

Press release

No silver bullet for a crisis like Covid Pandemic

IfM Bonn investigated the impact and reaction of Mittelstand enterprises during the pandemic

Bonn, 13.01.2022. The economic consequences of the Corona pandemic have affected companies in different ways over the past months. The majority continued to operate largely unhindered by implementing and adhering to a social distancing rules. Parts of the economy even profited from the crisis. Yet, some businesses also struggled to survive. Researchers at the IfM Bonn have therefore investigated which factors strengthen - or weaken - a company in the event of an unexpected crisis. The result: there is no silver bullet.

"What's challenging about the pandemic is that it was not foreseeable for the companies. Accordingly, it was impossible to predict which factors would be relevant for survival. Regardless of the type of disruption, however, a good capital base often strengthens the robustness of a company," explains Dr Annette Icks, the study's lead author. "Nevertheless, how a company copes with a sudden change situation also depends on the entrepreneur and his or her actions both before and during the crisis situation. Even more so, the smaller the company is." For example, during the Covid pandemic, it proved helpful if the entrepreneurs quickly accepted the new situation and reacted to it in a solution-oriented manner. A high degree of digitalisation and the possibility of digitalising business processes or diversifying or redesigning the business model also offered good opportunities to cushion the negative economic consequences.

State measures such as simplified access to essential benefits helped entrepreneurs cope with family challenges and gave them the necessary space for goal-oriented entrepreneurial action. The financial support measures at the federal and state level also made a significant contribution to the liquidity of the enterprises - but they could not guarantee their survival.

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Nevertheless, the IfM researchers found that business failure is not automatically a conclusion of entrepreneur failure. Instead, the entrepreneur may have gained individual resilience through the experiences during the crisis. It is therefore helpful if Mittelstand policy facilitates the new start of failed entrepreneurs.

The study "Resilience of companies: Influencing Factors in the Pandemic" is available on the website of the Institut für Mittelstandsforschung (www.ifm-bonn.org).