



Global Entrepreneurship Monitor Country Report Germany 2021/2022 Executive Summary

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The 22nd German Global Entrepreneurship Monitor (GEM) National Report describes and explains entrepreneurial activities and perceptions about entrepreneurship in Germany in 2021. It compares the findings from Germany with those of the other 46 participating countries and with the data of previous years.

The results of the country report are based on the responses of 3,797 randomly selected individuals and on the answers of 74 entrepreneurship experts in Germany. Both groups were surveyed between June and August of 2021.

Key findings of the report are:

- **Entrepreneurship rates rise again**

Total early-stage Entrepreneurial Activity (TEA) rises to 6.9 % in 2021, which is its second-highest level ever, approaching the peak level of 2019 (7.6 %). Compared with the previous year 2020, the start-up rate has increased by 2.1 percentage points (2020: 4.8 %). This may be an indicator of the overall increase in startup activity in Germany, which in 2020 was curbed by the first Corona wave. Due to the 2021 increase, Germany's now ranks 23rd out of the 31 high-income countries participating in the GEM 2021.

- **Low proportion of business closures in Germany**

In an international comparison, few people in Germany (3.2 %) have sold, abandoned, or closed a business in the last twelve months. In the USA (6.4 %) or Canada (11.5 %), this figure is significantly higher than in Germany. Lack of profitability and a favorable opportunity to sell the business are the most common causes of going out of business in Germany. In contrast, the Corona pandemic plays only a minor role here.

- **Number of younger entrepreneurs has increased**

In Germany, start-up activities have been shifting to the younger age groups over the last four years. In 2021, the two youngest of the age groups covered by the GEM will have TEA rates of 8.3 % (18-24 year-olds) and 10 % (25-34 year-olds). Hence, they are well above the average for all of all 18-64 year-olds. By contrast, the TEA rate for 55-64 year-olds is only 3 %. This means that the start-up rate of the youngest age group is almost three times as high as that of the oldest age group.

- **Migrants are more likely to start a business than those born in Germany**

In 2021, the TEA rate of migrants (about 14 %) will be more than twice as high as than the start-up rate of the native population (approx. 7 %). Migrant men and women found their own

company in 2021 with equal frequency – both the TEA rate for men and the TEA rate for women are at just over 14 %.

Migrant founders (30 %) have higher ambitions in 2021 in terms of employee growth than non-migrant entrepreneurs (10 %) and innovate processes comparatively often (12.0 % vs. 4.3 %).

- **More positive attitudes regarding entrepreneurship among older people**

The older respondents (55-64 year olds) would be less likely to be deterred from starting a business by fear of failure. Additionally, they value their own skills experience for starting a business most positively compared to other age groups. Also increasing with age are the positive assessments that it is easy to start a business in Germany, and that the media often report on successful new companies in Germany (exception in each case: 45-54 year-olds). The age group that has relatively the most TEA founders (25-34 year-olds), on the other hand, see the fear of failure, as the most as an obstacle to starting up their own business and are the least to think that founding a company is seen as an attractive career prospect by most Germans.

- **More positive assessments of entrepreneurial opportunities**

In contrast to 2020 (36 %), in 2021 in Germany 48 % of respondents said that in the next six months, in the region in which they live in good opportunities for setting up a business exist. However, the proportion of respondents who see good start-up opportunities varies differed considerably between men (56 %) and women (40 %). Also, the proportion of TEA founders who agree with the statement that the start-up situation is much more difficult or somewhat more difficult than in the previous year, at 39 %, is somewhat smaller than that in 2020 (46.7 %).

- **COVID-19 pandemic also offers entrepreneurial opportunities**

More than one third of the TEA founders in Germany agree with the statement that the pandemic has opened up new business opportunities. In 2020, only one quarter of the TEA start-ups were based on the exploitation of start-up opportunities that first arose as a result of the pandemic.

- **Strengths and weaknesses of Germany as a location for entrepreneurs hardly changed**

The strengths and weaknesses of the start-up location in Germany have been very stable for years and are only changing slowly, as the experts surveyed note. Characteristic are effective patent and trademark protection, an attractive market environment for new products and services, and a broad range of public range of public funding programs. Inhibiting factors continue to be the entrepreneurial education in schools, the priority and commitment in politics as well as the labor market.

- **Gender gap narrows during COVID-19 pandemic**

The gender gap in start-up activity in Germany has narrowed during the COVID-19 pandemic, especially among nascent entrepreneurs. Their share of the total male and female population in 2021 is 3.3 % for females and 5.3 % for males. However, the differences between men and women for nascent entrepreneurship are less pronounced than for founders of young businesses. This shows that women more often than men do not actually found the planned new venture.