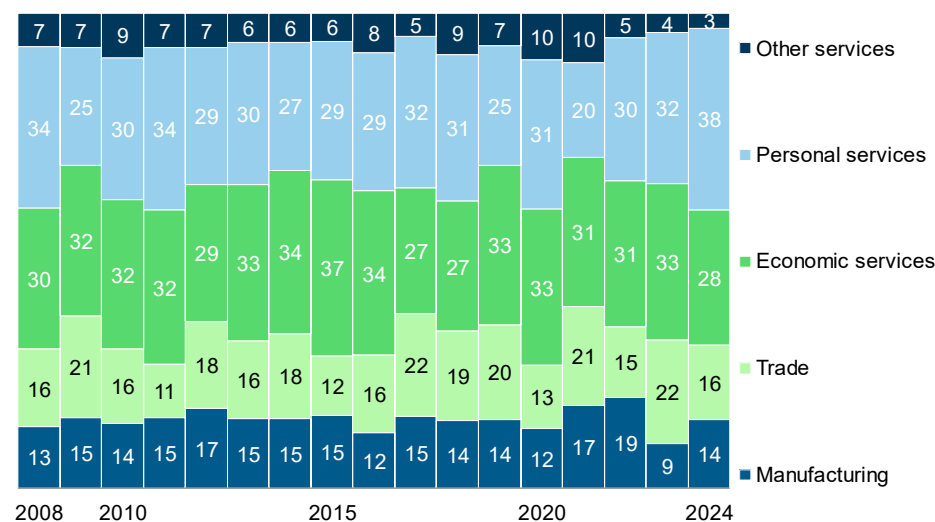
Customer shares and target markets in per cent



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 4: Seven in ten start-ups are in the services industries**

Sector shares<sup>14</sup> in per cent



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Digitalisation is advancing, fewer new-to-market innovations

#### Digital offerings are becoming increasingly important

The trend of growing importance of digital technologies for start-up activity remains intact. In 2024, 36% of newly started businesses were digital<sup>15</sup>, which means customers need to use digital technologies in order to be able to use the products and services. That was the highest level recorded to date. A decade ago, this was the case for only one in five newly started businesses, so the share has almost doubled. Digital start-ups mainly operate in commerce and services. Thus, advancing digitalisation is one reason a large portion of start-up activity will take place in the services sector in the future as well.

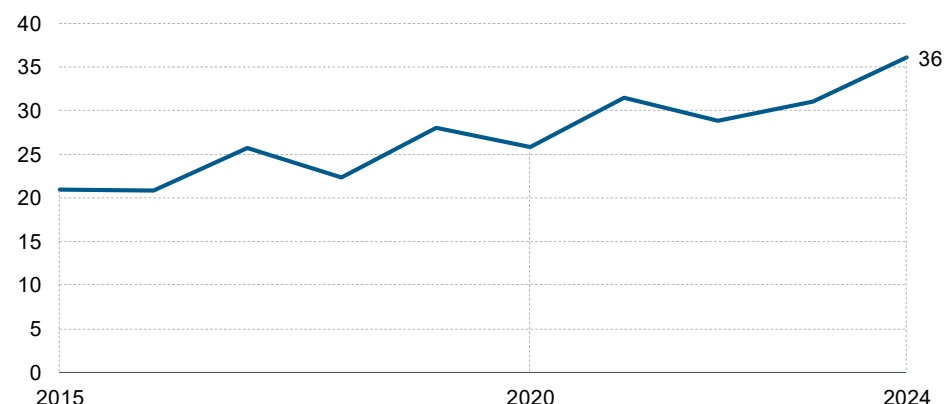
#### Business starters tend to prefer tried and tested approaches

In 2024, 15% of start-ups launched new-to-market innovations (Figure 6). The share of newly started businesses that introduced new-to-market innovations thus increased slightly on the previous year but the long-term trend remains slightly negative. This can be observed particularly in regional new-to-market innovations. If an offering did not exist in the relevant target market prior to the founding of the business, it is a new-to-market innovation. Regional new-to-market innovations in particular, which were 9% in 2024, are therefore often not completely new but constitute an adaptation of offerings already existing in other (regional) markets. Such regional new-to-market innovations are more common in personal services or retail, segments in which customers are disproportionately regional. These can be speciality restaurants, recreational offerings or specialist retailers. Supra-regional new-to-market innovations, 6% in 2024, are more likely to be original ones.

The different characteristics of regional and supra-regional new-to-market innovations become evident when we look at research and development activities. In 2024, 11% of newly started businesses were 'innovative', which means research or development work was conducted in order to make technological innovations market-ready. In a long-term average, this R&D-active share sits at 19% in newly started businesses with regional new-to-market innovations, 33% in those with Germany-wide new-to-market innovations and 45% in those with worldwide new-to-market innovations.

### Figure 5: Digital offerings achieve the highest share so far

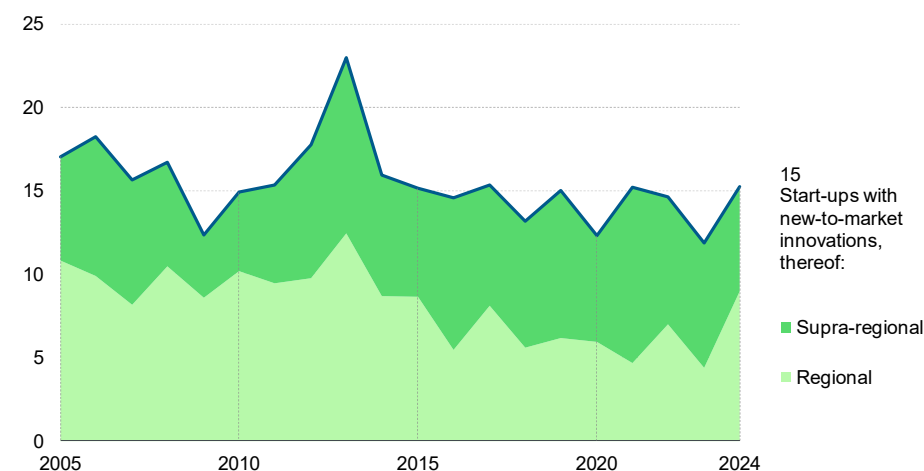
Is your product / service a digital offering, that is do your customers have to use digital technologies to be able to use it? Shares in start-ups in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Figure 6: The trend is towards fewer start-ups with new-to-market innovations

Is your offering a new-to-market innovation, that is are there no other businesses offering comparable products or services? Shares in start-ups in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Venturing into new territory alone – start-up activity is dominated by greenfield start-ups and solo self-employed

#### Acquisitions and participations increased on a low level

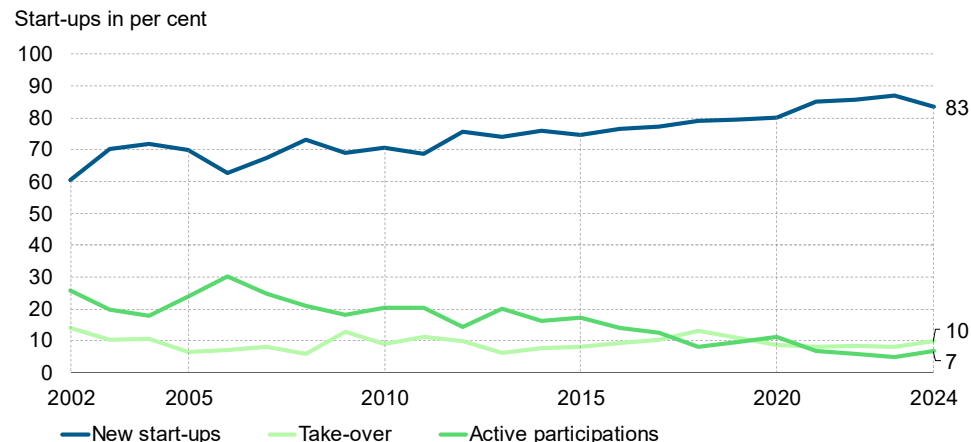
In 2023, the share of greenfield start-ups was 87%, the highest level ever recorded. That share remained very high in 2024 as well, reaching 83% of start-ups. Business start-ups founded from the ground up are new enterprises in legal and organisational terms. In contrast, businesses founded by acquisitions or participations build on already existing in businesses (also referred to as 'derivative start-ups'). The proportion and – as a result of declining start-up activity – the number of entrepreneurs starting their business based on existing firms by acquisitions or participations have both trended downward since the mid-2000s. Although their combined share increased slightly to 17% in 2024, it is still much too low against the backdrop of the wide succession gap. Demographic ageing is increasingly exacerbating the problem because it is increasing the number of business owners would like to retire while at the same time decreasing the number of people who are interested in founding a business.<sup>16</sup>

#### Number of solo self-employed has grown again

Most business starts are not only from the ground up but by a single founder. Since 2005, the share of these solo start-ups consistently hovered between 75 and 85%. In 2024, it stood at 82%, roughly in line with the long-term average. The percentage of team start-ups, that is with two or more founders, thus stood at 18%.

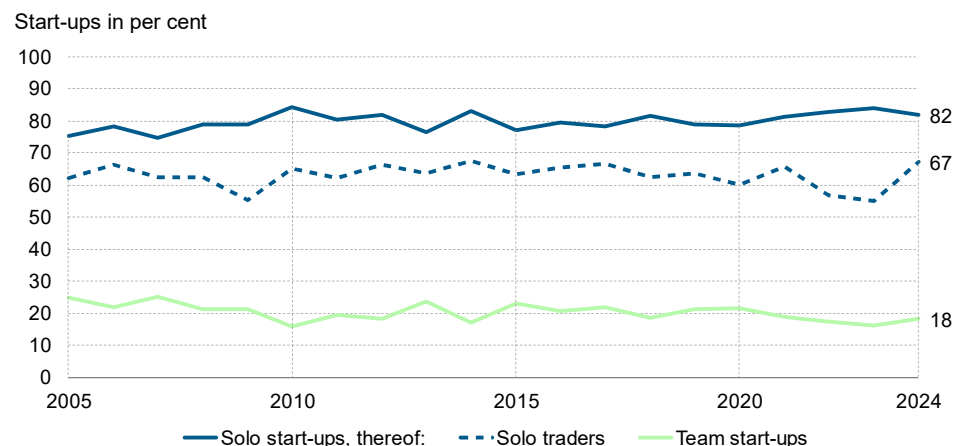
Among the solo start-ups, for their part, a large proportion are solo self-employed, meaning they have no employees.<sup>17</sup> The share of businesses founded by sole traders has been on the decline for some years now. After falling below the 60-per cent mark in 2023, however, their share rose again to 67% in 2024. Accordingly, the share of solo business starters with employees dropped to 15%. Overall, 25% of newly started businesses were also employers. More than half of start-up teams had employees.

**Figure 7: Eight in ten start-ups are greenfield start-ups**



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 8: Solo self-employed make up the majority of start-ups**



Source: KfW Entrepreneurship Monitor surveys from the respective years



### Direct employment effect of start-ups has decreased, availability of labour is increasingly problematic

#### Business founders create employment for themselves and others

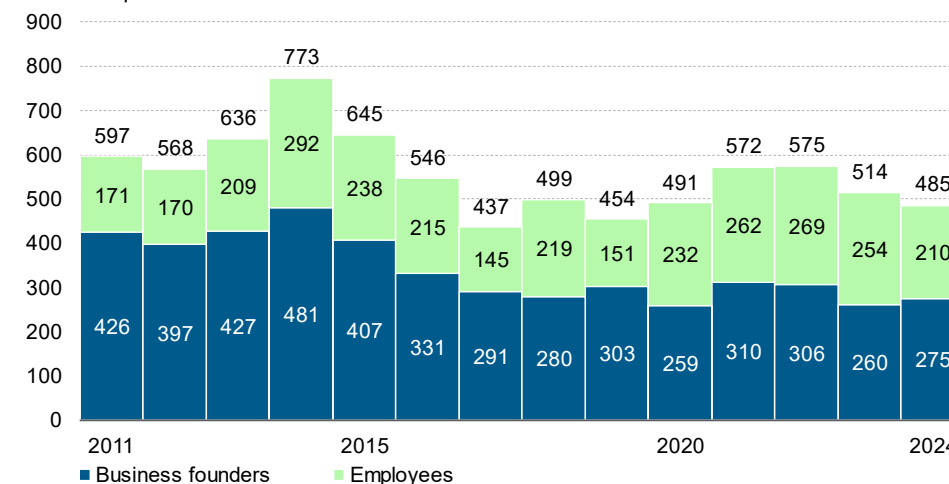
Lively entrepreneurial activity aligns with the economic expectation that the jobs which business founders create for themselves also create employment opportunities for third parties. Accordingly, this view focuses on greenfield start-ups and does not take into account acquisitions or active participations. In 2024, the gross employment effect (GEF) of greenfield start-ups was 485,000 full-time equivalents (FTEs, Figure 9). Of these, 275,000 FTEs were business founders and 210,000 FTEs were employees. In 2023, the GEF was still 514,000 FTEs, of which 254,000 FTEs were employees. The decline in the direct GEF was due to the fact that greenfield start-ups became more reluctant to hire workers than in the previous year – both in terms of frequency and numbers. What also needs to be considered is that in 2024, unlike in the two previous years, significantly fewer family members were involved as helpers.

#### Recruitment remains problematic

The reluctance is also due to increased hiring difficulties. Around half (47%) of greenfield start-ups with employees had problems hiring suitable workers in 2024 (Figure 10). Evidently, these would have liked to hire more employees. Such problems occurred in one in ten greenfield start-ups as well. Young businesses generally have greater difficulty attracting employees than established enterprises. The reason is that many potential employees fear losing their job if the start-up fails. Hiring problems have become twice as common for greenfield start-ups since 2008. This surely has to do with the positive labour market development over this period. For greenfield start-ups it is far more challenging to find workers when even established firms that are perceived as safe are unable to fill well-paid positions.

**Figure 9: Direct employment effect has fallen to 485,000**

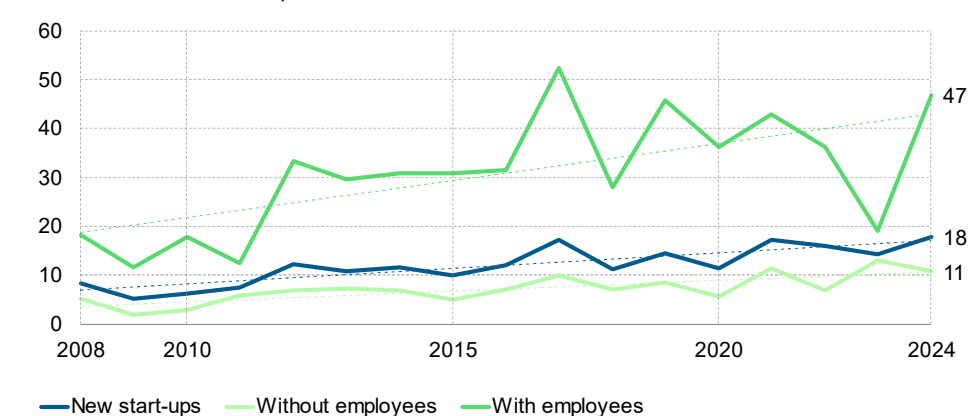
Full-time equivalents<sup>18</sup> in thousands



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 10: Problems due to the shortage of suitable staff are becoming increasingly common for greenfield start-ups**

Lack of suitable workers, in per cent



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Once part-time, always part-time?

#### Part-time entrepreneurship as a springboard to full-time self-employment

One quarter (24%) of part-time business start-ups launched in 2024 were planning to transition to full-time self-employment within a year (Figure 11).<sup>19</sup> A year before, one fifth (20%) of new part-time start-ups were planning to switch to full-time entrepreneurship in the medium term. Over the long term, it is slightly more likely on average for men than for women to plan to transition from part-time to full-time entrepreneurship, at 26 vs. 21%. The share of part-time start-ups in start-up activity in Germany hovers around 60% on average in the long term. Part-time start-ups are typically smaller and more quickly abandoned than full-time start-ups. Therefore, the intention to expand 20 to 30% of part-time start-ups each year into full-time businesses is good news for the economy. But given the pressure weighing on start-up activity, it is important to support all part-time start-ups in their development and leverage their potential for survival and growth.

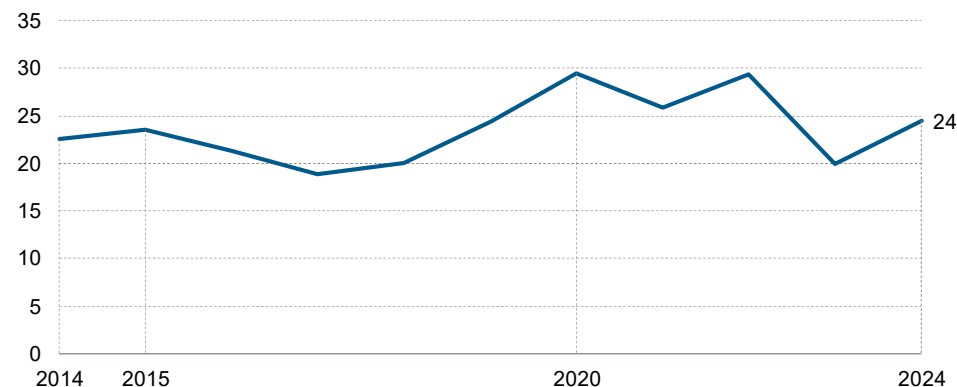
#### Sufficient income is main reason for staying part-time

Depending on the year they founded their business, 70 to 80% of founders who started part-time want to continue part-time for a year. Their choice is mainly based on financial and/or time considerations (Figure 12). Another reason the vast majority do not intend to go full-time is that they believe they have enough income (59%). Expanding would be too time-consuming for four in ten of them (40%). The overall framework in which they operate also plays a role. Thus, going full-time would be unfavourable for a good one third with respect to their tax burden (35%) and social security contributions (34%). This is where economic policy measures could help. Nearly three in ten entrepreneurs do not wish to increase their work volume (29%) or plan to go full-time at a later date (27%).

There are few differences in the reasons for male and female entrepreneurs to continue part-time. The main differences can be seen in the areas of income satisfaction, time requirement and social security contributions. Whereas male part-time entrepreneurs were more likely to mention sufficient income (67 vs. 45%) and unfavourable social security contributions (36 vs. 30%), female part-time entrepreneurs cited additional time requirements (47 vs. 36%).

### Figure 11: One in four part-time start-ups intend to go full-time

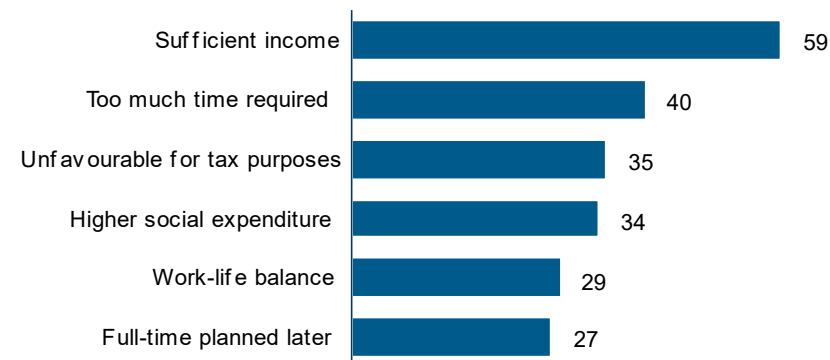
Are you planning to make your self-employment full-time within the next 12 months? Shares in part-time start-ups in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Figure 12: Adequate income is main reason for continuing part-time

Share of part-time start-ups not intending to scale up within the next 12 months in per cent.



Source: KfW Entrepreneurship Monitor survey 2024

### Many businesses can be started with under EUR 5,000, entrepreneurs' own money is main source of start-up finance

#### Use of large amounts of capital remains on a high level

Businesses are usually started using less than EUR 5,000 in funds. In the long-term average, a good two thirds (67%) of business starters required no more than EUR 5,000. That appears to have changed at structural level in 2022. The share of business starts employing less capital has been on a significantly lower level since then. Last year, 56% of start-ups used up to EUR 5,000 (Figure 13). The fact that a larger portion of start-ups have exceeded the EUR 5,000 mark since 2022 could be due to the overall economic inflation rate. The higher prices are likely to have led to higher start-up costs as well, for example for IT and office equipment. Close to one third (32%) of business starters used up to EUR 50,000, while a good one in ten start-ups (12%) employed more than EUR 50,000. Start-ups obviously became more capital-intensive. This trend is emerging in both full-time and part-time start-ups, if on different levels. Here again, higher prices of capital goods are likely to play a role.

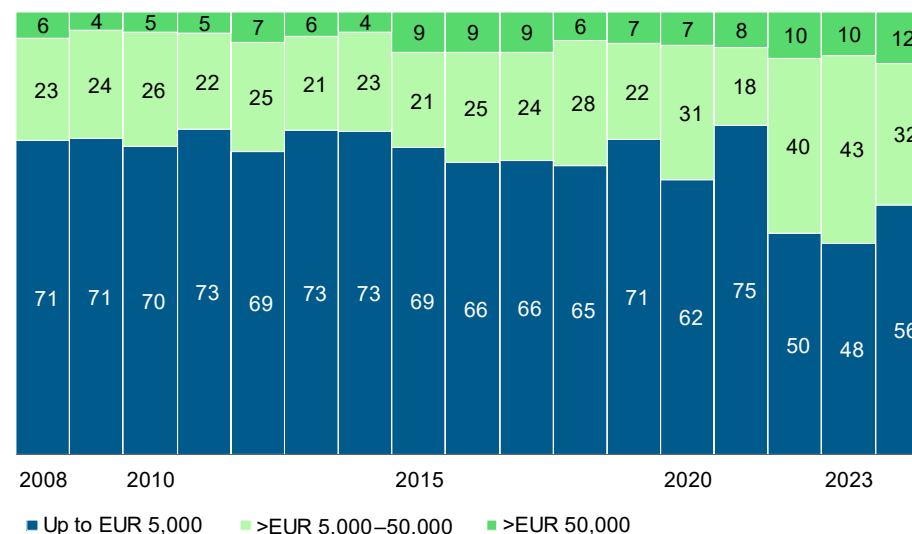
#### Business starters increasingly employ funds of their own

In 2024, the share of business starters who met their capital requirements exclusively with own funds was 74% (Figure 14). That was the highest level ever recorded. The trend towards using own funds exclusively to fund a start-up began in 2018, after the hitherto lowest level of 39% was recorded in 2017. The trend was temporarily broken in 2021. This was due to the COVID-19 pandemic which upended start-up plans in 2020. Then in 2021, more start-up projects that had been planned for a long time were realised but at the same time many businesses founded start-ups exclusively using equipment and materials they already possessed.

As the trend to using only own funds to start a business continued, it could also be observed that start-ups tended to use fewer financial resources from family, friends and acquaintances. They are typically the most frequently used source for start-up projects besides formal providers of capital such as banks and savings banks.

**Figure 13: Up to EUR 5,000 is often enough to start a business**

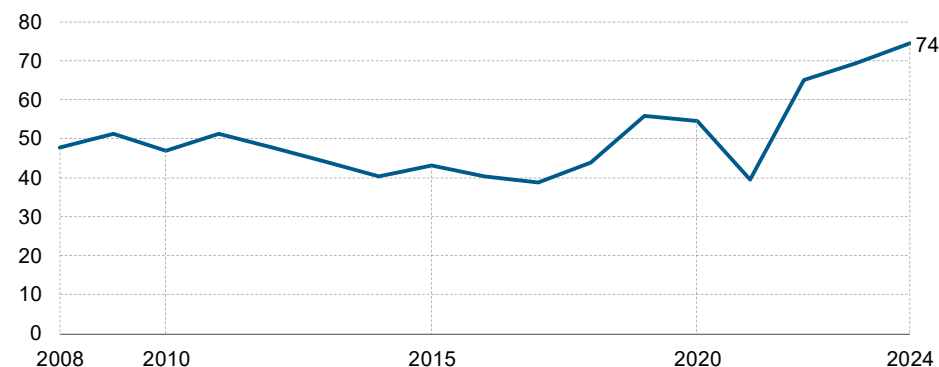
Shares in start-ups, in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 14: Large percentage of business starters exclusively use own funds**

Percentage of start-ups exclusively using own funds



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Start-ups help to secure adequate household income

#### Full-time start-ups contribute significantly to income

In Germany, the population aged 18 to 64 years resides in households with 2.6 persons on average. The median is 2 persons, which means that 2 or fewer people live in half the households and this applies to new business starters as well. In 2024, their median household income was in the bracket of EUR 3,000 to EUR 4,000 net. For business starters of the year 2024, the median contribution of the start-up to net household income was 20% (Figure 15). For full-time start-ups the median contribution was a significantly higher 60%. Part-time start-ups accounted for a median 10% contribution to net household income. The difference also has to do with the weekly working hours. Full-time business starters of the year 2024 worked a median 45 hours a week in their business, with 12% working more than 60 hours. The median for part-time start-ups was 10 hours of self-employment a week.

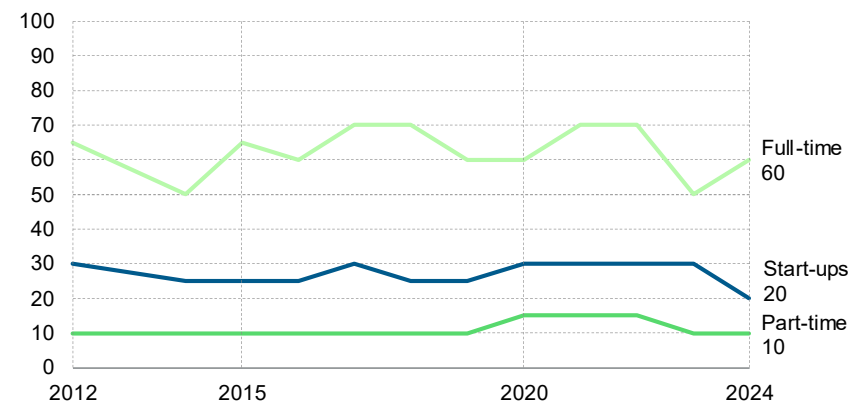
#### Household incomes were mostly sufficient

A large portion of new business starters reported having had less difficulty making ends meet on their net household income. In 2024, 73% reported that this was easy (44%) or reasonably easy (29%) to manage. But that was a low rate in a long-term comparison. At 27%, the share of start-ups facing some or great difficulty was significantly larger than in the years before, particularly compared with 2020–2021. Given the challenges they faced when the COVID-19 pandemic broke out, this is initially surprising. It must be borne in mind here, however, that at the time, start-ups were primarily founded by people whose business model was compatible with the challenges of the pandemic, that is whose income situation was less affected by it, or not at all.<sup>20</sup>

The increased difficulties making ends meet in 2024 may have had to do with customers' spending restraint. Household spending rose only moderately in 2024. How adequate household income is obviously also depends on the scope of the start-up. It is typically more difficult to get by with a full-time than a part-time start-up, which is more often intended as an additional income source. Thus, 37% of full-time business starters of the year 2024 had moderate or significant difficulty getting by on their household income, while that was the case for only 21% of part-timers.

**Figure 15: Full-time start-ups contributed a median 60% of net household income in 2024**

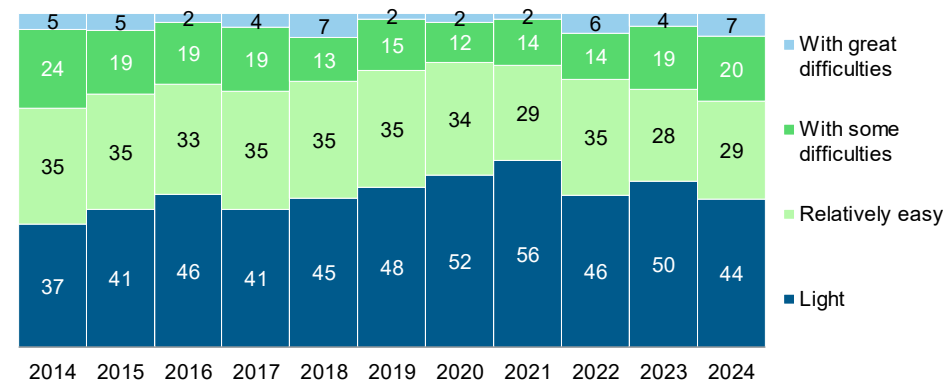
What is the percentage your start-up roughly contributes to the monthly net income of your household? Median income shares in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 16: Large portion of business starters find it easy to make ends meet on their household income but more reported difficulties**

How does your household manage to make ends meet on the net income currently available to you? Shares in business starters in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years



### Long-term socio-demographic trends

#### Gradual rejuvenation of business starters despite demographic ageing in the population

In 2024, the average age of new business starters was 34.4 years (Figure 17). That was the youngest average age recorded to date. In the long-term trend since 2002, the average age of business starters has trended downward by 2.6 years (1.4 months per year). The decline was slower among full-time start-ups with an average 0.8 months per year than for part-time business starters with 1.5 months per year. Young adults (18–29 years) have now reached their highest share so far, 39%. Thirty to 39-year-olds made up one third (33%) 40–49-year-olds 16%. Older adults (50–64 years) accounted for a mere 12%, their lowest share so far.

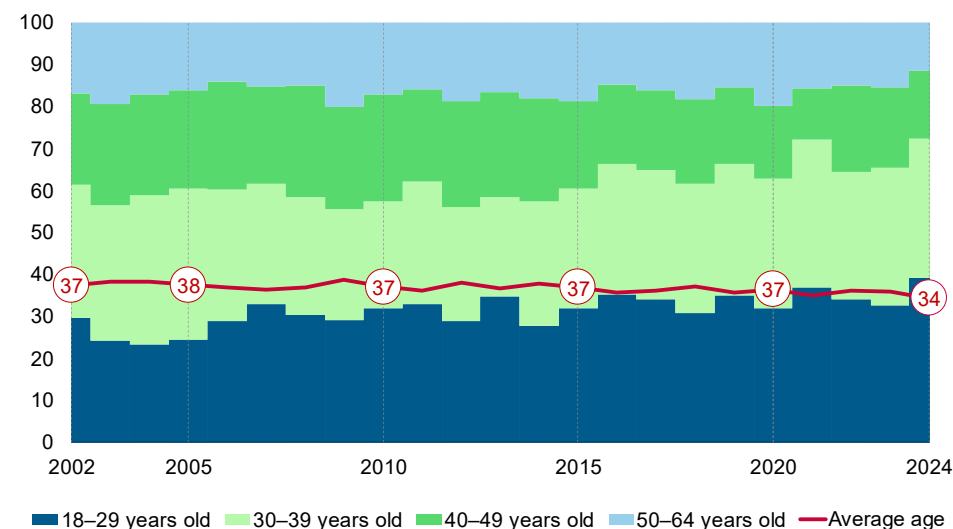
The ‘rejuvenation’ of business starters appears counter-intuitive in the face of demographic ageing. However, the falling average age is an overall effect of the ageing of the population and a variety of changes in age-dependent entrepreneurial probabilities. Even if the share of business starters aged 50 years and older in particular decreased in 2024, the ‘rejuvenation trend’ over the years has been mainly attributable to an above-average decline in the number of business starters aged 40 to 49.<sup>21</sup> But irrespective of the age composition, the fact remains that demographic ageing places a double burden on the business landscape: It increases the number of existing firms’ entrepreneurs who wish to retire while at the same time reducing the number of potential successors.<sup>22</sup>

#### Share of female entrepreneurs ‘volatile but steady’

The share of female entrepreneurs typically oscillates around its long-term average of 39%. The pendulum swung to a particularly high 44% in 2023 before swinging back to 36% in 2024 (Figure 18). The differences in preferences around self-employment for men and women appear to determine their shares of start-up activity. So long as the preference for self-employment does not increase among women in the long term, the share of female business starters will likely not increase sustainably either. But preferences are shaped at a very early age. Therefore, in order to encourage more women to become entrepreneurs, gender clichés in school and education must be cast aside and successful role models made more visible. That requires patience and stamina.<sup>23</sup>

**Figure 17: Business starters are younger on average than ever**

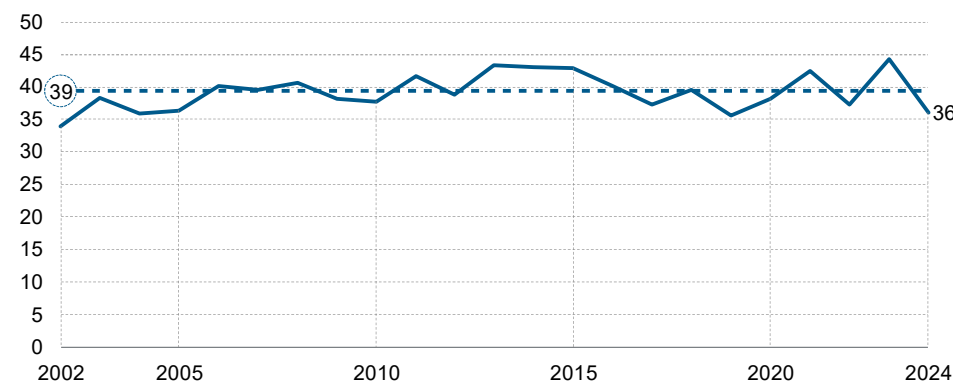
Shares of age groups in newly started businesses, in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 18: Share of female business starters oscillates around the long-term average**

Share of female business starters in start-ups, in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Business starters are often intrinsically motivated even though main motive is often of a practical nature or situation-specific

#### Self-employment as an attitude to life

Two out of three business starters of the year 2024 (65%) generally prefer self-employment to salaried employment (Figure 19). The share was a slightly higher 70% in 2023. Conversely, that means the share of business starters who took up self-employment despite preferring salaried employment grew in 2024. Thus, 31% preferred to be employees than self-employed irrespective of their current personal situation. In 2023, that applied to only a good one quarter of business starters (26%).

Among full-time business starters, being self-employed often reflects an attitude to life. In 2024, the share of full-time founders who generally prefer self-employment was 80% (long-term average 83%). The rate was a significantly lower 57% for part-time entrepreneurs but it still reflects the majority (long-term average 60%).

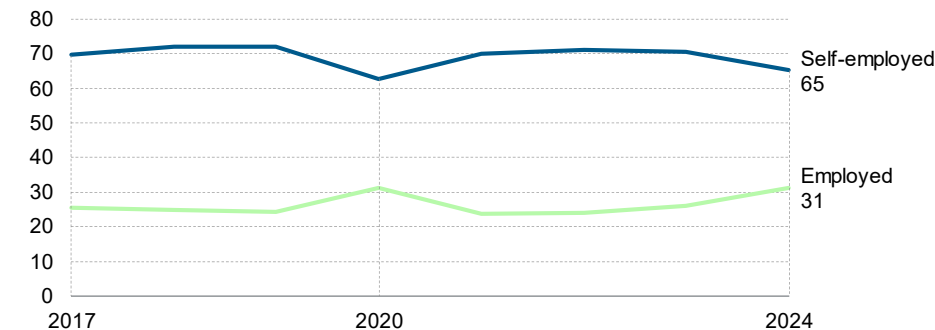
#### Personal motives generally weigh more heavily than financial motives

A desire for independence and for self-realisation are the most common entrepreneurial motives. Independence, that is the freedom to live one's life according to one's own ideas, and self-realisation, fulfilling one's dreams and objectives, both ranked equally as main entrepreneurial motives in 2024, at 23% each (Figure 20).

A good one third of entrepreneurs, on the other hand, mainly had financial motives. A good one quarter (27%) wanted to achieve higher or additional income, while 7% wanted to earn their own livelihood. Implementing a business idea was the main motive for 10% of business starters and 'better job or career prospects' for 5%. Thus, the latter lost importance in 2024 after the career motive was disproportionately strong in both previous years, with 10% or more. The motives of ending/avoiding unemployment and securing the continuity of an existing business combined represented the remaining 6%.

### Figure 19: Two thirds of business starters prefer self-employment to salaried employment

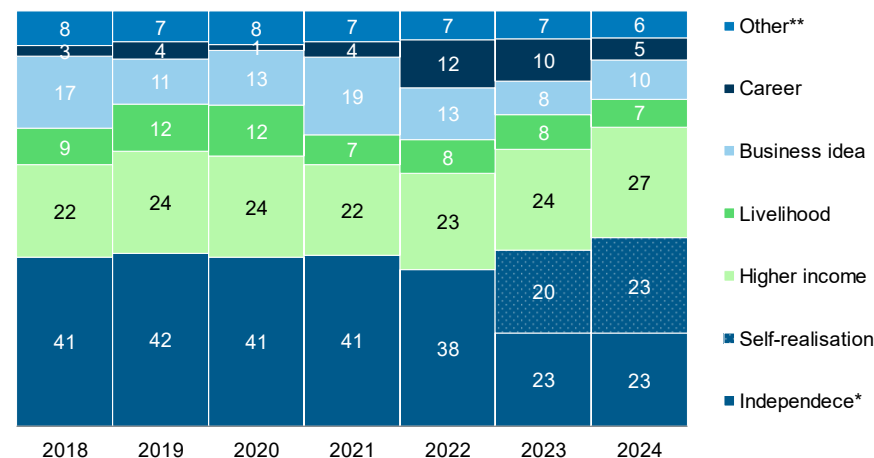
Irrespective of your current personal situation, if you could choose, would you prefer to be an employee or self-employed? Shares in start-ups, in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Figure 20: Independence and self-realisation are the main motives for self-employment

When did you become self-employed and which motive was most important? Shares in start-ups, in per cent.



\* Independence up until 2022 incl. self-realisation. \*\* Other: Avoiding unemployment and securing the continuity of existing businesses.

Source: KfW Entrepreneurship Monitor surveys from the respective years

### Intrinsic motivation is linked to a longer time horizon

#### Financial gain is main incentive in the absence of personal drive

More than half the business starters who have an intrinsic motivation to be self-employed founded their business primarily in order to be independent (32%) or for self-realisation (23%) (Figure 21). Among those who would prefer to be employees, self-employment rather appears to be a necessary means to an end. They are mainly guided by the motive of earning higher or additional income (39%) but self-realisation also plays a role (25%).

#### More episodic self-employment on a full-time basis

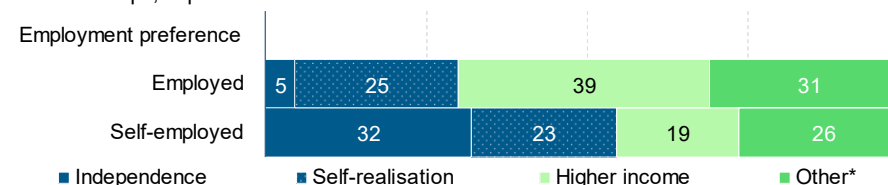
By far the largest proportion of business starters wish to be self-employed for the long term or permanently. In 2024 it was 79%. By contrast, only two in ten (21%) business starters saw self-employment as a short-term or temporary episode (Figure 22). The fact that there was only a minor difference between full-time and part-time start-ups (19 vs. 22%) is unexpected. This is all the more so because a significant difference could still be seen a good decade ago. In 2015, only 10% saw full-time self-employment as a temporary work situation. Part-time founders rather exhibited the opposite trend. The share of part-time start-ups intended to be temporary was 25% in 2015, slightly higher than last year.

The time horizon of start-ups clearly correlates with the founders' intrinsic motivation. Intrinsically motivated business starters are disproportionately more likely to aim for long-term self-employment (86%). If self-employment is only a 'means to an end' in order to achieve a higher income, implement a business idea or advance their own career, it is more than twice as likely to be regarded as merely a temporary episode (36 vs. 15%).

There are also clear differences between individual business starters. Whereas 17% of male founders wanted their self-employment to be only short-term or temporary in 2024, that share was 28% among female founders. Among other things, this is because female entrepreneurs are more likely to start a part-time business and, much more importantly, women are less likely to prefer self-employment.

**Figure 21: Self-employment motive is closely linked to preferred gainful activity**

Why did you become self-employed, and which motive was most important?  
Shares in start-ups, in per cent.

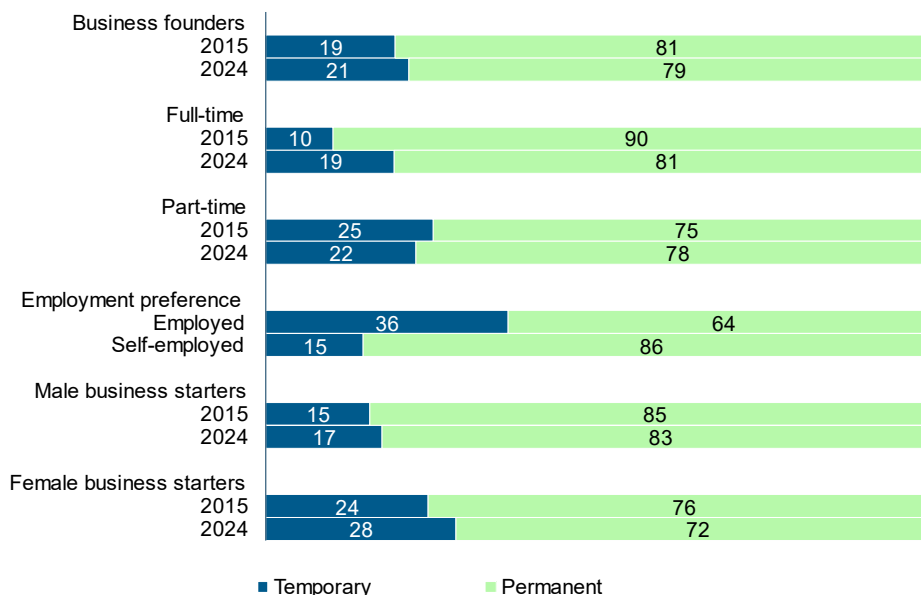


\* Other: Gain a livelihood, business idea, career, avoid unemployment and secure continuity of existing businesses.

Source: KfW Entrepreneurship Monitor survey 2024

**Figure 22: Eight in ten start-ups intended for the long term – share of temporary full-time start-ups has doubled since 2015**

Do you want to remain self-employed for the long term or permanently or do you rather see it as a short-term or temporary activity? Shares in start-ups, in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

### Preference for self-employment in Germany – city states top the list

#### Stronger entrepreneurial spirit among young people provides a glimmer of hope

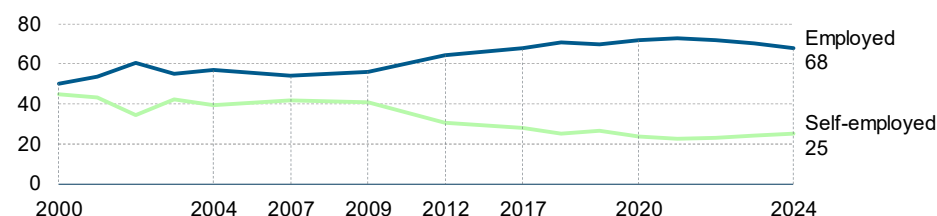
As expected, the ratio of preference for self-employment to salaried employment among the population is almost opposite to that among business starters. In 2024, a mere 25% of 18 to 67-year-olds would have opted for self-employment irrespective of their current personal situation (Figure 23). One reason for this could be that views regarding location factors for starting a business in Germany have significantly worsened.<sup>24</sup> Besides skills shortages and demographic ageing, this may potentially also be a factor for the reduced preference for self-employment. Twenty years ago, preference for self-employment was nearly twice as strong.<sup>25</sup> In 2024, the share was highest at 36% for 18–29-year-olds, the same as in the previous year. Furthermore, after a pandemic-induced slump, preference for self-employment among 30–39-year-olds returned to the pre-COVID-19 level of 27% in 2024. Among 40–49-year-olds (22%) and 50–67-year-olds (19%), on the other hand, the desire for self-employment remains low. The hope is that young people's higher entrepreneurial preferences will lead to a genuine rejuvenation of start-up activity in the medium term and give it a boost.

#### Berlin has again pulled ahead of Hamburg

The economic and population structure in Germany, which differs substantially from one region to another, also influences people's regional preference for self-employment. Over the long term, they are highest on average in the city-states. Berliners slightly lost preference for self-employment in 2022/2023 but regained some of it again in 2024, at 30%, overtaking Hamburg at 28%. After Berlin and Hamburg, preference for self-employment is strongest in the large western German states and lowest in Lower Saxony (including Bremen), at 23%. As preference for self-employment usually decreases with age, the older population structure in the large eastern German states has a negative effect. Other reasons besides demographics also play a role. Several percentage points can be explained by the lower share of people with entrepreneurial experience in the large eastern German states, for example. After all, people who used to be or are currently self-employed have a greater preference for self-employment. Different attitudes towards business and society are no longer of much relevance, as most differences have vanished since unification and attitudes are converging.<sup>26</sup>

### Figure 23: Recovery trends of entrepreneurial spirit

Irrespective of your current personal situation, if you could choose between different types of jobs, would you prefer to be an employee or self-employed? Population shares (18–67 years), in per cent.



Source: Flash Eurobarometer up to 2012 and KfW Entrepreneurship Monitor surveys of the years from 2017

### Figure 24: City states have the strongest entrepreneurial spirit, Berlin retakes first place

Irrespective of your current personal situation, if you could choose between different types of jobs, would you prefer to be an employee or self-employed? Population shares (18–67 years), in per cent.

Year	'17	'18	'19	'20	'21	'22	'23	'24	Ø
Berlin	34	30	31	28	29	25	24	30	29
Hamburg	32	31	32	26	27	27	30	28	29
Hesse	30	26	28	25	21	24	25	27	26
North Rhine-Westphalia	29	26	27	23	22	27	25	27	26
Schleswig-Holstein	30	26	25	25	23	24	24	26	25
Bavaria	27	25	27	25	23	22	25	24	25
Baden-Württemberg	28	25	28	22	24	22	24	24	25
Rhineland-Palatinate / Saarland	28	23	23	24	23	21	25	24	24
Lower Saxony / Bremen	29	24	25	24	22	22	22	23	24
Mecklenburg-Western Pomerania	25	19	25	14	19	19	20	23	21
Brandenburg	24	21	25	18	22	18	20	23	21
Saxony Anhalt	21	18	22	21	20	16	18	21	20
Thuringia	22	22	19	21	20	20	20	21	21
Saxony	21	22	20	19	19	19	21	20	20
Germany	28	25	26	24	23	23	24	25	'17–'24

Source: KfW Entrepreneurship Monitor surveys from the respective years



## Start-up constraints are weighing on entrepreneurial activity

### Bureaucracy has been the top constraint for years

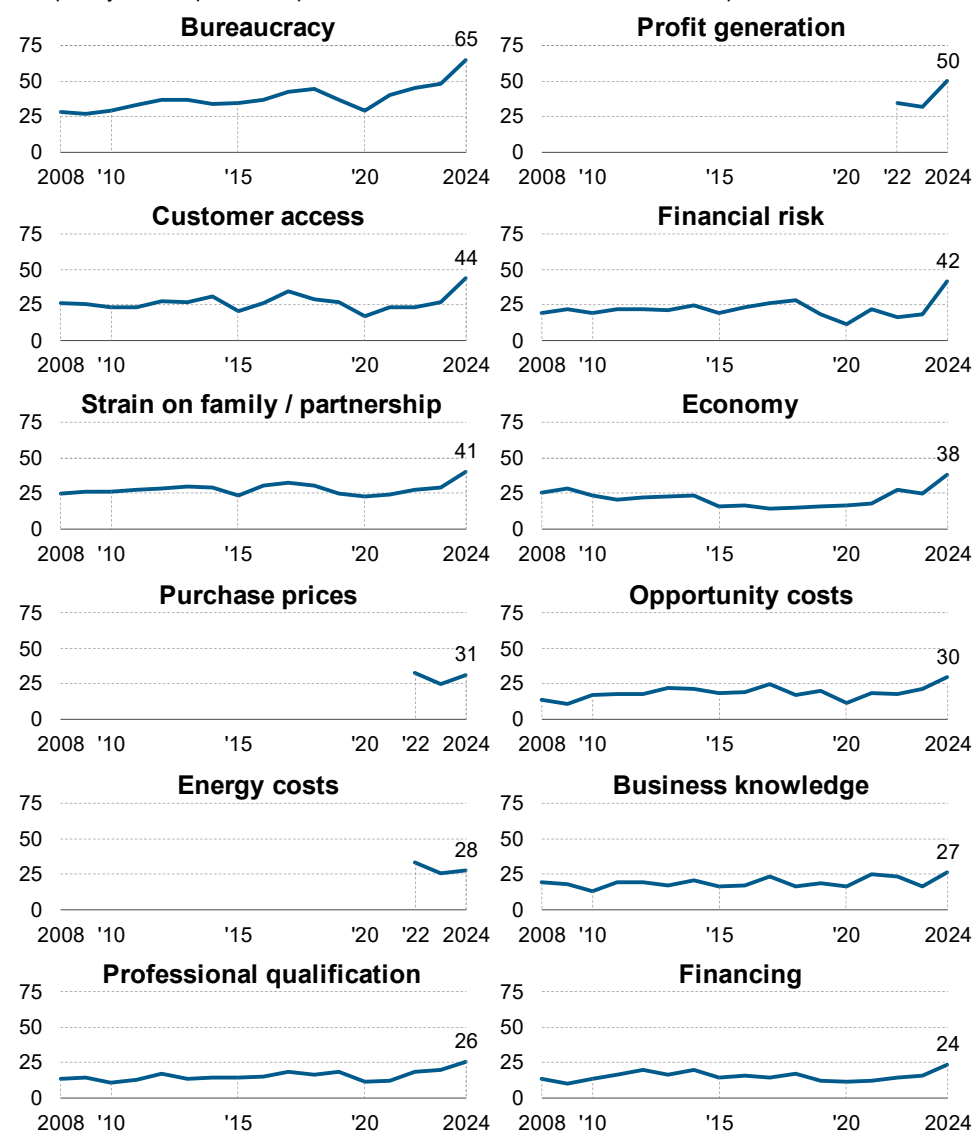
For years, bureaucracy has been the impediment most often mentioned by both male and female business starters. In 2024, bureaucratic hurdles and delays were perceived as a problem by 65% of business starters (Figure 25). Bureaucracy was followed by concerns over the potential profitability of a business at 50%, challenges in attracting customers at 44%, concerns over an unacceptable financial risk at 42% and concerns that the business may become an excessive burden on the relationship or family at 41%. Concerns over the economic situation were also mentioned frequently by business starters in 2024 at 38%. Overall, almost all impediments were mentioned more often than in the previous year. The impediments to start-up activity reported by business starters provide insight into the factors that weigh on their business activity or on their everyday well-being. As bureaucracy is now being perceived as a burden by almost two thirds of business starters, it is the area in which the highest proportion of self-employed people are hoping to see relief from the new German Federal Government.<sup>27</sup> In particular, business starters expect a three-pronged approach to cutting bureaucracy: simpler, faster, more digital.<sup>28</sup> Hence it must be seen as a positive that the coalition of CDU/CSU and SPD has incorporated 'comprehensive cuts to bureaucracy' into its agenda, which they want to 'accompany with digitalisation'.<sup>29</sup>

### From start-up hindrance to start-up barrier

The burdens on day-to-day business can be different from the barriers in the start-up process. They cannot be identified just by looking at the actual business starters. They, after all, have successfully completed the start-up process. All actual and nascent business starters but also those who tried to start-up but failed must be observed in order to identify relevant start-up barriers. This group of entrepreneurs is defined as all actual business starters and all start-up planners (who wish to start-up in the next 12 months but also those who abandoned their plans) of a particular year. Start-up planners are more common than actual business starters. On average for 2012–2024, they represented 84% of this group of entrepreneurs. Accordingly, the remaining 16% are business starters who have realised their plans. Each year, a good four in ten planners abandon their start-up plans (36% of prospective business starters). These 'unfulfilled' start-up plans are roughly twice as common as realised ones.

**Figure 25: Almost all start-up impediments were more common in 2024**

Frequency of entrepreneurship constraints for business starters in 2024, in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

## Entrepreneurial barriers prevent start-ups

### Financial and social risks act as deterrents

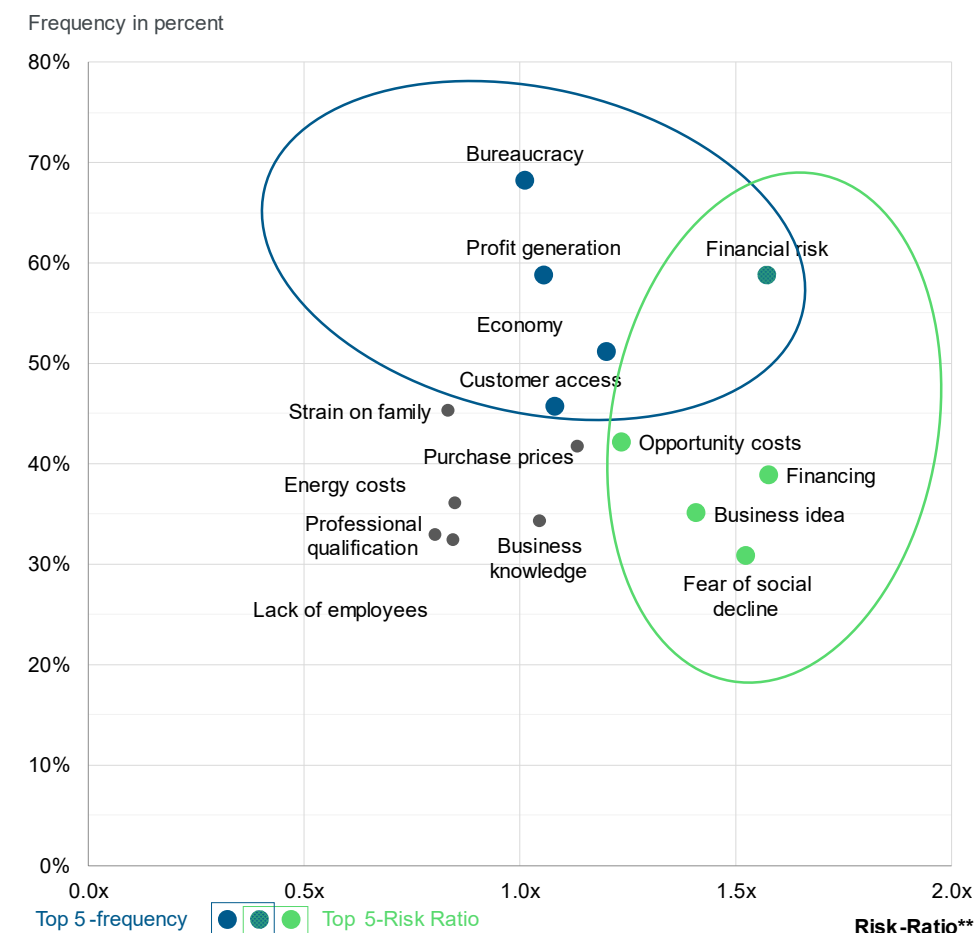
When entrepreneurship constraints are so formidable that they cause founders to abandon their plans, they act as barriers. Analysing actual business starters and start-up planners as defined in the preceding section enables us to identify the constraints that act most strongly as barriers to entrepreneurship. The various start-up constraints lead to discontinuation rates of different levels. This risk ratio can be calculated for each start-up constraint. It is the rate of plan discontinuers among these entrepreneurs when a particular constraint exists divided by the rate of discontinuers when this constraint does not exist. The higher the specific risk ratio, the greater the risk of a plan being discontinued if the constraint emerges – and the more strongly the constraint acts as a start-up barrier.

Financing difficulties presented the highest risk ratio in the year 2024 (Figure 26). Where such difficulties existed, the likelihood of discontinuation increased for by a factor of 1.6. The same applies where concerns over unacceptable financial risk existed (1.6x). Where entrepreneurs feared a loss of social status in the event of failure, the probability of plan discontinuation increased by a factor of 1.5. Concerns that the business idea may not be fully developed (1.4x) and considerations that work conditions might be better as an employee (1.2x) complete the list of the top five highest risk drivers for discontinuing a start-up plan in 2024. Concerns over financial risk were among the top five start-up constraints in terms of not just risk ratio but also in the frequency of start-up constraints. So, financial risks appear to be the strongest knockout criterion for the realisation of start-up plans. This is not just the result of the bivariate analysis but is also corroborated by the multivariate analysis, which considers other factors as well.<sup>30</sup>

The frequency of start-up constraints correlates with the attributes of the start-up projects but also with the characteristics of the entrepreneurs. Financial literacy, in particular, is an important determinant. The more accurately entrepreneurs assess their financial literacy, the less likely they are to encounter major start-up constraints such as concerns over financial risk or challenges raising funds.<sup>31</sup> Improved basic business skills therefore enable the main start-up constraints to be actively countered. The intention of the governing coalition to strengthen entrepreneurship education as an objective<sup>32</sup> can therefore be an important step.

## Figure 26: Risks of discontinuation from start-up constraints

Frequency of start-up constraints among entrepreneurs\* in per cent and risk ratio of discontinued plans in response to start-up constraints in 2024



\* Entrepreneurs are all business starters and all start-up planners (who abandoned their plans or wish to realise them in the next 12 months) of a particular year.

\*\* The risk ratio describes the share of discontinued plans when there is a start-up constraint in relation to that share when there is no start-up constraint.

Guide: In 2024, 39% of entrepreneurs encountered financing difficulties. Among these, the share of 54% discontinued plans was 1.6 times higher (risk ratio) than among the 34% entrepreneurs who did not encounter any financing difficulties.

Source: KfW Entrepreneurship Monitor survey 2024.

### Personal reasons are main cause for entrepreneurs to close their business in the first five years

#### The 3-30 rule of thumb on the closure of newly started businesses

The data of the KfW Entrepreneurship Monitor show that around one third of business starters have closed their business again within three financial years.<sup>33</sup> After a further two years, around 61% of start-ups are still in business. The reasons for aborting are diverse. By far the largest proportion of business starters discontinue their venture in the first five years for personal reasons, not because of immediate financial stress (Figure 27). Examples of personal reasons include family pressures, stress, illness or dissatisfaction with income achieved. The reasons for closing down also reflect economic developments. Businesses were closed much more often for lack of profitability again in 2024 but much less often in order to become an employee. Besides, many start-ups are planned only for the short term to begin with.

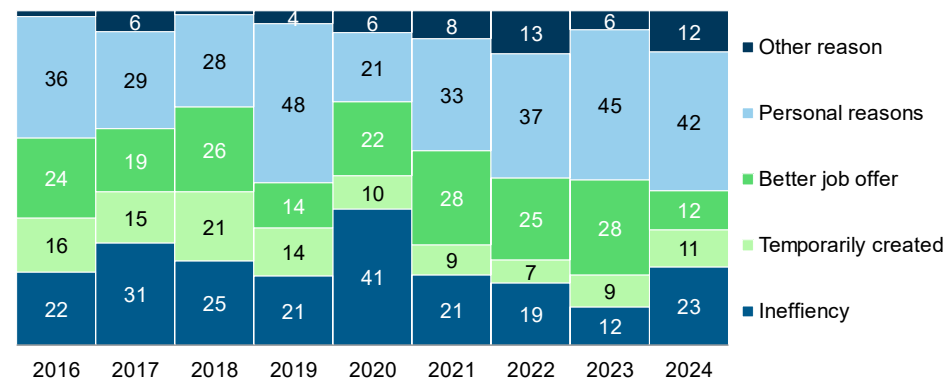
#### Survival rate is resource-dependent but also a question of attitude

Only a small fraction of start-ups ends because of insolvency. Discontinuation rates therefore cannot be equated to 'default rates'. That would also be wrong because a large portion of businesses start without external capital input, so they would not be able to 'default' at all. In general, more capital-intensive start-ups have a higher survival rate than those that use less capital (Figure 28). In part, this has to do with the availability of resources but also with the intended temporary nature of the business. Newly started businesses that employ a low amount of capital are more likely to be only for the short term than those that use high amounts.<sup>34</sup>

What is striking is that the survival rate of start-ups launched by intrinsically motivated business starters follows a similar development curve as those that use capital in excess of EUR 50,000. After five years, 80% of start-ups remain in business (Figure 28). To be sure, the time horizon set by intrinsically motivated business starters in itself suggests a longer survival rate (at 86%, a disproportionately high rate of them intend to remain self-employed for the long term). However, the medium-term effect was greater than was to be expected. In businesses founded 'as a means to an end', in which the founders have a preference for salaried employment, only 49% are still in business after five years.

**Figure 27: Macroeconomic environment shaped reasons for discontinuation in 2024, lack of profitability was more frequent, more attractive job offers less frequent**

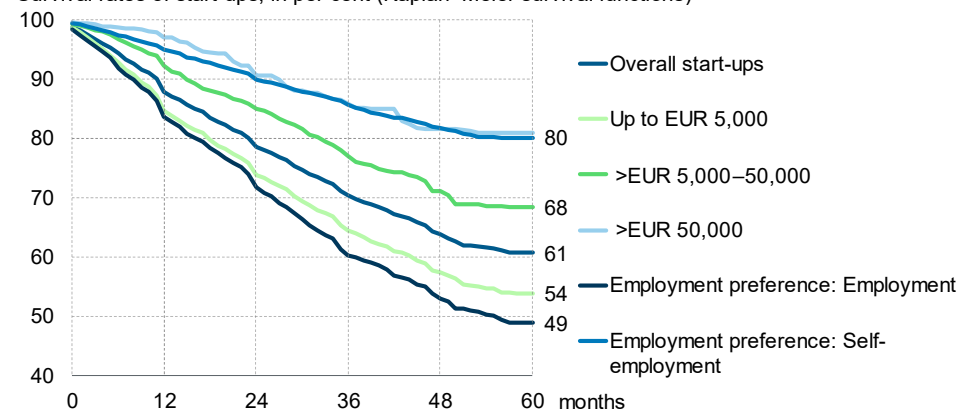
Shares in per cent of reasons for discontinuation of businesses not more than five years old in each year.



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 28: The more capital a business has, the longer it survives**

Survival rates of start-ups, in per cent (Kaplan–Meier survival functions)



Source: KfW Entrepreneurship Monitor surveys of the years 2016–2024

### Start-up activity expected to increase in 2025 as well

#### Macroeconomic impetus is providing a boost

The predicted overall economic developments are likely to benefit start-up activity in 2025. At the same time, economic impetus appears to be rather weak, as GDP growth remains on the level of stagnation. Impetus from the labour market, on the other hand, will likely be stronger and on a similar level as in 2024.

#### There are more start-up plans again

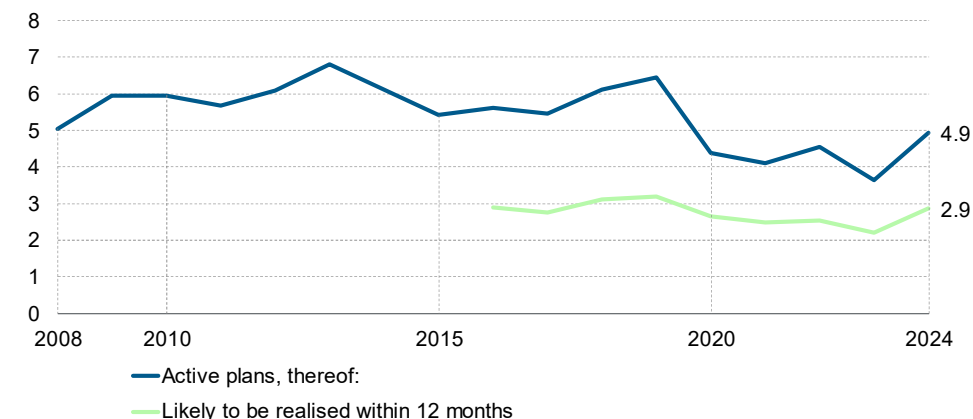
The moderately positive impetus for start-up activity, which is to be expected on the basis of the forecasts for the business cycle and labour market in 2025, is being supported by the trend in start-up planning activity. After the sharp drop in the planning rate in 2023, which turned out not to be the bad omen for start-up activity which it initially appeared to be, the share of active start-up planners in the population aged 18–64 years has risen again noticeably. The planning rate reached 4.9% in 2024 after 3.6% in the year 2023 (Figure 29).

Thus, after falling to a low in the previous year, the number of active start-up planners grew again. The ratio of start-up plans which the respective entrepreneurs believe will be realised within the next twelve months was 2.9% in 2024, after 2.2% in 2023. The development of the planning rate is typically a signal of start-up activity in the following year, even if many start-up plans will remain unrealised. The moderately positive outlook for 2025 is tempered, however, by the time which the active planners for the year 2024 have already spent planning their start-up. The share of planners who have been planning for more than 1.5 years has grown to 30% (2023: 25%). After this time, however, the likelihood of realisation decreases. By way of comparison: Over the long-term, the average duration of the process from the idea to the realisation of a start-up is just under eight months. Thus, a higher share of plans might remain unrealised in 2024.

Prior to the years of the COVID-19 pandemic, most start-up plans were for a full-time business (Figure 30). Since 2020, the focus of planning has shifted to a part-time business activity. The lowest share of full-time businesses thus far was reached with 44% of active start-up plans in 2024. It must therefore be expected that, on the basis of these plans, the share of part-time businesses in realised start-up plans will continue rising for the time being.

**Figure 29: Planning rate has grown noticeably**

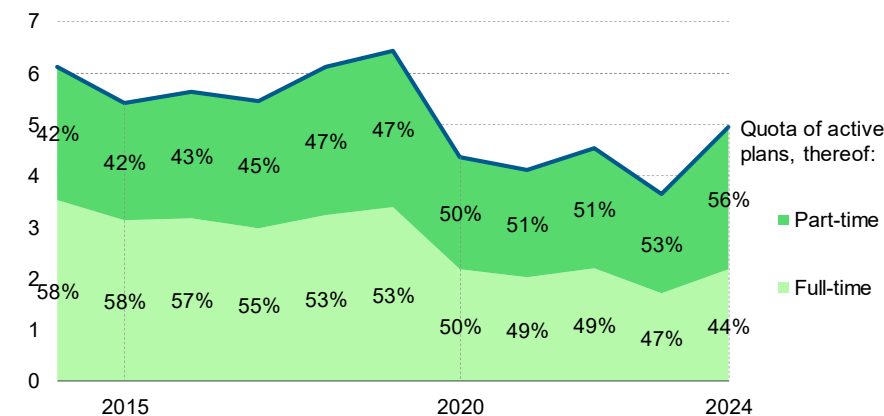
In the past 12 months, have you at any time given serious thought to self-employment and are you still pursuing these plans? Population shares (18–64 years), in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years

**Figure 30: Start-up plans are geared more to part-time activity**

In the past 12 months, have you at any time given serious thought to self-employment and are you still pursuing these plans? Population shares (18–64 years), in per cent.



Source: KfW Entrepreneurship Monitor surveys from the respective years



## Box 2: Further analyses of start-up activity and access to data of the KfW Entrepreneurship Monitor

The Appendix of Tables and Methods to the KfW Entrepreneurship Monitor along with further information and publications from KfW Research on start-up activity in Germany can be found on our [Thematic page](#) 'Innovations and Start-ups'.

The KfW Entrepreneurship Monitor is a scientific data record compiled for the purpose of economic analysis of start-up activity in Germany. It is available to external researchers for empirical research work subject to certain access criteria ([more information](#)).

<sup>1</sup> Schwartz, M. (2024), [Status report on SME succession 2023: Despite successor shortage, three quarters of successions will be sorted by the end of 2024](#), Focus on Economics No. 450, KfW Research.

<sup>2</sup> Burke, A. 2011, [The Entrepreneurship Enabling Role of Freelancers: Theory with Evidence from the Construction Industry](#), International Review of Entrepreneurship 9 (3).

<sup>3</sup> Burke, A. and Cowling, M. 2020, [On the critical role of freelancers in agile economies](#), Small Business Economics 55 (2).

<sup>4</sup> Burke, A. and Cowling, M. 2020, [The relationship between freelance workforce intensity, business performance and job creation](#), Small Business Economics 55 (2).

<sup>5</sup> Changoluia and Fritsch, 2020, [New Business Formation and Incumbents' Perception of Competitive Pressure](#), Review of Industrial Organization 56.

<sup>6</sup> Changoluia and Fritsch, 2017, [New Business formation and the productivity of manufacturing incumbents: Effects and mechanisms](#), Journal of Business Venturing 32 (3).

<sup>7</sup> Goetz et al. (2012), [The Economic Impacts of Self-Employment](#), Journal of Agricultural and Applied Economics 44 (3).

<sup>8</sup> Van Praag and Versloot (2007), [What is the value of entrepreneurship? A review of recent research](#), Small Business Economics 29.

<sup>9</sup> Colombelli et al. (2020), [To be born is not enough: the key role of innovative start-ups](#), Small Business Economics 47.

<sup>10</sup> Santoleri (2020), [Innovation and job creation in \(high-growth\) new firms](#), Industrial and Corporate Change 29 (3). Published: 26 November 2019.

<sup>11</sup> Ebersberger and Kuckertz (2021), [To Hop to it! The impact of organization type on innovation response time to the COVID-19 crisis](#), Journal of Business Research 124.

<sup>12</sup> 'Nascent entrepreneurs' are persons who are in the process of starting a business, meaning they have start-up plans. Information on start-up plans has been collected in the KfW Entrepreneurship Monitor since the year 2008. A very steady pattern has emerged since the year 2012: Around 47% of annual start-up plans are in the brainstorming phase, 29% in the phase of conceptual review or feasibility assessment, and 24% in the implementation phase with initial organisational stages.

<sup>13</sup> Schwartz, M. (2025), [Status report on SME succession 2024: Jedes vierte Unternehmen denkt über Geschäftsaufgabe nach – Alter ist Hauptgrund](#) (One in four enterprises are considering closure – mostly for age reasons – in German only), Focus on Economics No. 481, KfW Research.

<sup>14</sup> Start-ups were allocated to sectors on the basis of the descriptions of start-up projects in accordance with the 'Classification of Economic Activities', Edition 2008 of the German Federal Statistical Office.

<sup>15</sup> Digital entrepreneurs are those whose product or service can be accessed only through digital technologies. The business models of digital start-ups are diverse: They can be purely digital, as in the case of app providers, operators of web portals or web hosting services; they can have a major digital component, as in the case of online traders or providers who sell products or services (they produce themselves) exclusively via online marketplaces ('gig economy'), or they comprise an activity that is predicated on work with digital technologies, such as that of software developers, web designers or IT consultants, or in online marketing or digital photography.

<sup>16</sup> Schwartz, M. (2024), [Status report on SME succession 2024: Status report on SME succession 2024: Jedes vierte Unternehmen denkt über Geschäftsaufgabe nach – Alter ist Hauptgrund](#) (One in four enterprises are considering closure – mostly for age reasons – in German only), Focus on Economics No. 481, KfW Research.

<sup>17</sup> The Federal Statistical Office defines them as follows: ['Solo self-employed are self-employed persons without staff, also referred to as own-account employed.'](#)

<sup>18</sup> Employee full-time equivalents (FTEs) of greenfield start-ups are expressed as their number weighted with their individual weekly working hours on the basis of a standard workweek of 40 hours. Weekly working hours were capped at 80 hours. As new business starters on average worked more than a standard workweek in 2024, at 44 hours, and part-time business starters worked around 13 hours, or less than a standard workweek, their contribution is higher and lower, respectively, than their headcount as measured in FTEs. In order to calculate the employee FTEs, those working full-time are counted in full and those working part-time are treated as half jobs. Outliers of workforce numbers are not counted.

<sup>19</sup> Including start-ups that were launched as part-time businesses and already transitioned to full-time businesses at the time of the interview.

- <sup>20</sup> Metzger, G. (2020), Blitzbefragung: Auswirkungen der Corona-Pandemie treffen Selbstständige hart (Flash poll: Impact of coronavirus pandemic hits self-employed workers hard – in German), Focus on Economics No. 282, KfW Research.
- <sup>21</sup> The long-term trend since 2002 is that the age structure of start-up activity has shifted significantly over the years. Eighteen to 29-year-olds gained 10 percentage points (PP), 30–39-year-olds remained steady (+1 PP), while 40–49-year-olds fell by a significant -9 PP and 50–64-year-olds decreased moderately (-2 PP). These changes resulted as a net effect of societal developments. Thus, both the share of 40–49-year-olds in the population has dropped, as has the likelihood of them starting a business, which means that their share of start-ups fell at a disproportionately high rate. The population share of 50–64-year-olds, on the other hand, increased. But because the already reduced likelihood of them starting a business dropped less sharply, their share of business starters remained steady.
- <sup>22</sup> Metzger, G. (2023), Demografische Alterung setzt Unternehmen bei Nachfolgen doppelt unter Druck (Demographic ageing places a double strain on businesses looking for a successor – in German only), Focus on Economics No. 435, KfW Research.
- <sup>23</sup> Lo, V., Metzger, G. and Viete, S. (2022), Female Entrepreneurship – Mobilisierung von Gründerinnen ist wirtschaftliche Chance und gesellschaftliche Aufgabe (Female entrepreneurship – Mobilising female entrepreneurship is a societal task and an economic opportunity – in German only), KfW Research.
- <sup>24</sup> Metzger, G. (2024), Schwächelnde Rahmenbedingungen für Selbstständigkeit in Deutschland bringen Gründungstätigkeit zusätzlich unter Druck (Worsening conditions for self-employment in Germany are putting additional pressure on start-up activity – in German only), Focus on Economics No. 477, KfW Research.
- <sup>25</sup> Metzger, G. (2024), Wunsch nach Selbstständigkeit verharrt auf niedrigem Niveau: Sicherheitsbedürfnis sticht Gründungsgeist aus (Desire for self-employment remains on a low level; need for security outdoes entrepreneurial spirit – in German), Focus on Economics No. 448, KfW Research.
- <sup>26</sup> Rainer et al (2015), Deutschland 2017 – Studie zu den Einstellungen und Verhaltensweisen der Bürgerinnen und Bürger im vereinigten Deutschland (Germany 2217 – Study on the attitudes and behaviours of citizens in unified Germany – our title translation, in German), ifo Institute, Munich.
- <sup>27</sup> Metzger, G. (2025), Blitzbefragung: Was Selbstständige und Gründende von der Politik erwarten (Snap poll: What self-employed and business starters expect from politics – in German), Focus on Economics No. 493, KfW Research.
- <sup>28</sup> Metzger, G. (2023), Dreiklang des Bürokratieabbaus: einfacher, schneller, digitaler (Three-pronged approach to cutting bureaucracy: simpler, faster, more digital – in German), Focus on Economics No. 422, KfW Research.
- <sup>29</sup> 'We will make our state efficient again through fundamental modernisation, administrative reform, extensive cuts to bureaucracy, orientation towards objectives and results, and a reliable justice system. We will put the citizens at the centre of our actions. In order for investments to be effective, we will accompany all actions of the state with efficiency improvements and digitalisation and thereby generate a modernisation return', lines 1788 ff. Coalition agreement between the CDU, CSU and SPD, responsibility for Germany, 21st legislative period.
- <sup>30</sup> Mergemeier et al (2018), The influence of multiple constraints along the venture creation process and on start-up intention in nascent entrepreneurship, Entrepreneurship & Regional Development 30 (7-8).
- <sup>31</sup> Leifels, A. and G. Metzger (2015), Financial literacy helps with business start-ups: easier, better funded, more competitive, Focus on Economics No. 107, KfW Research, Frankfurt am Main.
- <sup>32</sup> 'Im Zukunftsvertrag Studium und Lehre (ZSL) ergänzen wir Entrepreneurship Education als weiteres Ziel.' (*We will add entrepreneurship education as a further objective in the Future Contract for Strengthening Studies and Teaching* – our title translation, in German), lines 2584 f. Coalition agreement between the CDU, CSU and SPD, responsibility for Germany, 21st legislative period. In an earlier version of the 9 April 2025 coalition agreement, this passage referred to the 'Zentrum für Schulqualität und Lehrerbildung (ZSL)' (Centre for School Quality and Teacher Training), an agency of the state of Baden-Württemberg headquartered in Stuttgart. This was obviously an error. Even if enshrining entrepreneurship education in the Future Contract for Strengthening Studies and Teaching is useful, additionally strengthening entrepreneurship education in teacher training would generally be a positive and forward-looking approach in order to bring more entrepreneurial spirit into schools. Coalition agreement between the CDU, CSU and SPD, responsibility for Germany, 21st legislative period.
- For more on financial literacy see Leifels, A. and Metzger, G. (2015), Financial literacy helps with business start-ups: easier, better funded, more competitive, Focus on Economics No. 107, KfW Research, Frankfurt am Main.
- <sup>33</sup> For more on the influence of different personal and project characteristics on the survival rates of business start-ups see Metzger, G. (2023), KfW Entrepreneurship Monitor 2023, Appendix of Tables and Methods, KfW Research, page 24.
- <sup>34</sup> See also Egelin et al. (2010), Ursachen für das Scheitern junger Unternehmen in den ersten fünf Jahren ihres Bestehens (Causes for the failure of young enterprises during the first five years), study commissioned by the Federal Ministry for Economics and Technology, Mannheim and Neuss, March 2010 (in German).