

# The analysis of the concept of “Mittelstand” in Austria - a representative survey 2010 – 2020

Martin J. F. Steiner\*

*University of Prešov in Prešov*

*Faculty of Management*

*16 Konštantínova St., 080 01 Prešov, Slovakia*

[mjfs@mit-steiner.at](mailto:mjfs@mit-steiner.at)

Peter M. Ramharter

*University of Prešov in Prešov*

*Faculty of management*

*16 Konštantínova St., 080 01 Prešov, Slovakia*

[peter.ramharter@wicon.cc](mailto:peter.ramharter@wicon.cc)

Eva Benkova

*University of Prešov in Prešov*

*Faculty of management*

*Department of intercultural communication*

*16 Konštantínova St., 080 01 Prešov, Slovakia*

[eva.benkova@unipo.sk](mailto:eva.benkova@unipo.sk)

\* corresponding author

**Abstract:** This paper highlights the importance of the society group “Mittelstand” in Austria. Representative surveys (n=1000) 2010 – 2020 about this issue will be shown and compared, together with a survey among 101 innovative SME owner. Five questions and a synopsis of them will help to make clear, what "Mittelstand" for Austria and Austrians is. It will also show what “Mittelstand” stands for and which groups and institutions Austrians trust in to bring Austria forward. Furthermore, the importance of this society group will be highlighted; the affiliation will be shown, as well as their assertiveness.

**Keywords:** Mittelstand, middle class, SME, interoperability, affiliation, assertiveness

**JEL Classification:** R59, Z18, Z19, Z13, C83;

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## 1. Introduction

What is „Mittelstand“ and what is „Mittelschicht“ – an attempt of definition: In the German speaking region the words “Mittelstand” and “Mittelschicht” do not stand for the same meaning.

If people try to translate these words into English, both words will be translated as “middle class”, although they can have different meanings in the German language. It is very similar if you try to identify these two words “Mittelstand” and “Mittelschicht” in the Slovak language. For both (different) words in the German language there is only the word "stredná trieda" in the Slovak vocabulary.

This current new qualitative definition of “Mittelstand” by committing with four values - accomplishment, ownership, sustainability, and fairness have been found within the last 15 to 20 years by LDM (LDM1 2021) in cooperation with entrepreneurs, SME and different SME organizations in Austria. We will use LDM in this paper as abbreviation for “Lobby der Mitte”. LDM is an independent initiative with the aim of making “Mittelstand” more visible and assertive in politics, media and society.

“Mittelstand” – according to the new definition by LDM - not only include SME entrepreneurs. In the broadest sense, it includes everyone who is committed to the four values described above. This paper will highlight the topic “Mittelstand”, based on representative surveys as well as on surveys among innovative SME’s.

Because language is part of culture, it is interesting to note that there is no equivalent word for “Mittelstand” as defined above in the English and Slovak language areas. This fact requires deeper investigations and considerations elsewhere. In the absence of a meaningful equivalent word in English, the German word "Mittelstand" will be used in this paper. For the word “Mittelschicht” - as defined in the theoretical background - the correct English word “middle class” will be used.

## 2. Basic theoretical background

The term „Mittelschicht“ refers to “middle level of income” who receive their income from self-employed and/or from work as an employee . This term also corresponds from translation and meaning with “middle class” in English language and culture as well as with "stredná trieda" in the Slovak language and culture

According to the previous (old) definition of „Mittelstand“, it is characterized by the unity of property, management, liability and risk, i.e. by the unity of economic existence and leadership as well as the responsible participation of the company management in all relevant decisions concerning the SME ((Enste et al 2011).

Another definition of the term “Mittelstand” was done by IfM Bonn (IfM 2021). IfM Bonn defines “Mittelstand” as the unity of ownership and management:

- 1.) hold up to two natural persons or their family members (directly or indirectly) at least 50% of the shares in a company,
- 2.) these natural persons belong to the management.

The concept of “Mittelstand“ refers to new actual quantitative and qualitative definition by LDM (2021): This term refers to owners of small and medium-sized businesses (companies and/or freelancers with up to 250 employees) who, together with their employees and sympathizers, are committed to the values of :

- accomplishment,
- ownership,
- sustainability and
- fairness.

(LDM2 2021)

The German Mittelstand refers to small and medium sized enterprises (SMEs) in Germany, which form the backbone of the country’s economy. Numbering over one million companies, the Mittelstand employs over 20 million people and it is responsible for almost 40 percent of total German gross investments and accounts for 30 percent of the

exports (Hauser 2000). These enterprises are often highly innovative and entrepreneurial and are frequently very competitive international market leaders. The primary focus of these German SMEs is usually on highly customized and specialized products and services, resulting in information systems becoming a key competitive weapon (Taylor, 1999; Voigt, 2001). The companies can rely on a highly skilled and flexible work force, which is supplied by Germany’s exceptional vocational training system. This leads to a very loyal and stable workforce, with a turnover rate of only about 3 percent. Overall, German SMEs provide a unique setting to study the design and complexity of enterprise systems. The Mittelstand companies in our sample ranged in size between 593 and 1,200 employees, with annual revenues between 64 and 378 million Euros. There are more information on the issue in the Enterprise System in the German Manufacturing Mittelstand (IGI Global 2021)

There are many other authors and organizations who deal with the issue of “Mittelstand”, e.g., Langenscheidt (2015a, 2015b), Lusak (2019), Institute-fuer (2021). Gallup was the first Austrian market and opinion research institute, who stand for experience and expertise quality assurance and state of the art survey. Therefore Gallup was chosen by LDM as partner for the series of representative surveys in Austria (Gallup 2021).

In addition to the last representative Gallup survey in Austria from December 2020, a survey was carried out also in November/December 2020 among 110 innovative SMEs. The results of this SME survey will also be compared and analyzed with the results of the representative Gallup survey December 2020 and with the subset of SME owner and freelancer from Gallup survey.

### 3. Data and Methodology

Representative sample and survey are a property of certain data collections, which makes it possible to do statements about a much larger amount (population) from a small sample. This often means random samples. However, the sample has to correlate with the gender, age, job, education, income, country/region, and size of town of the total amount. Representative samples are mainly used in surveys on attitudes, behaviours, and opinions of people for whom there is no precise statistical data (opinion polls, market research) (Statistics solutions 2021).

Since 2010, LDM together with GALLUP have been carried out every 2 years on the topics of "Mittelstand", middle class and other topics related to SME interests, representative surveys. In this paper, only the results of questions related to the topic “Mittelstand” of the surveys will be considered and analyzed, as well as the trend over these years.

**Table 1. Data about the LDM representative survey 2020 by GALLUP n= 1000**

	sample	In percent of the total Austrian population
<b>Total</b>	1000	100
		%
<b>GENDER</b>		
men	489	48,9
women	511	51,1
<b>AGE</b>		
14-29 years	220	22,0
30-49 years	323	32,3
50+ years	457	45,7
<b>Profession</b>		
SME owner, freelancer, senior staff,	62	6,2
civil servant, employee	318	31,8
worker	141	14,1
scholar, student	78	7,8
not working	147	14,7
Retiree	252	25,3
<b>Education</b>		
mandatory school	232	23,2
vocational training	465	46,5

qualification for University and graduate	303	30,3
<b>income per month</b>		
up till 1.500,-- €	139	13,9
up till 2.500,-- €	293	29,3
up till 3.000,-- €	125	12,5
above 3.000,-- €	265	26,5
<b>country/region</b>		
Vienna	212	21,2
NÖ, Bgld	224	22,4
Stmk, Ktn	208	20,8
OÖ, Sbg	228	22,8
Trl, Vbg	128	12,8
<b>Size of Village/Town</b>		
up till 5.000 inhabitants	402	40,2
up till 50.000 inhabitants	267	26,7
above 50.000 inhabitants	120	12,0

(Source: Gallup - Group A 2020)

In chapter 4 the following data to selected questions will be compared and commented on:

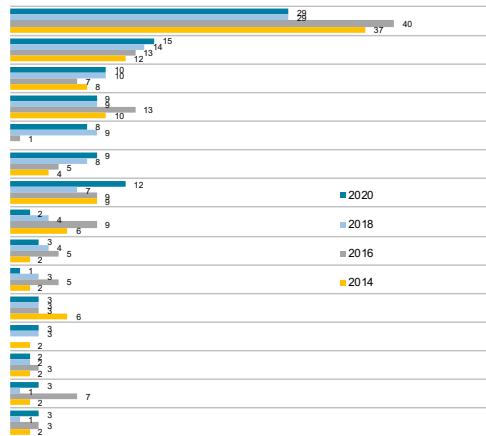
- **A - Gallup representative 2020** Dez 2020 n = 1000  
representative survey by Gallup in Austria 2010 – 2020 with n = 1000 (Group A 2020)
- **B - Gallup SME owner, freelancer, senior staff,** 2020 Dez 2020 n = 62  
Subgroup of the representative Survey in Austria 2020 with n= 62
- **C - Innovative LDM SME 2020** Dez 2020 n = 101  
Group of innovative SME, connected to LDM in Austria 2020 with n= 101 (Group C 2020)

#### 4. Results and discussion

##### 4.1 Question 1: “Mittelstand” stands for 2014 – 2020 , n=1000

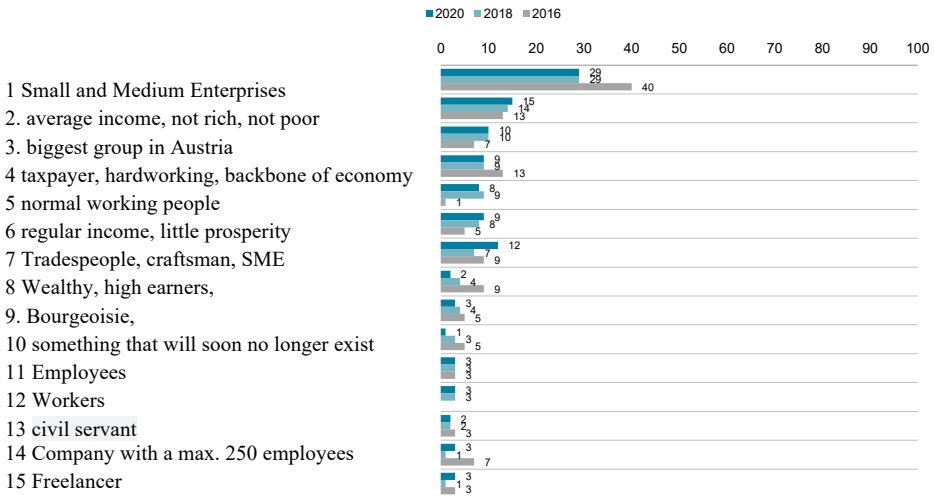
The Austrians (n = 1000) were asked: "What does the “Mittelstand” stand for"?  
The most common answers here were SME and median income, not rich and not poor.

- 1 Small and Medium Enterprises
2. average income, not rich, not poor
3. biggest group in Austria
- 4 taxpayer, hardworking, backbone of economy
- 5 normal working people
- 6 regular income, little prosperity
- 7 Tradespeople, craftsman, SME
- 8 Wealthy, high earners,
9. Bourgeoisie,
- 10 something that will soon no longer exist
- 11 Employees
- 12 Workers
- 13 civil servant
- 14 Company with a max. 250 employees
- 15 Freelancer



**Figure 1: Gallup – “Mittelstand” stands for ... from 2014 to 2020**  
(Source: LDM3 2020)

**Here again in detail the results for 2016 - 2020:**

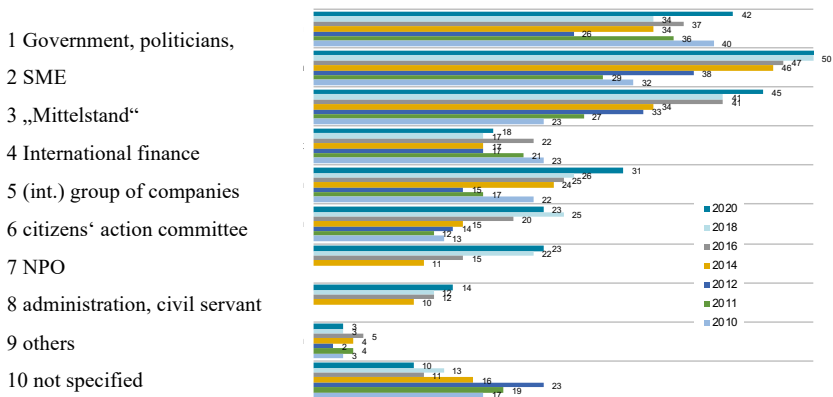


**Figure 2: Gallup – “Mittelstand” stands for ... from 2016 to 2020**  
(Sources: LDM3 2020)

**4.2 Question 2: Trust in groups and institutions 2010 – 2020, n=1000**

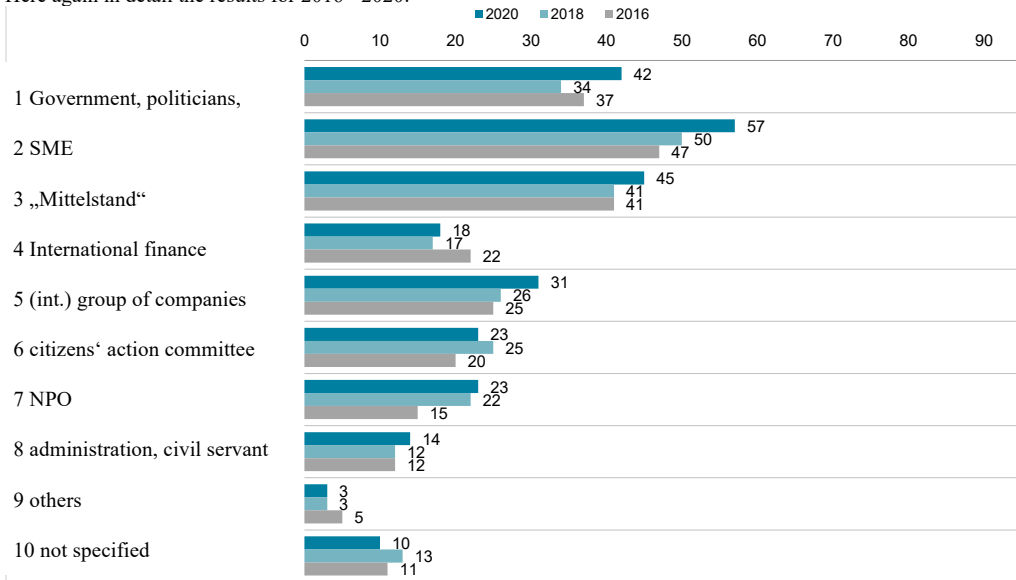
The Austrians (n = 1000) were asked: "you trust in which groups and institutions"? Which group can bring Austria forward?

As we can see from this graph, the trust of Austrians in SME is highest, followed by “Mittelstand” and in third place in politics, politicians and parties. The least trust is in the administration, civil servants and the international financial sector.



**Figure 3: representative Gallup survey – trust in Groups and Institutions, from 2010 to 2020**  
(Source: LDM3 2020)

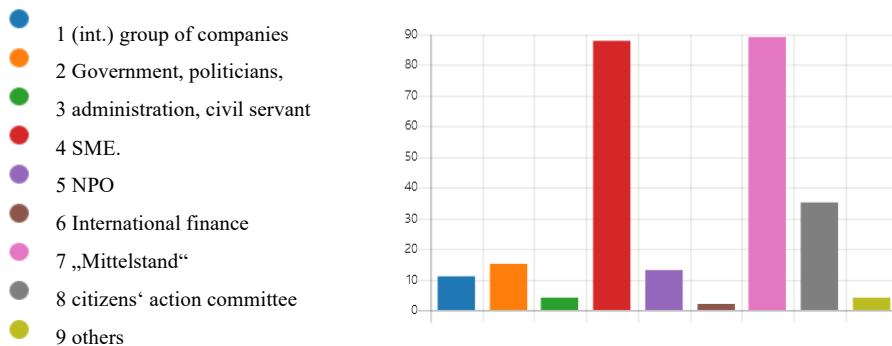
Here again in detail the results for 2016 - 2020:



**Figure 4: representative Gallup survey – trust in Groups and Institutions, from 2016 to 2020**  
(Source: LDM3 2020)

In 2020, trust in politics rose from 34% to 42%, as did trust in SME from 50% to 57% and into “Mittelstand” from 41% to 45%. Trust in the international financial sector has decreased.

The result of the survey among the "innovative LDM SME" (n=101) is very interesting to see in comparison:

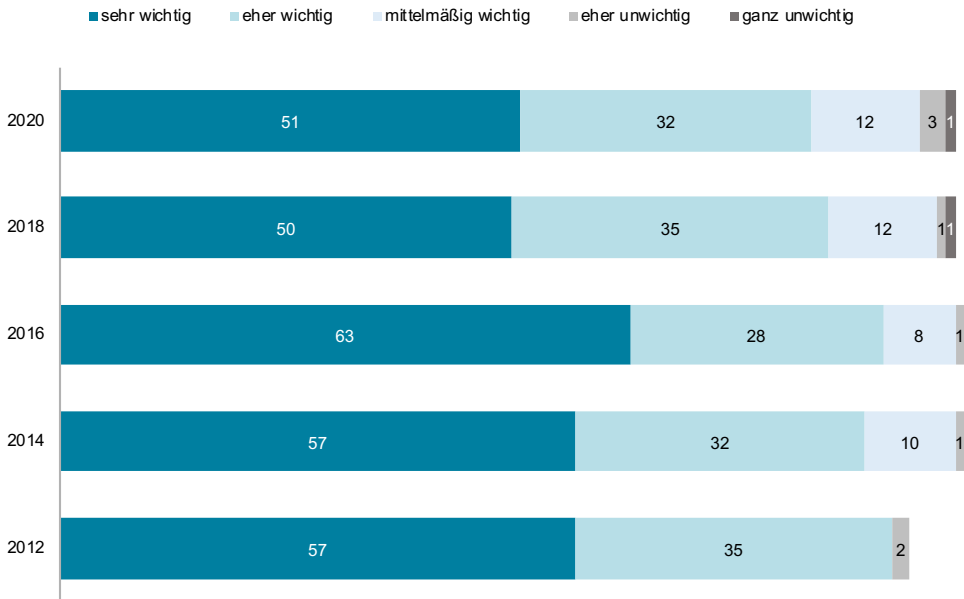


**Figure 5: LDM survey – trust in Groups and Institutions, from 2010 to 2020**  
(Sources: Group C 2020)

The difference in trust between SME and “Mittelstand” on the one hand and in relation to all other groups and institutions on the other hand is strongly evident here.

**4.3 Question 3: How important is "Mittelstand" for the economy and society in Austria 2012 – 2020, n=1000**

The overwhelming majority of Austrians (very important + rather important), with 83%, consider “Mittelstand” to be important for the economy and society in Austria!



**Figure 6: How important is "Mittelstand" for the economy and society in Austria 2012 – 2020**  
(Source: LDM3 2020)

This survey results about the importance of “Mittelstand” is very constant since 2012, when the questions was asked first time in this survey.

**Table 2. comparing of groups A, B, C:**

A -> Gallup representative survey in Austria n=1000  
 B -> Gallup SME owner, freelancer, senior staff, n= 62  
 C -> Innovative LDM SME n= 101

100 %	Very important	rather important	medium important	rather unimportant	Total unimportant	I do not know
A	51	32	12	3	1	1
B	60	26	12	1	0	1
C	91	7	0	2	0	0

Source: Gallup - (Group A 2020) and (Group C 2020)

A: very important and rather important = 82%  
 B: very important and rather important = 86%  
 C: very important and rather important = 98%

**4.4 Question 4: Affiliation to “Mittelstand” 2014 - 2020**

Question 4: Do you feel like you belong to the "Mittelstand"? Here you can see that 31% of all Austrians feel they belong to the "Mittelstand". It can also be seen that the number of people who feel they belong to the “Mittelstand” has been slightly falling since 2014.



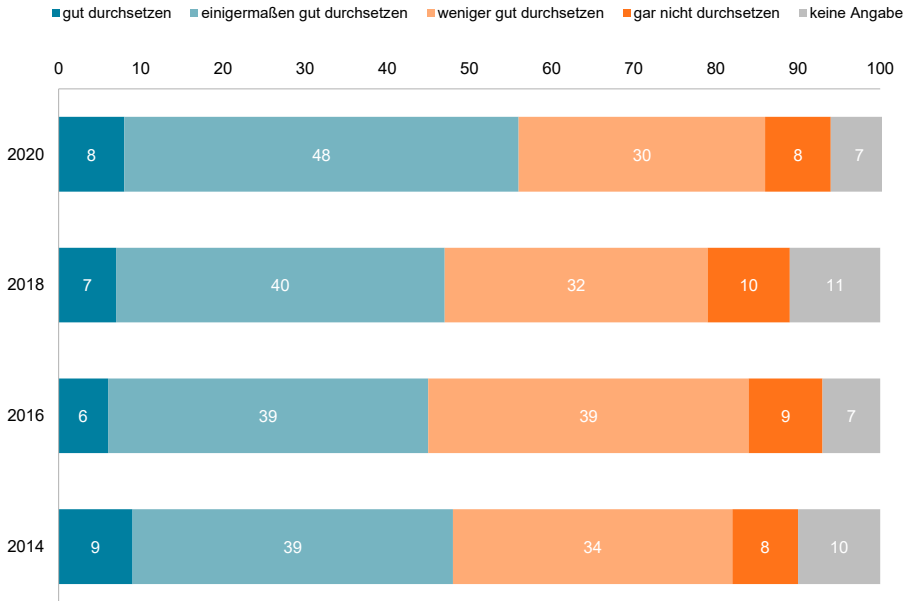
**Figure 7: Affiliation to “Mittelstand” in Austria 2014 – 2020**  
 (Source: LDM3 2020)

The results of this question confirm the new and actual quantitative and qualitative definition about “Mittelstand”. The term “Mittelstand” refers to owners of small and medium-sized businesses (companies and/or freelancers with up to 250 employees) who, together with their employees and sympathizers are committed to the values of accomplishment, ownership, sustainability and fairness. Only 7-8% of Austrians are SME owner, but together with their family members, sympathizers, employees this group is 2020 still 31% of all Austrians.

**4.5 Question 5: How strong is the assertiveness of "Mittelstand“ in Austria? 2014 - 2020**

How well can the “Mittelstand” push through themselves in Austria? Only 8% of Austrians believe that the “Mittelstand” can assert itself well. Nevertheless, the two groups “enforce well + enforce reasonably well” together are 56%. Apparently, however, the Austrian people recognize a discrepancy between the importance of the “Mittelstand” group (83%) and their assertiveness (56%).





**Figure 8: assertiveness of "Mittelstand" in Austria 2014 - 2020**  
(Source: LDM3 2020)

The result of the survey among the "innovative LDM SME" (n=101) to this question in comparison:



**Figure 9: Assertiveness of "Mittelstand" in Austria 2014 - 2020**  
Sources: (Group C 2020)

So from the point of view of the "innovative LDM SME" only 17% think that "Mittelstand" can enforce in Austria well and reasonable well -> all Austrians (representative) think, that "Mittelstand can "enforce well + enforce reasonably well" in Austria for 56%. It looks like an insight and oversight view of Austrian reality could be found here in this comparison between the results of the representative survey (Group A) and the survey only among the innovative SME owner (Groupe C).

## 5. Conclusions

It could be shown that “Mittelstand” is an important part of the Austrian society. This paper tried to contribute what “Mittelstand” stands for. Austrians trust most in SME and “Mittelstand”, what could be shown. Austrian people beliefs, that “Mittelstand” can bring Austria really forward, there is more trust in “Mittelstand” as in politics, government and politicians.

31% of all Austrians feel they belong to this society group “Mittelstand” which shows the importance of this society group and the validity of the newer definition of “Mittelstand” by LDM. SME owner only at 17% think that “Mittelstand” can enforce in Austria well and reasonably well, all Austrians (representative) think, that “Mittelstand” can “enforce well and enforce reasonably well” in Austria for 56%. An insight and oversight view about the reality of “Austrian Mittelstand” could be found and shown in this comparison.

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