Mittelstand at a glance

The macro-economic significance of the German Mittelstand can only be illustrated approximately by referring to the SME definition of the European Commission. Original Mittelstand data are not available since the official enterprise statistics do not cover the defining qualitative characteristics of Mittelstand enterprises (management, ownership, economic independence).

About 3.37 million enterprises are small and medium-sized enterprises **(SME)**. This represents 99.3 % of all companies in the private sector.

On average, German small and medium-sized enterprises are **larger** compared to SMEs in other EU member states.

SMEs generate more than 2.4 trillion euros and thus more than 33 % of the **total turn-over** of companies in Germany.

Combined, small and medium-sized enterprises generate approx. 49 % of the total **net value-added** of all enterprises.

More than 19 million employees work in SMEs. This represents more than 54 % of all **employees.**

More than 70 % of all **trainees** are employed in companies with less than 250 employees subject to social insurance contributions.

SMEs invested more than 7 billion euros in **research and development** in 2020.

Their **export turnover** amounted to more than 228 billion euros in 2021, which is almost 16 % of the export turnover of all companies.

(Data from 2021. More recent figures will be available in summer 2024.)

The IfM Bonn

The Institut für Mittelstandsforschung (IfM) Bonn was established in **1957** as foundation of private law at the **initiative** of **Ludwig Erhard**, then Minister of Economic Affairs.

The institute's task is to analyse the status-quo, development, and problems of Mittelstand (SME) enterprises. Its current research programme, individual studies, as well as statistical data on the Mittelstand in Germany can be found at **www.ifm-bonn.org/en/**.

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Podcasts about the Mittelstand: **www.ifm-bonn.org** and Spotify.

First-hand information on the German Mittelstand

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applied research & practice oriented

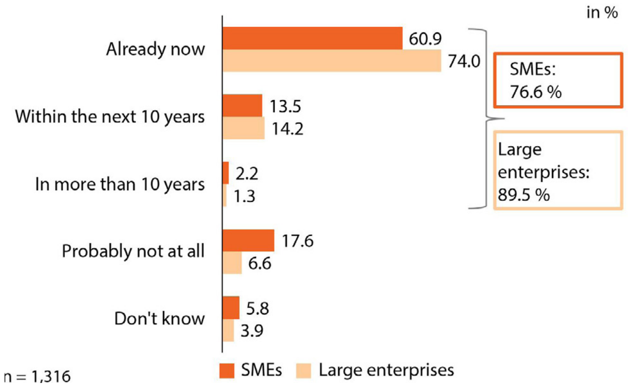
Mittelstand in brief

Our current research

- The **shortage of skilled labour** remains the biggest challenge for entrepreneurs , according to the IfM Bonn's SME Future Panel. For the third time in a row, they identified demographic change and all its consequences as the currently most pressing issue in summer 2023. This is followed by the challenges of "increased competitive pressure" and "energy supply/security".

- More than three-quarters of managers at small and medium-sized enterprises (SMEs) expect the **consequences of climate change,** such as extreme weather events and the transition to a more sustainable economy, to impact their business activities. How far they take concrete adaptation measures to protect against physical climate risks depends on their previous experience with extreme weather events and the extent of current operational business challenges.

Effects of climate change on the company



- The proportion of SMEs in Germany that generate at least 1% of their turnover from online sales is stagnating (19 %), despite the boost in digitalisation during the Covid-19 pandemic. Leaders in this area across Europe are SMEs in Sweden (36%) Denmark (35%) and Ireland (35%).

Who belongs to the Mittelstand?

The IfM Bonn defines Mittelstand by a **combination of ownership and management characteristics.** To be specific, this means:

In a Mittelstand enterprise,

up to two natural persons or their family members hold (directly or indirectly) **at least 50 %** of the shares of the enterprise

&

these natural persons are part of the **management team.**

How many **workers** these **enterprises** employ or how much turnover they generate is **irrelevant** – unlike in the case of SMEs.

If they meet the above criteria, **family businesses** with **more than 250 employees** or an annual turnover of more than 50 million euros therefore **also** belong to **the Mittelstand.**

The terms

Mittelstand,
family businesses,
owner-managed enterprise, and
family-run business

may be used **synonymously.**

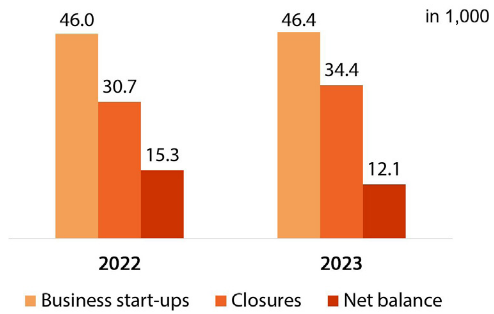
Stay updated on the latest IfM Bonn research results, subscribe to our newsletter at:

www.ifm-bonn.org

Current figures

Between January and July 2023, **46,400 businesses** with major economic impact – i.e. with an entry in the commercial or trade register or with at least one dependent employee – **were founded**. Compared to the first half of 2022, the number of these start-ups has remained almost constant. The total stock of enterprises is likely to have increased as the net balance of start-ups over closures remained positive despite an increase in company closures.

Start-ups in Germany (1st half of each year)



The district of Munich has been at the top of the **NUI regional rankings** – analysing the intensity of regional start-up activities – since 2018. The cities of Leverkusen and Rosenheim follow in second and third place, respectively. The IfM Bonn annually determines how many new full-time and part-time commercial enterprise start-ups, takeovers, and relocations have been registered in a region per 10,000 working-age inhabitants in the preceding year.

According to IfM Bonn estimations, there are currently around 38,000 business transfers pending in Germany each year. Almost half of the takeovers will occur in the business-related services sector and over a quarter in the manufacturing sector.

Detailed information on start-up activity at www.ifm-bonn.org/statistiken.