

Press Release 15/2020

Halle (Saale), 6 August 2020

IWH Bankruptcy Update: Number of Employees Affected by Bankruptcy Continues to Rise in Germany

In July, more than three times as many jobs were impacted by corporate bankruptcies in Germany in comparison to the monthly averages from early 2020. The July figure was also significantly higher in relation to the previous month. By contrast, the number of bankruptcies fell slightly. These are the main findings of the most recent IWH Bankruptcy Update published by the Halle Institute for Economic Research (IWH), which provides monthly reports on German bankruptcies.

According to the IWH Bankruptcy Update, the number of bankruptcies in Germany once again fell slightly in July, with 895 companies declaring bankruptcy last month, or 3% less than in June 2020 and 11% less than in July 2019. However, as in the previous month, the number of impacted workers rose significantly because of more large companies going bankrupt. The IWH analysis determined that, of the companies that filed for bankruptcy in July, the top 10% in terms of headcount employed a total of 23,600 people. This is more than three times as many as the average from the first months of the year, when the top 10% employed a total of 6,700 individuals. It also represents a 76% increase compared to June.

no press embargo

Press contact
Rafael Barth
Tel +49 345 7753 832
presse@iwh-halle.de

Scientific contact
Steffen Müller
Tel +49 345 7753 708
smu@iwh-halle.de

Political departments
Federal Ministry for Economic Affairs
and Energy (BMWi), Federal Ministry
of Finance, Federal Chancellery

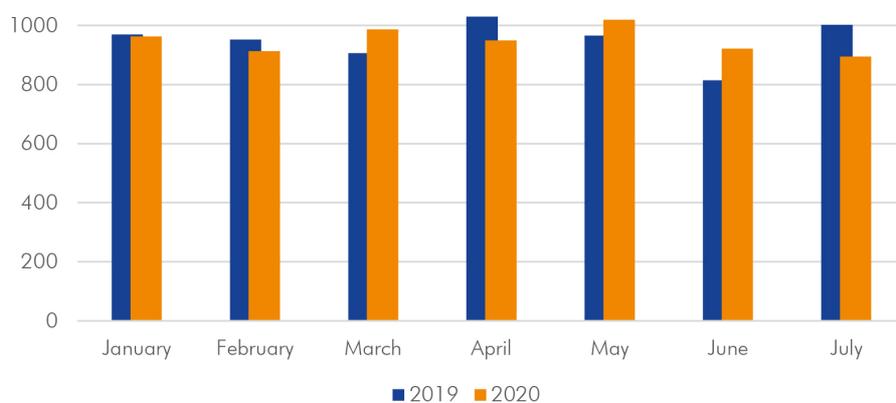
Halle Institute for Economic
Research (IWH) – Member of the
Leibniz Association
Tel +49 345 7753 60
Fax +49 345 7753 820

Kleine Maerkerstrasse 8
D-06108 Halle (Saale)
Germany

P.O. Box 11 03 61
D-06017 Halle (Saale)
Germany

www.iwh-halle.de/en/

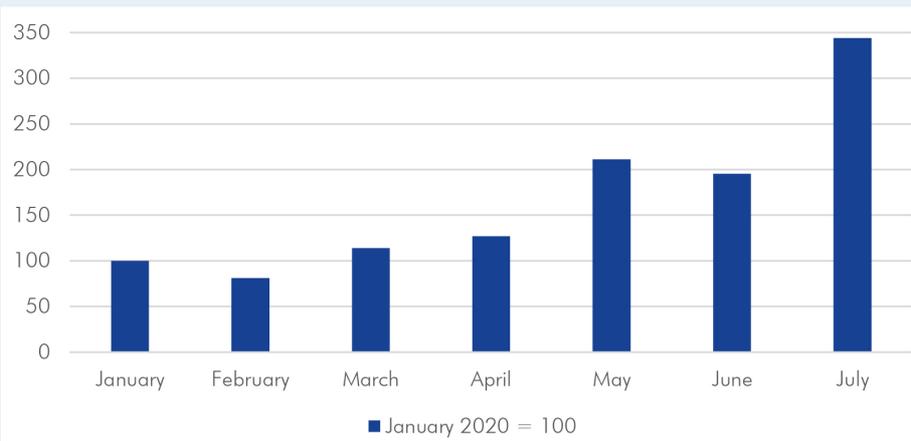
Figure 1
IWH Bankruptcy Update



Bankruptcies of German firms with entry in the commercial register.
Sources: Bankruptcy announcements of German courts; IWH presentation.

July's figures, which show fewer bankruptcies affecting larger numbers of people, are part of a trend that has gained steam over the past few months. "This is why the sheer number of bankruptcies is not a good economic indicator for mapping the consequences of the coronavirus crisis," explains Steffen Müller, head of the IWH Department of Structural Change and Productivity and the director of its Bankruptcy Research Unit. What is crucial is the number of jobs affected. Müller points out that when the law temporarily exempting some businesses from having to file for bankruptcy expires on September 30, the number of corporate insolvencies is likely to increase again.

Figure 2
Employment



Employment in the top 10 percent largest bankruptcies. Index January 2020 = 100. Bankruptcies of German firms with entry in the commercial register.

Sources: Bankruptcy announcements of German courts; IWH presentation.

The IWH Bankruptcy Update is a flash indicator – delivering fast, reliable information on insolvencies in Germany two months ahead of the comprehensive official statistics. It is based on public bankruptcy announcements of German courts combined with balance sheet information of the concerned companies. Because substantial delays can occur between bankruptcy filing and public disclosure, some of the current numbers reflect bankruptcies that happened several weeks or months ago. Due to its longstanding expertise, e.g. visible in the publications of the IWH Bankruptcy Research Unit, the Institute belongs to Germany's leading investigators of the causes and consequences of corporate bankruptcy.

More about the IWH Bankruptcy Research Unit:

<https://www.iwh-halle.de/en/research/data-and-analysis/iwh-bankruptcy-research/>

Scientific contact

Professor Dr Steffen Müller
Tel +49 345 7753 708
Steffen.Mueller@iwh-halle.de

Dr Daniel Fackler
Tel +49 345 7753 862
Daniel.Fackler@iwh-halle.de

Press contact

Rafael Barth

Tel +49 345 7753 832

presse@iwh-halle.de

 IWH on Twitter

 IWH on Facebook

The IWH [list of experts](#) provides an overview of IWH research topics and the researchers and scientists in these areas. The relevant experts for the topics listed there can be reached for questions as usual through the IWH [Press Office](#).

The Halle Institute for Economic Research (IWH) – Member of the Leibniz Association was founded in 1992. With its four research departments – Macroeconomics; Financial Markets; Structural Change; Laws, Regulations and Factor Markets –, IWH conducts economic research and provides economic policy recommendations, which are founded on evidence-based research. With the IWH's guiding theme "From Transition to European Integration", the institute's research concentrates on the determinants of economic growth processes with a focus on efficient capital allocation in a national and European context. Particular areas of interest for the institute are macroeconomic dynamics and stability, microeconomic innovation processes, productivity and labour markets, the dynamics of structural adjustment processes, financial stability and growth and the role of financial markets for the real economy.

The Leibniz Association connects 96 independent research institutions that range from the natural, engineering and environmental sciences via economics, spatial and social sciences to the humanities. Leibniz institutes address issues of social, economic and ecological relevance. They conduct knowledge-driven and applied basic research, maintain scientific infrastructure and provide research-based services. For further information, see <http://www.leibniz-gemeinschaft.de/en/home/>.