Stiftung
Familienunternehmen

Press release

Munich, 14 November 2017

Bureaucracy inhibits willingness to invest

By reducing red tape, Germany's federal government could significantly enhance domestic investment by family-owned companies. That is one of the results of the Annual Monitor of the Foundation for Family Businesses. This publication forms part of the most comprehensive database project on family-owned business carried out in the German-language area and was prepared on the Foundation's behalf by the ifo Institute.

"The Annual Monitor of the Foundation for Family Businesses demonstrates to Germany's future federal government that the parameters for German companies still need to be improved if they are to continue to invest in the domestic economy," said Prof. Rainer Kirchdörfer, a member of the Executive Board of the Foundation for Family Businesses.

In recent years the government had provided hardly any impulses for domestic investment, he said, and the legislation initiated by the Federal Ministry of Labour and Social Affairs had led to more red tape and higher costs. Especially in rural regions, it was becoming more and more difficult for family-owned enterprises to find land to expand their operations. In addition, EU legislation tended to add to the burden on these companies.

"The danger of the currently positive economic environment is that politicians will do too little to create an adequate framework for investment and the creation of jobs in Germany," said Prof. Clemens Fuest, President of the ifo Institute.

According to the Annual Monitor survey, family businesses remain firm in their commitment to Germany as an economic hub. Of the family businesses surveyed, 51.3 percent plan to keep their investment at current levels. However, only 36.3 percent said they intended to increase the proportion of the funds they invest in Germany. Over the last five years, 51.2 percent of these businesses had increased their domestic investment.

The survey suggests that capacity is increasingly being expanded abroad, while investment in Germany is focused mainly on replacing existing facilities. However, for the overwhelming majority of companies surveyed (95.8 percent), this investment abroad does not entail the transfer of jobs away from Germany.

According to the family businesses, negative factors influencing investment in Germany included wage costs (35.3 percent) as well as economic-policy and tax parameters (29.6 percent and 26.8 percent respectively). When asked what the federal government should do to increase domestic investment, 65.1 percent of the family and non-family businesses surveyed ranked 'reducing bureaucracy' among their top three priorities.

The Annual Monitor of the Foundation for Family Businesses is the largest survey of family businesses in the German-speaking countries. It features data which can be updated and analysed as necessary between publication of the annual surveys. More than 1,500 family and non-family businesses of all sizes and from all branches of industry took part in the present survey. In future, the survey will consist of a panel of the same 600 companies at a minimum to ensure comparability of the results.

Stiftung
Familienunternehmen

Over 90 percent of all companies in Germany are family-owned. The purpose of the Foundation for Family Businesses, a non-profit organisation, is to preserve the country's family-business landscape. The foundation is the most important promoter of scientific research in this field and first port of call for politicians and the media in matters related to economic policy, legislation and taxation.

Further information:

Andre Tauber
Head of Communcations

Stiftung Familienunternehmen
Prinzregentenstrasse 50
D-80538 Munich

Tel.: +49 (0) 89 / 12 76 400 06
Fax: +49 (0) 89 / 12 76 400 09
Mobile: +49 (0) 172 / 631 90 09

tauber@familienunternehmen.de
www.familienunternehmen.de
@StiftungFamUnt