

# Press release

## Government measures aided Mittelstand companies in the COVID-19 crisis

### IfM Bonn: economic consequences of the pandemic mainly affected SMEs and family businesses

**Bonn, 9.11.2022.** Small and medium-sized enterprises (SMEs) and family businesses – also called German Mittelstand – were economically more affected by the COVID-19 pandemic than large and non-Mittelstand companies. Moreover, in the second year of the pandemic, SMEs and Mittelstand companies recovered less from the crisis than large and manager-led companies: Their growth rates in 2021 were insufficient to compensate for their poorer performance in 2020. IfM Bonn researchers demonstrated this result based on turnover, profit and liquidity development.

"One reason small and medium-sized companies were more heavily affected by the pandemic could be that they had fewer financial resources available to invest in digital tools or hygiene measures. However, these investments were necessary to continue operations. It is also possible that they usually have fewer customers than larger companies. If they lose these customers, they are much less able to compensate for the negative consequences than more diversified companies," reports Dr Rosemarie Kay, study director. However, the crisis did not affect all SMEs and Mittelstand companies equally. Instead, the sector they belonged to played a significant role.

Family businesses tended to initiate operational measures more frequently than manager-led companies to secure the company's future. They postponed or cancelled investments, reduced employees' wages, or increased prices. At the same time, family businesses also used more frequent tax assistance such as tax deferral and reimbursement of the tax prepayment for 2020. They also used non-tax support measures more, such as the immediate aid programme ("Soforthilfe") or short-time working allowance. Micro-enterprises frequently used the immediate assistance programme and tax aid less frequently than larger enterprises, at least in the initial phase of the pandemic.

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"All in all, our study indicates that state support measures mainly reached those businesses who needed them," summarised Dr Rosemarie Kay. However, according to the survey respondents, applying for state aid involved considerable bureaucratic effort across all size categories.

The study "Mittelstand companies in the COVID-19 pandemic - being affected by and dealing with the crisis" is available on the Institut für Mittelstandsforschung website ([www.ifm-bonn.org](http://www.ifm-bonn.org)).

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