

Executive Summary

"Mittelstand" Policies in Change

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The heterogeneity of the German Mittelstand and the discrepancy between companies complying with IfM Bonn's definition of the Mittelstand and those only feeling a sense of belonging to the Mittelstand produce a key challenge for Mittelstand policies: Policymakers have to determine which particular groups of the Mittelstand they want to address, how they intend to address them and which aims they want to pursue herewith.

Principles of future-oriented Mittelstand policies

Policies targeting the Mittelstand have to comply with the basic requirements of economic policy: Policies should be based on socially accepted values and policymakers should agree on a social and economic policy consensus. At the same time, Mittelstand policies have to be long-term oriented, constant and bound by rules.

Heterogeneity of the Mittelstand does not imply a broad variety of support programs

Although the heterogeneity of the Mittelstand requires a differentiated communication approach to the individual subgroups, it does not imply a differentiation in terms of the available support programs. Instead, we recommend measures that do focus on specific target groups, but at the same time aim at providing a favourable framework and raise awareness for entrepreneurship. This way, incentives are being set to start entrepreneurial activities and to pursue them successfully on a long-term basis.

Compensation for disadvantages is no longer appropriate

Mittelstand policies which seek to compensate for disadvantages are no longer justified from the perspective of contemporary Mittelstand research: Instead, policies should highlight the potential of the Mittelstand with regard to overall economic and social development. This potential should be strengthened and enhanced by Mittelstand policies.

Mittelstand policies as an economic and socio-political task

Through its activities in the field of vocational training, the Mittelstand contributes significantly to the improvement of life chances. The broad distribution of Mittelstand enterprises across the regions safeguards the uniformity of living conditions in the entire country. Modern and future-oriented Mittelstand policies should emphasize these aspects. In addition to highlighting the Mittel-

stand's importance for macro-economic competitiveness and innovation, it is also advisable to direct attention to the positive effects which the Mittelstand's diversity can produce for a forward-looking economy and society.

Mittelstand policies as a cross-sectional task

Mittelstand policies are a cross-sectional task that ensure the functioning of the social market economy and support the achievement of economic and societal objectives. Mittelstand policies can only be successful if the Mittelstand in all its diversity is considered in all policy areas: Competition policies, for example, should equally consider the conditions of competition for new and more traditional types of entrepreneurial activities. Hybrid career paths and discontinuous company developments require a reorientation in the field of social policies.

Mittelstand policies as framework policies

In principle, Mittelstand policies should be positioned as reliable framework-oriented policies which set incentives for entrepreneurship. Only this way, Mittelstand companies have sufficient planning security, can focus on their original core business activities and fully realize their potential. Mittelstand-specific elements of the general framework-oriented policies should not relate to company size or to the position in the company life cycle, but rather to the key characteristic of the Mittelstand, i.e. the unity of ownership and management. However, if the overall market conditions change, the policy framework should be adapted. Not adequate, however, are intentions to correct a constant frame with the use of single support programs.

Welter, F.; Levering, B.; May-Strobl, E. (2016): Mittelstandspolitik im Wandel, IfM Bonn: [**IfM Materialien Nr. 247**](#), Bonn.