**The IfM Bonn**

The Institut für Mittelstandsforschung (IfM) Bonn was founded in 1957 by the Federal Republic of Germany and the Federal State of North Rhine-Westphalia as a foundation under private law on the initiative of the then Minister of Economics Ludwig Erhard.

The task of the IfM Bonn is to research the situation, development and problems of Mittelstand businesses. The current research programme, the individual studies and statistical data on small and medium-sized enterprises in Germany can be found at www.ifm-bonn.org/en.

**First-hand information on Mittelstand businesses**

September 2020

Around 3.5 million enterprises are small and medium-sized enterprises (SMEs) – these are 99.5 % of all private sector enterprises.

Compared to SMEs in other EU countries, small and medium-sized enterprises in Germany are on average larger.

SMEs generate more than € 2 trillion, or around 34.4 % of the total annual turnover of companies in Germany.

In total, small and medium-sized enterprises contribute more than 61 % of the total net value added of all enterprises.

Almost 18 million employees work in SMEs – these are about 58 % of all employees subject to social security contributions.

Local business units with fewer than 500 employees subject to social insurance contributions employ around 82 % of all trainees.

SMEs invest over €10 billion in research and development.

Their export turnover amounts at least to € 214 billion, or almost 16 % of the export turnover of all companies.

(Data from 2018. More recent figures will be available in spring 2021.)
Politics and enterprises have different understandings of bureaucracy: Politics defines bureaucracy as the documentation and information obligations as well as the required efforts to comply with public regulation. By contrast, the majority of enterprises also include semi-public rules from self-governing organisations of the economy, standardisation institutes or professional associations. However, politics has little influence on the regulations and requirements in these areas.

Securing innovation capabilities and competitiveness remains the greatest challenge for Mittelstand businesses. According to the current Future Panel for SMEs (expert survey), digitisation and securing skilled employees are in second and third place – followed by the management of the corona crisis.

Overview of the main action fields

- Secure innovative capabilities & competitiveness: 85.7%
- Manage digitisation: 82.0%
- Secure skilled employees: 49.9%
- Manage the corona crisis: 49.3%
- Design SME-friendly regulatory frameworks: 42.0%
- Strengthen education: 42.3%
- Secure and develop a strong business culture: 37.7%
- Manage sustainability and climate protection: 31.6%
- Secure financing: 32.0%
- Shape international relations: 11.2%

Who belongs to the Mittelstand?

The IfM Bonn defines Mittelstand businesses by the unity of ownership and management. In concrete terms this means:

In a Mittelstand business:
- up to two natural persons or their family members (directly or indirectly) hold at least 50% of the company’s shares
- these natural persons are part of the management.

Business start-ups in Germany

In 2019, around 366,000 people started their own business – just under 700 fewer than in the previous year. The decline was due to a decrease in start-up activities in the commercial sector (-1.6 %). By contrast, the number of start-ups in the liberal professions rose (+3.6 %).

In 2019, after 12 years, the county district of München replaced the independent city of Offenbach am Main at the top of the NUI regional ranking indicator. The IfM Bonn has been publishing the number of business registrations per 10,000 inhabitants of working age every year since 1998 (Neue Unternehmerische Initiative – NUI).

According to estimates by the IfM Bonn, there are currently around 30,000 business transfers per year in Germany. This affects approx. 490,000 employees every year.

Detailed information on start-up dynamics

- (overall, commercial, liberal professions),
- NUI regional ranking,
- Enterprise transfers


Source: IfM Bonn 2020.

Only one in nine start-ups in alternative energies or information technology is based on radical innovation. Approx. every third start-up is based on an improvement of an existing product or service, and every second is based on imitation.