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Wanted: German entrepreneurs

German companies facing a demographic and cultural challenge

German economists and entrepreneurs keep talking about a shortage of skilled workers. And rightly so. The lack of staff is slowing down the economy. The most recent estimate suggests that there is a shortage of 570 thousand qualified workers. The loss in added value amounts to just under € 50 billion, over 1% of GDP. This figure would rise to €74 billion by 2027!

Companies before the generation change

Another shortage is perhaps even more threatening: a lack of entrepreneurs. One third of medium-sized, mostly family-run companies are headed by an owner over sixty years old. Almost half of all entrepreneurs are older than 55. The ageing population is particularly evident in entrepreneurship.

Tens of thousands of companies face succession decisions every year. That could be difficult. Like the average family, entrepreneurs also have fewer children than previous generations. The probability that there will be a daughter or a son who wants to continue the business is correspondingly lower than it used to be. And potential successors are less enthusiastic about taking over their parents' company. In surveys, a quarter of successors state that they can imagine selling the company.

No business location without entrepreneurs

Of course, we cannot and must not attempt to preserve Germany's economic structure at all costs. Continuous structural change is part of progress. Nevertheless: together with declining [start-up activities](#) in Germany, the mounting challenges connected to the generational transition of entrepreneurs could further weaken economic dynamism in the long term. After all, companies not only create jobs (which they often cannot fill at

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A third of entrepreneurs scratch the age limit

Successors more often think about selling

present), they are also the place where research, development and innovation take place.

Of course, opportunities can also arise when companies are sold to external investors. Some family-run companies have not been able to adequately tackle the many challenges of the digital and green transformation. In such cases, an external takeover may make the company more sustainable.

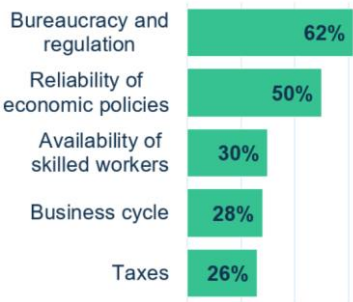
Society must change the way it looks at entrepreneurs

The environment for successful company successions must become more attractive. Simply put, this means letting entrepreneurs be entrepreneurs, again. First of all, this requires cutting back on the proliferation of paperwork, which is being forced by ever more extensive rules and reporting obligations (see Fig. 1). The time spent on bureaucracy is not spent on strategic corporate management and on preparing the company for the future.

However, we must also do everything we can to improve the image of entrepreneurship. This should start at school. In most cases, nothing useful is taught there about business. Perhaps some pupils will learn that employers allegedly are somehow predisposed to treat their employees poorly, unless they are prevented from doing so.

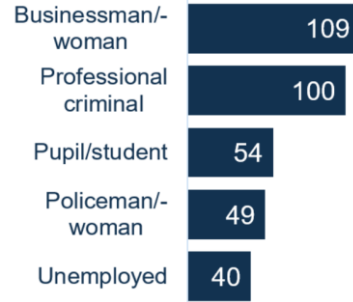
In Germany, the image of the businessman is a fairly bleak one that extends to popular entertainment. In the long-running and immensely popular TV-crime series “Tatort” no other profession has been more murderous than businessmen – less often the businesswoman (see Fig. 2). That is poor advertising for a profession, which carries immense economic and societal responsibilities. Society needs to reflect on the distorted caricature of the entrepreneur. Companies are the nucleus of economic success. Young people should be encouraged and prepared to keep the entrepreneurial spirit alive.

Figure 1:
The five most important barriers to investment for family-owned businesses



Source: Familienunternehmer.eu. Survey, Second quarter 2024, Multiple answers possible.

Figure 2:
Murderers’ profession in the "Tatort" TV series (episodes, 1970-2018)



Source: Statista

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