Institut für Mittelstandsforschung

IfM BONN

Executive Summary

The societal value creation of German Mittelstand

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IfM-Materialien Nr. 292

Imprint

Publisher

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IfM Materials No. 292

ISSN 2193-1852 (Internet)
ISSN 2193-1844 (Print)

Bonn, March 2022

The IfM Bonn is a foundation under private law.

Gefördert durch:

aufgrund eines Beschlusses
des Deutschen Bundestages

Ministerium für Wirtschaft, Innovation,
Digitalisierung und Energie
des Landes Nordrhein-Westfalen

Executive Summary

This study examines the societal value creation of German Mittelstand. It aims to concretise the societal contribution of German Mittelstand, to analyse the process of societal value creation and the actors involved therein. It does so conceptually and empirically by using the examples of two regions. One region has already successfully completed an economic structural change. Mittelstand companies are now strong and diversified. The other region faces permanent structural crises and is characterised by a small-scale German Mittelstand.

The societal contribution of the German Mittelstand is manifold

The societal contribution of the German Mittelstand is the added value of economic activity and is provided directly and indirectly by this economic activity. These contributions are manifold and contribute to the sustainability and resilience of regions. Usually, economic value creation is a prerequisite for societal value creation. However, the societal contribution is sometimes only marginally related to the economic activity, e.g. when German Mittelstand brings its competences and experiences into regions.

The societal contribution of German Mittelstand varies by regional problems

In structurally weak regions and regions undergoing structural change, it is the economic contribution of the German Mittelstand that is perceived as a contribution to the society. In economically well-positioned regions, there is a growing awareness of the indirect contribution of German Mittelstand to maintain regional attractiveness and competitiveness.

Societal value creation takes place in collaboration between German Mittelstand and the region

German Mittelstand generates a considerable part of its societal contribution in collaboration with other regional actors. This collaborative societal value creation is in itself a societal contribution of the German Mittelstand. Important prerequisites are intra-regional networking as well as a common regional identity that is reflected in collective narratives on regional development. However, these narratives continue to dominate even if fundamental circumstances have changed in the meantime and then hinder societal value creation.

The roles of German Mittelstand and regional community are changing

The collaborative societal value creation thrives on the intrinsic commitment, enthusiasm, and persuasiveness of regional actors. Their respective roles change over time. In the region, that has successfully undergone structural change, Mittelstand is – in the meantime – the central actor of societal value creation and the regional community is mainly supportive and a passive beneficiary of societal contributions. In the region of permanent structural crises, the regional community – still – has a much more active role, as Mittelstand structures have yet to be further strengthened.

Measuring the societal contribution and societal value creation remains a challenge

At present, collaborative societal value creation is not quantifiable and measurable. The diversity of societal contributions also makes measurement more difficult. As an approximation, indicators can be used that depict individual prospects and societal participation in the region.

Increase the visibility of societal contribution

It is important to communicate the complexity of the German Mittelstand's societal contribution as well as the importance of collaborative societal value creation for the transformation of regions. An exchange between those regions that were structurally weak but are strong now in terms of the German Mittelstand and those currently undergoing structural change can provide new impetus for the diverse roles and contributions of the German Mittelstand.