

# 65 years IfM Bonn



**Interview with Professor Friederike Welter, President of the IfM Bonn and Professor at the University of Siegen**

**The IfM Bonn celebrates these days its 65th anniversary. What have been the successes in recent years?**

„Over the past 65 years, the interdisciplinary and practice-oriented research methods of our institute have led to a sustained increase in awareness of Mittelstand-relevant topics in the general public and in economic policy. For example, our studies have succeeded in breaking the taboo about company succession: Compared to the past, many family entrepreneurs today are concerned with the question of who should succeed them. Our research has also contributed to the fact that the interests of the Mittelstand have been considered in many laws. At the same time, however, it is still important to sensitise politicians across departments to consider the consequences of legislative initiatives on the Mittelstand.“

**What characterises the typical Mittelstand?**

„First of all, there is no such thing as a typical Mittelstand company. The Mittelstand includes small and medium-sized independent companies, craft businesses and members of the liberal professions, solo self-employed and large family businesses. According to our definition, the unity of ownership and management is decisive for belonging to the Mittelstand. In other words, this means that in a Mittelstand company, up to two natural persons or their family members hold at least 50% of the shares in the company. They are also members of the management. Accordingly, many large family businesses such as Oetker, Stihl or Würth belong to the Mittelstand.“

### **Where do you see the particular strengths of the IfM Bonn?**

„The particular strength of the IfM Bonn certainly lies in the interdisciplinary composition of our research teams: We currently employ economists and business economists as well as psychologists and sociologists. In the future, we would like to expand our team with further experts from other disciplines. After all, the interdisciplinary approach in recent decades has contributed, among other things, to the fact that the institute was able to identify topics at a very early stage that later actually became relevant for the Mittelstand. In the early 1970s, the IfM researchers pointed out the expected start-up gap. In the 1980s, they examined and evaluated alternative forms of financing, such as venture capital for young companies, and they did research and evaluations for politics. From 2000 onwards, the IfM scientists repeatedly underlined the particular bureaucratic burden for smaller companies.“

### **In view of the many challenges, does the Mittelstand have a future at all?**

„I am sure that the Mittelstand will continue to exist in the future. In recent decades, however, it has become more diverse. For Mittelstand policy, this means that it must adapt the framework conditions to the heterogeneity of the Mittelstand. It also must reposition itself when addressing target groups: Not everyone who belongs to the Mittelstand by definition, feels that they are medium-sized. Just think of the solo self-employed or the founders of innovative start-ups. On the other hand, however, there are many large family companies who, due to their structure, no longer belong to the Mittelstand – but nevertheless call themselves Mittelstand companies.

But to come back to the point 'challenges' in your question: Especially in the recent crises, many of the Mittelstand companies have once again shown what makes the Mittelstand so special: They have reacted flexibly and creatively to the challenges – and, for example, adapted their business model and internal processes to the changed framework conditions.“

### **Your publications repeatedly point out the high social contribution made by the Mittelstand in Germany. What do you mean by that?**

„The Mittelstand in Germany is considered the backbone of the economy. However, its contribution to society goes far beyond measurable outcomes such as providing goods and services. For example, Mittelstand companies are often firmly anchored in their home region and make a significant contribution to regional development, as we demonstrated in 2022 based on two different

regions: In structurally weak regions and in regions undergoing structural change, the social contribution of the Mittelstand is seen equal to the creation and securing of jobs and training places. In economically well-positioned regions, on the other hand, the contribution of the Mittelstand goes beyond pure economic activity. Here, Mittelstand companies are usually associated with maintaining regional attractiveness and competitiveness.

In times of crisis – most recently during the Covid-19-pandemic – the Mittelstand stabilises society and the economy: During this time, many Mittelstand companies tried to retain their employees despite economic difficulties and developed alternative business models in a very short time. Hence, next to government support measures, the companies made a decisive contribution to ensuring that the diversity of the Mittelstand in the regions was largely maintained, that the supply of the population was secured and that jobs were preserved.“

**Prof. Dr Friederike Welter** is President of the IfM Bonn and a professor at the University of Siegen, and she is an internationally renowned entrepreneurship researcher. She has received several international awards for her research on small and medium-sized enterprises – most recently with admission to the Academia Europaea. In August 2022, she was appointed to the Commission of Experts for Research and Innovation (EFI).