

## Press Release 24/2021

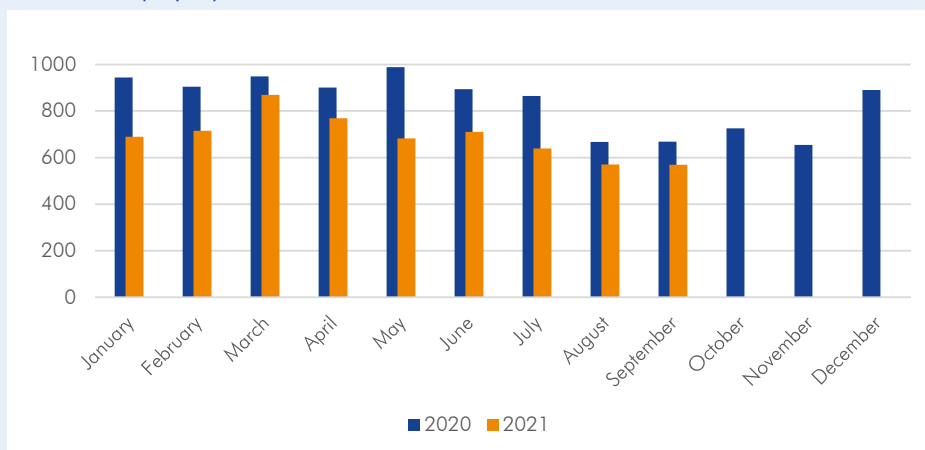
Halle (Saale), October 6, 2021

### IWH Bankruptcy Update: Bankruptcy Figures Remain Low; More Manufacturing Jobs Impacted

The number of corporate bankruptcies in Germany remained near to a historic low in September. However, there was a considerable increase in the share of manufacturing jobs impacted by bankruptcy. These are the key findings of the IWH Bankruptcy Update, published by the Halle Institute for Economic Research (IWH), which provides monthly statistics on corporate bankruptcies in Germany.

According to IWH data, 569 firms based in Germany filed for bankruptcy in September. This is very close to the all-time low registered last month (see figure 1). The **number of firms declaring bankruptcy** in September 2021 was also 15% below the already very low figure from September 2020 (when the temporary suspension of the filing requirement was still in place).

**Figure 1**  
IWH Bankruptcy Update



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

The largest 10% of firms filing for bankruptcy in September had just 3,700 employees in total, according to IWH data. The **number of jobs affected by bankruptcy** thus rose between August and September. However, this figure was still 62% lower than the equivalent figure from September 2020 (see figure 2).

no press embargo

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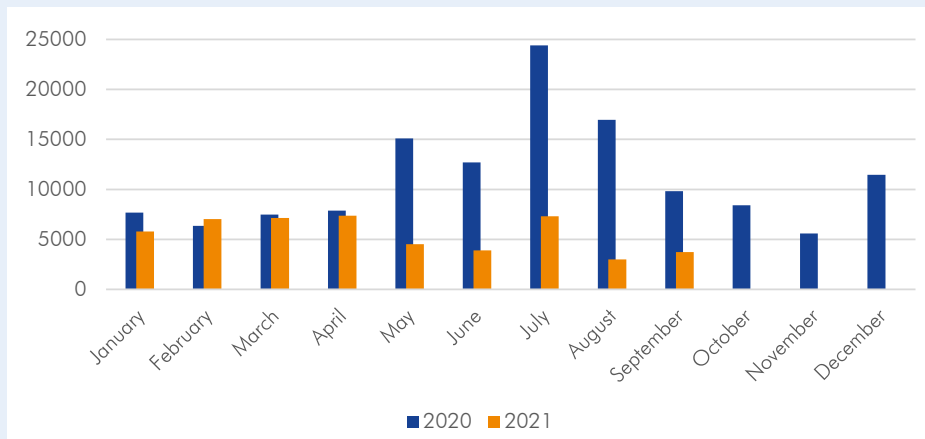
Governmental Departments  
Federal Ministry for Economic Affairs  
and Energy (BMWi), Federal Ministry  
of Finance (BMF), Federal Ministry  
of Justice and Consumer Protection  
(BMJV), Federal Chancellery

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**Figure 2**  
Affected Employees



Employment in the largest 10% bankruptcies. Bankruptcies of German firms with entry in the commercial register.

Sources: Bankruptcy announcements of German courts; IWH presentation.

The largest 10% of firms reporting bankruptcy between January 2020 and September 2021 employed a total of approximately 180,000 people. Manufacturing jobs comprised one-quarter of this total. However, 62% of the impacted jobs in September are in the manufacturing sector. This shift cannot be explained by the bankruptcy of a few large firms.

“Individuals who lose a manufacturing job often suffer wage losses that persist for many years,” explains Steffen Müller, the head of Department Structural Change and Productivity and the director of Bankruptcy Research at IWH, referring to a recent study on Germany that he co-authored.<sup>1</sup> “When a major industrial firm goes bankrupt, employees can anticipate significant and lasting wage losses. These losses are many times higher than the losses incurred from the bankruptcy of small non-manufacturing firms,” Müller says.

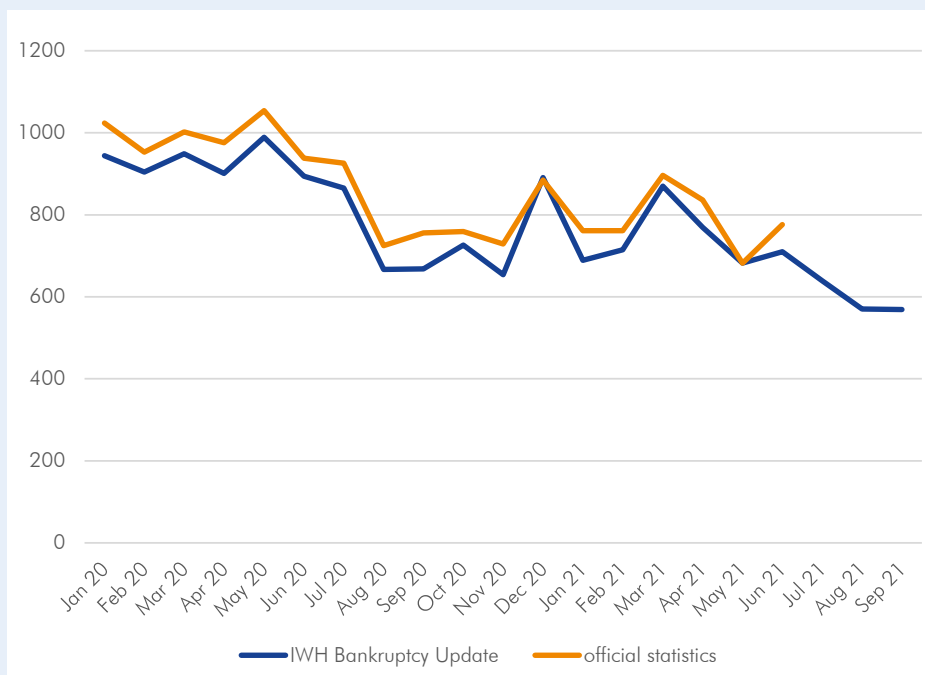
The IWH Bankruptcy Update is a flash indicator, delivering fast, reliable information on insolvencies of firms with entry in the commercial register in Germany two months ahead of the comprehensive official statistics. It is based on public bankruptcy announcements of German courts combined with balance sheet information of the concerned firms. Deviations from official statistics are small (see figure 3). The IWH Bankruptcy Research Unit is among Germany’s leading investigators of the causes and consequences of corporate bankruptcy.

For more on the IWH Bankruptcy Research Unit and the methodology underlying it, please visit <https://www.iwh-halle.de/en/research/data-and-analysis/iwh-bankruptcy-research/>.

<sup>1</sup> Fackler, D.; Müller, S.; Stegmaier, J.: Explaining Wage Losses after Job Displacement: Employer Size and Lost Firm Wage Premiums, in: [Journal of the European Economic Association](#), 2021.

**Figure 3**  
IWH Bankruptcy Update vs. Official Statistics

Registered firms only



Bankruptcies of German firms with entry in the commercial register.

Sources: Official statistics; bankruptcy announcements of German courts; IWH presentation.

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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/>.