

Press Release

Different levels of pandemic impact in Mittelstand Enterprises

IfM Bonn: The economic consequences for companies should be considered comprehensively

29.3.2021. For more than a year, the Corona pandemic has posed a major challenge to Mittelstand businesses in Germany. However, companies are affected differently by the consequences of the pandemic: The majority of firms can operate largely unhindered as long as they adhere to a hygiene concept. In contrast, the economic consequences are serious for those sectors of the Mittelstand economy that have to close (sometimes permanently) due to the pandemic situation, such as culture, gastronomy, tourism and retail.

"In order to be able to correctly assess the challenges for Mittelstand businesses, the effects of the pandemic on businesses and those caused by the anti-pandemic measures must be considered," demand Prof. Dr. Friederike Welter and Hans-Jürgen Wolter in their latest background paper "Prospects for SMEs in the Covid 19 pandemic. Part 2: Challenges for Mittelstand Enterprises". In addition to the effects of the pandemic on the SME sector, they also considered the individual impact on entrepreneurs as well as the economic and societal damage.

"The public debate about easing the pandemic-related restrictions is dominated by considering the often harmful economic consequences of the anti-pandemic measures. Less attention is paid to the fact that an unrestrained pandemic would not only lead to an increase in new infections, but also to considerable uncertainty among consumers. Accordingly, consumers might choose to avoid public life as much as possible rather than shopping in retail stores or visiting theatres or restaurants," the IfM president points out. "At the same time, however, the personal component for entrepreneurs must not be ignored: On the one hand, they have to care about themselves as well as their staff during these times. On the other hand, many of them are concerned about business survival and the jobs of their employees, respectively." Moreover, the diversity of the Mittelstand is at risk the more enterprises have to close in the wake of the pandemic.

The background paper points out that the anti-pandemic measures have significantly reduced the economic burdens caused by pandemic-related illnesses or quarantine periods as a result of an unrestricted pandemic. These are considerable, even if the exact extent cannot be quantified: According to a rough

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calculation, isolation or quarantine altogether would result in the daily loss of around 800,000 employees with social insurance, when assuming an incidence of 200 cases per 100,000 inhabitants and an average of five close contacts per infected person.

The background paper "Prospects for SMEs in the Covid 19 pandemic. Part 2: Challenges for SMEs" is available on the homepage of the Institute for SME Research (www.ifm-bonn.org).

→ **Backgroundpaper**