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KfW Entrepreneurship Monitor 2026

Entrepreneurial activity in Germany: part-time self-employment is growing; young adults are shaping entrepreneurial landscape

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Entrepreneurial activity in Germany: Part-time self-employment is growing; young adults are shaping entrepreneurial landscape

Number of business starters grew strongly in 2025
Entrepreneurial intensity increased in 2025 from 115 to 136 business starters per 10,000 people aged 18 to 64 years. Extrapolated to the population of this age group, that was around 690,000 business starts after 585,000 in the previous year. The positive development was significantly driven by part-time businesses, which rose to 483,000 compared with 206,000 full-time businesses, taking an unprecedented share of 70%.

Share of hybrid forms of entrepreneurship remains high
At 70%, a large portion of entrepreneurs were in salaried employment in 2025 before starting their business. This is typically somewhat more common for part-time than full-time businesses. A good four in ten entrepreneurs started with a hybrid arrangement; in other words, they remained employed after starting their business. At 59%, this was much more common among part-time than full-time entrepreneurs, where it was 12%.

Many young entrepreneurs are tertiary students
In 2025 the share of young business starters below the age of 30 remained unchanged at 40%. Still, the average age of business starters fell slightly from 34.4 to 34.2 years. Entrepreneurs below the age of 30 were often not employed before setting up their business because they had not yet completed their education. Twenty-two per cent of young entrepreneurs were still studying before starting their business.

Importance of digital offerings continues to grow
In 2025, 44% of business starts had digital offerings. That means customers must use digital technologies to be able to use their products and services. The importance of digital technologies for entrepreneurial activity thus continues to grow. Digitalisation has lowered barriers to market entry in many sectors or even created business opportunities in the first place.

Many entrepreneurs view their businesses as start-ups
One quarter of the entrepreneurs of 2025 would refer to their new business as a start-up (enterprises with – often technologically – innovative products or business models). That was four times as many as would be identified as start-ups by the relevant criteria. There is little difference in their own start-up identity between full-time and part-time entrepreneurs.

Bureaucracy is very time-consuming
On average, business starters worked 24 hours per week in their self-employment in 2025. Full-time entrepreneurs worked 45 hours, part-timers 16 hours. They spent a substantial portion of this, 5.1 hours on average, on complying with statutory and regulatory requirements. But this workload was very unevenly distributed, so that the respective medians were significantly lower. The burden was heaviest on businesses with employees.

Outlook on entrepreneurial activity in 2026 is mixed
The percentage of active plans for starting a business rose slightly from 4.9 to 5.1% in 2025. That points to steady or slightly growing entrepreneurial activity during 2026 compared with the previous year. Based on the forecasts for the economy and labour market, however, weaker impetus on entrepreneurial activity can be expected for 2026 than in the previous year, which rather suggests fewer business starts. On balance, entrepreneurial activity can be expected to remain steady with moderate upside potential but also downside risks.

Box 1: The KfW Entrepreneurship Monitor
The data of the KfW Entrepreneurship Monitor is collected annually in a representative population survey. In 2025, 50,000 people responded to the questionnaire by telephone or online. The current survey partner of the KfW Entrepreneurship Monitor is Verian. Business starts are defined broadly for the survey. 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 entrepreneurial activity in Germany.

Entrepreneurial activity increased noticeably in Germany in 2025

Part-timers make up two thirds for the first time, with no change for full-timers

Entrepreneurial activity in Germany is on the move. Entrepreneurial intensity increased in 2025 from 115 to 136 business starts per 10,000 people aged 18 to 64 years (Figure 1). Extrapolated to the population of this age group, that was around 690,000 business starters after 585,000 in the previous year. Signs of this significant rise began to appear already in 2024, when the number of entrepreneurship plans grew strongly.

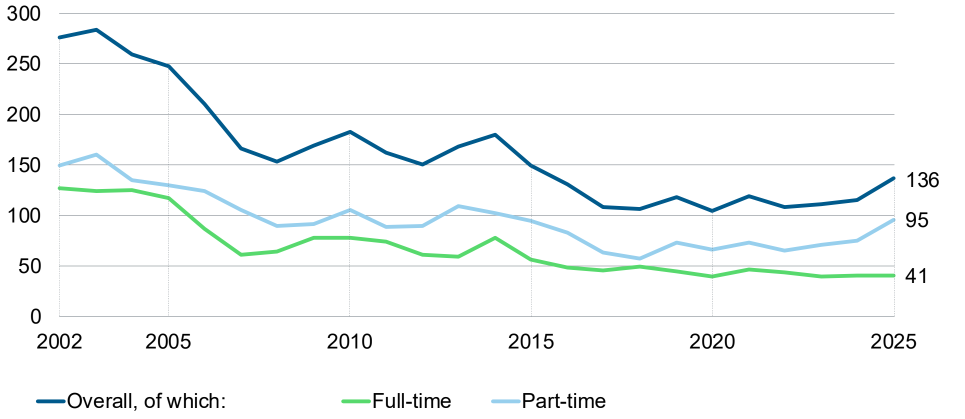
The positive development was significantly driven by part-time business starts. Compared with the previous year, the intensity of part-time entrepreneurial activity increased from 75 to 95 per 10,000 people. That amounts to around 483,000 part-time business starts in 2025 after 382,000 in the previous year. The intensity of full-time entrepreneurial activity, on the other hand, remained virtually unchanged for the third year in a row, at 41. That rate amounts to 206,000 full-time business starts in 2025. As a result of the differing trend, the share of part-time business starts in entrepreneurial activity rose to an unprecedented 70% in 2025.

Earning a higher income has become a more important entrepreneurial motive

The situation on the labour market is presumably the main driver of this development. The unemployment rate rose significantly for the second consecutive year and many businesses have announced plans to reduce their workforce. Against this background, it is conceivable that more people have turned to part-time self-employment as a secondary source of income. Concerns over unemployment may have played a role in this but did not yet stand out among part-time business starters in 2025. On the contrary: The already small proportion of those who mentioned (looming) unemployment as a business motive trended downward (Figure 2). At the same time, more entrepreneurs wanted to try out a specific business idea. Their share rose from 12 to 15%. Generating higher or additional income, however, remained the predominant motive for part-time entrepreneurship, which also increased noticeably in 2025. That share rose from 32 to 40% year on year. What is striking is that independence and self-realisation, the dominant motives for starting a full-time business, were generally less common in 2025. Among full-time business starters, their shares dropped from 33 and 23% to 26 and 21%, respectively. Among part-time businesses the drop was from 18 and 23% to 13 and 20%.

Figure 1: Part-time ventures grew noticeably in 2025, while number of new full-time ventures remained unchanged

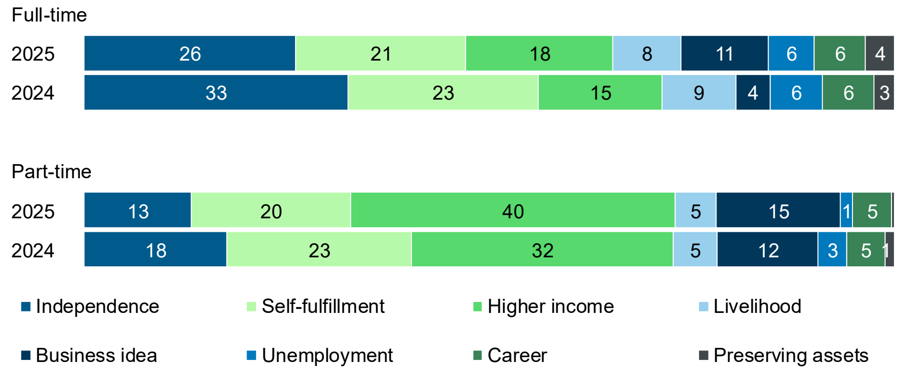
Business starters per 10,000 people of working age (18–64 years)



Source: Survey data from the KfW Entrepreneurship Monitor

Figure 2: Four in ten part-time businesses were started in 2025 with the aim of achieving higher income

Why did you become self-employed, and which motive was most important? Percentages of newly founded businesses.



Source: Survey data from the KfW Entrepreneurship Monitor

Remaining employed is very important for part-timers, while plans to start a full-time business materialise only in part

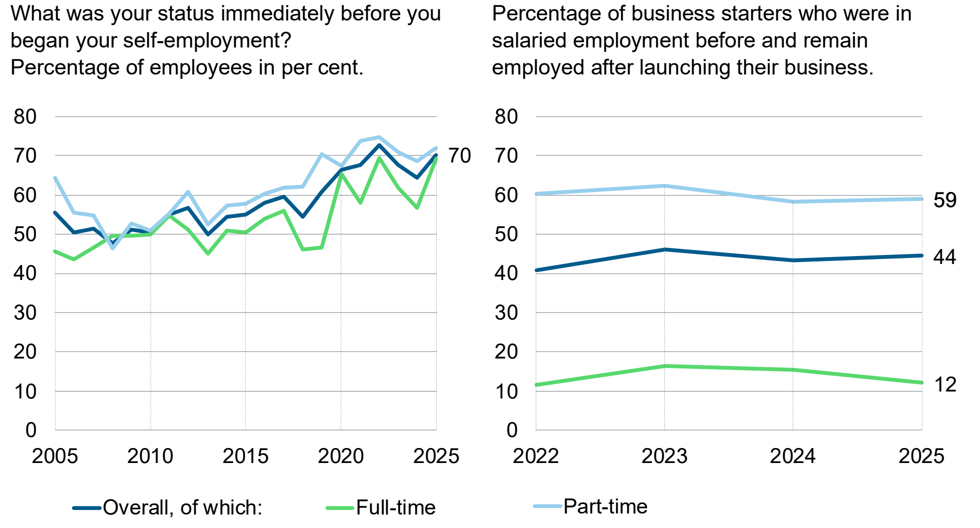
The long labour market boom has led many people to start a business while employed

The labour force participation rate in Germany reached a new record high in 2024. Never before were so many people in Germany earning a living. It is therefore unsurprising that the share of entrepreneurs who were previously employed was very high in 2025 in a long-term comparison, at 70% (Figure 3, left). While the share of previously employed people is typically higher among part-time entrepreneurs than among full timers, the shares were roughly equal in 2025. Overall, a good four in ten business starters began with a hybrid arrangement, that is, they were in salaried employment before launching their business and remained employed even while running it (Figure 3, right). But that share was significantly driven by part-timers. Six in ten part-time business starters began with a hybrid form. In other words, the majority of previously employed part-time entrepreneurs remain employed. Only one in ten full-time entrepreneurs starts off with a hybrid form.

Plans to go full-time often remain unrealised

Each year, 20–30% of part-time entrepreneurs plan to transition to a full-time business within a year (with a long-term average of 23%) (Figure 2). Among the part-time business starters of 2025, the proportion was at the lower end of this range, at 21%. This could indicate that, in line with the renewed increase in 2025 in the share of businesses started for the purpose of earning higher or additional income, part-time entrepreneurship is often really intended only as a secondary income source. Men who start a business on a part-time basis generally appear to be more inclined to go full-time than women. On a multi-year average, more male than female business starters on average plan to go full-time in the medium term, at 26 vs. 21%. In the year 2025, however, the shares were roughly equal (22 and 20%). It is good for the economy when part-time businesses transition to full-time businesses. After all, full-time businesses typically have higher survival rates and are more likely to employ workers than part-time businesses. In reality, however, full-time business plans often remain unfulfilled. On a multi-year average, only around 8% of the part-time businesses of a given year have transitioned to full-time businesses one year later, which means that only about one third of plans have come to fruition.

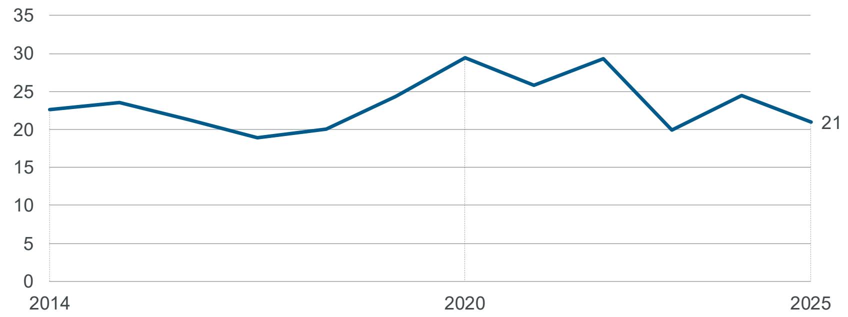
Figure 3: Most entrepreneurs were previously employed, four in ten began with a hybrid form and remained employed after launching their business



Source: Survey data from the KfW Entrepreneurship Monitor

Figure 4: Each year, 20–30% of part-timers plan to transition to full-time entrepreneurship in the medium term

Are you planning to make your self-employment full-time within the next twelve months? Percentage of part-time business activities.



Note: Percentages include transitions from part-time to full-time entrepreneurship that were completed at the time of the survey.

Source: Survey data from the KfW Entrepreneurship Monitor

Business starters are younger and more likely to be academics

Many young entrepreneurs are tertiary students

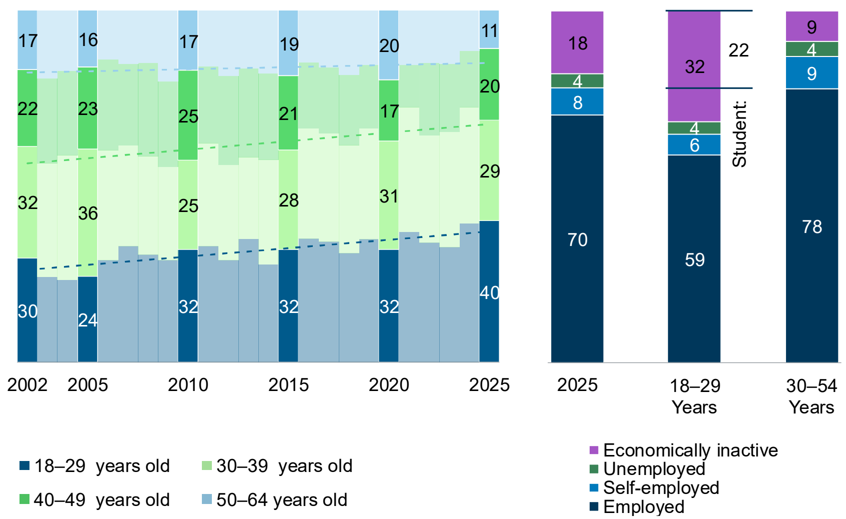
In 2025 the share of young entrepreneurs below the age of 30 remained unchanged on the previous year's record level of 40%. At the same time, the share of 40–49-year-old entrepreneurs, whose 'withdrawal' contributed significantly to the higher trend among young business starters, grew again to 20%. Once again, only one in ten businesses (11%) were started by older adults (50–64 years) (Figure 5, left). Despite these shifts, the average age of founders continued to slide further, if only marginally from 34.4 to 34.2 years. Full-timers were around 38 and part-timers were 32 years old on average in 2025.

The majority of young founders, too, were previously in salaried employment, at 59% (Figure 5, right). The share of those who were not employed, however, was a very high 32%. The reason for this is that many young adults had not yet completed their education. Thus, in 2025 more than two thirds of young entrepreneurs who were not employed before starting their business were still studying. So, overall, 22% of young founders started their business while they were still studying.

Share of businesses started by academics is trending upward

The share of business starters with a tertiary degree has trended upward in the past nearly 20 years. Whereas 26% of businesses were started by academics in 2007, that share grew to 34% in 2025 (Figure 6). This could in part be a ripple effect of the Bologna process, which sought to harmonise higher education courses and degrees across Europe. The transition from *Diplom* and *Magister* courses in Germany to the Bachelor's and Master's system has also led to more students completing a degree. Students who start a business during their Master's degree course have already completed their Bachelor's degree and therefore count as academic entrepreneurs by definition. Previously, business starters who launched their business during their *Diplom* degree course (typically) did not yet possess any other tertiary degree. The introduction of entrepreneurial counselling services at universities and tertiary education institutions as well as the Exist support programme for businesses started by students are also likely to have had a positive effect on the percentage of academic entrepreneurship.

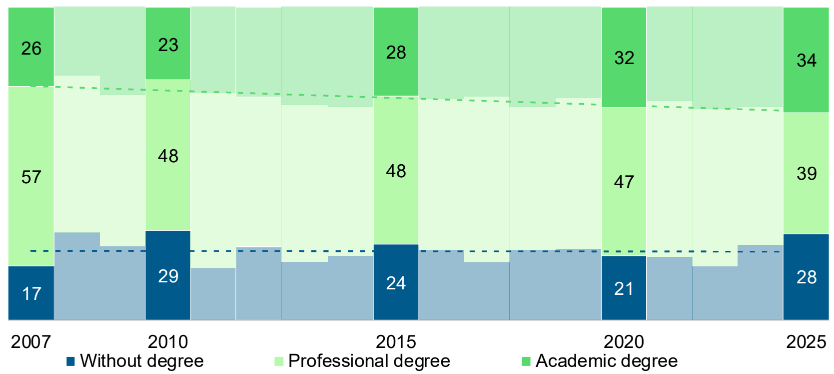
Figure 5: Young entrepreneurs under the age of 30 realised 40% of business starts in 2025, one fifth of them were previously in tertiary studies



Source: Survey data from the KfW Entrepreneurship Monitor

Figure 6: One third of entrepreneurs have an academic degree

Percentage of professional qualifications among business starters



Source: Survey data from the KfW Entrepreneurship Monitor

Preference for self-employment in Germany

Entrepreneurial spirit is on the rise

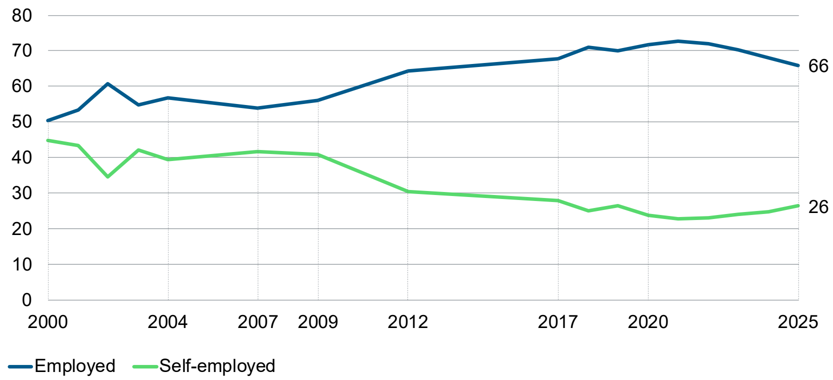
The share of 18–67-year-olds in Germany who would have opted for self-employment irrespective of their current personal situation (entrepreneurial spirit), rose slightly from 25 to 26% in 2025 (Figure 7). This shows that although the entrepreneurial spirit among people of working age remains very low, the gradual recovery trend remains intact. On a multi-year average, men tend to have more of an entrepreneurial spirit than women. In 2025, 31% of men would have opted for self-employment irrespective of their current personal situation, as opposed to only 22% of women. Gender stereotypes in schools and children's upbringing are among the factors that play a role here.[1]

Entrepreneurial spirit is much stronger among younger than older people

Entrepreneurial spirit is also age-dependent. In 2025, 36% of 18-29-year-olds and 32% of 30–39-year-olds would have opted for self-employment irrespective of their current personal situation (Figure 8). Only 23% of 40–49-year-olds and 20% of 50–67-year-olds would have made this choice. This shows that entrepreneurial spirit is stronger among younger than older adults. Path dependencies in career trajectories of salaried employment surely play a role here. Nonetheless, in the past younger adults, too, had an even greater preference for self-employment than today. At the beginning of the 2000s, a good half of adults under the age of 30 still preferred self-employment over salaried employment irrespective of their current personal situation. The sustained labour market boom, which created many opportunities for salaried employment, also appears to have changed work preferences.

Figure 7: Only one quarter of working-age people have a preference for self-employment

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? Percentage of the population (18–67 years).

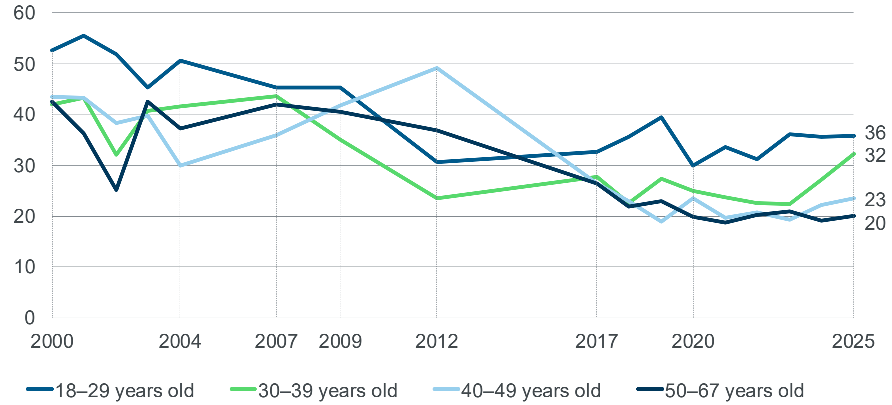


Note: No data is available for the years 2005, 2006, 2008, 2010, 2011 and from 2013 to 2016.

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

Figure 8: Younger people have a stronger entrepreneurial spirit, with around a third preferring self-employment

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? Percentage of the population (18–67 years).



Note: No data is available for the years 2005, 2006, 2008, 2010, 2011 and from 2013 to 2016.

Source: Survey data from the KfW Entrepreneurship Monitor

Services and digital businesses are linked

Business services dominate

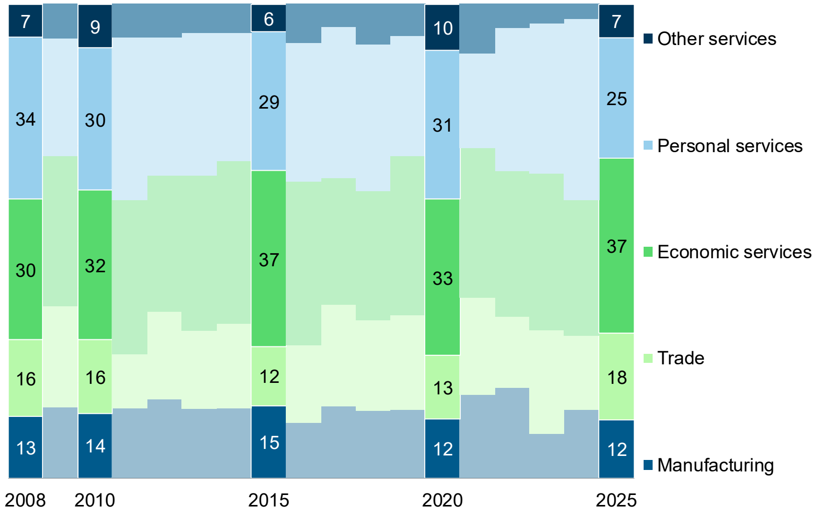
Seventy per cent of business starters were service providers in 2025, as in the previous year (Figure 9). The only thing that changed noticeably was the distribution within the services sector. Personal and business services usually take roughly equal shares. Personal services such as hairdressers and beauty parlours, medical and physiotherapy practices, laundries and gyms tend to focus on retail customers, while business services such as management consulting firms, advertising agencies, engineering firms and programming activities target mainly business and public-sector customers. Among entrepreneurs, those providing business services were significantly more common than personal services in 2025, with 37 vs. 25%, after the focus in 2024 was exactly the reverse. Besides the services sector, 18% of business starts were in wholesale and retail and 12% in the producing sector.

Importance of digital offerings continues to grow

In 2025, 44% of business starters had digital offerings,[2] requiring customers to use digital technologies to be able to use their products and services. The importance of digital technologies for entrepreneurial activity thus continues to grow. Digital businesses mainly operate in commerce and services. They tend to be somewhat more often part-time than full-time businesses. That was also the case in 2025, when 46% of part-time business starters were 'digital' compared with 41% of full-timers. Digitalisation has reduced barriers to market entry in many sectors or even created business opportunities in the first place. Business starters appear to be more often harnessing opportunities for self-employment at a low threshold through various online platforms, be it in e-commerce, as content creators or influencers.

Figure 9: Seven in ten businesses are started in services sectors

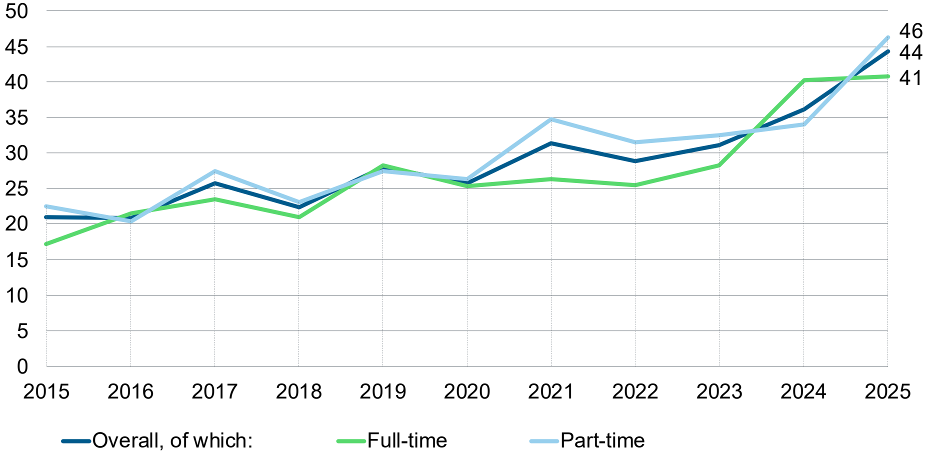
Sector shares[3] in per cent



Sources: Survey data from the KfW Entrepreneurship Monitor

Figure 10: More new digital businesses again: More than 40% of business starters have digital offerings

Is your product / service a digital offering, that is, do your customers have to use digital technologies to be able to use it? Percentages of business starts.



Sources: Survey data from the KfW Entrepreneurship Monitor

Many business starters view themselves as a start-up – female entrepreneurs included

Many entrepreneurs view themselves as a start-up

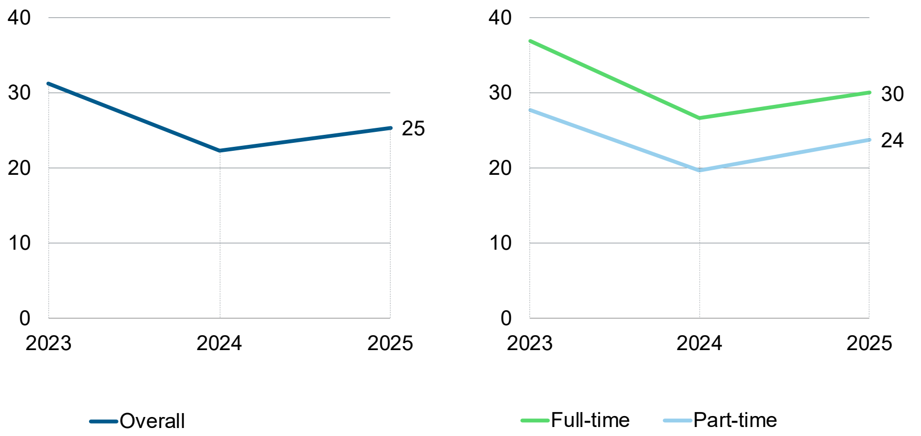
Most businesses are born out of a personal motivation or founded for the purpose of achieving an income. To this end, business starters typically pick up on business ideas and models already tried and tested by many businesses that were established earlier. A very small portion of them, however, attempt to go new ways and grow their enterprise with – often technologically – innovative products or business models. They are commonly referred to as start-ups. Relative to their numbers, start-ups have a greater media presence than newly founded businesses in general.[4] This, in turn, has likely caused the usage of the term 'start-up' to take on a life of its own. As a result, many entrepreneurs regard their businesses as start-ups even if they do not possess typical start-up characteristics. One quarter of the entrepreneurs of 2025 would refer to their business as a start-up (Figure 11). That was four times as many as would be identified as start-ups according to the relevant characteristics.[5] It makes little difference for the entrepreneurs' own start-up identity whether they are launched in full-time or part-time. Although the share of full-time business starters that viewed themselves as start-ups in 2025 was 30%, it was only moderately higher than the 24% of part-time businesses.

Fewer female entrepreneurs view their business as a start-up – but more often than expected

The differences in the extent to which female and male entrepreneurs view their business as a start-up are also not what would be expected given the media coverage of start-up activity. In fact, in the years 2023 and 2024, female business starters actually viewed their ventures as a start-up more often than their male counterparts (Figure 12, left). It was not until last year that a slightly wider gap opened up here, with 28% of male but only 21% of female entrepreneurs perceiving their business as a start-up. Thus, the share of female entrepreneurs who viewed their businesses as a start-up dropped from 39 to 37 to 28% in the past three years (Figure 12, right). But that is still a higher share of female entrepreneurs than reported by other data sources on start-ups that are more geared to a technological view of innovation and venture capital.[6] On a structural level, the pattern here is that both male and female entrepreneurs are more likely to view their business as a start-up if they also have typical start-up characteristics.

Figure 11: One in four entrepreneurs view their business as a start-up, with relatively little difference between full-timers and part-timers

Would you refer to your business as a start-up? In per cent.

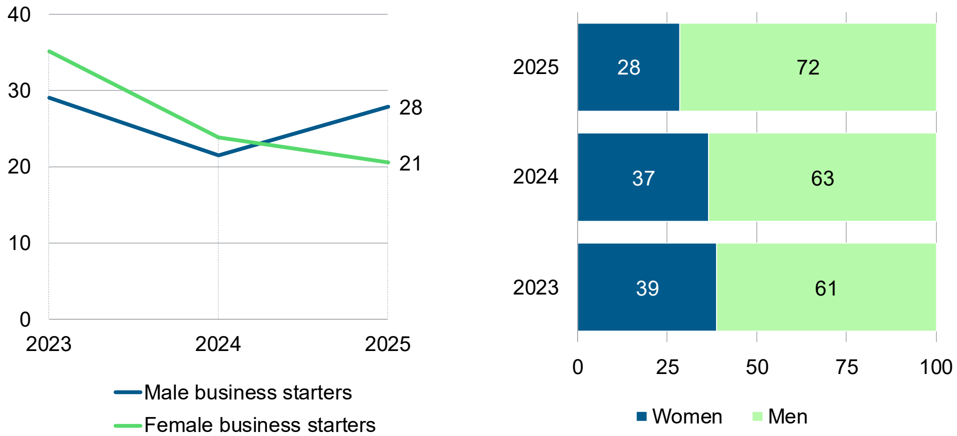


Source: Survey data from the KfW Entrepreneurship Monitor

Figure 12: Fewer female entrepreneurs view their venture as a start-up

Would you refer to your business as a start-up? In per cent.

Percentages of all businesses perceived as start-ups.



Source: Survey data from the KfW Entrepreneurship Monitor

Long-term average share of female business starters fluctuates, share of entrepreneurs with a migration history is trending upward

Proportion of full-time female business starters is down sharply

The share of female business starters typically oscillates around its long-term average of 39%. In 2025 the percentage of female entrepreneurs dropped slightly from 36 to 35%, stagnating well below its long-term average. The decline was mainly driven by full-time businesses, in which the share of female entrepreneurs slumped from 33 to 27% (Figure 13). The proportion of female business starters among part-time entrepreneurs remained on the previous year's level of 38%. Over the years, the overall percentage of female entrepreneurs has been very volatile.

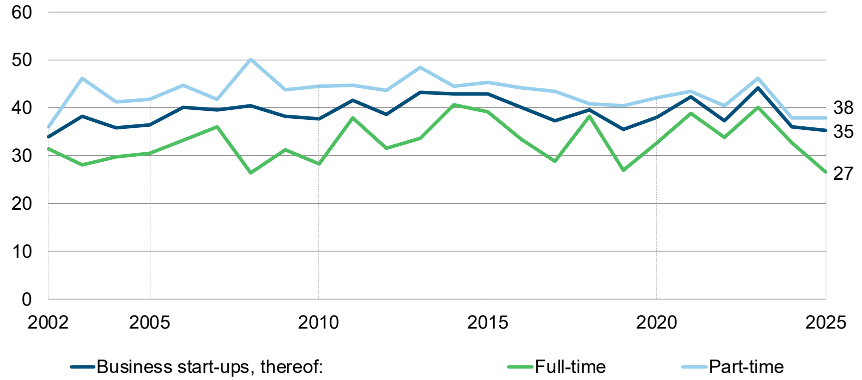
People with a migration history make a disproportionately high contribution to entrepreneurial activity in Germany

According to the most recent figures of the Federal Statistical Office, a good one in four people (26%) in Germany has a migration history.[7] This includes all people who themselves migrated or both of whose parents migrated to Germany since 1950. In the KfW Entrepreneurship Monitor, people with a first or second-generation migration history in 2025 made up 28% of the working age population aged 18–64 years. That share is clearly higher among business starters, however, at 34% (Figure 14).

The typically higher share of entrepreneurs with a migration history compared with the general proportion of entrepreneurs within the population shows how important they are for entrepreneurial activity in Germany. People with a migration history are more likely to prefer self-employment than the overall population.[8] In 2025, more than one third of them (35%) would have opted for self-employment irrespective of their current personal situation, as opposed to only a good one quarter (26%) of the general population.

Figure 13: Percentage of female entrepreneurs, especially full-timers, is falling

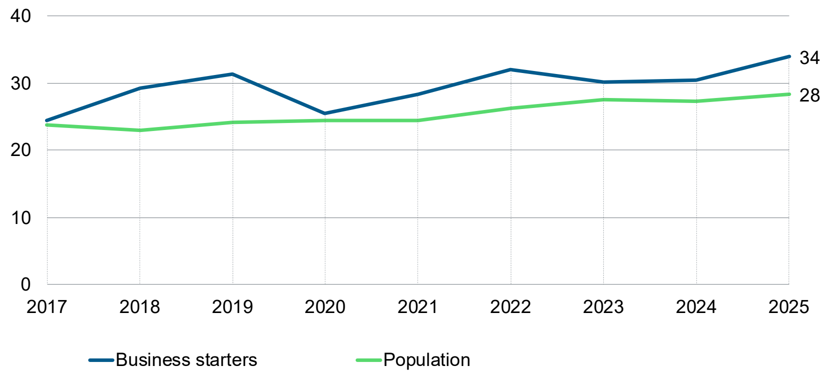
Percentage of female entrepreneurs in business starts



Source: Survey data from the KfW Entrepreneurship Monitor

Figure 14: Business starters with a migration history are disproportionately represented

Percentage of people with a migration history



Note: Based on the working-age population (18–64 years)

Source: Survey data from the KfW Entrepreneurship Monitor

Active participation now a very uncommon way to start a business, the bulk of entrepreneurs are solo self-employed people

Shortage of derivative ventures is widening the succession gap

The lion's share of entrepreneurial activity refers to newly founded businesses, that is, set up as legal and organisational entities for the first time. This structure is also a result of the large number of business starts in part-time in which earning additional income (sometimes temporarily) is usually the main focus. In 2025, 86% of business starters found a new company (Figure 15). Accordingly, derivative business starts that build on existing enterprises accounted for a low 14%. Acquisitions of an existing business accounted for 10% of business starts (which is roughly in line with the long-term average) and active participations represented 4%. The latter were significantly more common in the past. In the 2000s, one fifth of newly founded businesses regularly took the form of active participations. As a result of demographic ageing, SME executives are becoming significantly older, and the number of closures due to age is increasing, partly because successions come to fruition less often.[9] This is compounded by the fact that entrepreneurial activity has been on the decline for the past two decades. Unclear succession situations among SMEs are therefore an economic challenge.[10] The limited use of derivative business starts for entering self-employment is adding to this challenge.

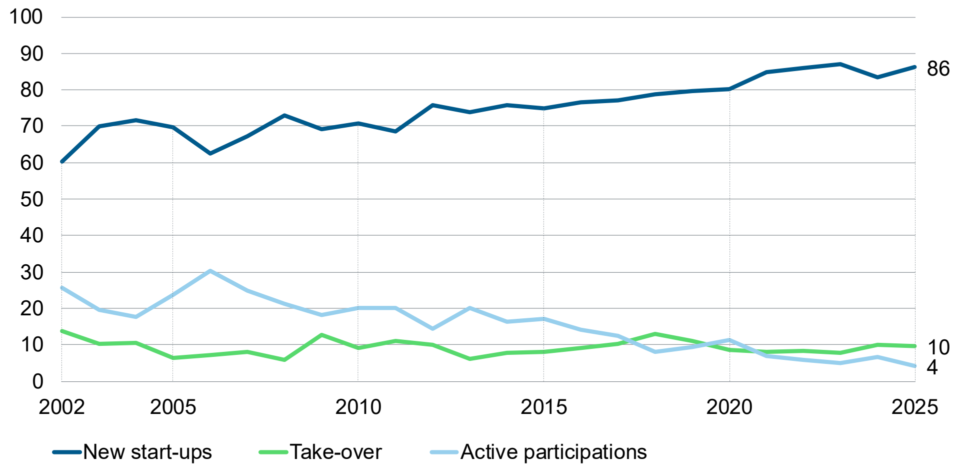
Fewer businesses started by teams than ever before

A subtle trend towards solo entrepreneurship has been evident over the past 20 years. Business starters are less likely to join up as a team, which is surely in part due to the simultaneous decline in entrepreneurial activity. In 2025, businesses founded by a team made up only 14% of newly launched businesses (Figure 16). Of the 86% founded by a single entrepreneur, sole traders accounted for 68 percentage points, meaning they had no employees. In total, one quarter (24%) of the business starters of 2025 were employers of others.

Only a small portion of entrepreneurs chose the legal status of corporation as the foundation for their new business. The share of businesses started as corporations rose slightly from 17% in 2024 to 20% in 2025. Corporations were around twice as common among full-time businesses, at 34%, as among part-time businesses (15%).

Figure 15: Eight in ten new businesses are started from the ground up

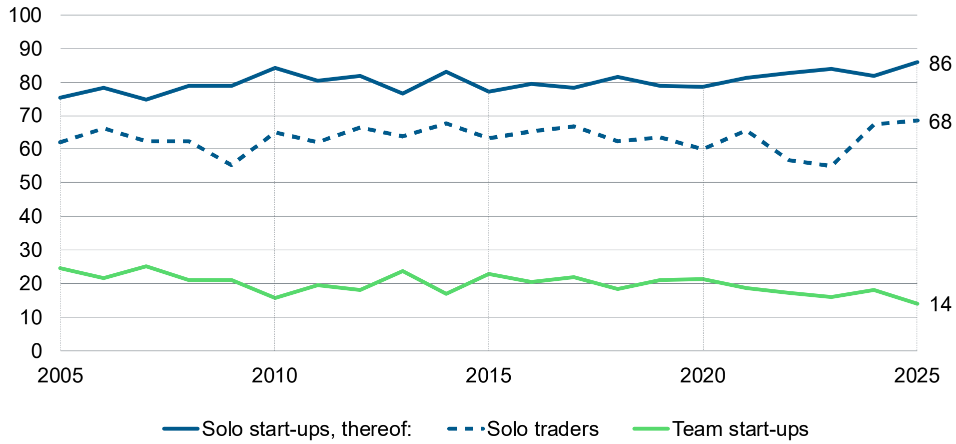
Business starts in per cent



Source: Survey data from the KfW Entrepreneurship Monitor

Figure 16: Solo self-employed make up the majority of business starters

Business starts in per cent



Source: Survey data from the KfW Entrepreneurship Monitor

Impediments to business activity

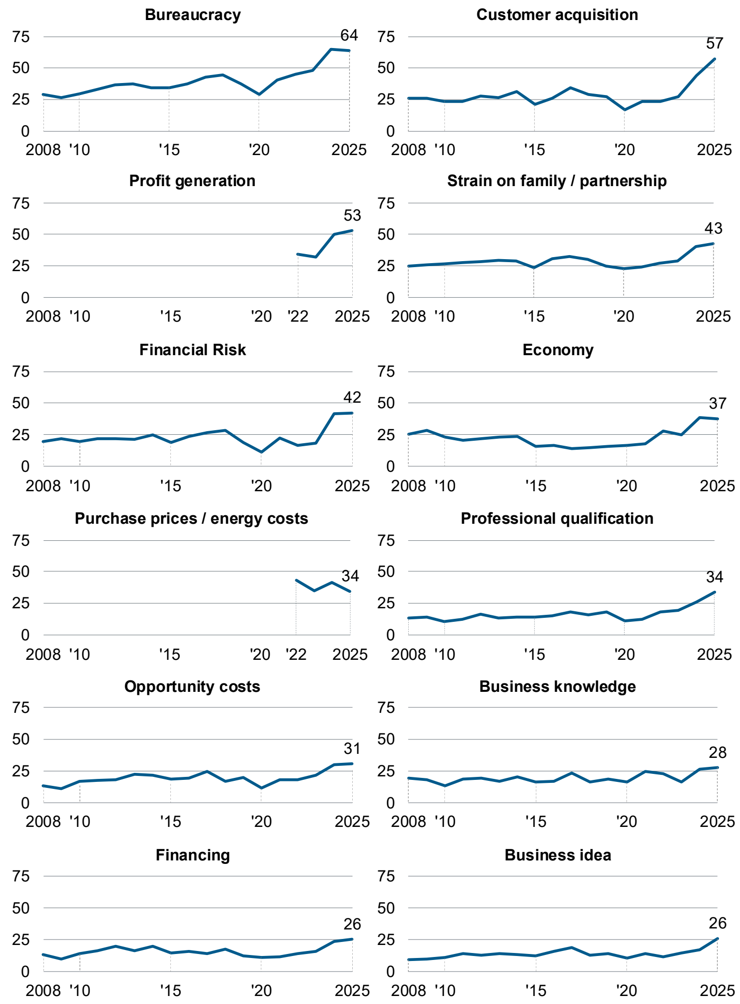
Bureaucracy remains the number one obstacle for business starters, but customer acquisition is also becoming more challenging

Entrepreneurs face obstacles that hamper their day-to-day business activities and well-being. In 2025, they again experienced bureaucracy as the main obstacle. As in the previous year, nearly two thirds (64%) acknowledged experiencing bureaucratic obstacles and delays (Figure 17). More than half reported difficulties acquiring customers (57%). The share of business starters reporting customer acquisition difficulties has thus more than doubled in the past two years. A good half of entrepreneurs (53%) were also doubtful as to whether they would be able to operate their business at a profit, as in the year before. Concerns that their business could pose an excessive burden on their relationship or family or pose an excessive financial risk were other aspects that worried business starters, at 43 and 42%. In addition, more and more entrepreneurs have shifted to crisis mode. Thus, 37% are worried about the state of the economy – twice as many as in 2021. A good one third each of entrepreneurs worry about high prices for energy and necessary goods and services, or view the shortage of technical skills and knowledge as an impediment (34% each).

In addition, entrepreneurs have doubts given the advantages of salaried employment (31%), because of insufficient business skills (28%) and difficulties obtaining finance (26%), have concerns that their business idea was not fully thought through (26%), have problems resulting from a lack of suitable staff (24%) and fear social descent in case of failure (23%). Overall, the problems being experienced by entrepreneurs have become significantly more challenging. The range of perceived obstacles has become broader.

Figure 17: Bureaucracy is the most often named barrier to entrepreneurship

Frequency of constraints mentioned by business starters in 2025, in per cent



Source: Survey data from the KfW Entrepreneurship Monitor

The most frequent barriers are not the main ones business starters face on a day-to-day basis; red tape consumes much time

Attracting customers and bureaucracy stand out as challenges for part-timers

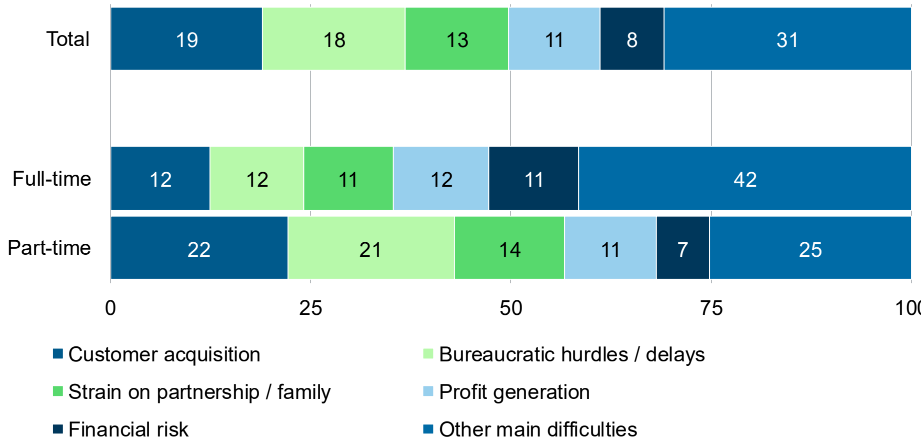
As business starters face a complex mix of challenges in which they face a variety of constraints simultaneously, it is hard for them to identify the main problems. Although bureaucracy and customer acquisition are by far the most frequently mentioned constraints, they each act as the main barrier for only one fifth of founders, mainly as a result of strong part-time entrepreneurship (Figure 18). Thus, for the full-time business starters of 2025, customer acquisition (12%), bureaucracy (12%), burden for relationship/family (11%), profitability (12%) and financial risk (11%) all constitute the primary barriers to a similar degree. For part-timers, on the other hand, customer acquisition (22%) and bureaucracy (21%) stand out as the main constraints.

Bureaucracy is very time-consuming

The business starters of 2025 on average worked 24 hours per week in their business (Figure 19, left). The median (MD) was 20 hours, in other words, half worked less and half worked more. But the overall picture is dominated by the high share of part-timers. In 2025, full-timers worked 45 hours a week on average (MD 42 h) while part-timers worked 16 hours (MD 10 h). Of this, entrepreneurs spent 5.1 hours on average each week complying with legal and regulatory requirements (MD 3 h, Figure 19, right). The administrative burden was higher for full-time businesses (avg 8.7 h; median 5 h) than for part-time businesses (avg 3.6 h; MD 2 h). The administrative burden averaged 25% of weekly hours worked (MD 17%), slightly more for part-timers and slightly less for full timers. The differences between the averages and medians are generally large. That means the administrative burden is unevenly distributed and some founders experience a significantly heavier burden than others. For example, those who have employees have a much higher administrative burden (full-timers: avg 12.3 h; MD 10 h; part-timers avg 8.1 h; MD 4 h). In business starts slightly more time is spent on bureaucracy than in established enterprises and self-employment.[11] The time spent appears to be reduced by routine and experience. However, the goal should be to make compliance with statutory and regulatory requirements easier, faster and more digital so as to systematically reduce the administrative burden.

Figure 18: Part-time entrepreneurs are mostly worried about attracting customers and meeting bureaucratic demands

Which of the problems you mentioned is the one you are most worried about? Proportion of business starters of 2025 in per cent.

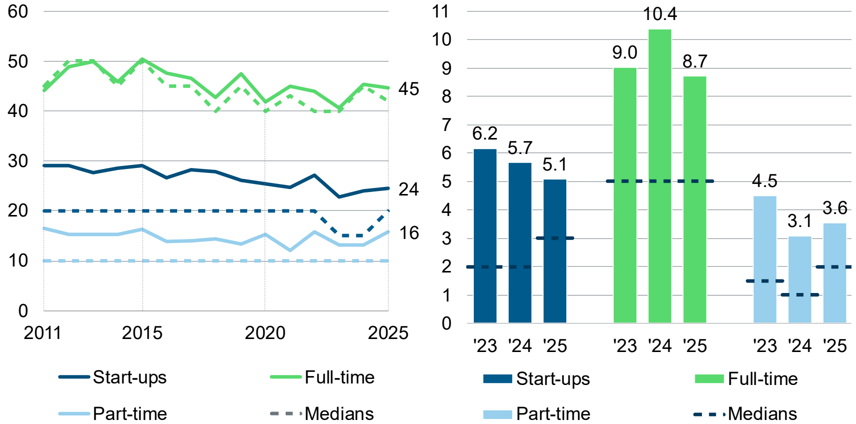


Source: Survey data from the KfW Entrepreneurship Monitor

Figure 19: Weekly hours worked and administrative burden

How many hours per week in total do you usually work in your business?

How many of these hours do you spend complying with statutory and regulatory requirements?



Source: Survey data from the KfW Entrepreneurship Monitor

When barriers to entrepreneurship become unsurmountable

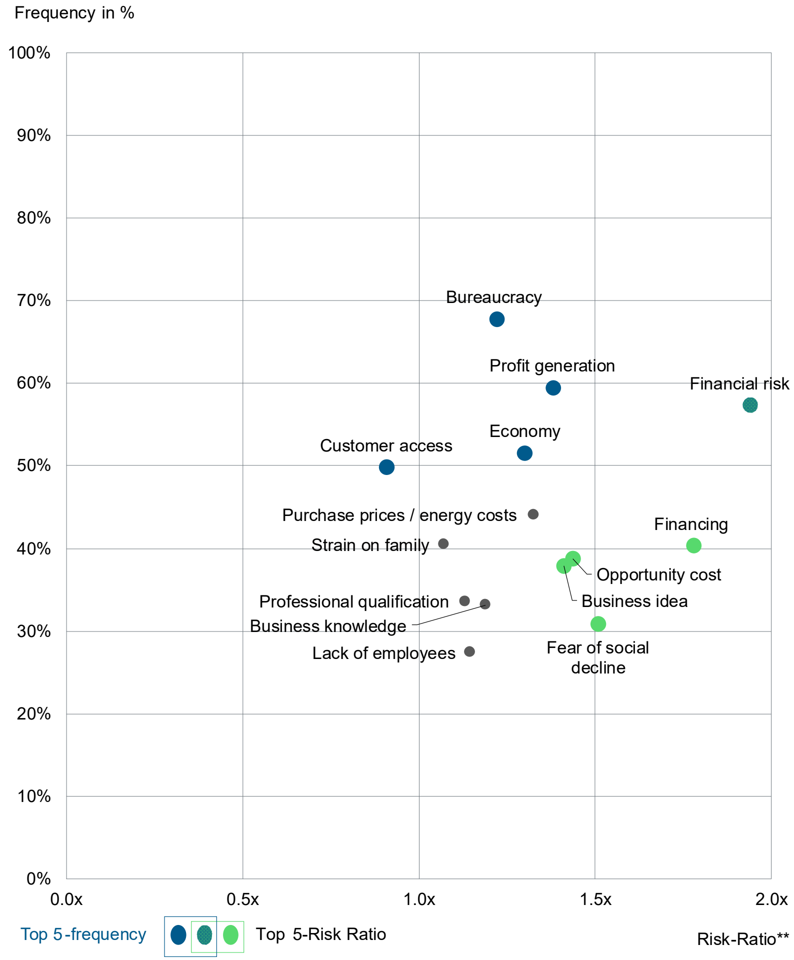
Business starters have successfully completed the founding process and therefore constitute a positive selection. In order to understand which entrepreneurial barriers cause business plans to fail, we must also take into consideration business plannings (i.e. nascent entrepreneurs), particularly those that were abandoned. The relevant group of founders thus comprises all business starters and planners of a particular year (who abandoned their plans or wish to realise them in the next 12 months). At 80%, planners typically outnumber starters who have implemented their entrepreneurial projects. Each year, a good four in ten nascent entrepreneurs abandon their business starting plans. These 'unfulfilled' entrepreneurial plans are roughly twice as common as the realised ones. However, the dropout rates vary depending on the entrepreneurial barriers they encounter. A risk ratio can be calculated for each entrepreneurial constraint. It is the rate of plan discontinuers among 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 an insurmountable obstacle. A value of one means the plan is just as likely to be abandoned whether or not the constraint exists.

Financial aspects significantly increase probability of discontinuation

The entrepreneurial constraints with the highest risk ratios in 2025 were concerns over financial risk and difficulties obtaining finance (Figure 20). When they occurred, prospective entrepreneurs were almost twice as likely to abandon their plans. Bureaucracy, the notoriously most frequently mentioned entrepreneurial constraint, only carried a risk ratio of just slightly above one in 2025. For customer acquisition difficulties, which have become more common among founders in recent years and became the main problem for many, the risk ratio was even less than one in 2025. Risk ratios of less than one indicate that the relevant entrepreneurial constraint played only a subordinate role in the entrepreneurial process and came more into the focus of attention only after the business start. The overriding importance of financial risks for abandoning entrepreneurial plans is also evident in the multivariate analysis incorporating other variables.[12]

Figure 20: Risks of discontinuation from entrepreneurial constraints

Frequency of constraints among entrepreneurs* in per cent and risk ratio of discontinued plans in response to start-up constraints in 2025



* Entrepreneurs are all male and female founders and planners of a particular year who abandoned their plans or wish to realise them in the next 12 months. ** The risk ratio describes the share of discontinued plans when there is a constraint in relation to that share when there is no constraint. Guide: In 2025, 40% of entrepreneurs encountered financing difficulties. Among these, the share of 64% discontinued plans was 1.8 times higher (risk ratio) than among the 36% entrepreneurs who did not encounter any financing difficulties.

Source: Survey data from the KfW Entrepreneurship Monitor

Full-time entrepreneurs used significantly more funds for their business than part-timers, capital was often used as planned

Amounts employed vary widely

Four in ten entrepreneurs of the year 2025 (38%) needed just EUR 1,000 to put their business idea into practice (Figure 21). A good three in ten (33%) used EUR 1,000 to EUR 10,000 and just under three in ten (29%) used more than EUR 10,000. One in ten businesses (9%) were started with at least EUR 50,000. The wide range of funds employed is mainly due to the fact that full-time and part-time businesses require different amounts of capital. The share of full-time founders for whom up to EUR 1,000 was sufficient to start their business in 2025 was less than half that of part-timers (21% vs. 45%). At the same time, more than half of full-time founders (56%) used more than EUR 10,000, while that was the case for just under one fifth of part-timers (18%). To start a full-time business in 2025, the median amount of funds used was EUR 15,000 but only EUR 2,000 for a part-time business.

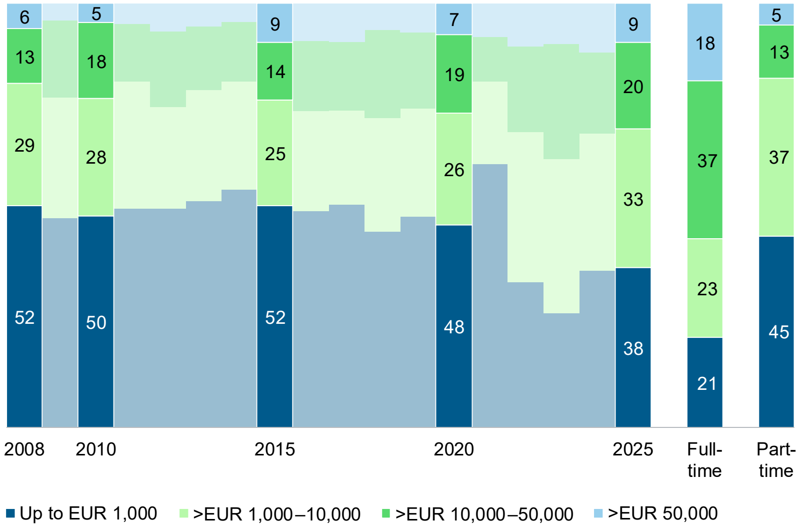
Only half of business starters used capital amount originally planned

Overall, roughly half of founders used the funds to set up their business in the amount originally planned (47%), around 30% used more capital than originally planned and just under one quarter (23%) used less (Figure 22). That was the case for both full-time and part-time businesses. Entrepreneurs who used more or less capital than originally planned experienced financing difficulties more often than those who used just the amount they planned.

With a view to the amount of capital actually used compared with what was originally planned, a clear difference is evident between male and female business starters. Whereas 50% of male entrepreneurs used the amount they originally planned, that share was only 40% among females (Figure 22). At the same time, 37% of female entrepreneurs used more capital than planned but only 26% of males did so. The share of both male and female entrepreneurs who used less capital than originally expected was 23%. Even if female entrepreneurs appear to have been more likely to underestimate their capital requirements during planning than their male counterparts, the deviation was higher for males. Where the use of capital exceeded the amount planned, the median deviation was EUR 2,000 for females but EUR 5,000 for males.

Figure 21: Most full-time entrepreneurs start off with more than EUR 10,000

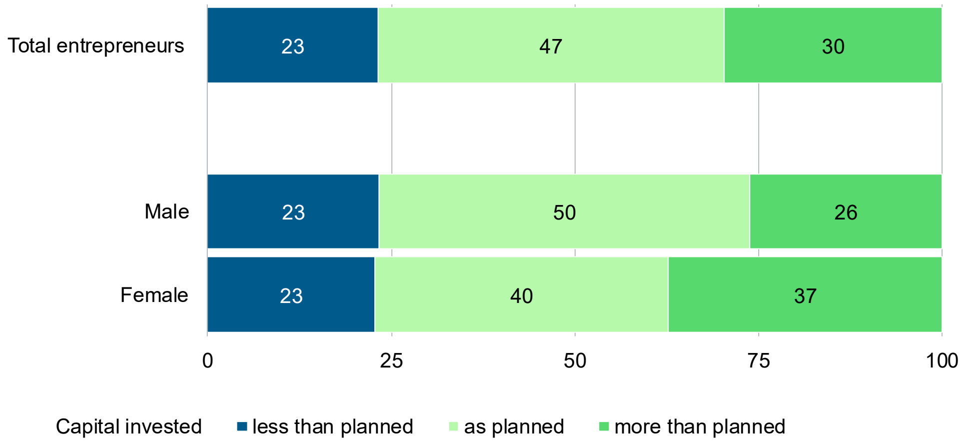
Shares in business starts in per cent



Source: Survey data from the KfW Entrepreneurship Monitor

Figure 22: The majority of entrepreneurs start off with the amount of capital they intended

In per cent.



Source: Survey data from the KfW Entrepreneurship Monitor

Entrepreneurial activity is expected to change only minimally in 2026

Percentage of planners has hardly changed

In 2025 the percentage of nascent entrepreneurs – the share of active planners aged 18–64 years – stood at 5.1%, just slightly higher than the 4.9% of 2024 (Figure 23). More entrepreneurial plans typically mean more newly founded businesses the following year. The virtually unchanged percentage of planners therefore indicates that entrepreneurial activity will be similar or moderately higher in 2026 than in 2025.

Prior to the years of the COVID-19 pandemic, most entrepreneurial plans were for a full-time business. Plans for part-time business activities have been in the majority since 2020. The percentage of full-time business plans dropped to 40% in 2025, another low (from 44% in 2024). The likelihood of the percentage of realised part-time business plans also rising again in 2026 is therefore high.

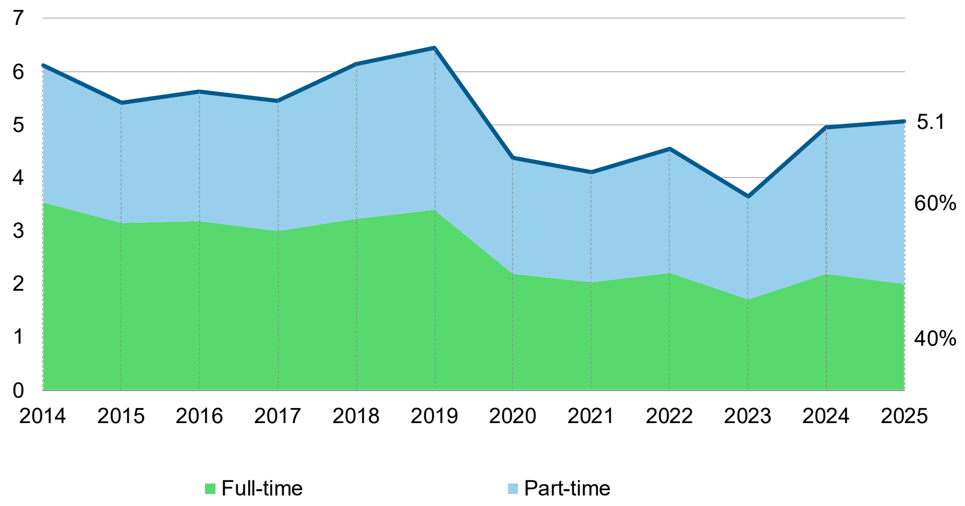
Only low macro-economic impetus

At the start of this year, it was safe to assume that the business cycle would significantly drive entrepreneurial activity in Germany. The energy price shock triggered by the Iran war then led to a noticeable downgrade in the forecasts for GDP growth. The economic impetus will therefore become much smaller but remains positive. Labour market trends are unlikely to provide any impetus. The unemployment rate is expected to remain virtually unchanged from 2025. Since unlike last year a push effect is unlikely to occur, the combined macro-economic impetus is likely to be lower this year, which suggests that entrepreneurial activity will tend to be similar to slightly lower in 2026 than in 2025.

Taken together, the development of entrepreneurial plans and the forecasts for macro-economic impetus signal that entrepreneurial activity will remain on a similar level this year as in 2025 with moderate upside potential but also downside risks.

Figure 23: Percentage of part-timers is also highest among nascent entrepreneurs

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: Survey data from the KfW Entrepreneurship Monitor

Box 2: Further analyses of entrepreneurial 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 entrepreneurial activity in Germany can be found on our page **'Innovations and Start-ups'**.

The KfW Entrepreneurship Monitor is a scientific data record compiled for the purpose of economic analysis of entrepreneurial activity in Germany. It is available to external researchers for empirical research work subject to certain access criteria.

[1] 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.

[2] Digital entrepreneurs are those whose product or service can be accessed only through digital technologies. The business models of digital business starters 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 (which 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.

[3] Start-ups were allocated to sectors using open descriptions of activities and offerings on the basis of the ‘Classification of Economic Activities’, Edition 2008, of the German Federal Statistical Office.

[4] Metzger, G. (2025), Start-ups: Leicht gesagt, aber schwer zu fassen (Start-ups: easily named but elusive – in German only), Focus on Economics, No. 483, KfW Research.

[5] Metzger G. (2018), KfW-Start-up Report 2018: Number of start-up founders increased to 108,000 in 2017, KfW Research.

[6] The German Start-ups Association recently reported a share of female business founders of 19.8% (see German Startup Monitor 2025), while Startupdetector identified women in executive positions in 17.4% of start-ups founded in 2025 (see Startup Dashboard Deutschland, retrieved on 12 May 2026, in German).

[7] Federal Statistical Office (2025), Gut jede vierte Person in Deutschland hat eine Einwanderungsgeschichte (*A good one in four people in Germany have a migration history* – our title translation, in German), press release No. 181 dated 22 May 2025, Wiesbaden.

[8] Metzger, G. (2026), Personen mit Einwanderungsgeschichte haben große Bedeutung für Gründungstätigkeit (People with a migration history are very important for entrepreneurial activity – in German), Focus on Economics No. 527, KfW Research.

[9] Schwartz, M. (2025), Status report on SME succession 2025: Pläne für Geschäftsaufgaben wachsen erneut – Kaufpreisvorstellungen deutlich gestiegen(Plans for business closures are increasing again – sales price expectations have clearly risen – in German), Focus on Economics No. 526, KfW Research.

[10] 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.

[11] Schwartz, M. (2025), SMEs spend seven per cent of their working time on administrative processes, Focus on Economics No. 495, KfW Research.

[12] 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).