

ENTREPRENEURSHIP IN BRIEF

Start-up activity in Germany 2014

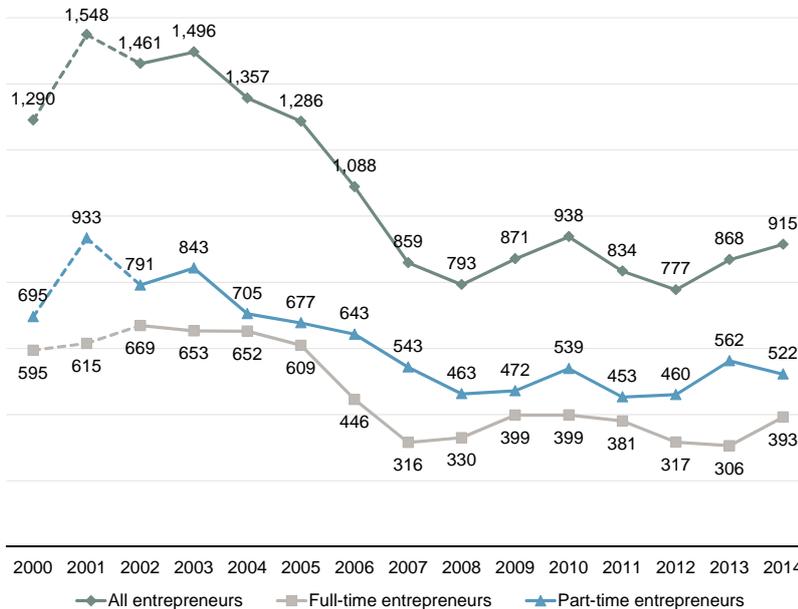


Business start-ups are essential to the economy

- They encourage competition and promote innovation and structural change.
- They contribute to growth and employment.

Number of start-ups

In thousands



- Around 915,000 people became self-employed in Germany in 2014, which corresponds to a start-up rate of 1.8%.
- At 393,000, the number of full-time start-ups increased considerably; in contrast, the number of new part-time entrepreneurs fell to 522,000.
- Start-up activity in 2014 was stimulated to some extent by economic activity, but “pressure” on the labour market to become self-employed remained low.
- Self-employed freelancers have also increasingly become a mainstay of start-up activity in recent years.

Most start-ups are sole traders

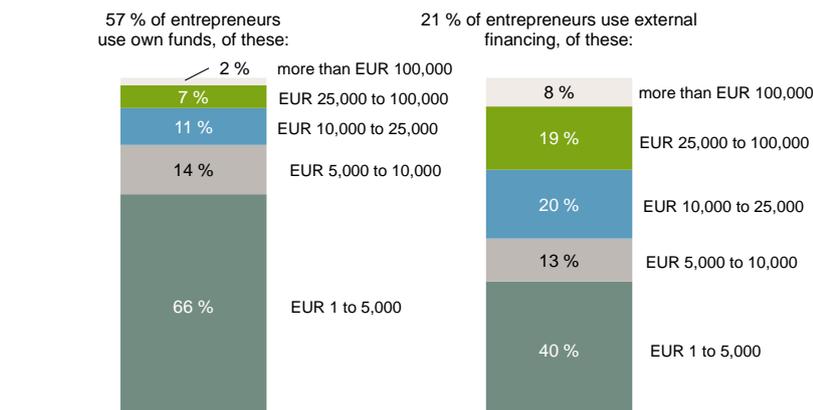
- Three quarters of people starting a business set up a new company. It is still relatively uncommon for entrepreneurs to set up a new business by taking over or acquiring a holding in an existing company (8 and 16%).
- Three quarters of new entrepreneurs start their business without a partner or employees. Even so, the number of full-time jobs created by business start-ups increased for the second time in a row, to 292,000.

Many start-ups do not need financing, or only very little

Rate of financial investment in 2014



Amount of own funds and external financing invested in 2014



Funding is the primary resource for start-ups

- Six out of ten new entrepreneurs invest funds in their business.
- Most of them (40%) use only their own funds.
- One in five (also) obtains funding from external investors.
- Four out of ten start-ups manage without funding, e.g. by using their own tangible assets.

Microfinance very prevalent

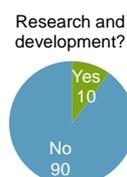
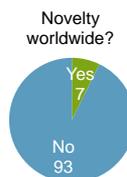
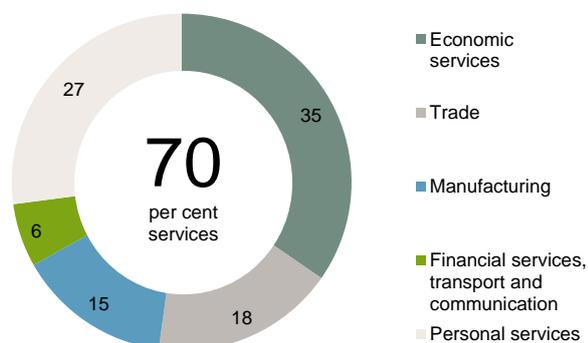
- The majority of entrepreneurs invest up to EUR 5,000 of their own funds.
- Where external investors are used, the amounts involved are mostly greater than EUR 5,000.

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Start-up activity in Germany 2014

The majority of new businesses set up are in the service sector

Split by sector in 2014, in per cent



The proportion of new businesses with new products and services is low

- In 2014, 7% of start-ups brought a product or service to market that was a novelty in Germany, or even worldwide.
- A further 9% set up their business around a product or service that was new to their region.
- One in ten new entrepreneurs is involved in researching and developing technological innovations.

Who is starting up new businesses?

Selected characteristics of new entrepreneurs in 2014, in per cent

Characteristic	Percentage	Characteristic	Percentage
Previous employment status:		Education and training:	
In paid employment	55	University	31
(Already) self-employed	8	Apprenticeship/vocational training	50
Unemployed	13	No professional qualifications	18
Neither employed nor unemployed	24	Age:	
Women	43	Under 25	12
Migrants	19	Between 55 and 64	9

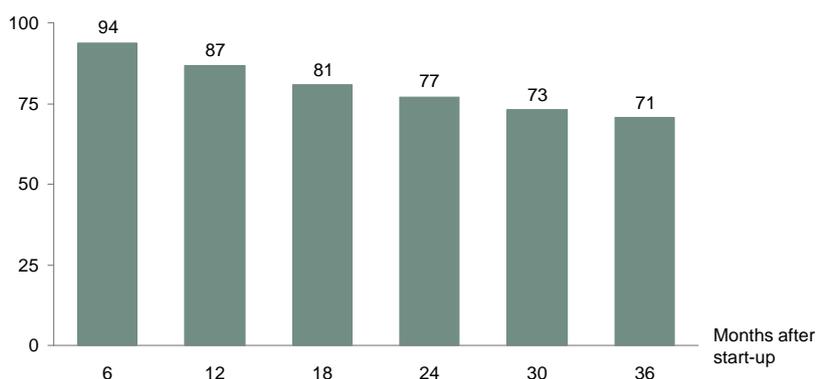
Significantly more entrepreneurs motivated by opportunity than necessity

- Just under half of new entrepreneurs (48%) set up their business to implement a specific business idea.
- Only one in three new entrepreneurs (31%) became self-employed because no alternative employment was available.

Almost one in three business founders stops trading within the first three years

Proportion of start-up projects still in existence, in per cent

Basis: Data pool from 2008–2014 surveys



Start-up projects are at risk during the first few years

- After setting up a business, roughly 1% of the year's crop of new entrepreneurs cease trading each month.
- In most cases, entrepreneurs wind up their business by dissolving or liquidating the company.
- In addition, many start-ups are set up as temporary businesses from the outset.
- In the initial years, entrepreneurs winding up their business rarely sell or transfer it to another party.

Source: KfW Start-up Monitor 2015

Last updated: June 2015

Contact: research@kfw.de

<https://www.kfw.de/KfW-Konzern/KfW-Research/>

KfW Bankengruppe, Palmengartenstraße 5–9, 60325 Frankfurt / Main

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