

Barriers and obstacles in starting a business: Entrepreneurs and prevented entrepreneurs

The process of forming a business and entering into self-employment does not always come to fruition. As the data of the KfW Start-up Monitor illustrate, the vast majority of the population does not contemplate the possibility of starting their own business. In the years 2008 to 2011, around 3 % of the population completed plans to start a business on average. Around half of them abandoned their plans (prevented entrepreneurs), while the other half carried out their start-up project (actual entrepreneurs). The analysis shows that

- *men are more likely to start the process of forming a business and follow through with it than women;*
- *a higher level of education tends to positively affect an individual's propensity both to plan and to carry out the business start-up project;*
- *unemployed persons are more likely to plan entry into self-employment, while the circumstance of already being self-employed increases the likelihood of the plan being realised;*
- *an immigrant background positively affects the likelihood of entrepreneurial planning but not its implementation.*

Whether the process of establishing a business is completed successfully also depends on whether the potential entrepreneur is capable of solving the difficulties and problems associated with it. For both entrepreneurs and prevented entrepreneurs, social and financial risks rank among the top three of ten start-up obstacles surveyed with a view to commercial and risk aspects:

- *For prevented entrepreneurs, risk aspects are a frequent motive for abandoning the plan. In order to allay these concerns, establishing an entrepreneurial culture that does not stigmatise failure would be an approach to promoting business start-up activity.*
- *For emerging entrepreneurs the building of customer relations and acquisition of orders are the most frequently mentioned problems among the difficulties surveyed. An analysis of the market, including a realistic assessment of the competitive situation and the potential demand, should be conducted already in the lead-up to the establishment and supported in the start-up advice.*
- *Financing difficulties are relatively widespread among prevented entrepreneurs, ranking third among the ten surveyed barriers to entrepreneurship. They weigh particularly heavily on unemployed persons, persons with a lower level of education and immigrant background, younger potential entrepreneurs and those with a necessity motive. Access to appropriate financing offers is therefore particularly important for these groups so that promising start-ups are not thwarted by financing problems.*