



Investing in Germany

Country Presentation
MBA 6303-02

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AGENDA



1. Demographics



2. Culture & Hofstede Analysis



3. PESTEL Analysis



4. History & Investments



5. Imports & Exports



6. SWOT Analysis



7. Conclusion

DEMOGRAPHICS

Population

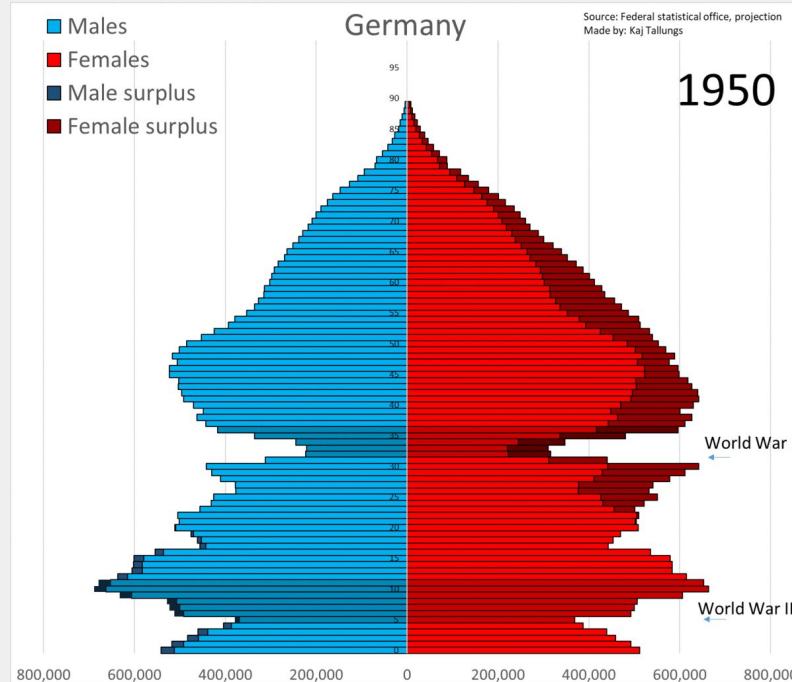
As of 2021, there are 83.13 million people in Germany making it the 2nd most populated country in Europe

Capital City

The capital of Germany is Berlin with a population of 3.6M

Currency

Germany uses Euros (€)



Religion

Predominantly Roman Catholic

Languages

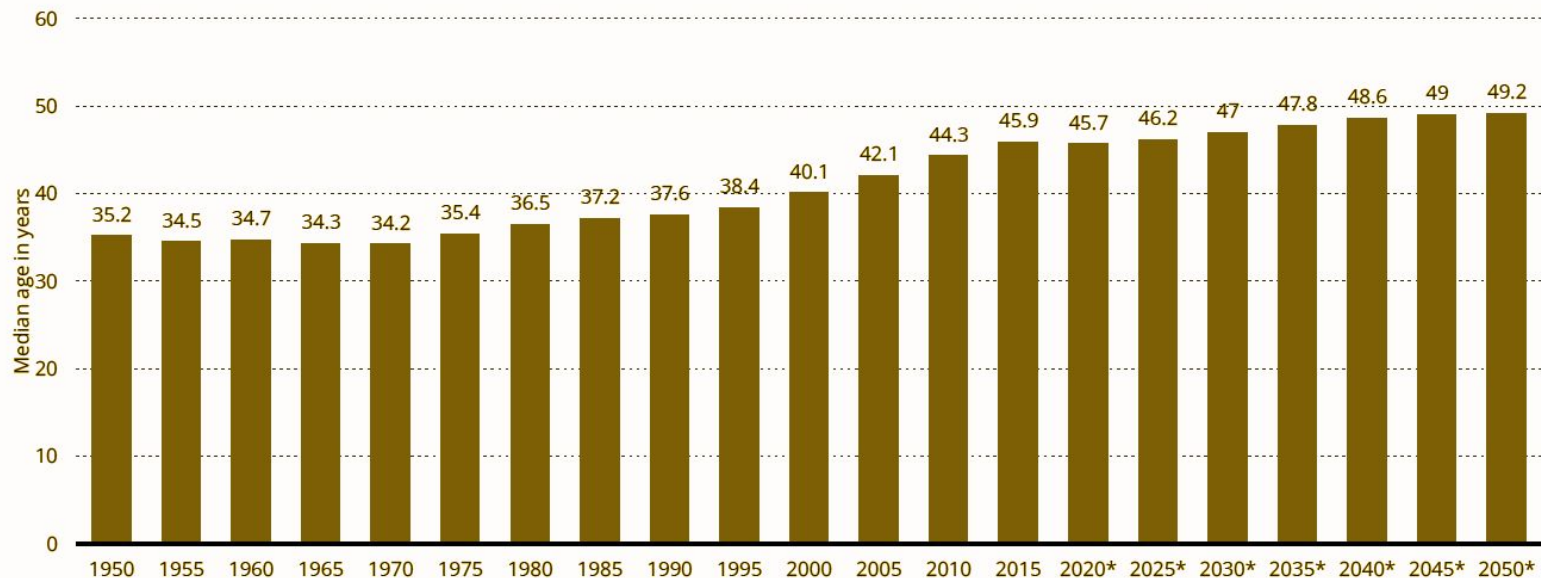
Primarily German
Minority Languages include Sorbian and North Frisian

Baby Boomer Phase

During 1946 - 1964

Germany: Average age of the population from 1950 to 2050* (median age in years)

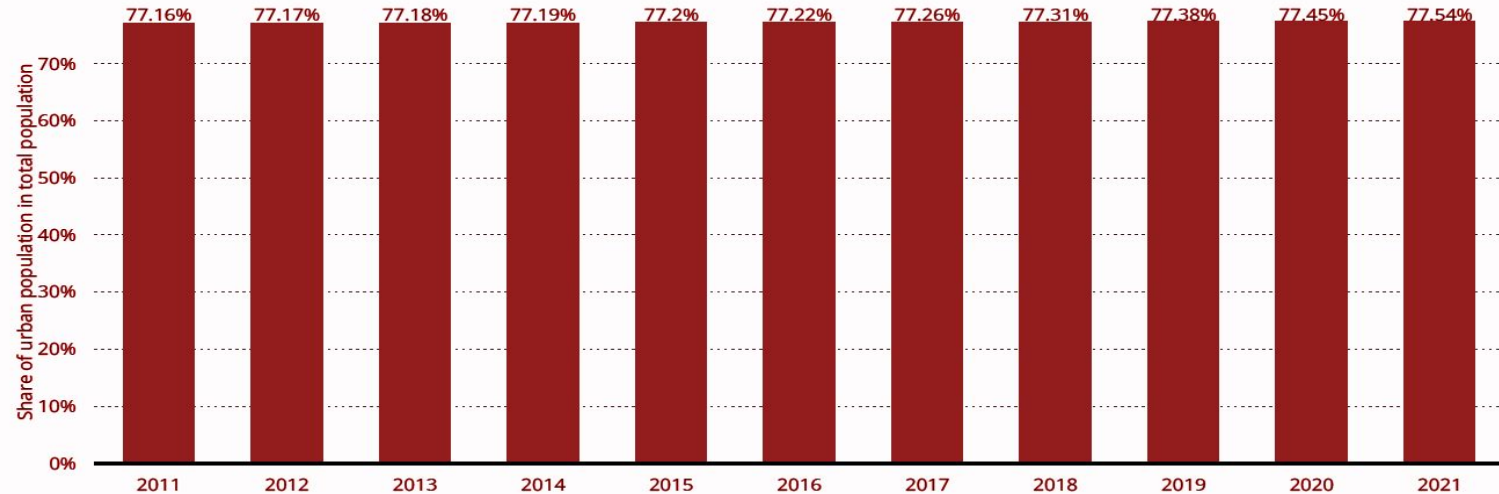
Median age of the population in Germany 1950-2050



11 | Description: The median age of Germans in 2015 was 45.9 years, meaning that half the German population was younger, half older. This number decreased slightly from 1950 to 1970, likely due to the baby boom after World War II, then began increasing. It is expected to slowly increase to 49.2 by 2050. [Read more](#)
Notes: Germany: *Forecast. [Read more](#)
Source(s): United Nations

Germany: Urbanization from 2011 to 2021

Urbanization in Germany 2021



14

Description: This statistic shows the degree of urbanization in Germany from 2011 to 2021. Urbanization means the share of urban population in the total population of a country. In 2021, 77.54 percent of Germany's total population lived in urban areas and cities.
Read more
Notes: Germany
Source(s): World Bank

statista

Industrialization + Large Scale Urbanization

GERMAN CULTURE



Regional Diversity

Varying accents, traditions, religious affiliations and practices across regions

Language

Although official language is Deutsch, there is a plethora of dialects & accents

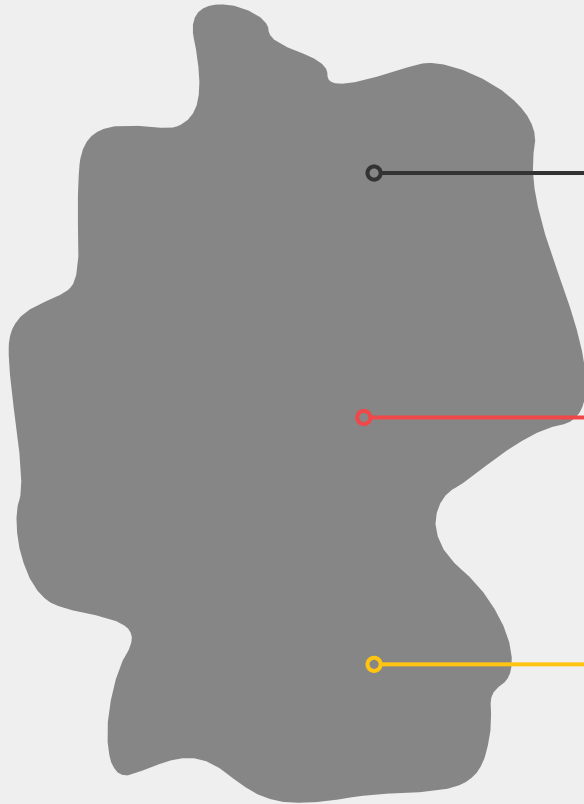
Socio-Relationship

Private in nature due to invasion by government in the past

Local Patriotism

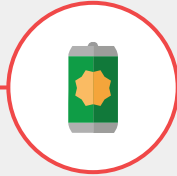
Show more patriotism to their regions than the nation at large

OKTOBERFEST FACTS



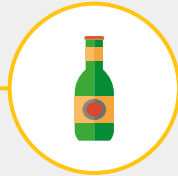
World's Most Famous Beer Festival

Despite the name, the event actually takes place in September but runs into October.



An Authentic Experience

The only beer sold throughout Oktoberfest is from Munich.



6 Million people attend yearly

Vast majority of attendees are Germans. However people from all around the world visit Munich for the 2 week long festival.

GERMAN BUSINESS CULTURE

01

Hierarchical Work System

Workplaces in Germany are based on experience and position

02

Not easily persuaded

Great listeners but need to be convinced to fully commit; bargaining is not always needed for a deal to go through

03

Task Oriented

Business relationships are often kept formal; direct communication while being polite

04

Mannerisms

Greetings are usually restricted only to firm handshakes & maintaining some distance while talking is necessary

05

Meeting Procedures

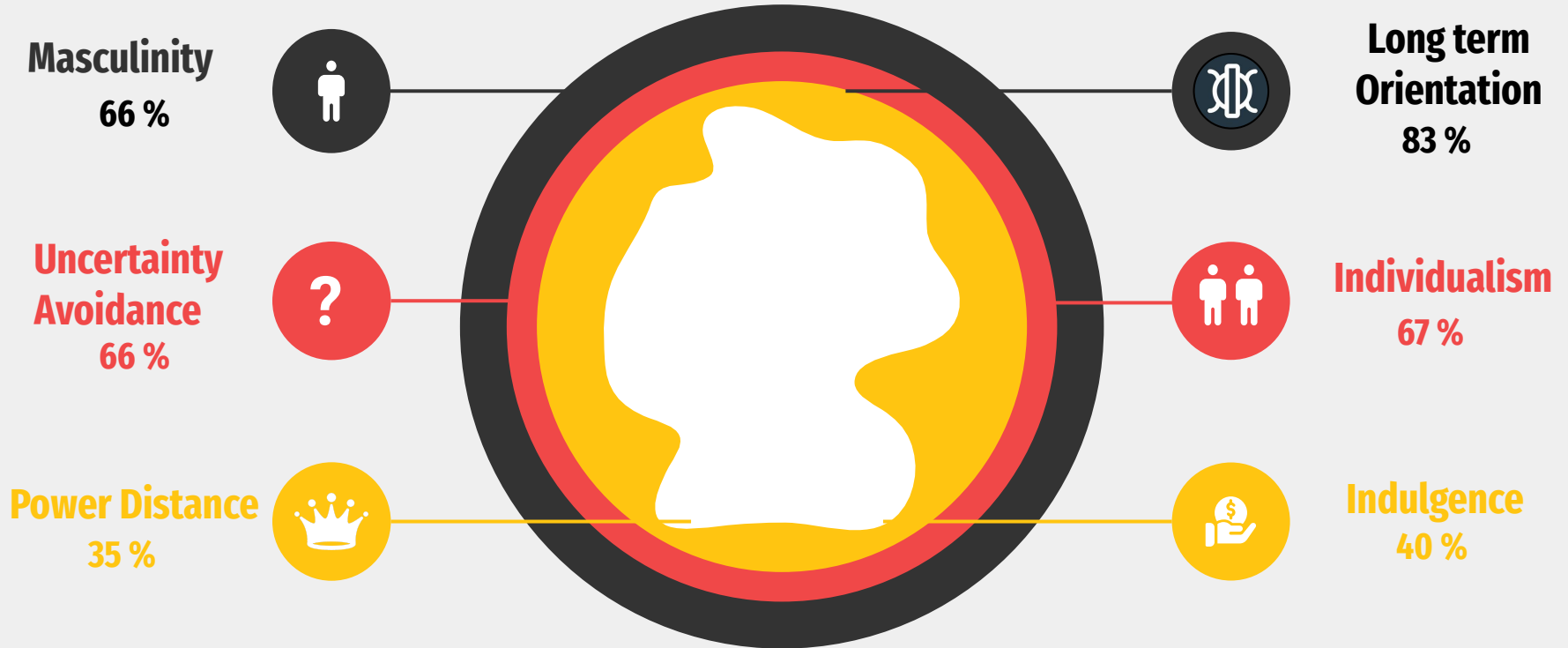
Meetings are arranged ahead of time & punctuality is given a lot of importance

06

Other

Work-life balance is prioritized;
Networking & referrals need to get a job;
Equality of men and women in the workplace

HOFSTEDE ANALYSIS



PESTEL ANALYSIS

Political

Member of NATO, EU, World Bank, IMF & G8.

Technological

Prowess in medicine, research, infrastructure, engineering, design & military technology.

Economic

4th largest economy in the world with \$4.2 trillion GDP & 5.5% unemployment rate.

Environmental

Faces global warming and other pollution challenges. Devastating floods in 2021.

Sociological

84 million population, welfare state, ageing population, low birth rate.

Legal

Minimum wage €12. Indifferent between local and foreign investment. Contractual agreements are enforced.



GERMAN HISTORY

World War 2

Many of Germany's technological innovations have their roots in WW2



Universities and Institutions

Germany has been an academic powerhouse for a longtime and as such education is the backbone of Germany's technological advancements



Unification of Germany

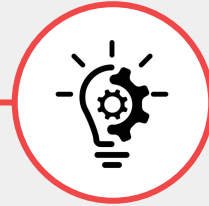
On Nov 9th 1989, the Berlin wall fell, this meant that Germany could focus on creating stronger minds and and unifying its great minds

INVESTMENTS



Research & Development

Germany is in the top 10 countries that devotes a large percentage of economic output to R&D



Creating New Innovations

Germany is also in the top 10 countries that create new innovations.



Renewable Energy

In 2010, Germany invested 8 billion Euros and has an estimated 340,000 employees in this sector

STARTUP NATION



- Since 1997, Germany has witnessed an unprecedented boom in high-tech start ups and IPOs.
- Germany has witnessed a spectacular mushrooming of technology-based firm foundings in the past few years, transforming the country from a laggard to the clear leader in European high-tech entrepreneurship.

MITTELSTAND MODEL

- Small to medium-sized enterprises (SMEs) who have achieved massive success and endured economic challenges
- Ready and willing to face new challenges and stay in the forefront of innovation, especially in niche markets
- Strong management model by owners



"Provided that they embrace new trends, particularly digitisation, and that they find ways of recruiting the skilled labour they need, even in times of a skills shortage, SMEs have every opportunity to remain successful in their chosen specialised niche markets."

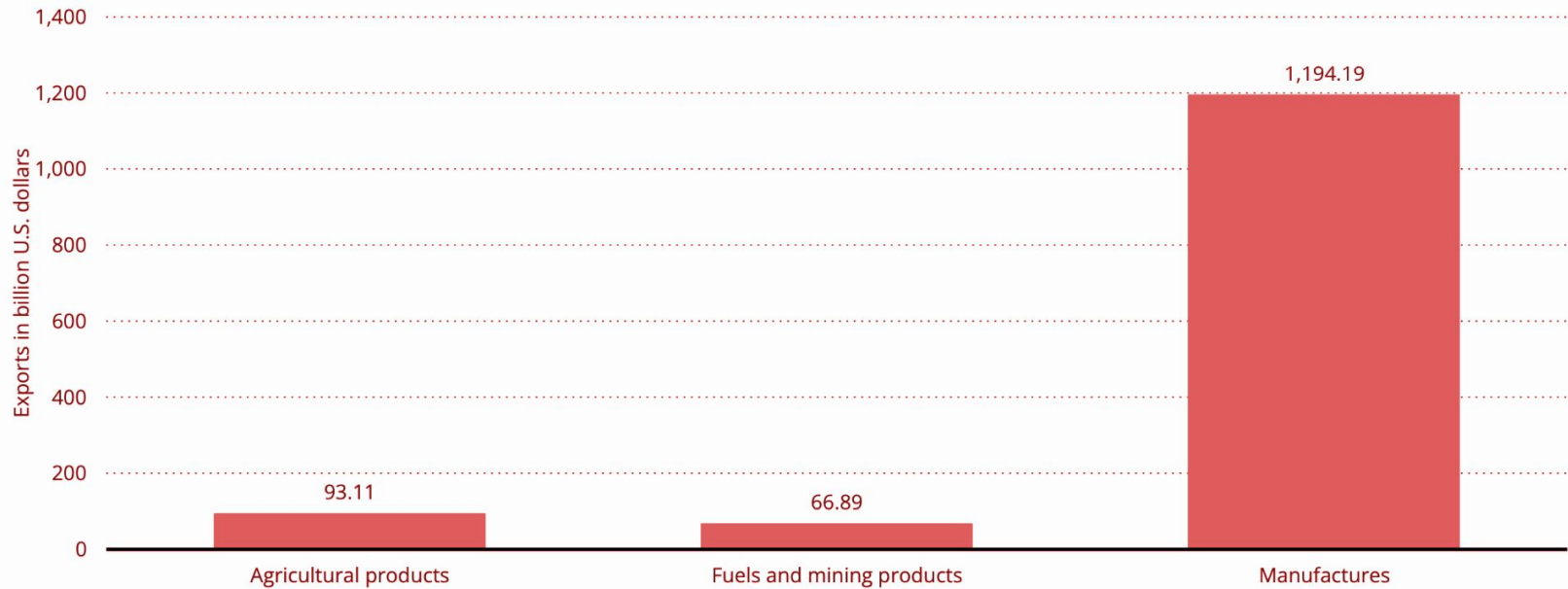
Top 10 countries that export the Most Goods and Services (in million US\$)

Rank	Country	Exports (Current US\$)
1	China	\$2,723,250.43
2	United States	\$2,123,410.00
3	Germany	\$1,669,993.51
4	Japan	\$785,365.75
5	United Kingdom	\$770,478.62
6	France	\$733,165.40
7	Netherlands	\$711,504.80
8	Hong Kong (China SAR)	\$612,566.52
9	Singapore	\$599,216.28
10	South Korea	\$596,945.20

IMPORTS & EXPORTS

Germany: Export of commodities in 2020 (in billion U.S. dollars)

Export of commodities from Germany 2020



IMPORTS & EXPORTS (cont.)

GERMANY - TOP FIVE IMPORT SOURCES AND GOODS IMPORTS (2020)

By Market	% Of Total Imports		By Category	% Of Total Imports
China (Mainland)	11.3		Machinery, mechanical appliances, nuclear reactors, boilers and parts thereof	12.9
Netherlands	7.7	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television		12.4
US	6.6	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof		10.2
Poland	5.7	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral		9.2
France	5.5		Pharmaceutical products	4.5

Source: Trade Map, Fitch Solutions

GERMANY - TOP FIVE EXPORT DESTINATIONS AND GOODS EXPORTS (2020)

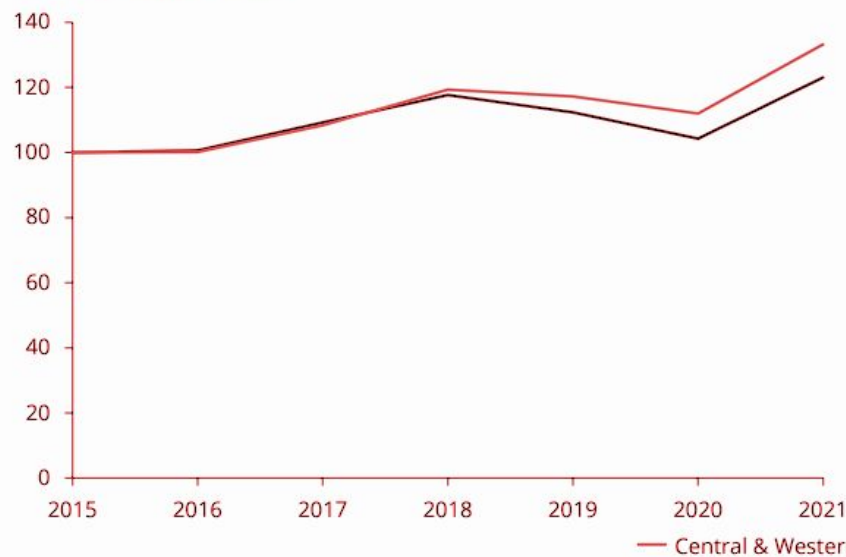
By Market	% Of Total Exports		By Category	% Of Total Exports
US	8.6		Machinery, mechanical appliances, nuclear reactors, boilers and parts thereof	17.2
China (Mainland)	8.0	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof		15.3
France	7.5	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television		11.0
Netherlands	6.5		Pharmaceutical products	7.1
UK	5.5	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical		5.4

Source: Trade Map, Fitch Solutions

Good export values of Germany have increased slower than the regional average

Trade in Goods: Regional Comparison

Good export value index



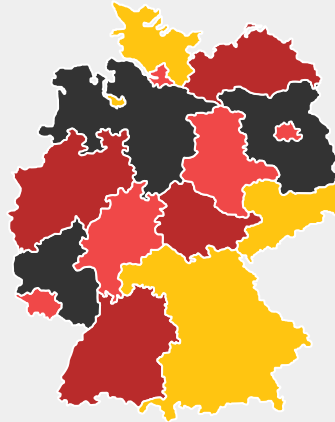
Good import value index



SWOT ANALYSIS

Strengths

- Excellent CPI
 - Score of 80 = very clean in terms of corruption
- High productivity (skilled & trained workforces)
 - English proficiency
- Ideal location in the heart of Europe
 - Easily accessible to other capital cities
 - 9 major international airports
- Strong infrastructure
 - Effective road, rail and sea connections



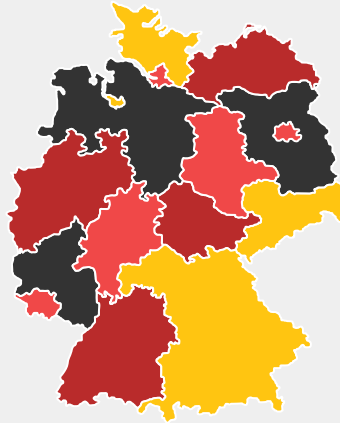
Weaknesses

- High cost of labor (35.6 euros) compared to EU average of 27.7 euros
- High crime rate
- Complicated tax laws
 - 14 different taxes payable by businesses operating in Germany

SWOT ANALYSIS (cont.)

Opportunities

- Germany's leadership in manufacturing & industrial automation makes it an attractive and profitable location for production by global businesses
- High density of industrial companies and a financial powerhouse
 - especially in Frankfurt
- Germany's renewable energy sector



Threats

- Aging population & low fertility rates
 - May create complications in social welfare
- Russia-Ukraine War may lead to lower growth & higher inflation by 2-3% than pre-war projection
- High concerns about rising prices/cost of living

TIPS FOR SUCCESS

Appeal to Tourism

Since Covid has been on the decline, the tourism business has been rising exponentially.

Technologically Forward

Germany is a leading country in the European continent for technology and innovation, R&D is a key area for a business to put its funds in.



Draw in Investors

With its rich economy, Germany is the top investment location in Europe. Having a strong consumer base will draw investors to help grow your business.

Partner with Locals

Due to Germany's complex fiscal system, international companies should partner with local finance experts (esp. to help file taxes)

CONCLUSION

Main Reasons to Invest in Germany:

- Low levels of:
 - Corruption
 - Political instability & politically motivated violence
 - Unemployment
- Strong infrastructure
- Technologically forward & innovative
- High productivity with a skilled workforce
- Leader in manufacturing with high density of companies & financial institutions





Danke !

Appendix

- BMWK - The German Mittelstand as a model for success
<https://www.bmwk.de/Redaktion/EN/Dossier/sme-policy.html>
- <https://www.gtai.de/en/invest/business-location-germany/market-germany-europe-s-economic-hub>
- https://www.gtai.de/resource/blob/63848/7ca8088fa544b5a6906c48bdd409b175/20221017_FF_Tax_Legal_WEB.pdf
- Germany - Statistics & Facts | Statista (openathens.net)
<https://www-statista-com.eu1.proxy.openathens.net/topics/1903/germany/>
- Germany's Economy & Society | Statista (openathens.net)
<https://www-statista-com.eu1.proxy.openathens.net/study/48384/germany/>
- Why Is Germany A Powerhouse In Research and Innovation? (theculturetrip.com)
- <https://www.youtube.com/watch?v=9skJlgJxWj0>
- <https://howandwhat.net/pestel-analysis-germany/>
- <https://culturalatlas.sbs.com.au/german-culture/german-culture-other-considerations>
- <https://www.cledara.com/blog/hottest-startups-in-germany>
- <https://tradingeconomics.com/germany/balance-of-trade>