Journal of Business Economics (2025) 95:1–7
https://doi.org/10.1007/s11573-024-01220-9

EDITORIAL

German business economics

Wolfgang Breuer[1] · Jannis Bischof[2]

Published online: 23 December 2024

Keywords Business Economics · Germany · Start-up financing

JEL Classification code G0 · G1 · G3 · M0 · M2

1 Business economics in Germany from 1900 onwards

Business economics has a long tradition in Germany and can look back on a number of significant scholars. Generally, the emergence of modern business economics in Germany dates back to around 1900, when the first commercial colleges were founded (Wöhe et al. 2023, p. 13). The contributions of this young science were primarily characterized by investigations within the framework of corporate accounting with the aim of depicting entrepreneurial value creation processes as accurately as possible (Wöhe et al. 2023, p. 14). Moreover, German business economics was long dominated by a dispute regarding the importance of value-free orientation (Wöhe et al.2023, pp. 14–15). For many decades until well into the second half of the 20th century, the focus of German business economics was primarily a national one, resulting in a lack of much communicative exchange with scholars from other countries. While foreign research results were indeed taken into account, this type of communication remained very much a one-way street for a long time. One reason for this situation was certainly a sufficiently large number of German researchers in the field of business administration so that there was no particular need seen to establish additional direct contact with scholars from other countries. Consequently, the most important business economics journals in Germany (e.g., Betriebswirtschaftliche Forschung und Praxis, Die Betriebswirtschaft, Zeitschrift für betriebswirtschaftliche Forschung,

✉ Wolfgang Breuer
wolfgang.breuer@bfw.rwth-aachen.de

[1] Department of Finance, RWTH Aachen University, Aachen, Germany

[2] Area Accounting & Taxation, University of Mannheim, Mannheim, Germany

Zeitschrift für Betriebswirtschaft) were published in German. According to an analysis conducted by Dyckhoff and Schmitz (2007) on the publication behavior of 1,128 members of the German Academic Association for Business Research – the central professional association of German business economists – for the years 1990 to 2004, 767 individuals or approximately 68% had no international publications at all. Furthermore, 81% of researchers contributed only 10% of international publications, meaning that less than 20% of researchers were responsible for 90% of these publications. Consequently, until the turn of the millennium, German business economists generally did not consistently seek international attention for their results.

However, after the year 2000, there were increasingly vocal criticisms regarding this situation. Due to Germany's size and economic significance in particular more and more scientists came to believe that the results of German business research should also be heard beyond its borders. This development had many far-reaching consequences. With increasing "internationalization" in publication orientation also came an increased evaluation of scientific achievements based on journal articles rather than voluminous monographs. "Internationalization" essentially meant "publishing in English," primarily in Anglo-Saxon outlets. Therefore, journal rankings gained unprecedented importance.

Another consequence was that former "flagships" among German-language business journals increasingly came under pressure due to this development; one such journal disappeared entirely from the market ("Die Betriebswirtschaft"), while two others ("Zeitschrift für betriebswirtschaftliche Forschung" and "Zeitschrift für Betriebswirtschaft") ultimately switched completely to English as their language for publication. The Zeitschrift für betriebswirtschaftliche Forschung had to go even further by merging with another journal; hence it operates today under the name "Schmalenbach Journal of Business Research". Nowadays, the Zeitschrift für Betriebswirtschaft is called the Journal of Business Economics. Among other noteworthy former German-speaking journals on business research the "Betriebswirtschaftliche Forschung und Praxis" is among the few that still publish articles in German.

2 Why is there a need for "German Business Economics"?

What should one imagine under the term "German Business Economics" in light of such developments? Certainly not that German researchers publish in German and languish in a "German" ivory tower. However, there are other aspects that speak for a specific German component within the framework of their respective research subjects. These are: (1) specific "traditional" research focuses, (2) particular institutional frameworks that require correspondingly tailored problem-solving approaches, (3) limited transferability of empirical results from other countries to the situation in Germany, (4) special country-dependent normative value judgments regarding the relevance of various target components, (5) a specific national economic starting position with regard to factor endowment and value creation possibilities. These points will now be briefly explained.

Unlike in natural sciences, knowledge in business economics is typically bound to a specific place and time. First of all, contributions can address an aspect that is characterized by a particular tradition of research or business practice in Germany. In other countries, particularly in Anglo-Saxon countries, these questions were not in the same focus or not examined from the same perspective. Examples could be given from the fields of business valuation, managerial accounting, and production theory, but it is important to question why there are "German peculiarities" in these areas. One reason could be cultural differences between societies, leading to different approaches to tackling similar problems. This may also lead to the establishment of different institutional environments. Secondly, therefore, we may think of contributions examining subject matters for which the institutional environment plays a special role, as is the case, for example, in business taxation or financial accounting. Apparently, such a starting point generally supports a national and, thus, a German perspective on certain problems. Potential questions could speak to the determinants or the interpretation of the institutional framework and also address its economic consequences. Such research should still offer generalizable conclusions beyond the German context or at least help understand which unique institutional feature of the German environment explains the deviation of the results from international benchmarks. Thirdly, cultural peculiarities may also be the reason, why empirical results for other countries cannot directly be transferred to Germany, making it necessary to have specific empirical work for the situation in Germany. Fourthly, even in subareas where normative questions are paramount, especially in business ethics, the German perspective on certain issues may be special. Thus, if there are already differences in goal definition, there will be differences in problem solving as well. Last, not least, each country has its own specific problems or overall economic/societal framework conditions that require special solutions, for example, based on the given production factor endowment (in Germany: few raw materials, well-educated workforce, aging population, high immigration), which could lead to specific German questions and solutions.

Summarizing, even if Business Economics in Germany strives for international recognition, there are numerous reasons why a special German perspective for certain problems is suitable or even necessary. The five articles of this special issue contribute to this field of German Business Economics as described in the following section.

3 The articles of this special issue

In Germany, financing is traditionally bank-centric, distinguishing it from Anglo-Saxon countries such as the USA and the UK. In addition to bank loans, venture capital (VC), and private funding, the federal government and state governments of the 16 German Bundesländer (states) provide special financial support for founders. This creates a situation that limits opportunities for transferring empirical results from other capital markets to the decision-making context of German entrepreneurs selecting their VC investors. Consequently, the study by Sturm et al. (2025) employs a qualitative research approach to examine the criteria and patterns entrepreneurs use in making these decisions. The authors analyze data from 16 semi-structured interviews with entrepreneurs who have been involved in VC fundraising activities.

The study's findings contribute to the literature on entrepreneurial decision-making in several ways. First, the authors provide a framework that clusters the decision-making process into three overarching criteria categories: (1) financial aspects (particularly valuation); (2) value-added services; and (3) personal attributes of the VC investment managers. Within these categories, valuation, network, expertise, reputation, empathy, trust, and personal fit between investors and entrepreneurs are identified as key criteria used by entrepreneurs to select the "right" investor. Second, it is shown that these criteria are interrelated, particularly with regard to valuation. Third, the authors offer novel insights into deal breakers in financing decision-making processes and negotiations. Specifically, they highlight that entrepreneurs discontinue negotiations primarily due to unfair valuations, lack of necessary expertise, and stringent control mechanisms such as demanding reporting requirements. This refined understanding provides a nuanced view of how German entrepreneurs navigate venture capital selection within their unique institutional context.

While Sturm et al. (2025) examine the financing situation from the founders' perspective, Boerner et al. (2025) take the opposite stance by investigating decision-making processes of angel investors. Angel investors play a crucial role in start-up financing, bridging the gap between private capital and formal investors, while also providing additional support to startups through their networks and experience. Numerous recent studies underscore that angel investors, compared to larger VC firms, place greater emphasis on criteria related to the entrepreneurial team. However, making assumptions based on team characteristics renders the decision-making of angel investors susceptible to systematic error and bias. Existing research on bias in entrepreneurial finance predominantly focuses on North American angel investors, leaving the decision-making processes of angel investors in other regions underexplored. This study aims to fill this research gap and complement European perspectives by exploring the decision criteria and biases of German angel investors in the popular televised startup pitch competition "Die Höhle der Löwen." Controlling for various potential factors, the authors find that the likelihood of receiving offers and securing deals with German angel investors is positively influenced by the age, diverse ethnicity, and physical attractiveness of entrepreneurs. These findings are novel and empirically unique to angel investors in the German context. Additionally, resulting valuations in deal negotiations are significantly lower for teams with female entrepreneurs and older teams, aligning with prior findings from US-based studies on angel investors. In summary, this study provides new insights into how German angel investors make decisions and highlights specific biases that influence their investment choices within a unique institutional setting.

Academic spin-offs play a pivotal role in leveraging the economic potential of scientific discoveries by transforming research results into marketable technologies, products, and services. To exploit the commercial potential of scientific findings through spin-off creation, the legal framework in several countries mandates the negotiation of an intellectual property (IP) contract between the public research institution (PRI) and the spin-off's founding team. In countries with institutional IP ownership, such as Germany, the PRI holds ownership of the underlying IP. Consequently, the development of spin-offs is initiated and influenced during their early stages by the terms and conditions of the IP contract. The study by Grebe and Jarchow (2025) aims to fill gaps in existing literature by examining how PRI preferences influence IP contract design and providing insights into transfer mechanisms beyond university IP licensing. While previous literature on IP contract patterns has often focused on the US and UK, there is little empirical data available for countries such as Germany. Additionally, Germany's specific institutional environment may be relevant for addressing the following three main research gaps: First, exploring mechanisms that drive IP contract heterogeneity from PRIs' perspectives contributes to a data-driven discussion on promoting technology transfer by considering IP owner preferences. Secondly, the transfer of IP ownership introduces an additional dimension of heterogeneity in IP contracts that requires further investigation due to its impact on subsequent spin-off fundraising. Thirdly, existing studies primarily examine technology transfer practices at universities; however, differences between universities and non-university research institutions are expected. To tackle these research gaps, this study employs a sequential mixed-methods research design. A survey was conducted among German biotechnology spin-offs to collect empirical data on IP contract patterns. The survey results were then triangulated and complemented with semi-structured expert interviews with technology transfer managers from German universities and non-university research institutions to provide deeper insights into institutional perspectives on IP contract design. The primary database comprises 39 datasets of IP contracts negotiated with German PRIs between 2010 and 2022 and 27 semi-structured expert interviews.

The analysis shows that PRIs' risk and reward assessments contribute to the heterogeneity of IP contracts along two different dimensions: IP ownership and payment terms. According to the resource-based view, these variations arise from institutional preferences regarding transferring versus licensing IP to spin-offs and accepting equity shares or cash compensation. Secondly, while university technology transfer managers generally report negotiating a wider range of contract patterns, observed distributions across non-university research institutions are more homogeneous. Thirdly, by providing insights into technology transfer practices in Germany – a country with a significant public research landscape – the authors contribute to a geographically diversified understanding of IP contract patterns. In summary, this study enhances our understanding of how PRIs' preferences shape heterogeneous IP contracts within different institutional contexts in Germany's public research sector.

The next paper by Weuschek (2025) is an example of a study that exploits the German institutional context to address its research question. The paper investigates the impact of public funding on alleviating financial constraints for young firms in Germany, i.e., in a setting with relatively low entrepreneurial activity and less emphasis on capital market financing. Using the IAB/ZEW Start-up Panel data, the study shows that publicly funded young firms experience a significantly reduced likelihood of facing financial constraints. Importantly, the study distinguishes between the effects of grants and subsidized loans or guarantees, finding that these funding mechanisms alleviate financial constraints in different ways. Grants primarily improve internal financing and relationships with equity investors, while subsidized loans or guarantees strengthen ties with equity and debt capital providers.

Additionally, the analysis demonstrates that public funding has varying effects depending on firm characteristics and funding type. Subsidized loans or guarantees show stronger benefits for more financially constrained firms, underscoring their effectiveness in targeting firms in greater need of financial support. Beyond reducing financial constraints, public funding positively correlates with real outcomes, suggesting broader economic benefits. Overall, Weuschek (2025) thus offers critical insights into the role of public funding in supporting young firms in the unique German context.

The fifth paper by Eulerich and Fligge (2025) uses evidence from international settings to explore a unique phenomenon in the German capital market. The study investigates the relationship between diversification and total market value (equity plus debt) in Germany, addressing the debate over whether conglomerates benefit from advantages like internal capital markets and economies of scope or suffer from costs and agency issues leading to a conglomerate discount. Prior literature has robustly identified such a discount in international settings, especially in the US market. However, the particular German context, especially regarding the ownership structure, the regulatory environment, the particular industry composition, and the capital market characteristics, lacks such evidence.

The findings by Eulerich and Fligge (2025) suggest a discount of 11.5% for conglomerates on the German equity market, which is very similar to previous evidence from the US (e.g., Campa and Kedia 2002). The discount decreases to 7.9–11.4% when correcting for valuation biases and varies significantly across time, industries, and benchmarking methods. The study thus also highlights that omitted variables and self-selection biases heavily influence results. After accounting for these factors with lagged controls, firm fixed effects, and a 2SLS approach, the conglomerate discount tends even to become statistically insignificant. The research underscores the need to address biases in research designs which might explain conflicting findings in previous literature.

Overall, the five papers in this Special Issue highlight approaches to German Business Economics that remain timely and relevant, even within a globalized research environment. They demonstrate ways to sustain a distinct German perspective on research questions in business economics.

4 Conclusion

Although German Business Economics fundamentally encompasses all sub-disciplines of business research and exhibits a wide range of content dimensions, all five contributions in this special issue are assigned to the field of finance (with a special emphasis on start-ups). This is particularly noteworthy given that the internationalization discussed in Sect. 1 of this editorial has not progressed equally across the various sub-disciplines of business economics. Some areas have advanced at a faster pace than others, and differences can still be observed today. These differences are also reflected in the handling and creation of journal rankings, as recently demonstrated by discussions among the different scientific committees of the German Academic Association for Business Research during the development of new discipline-specific journal ratings. Finance is certainly one of the sub-disciplines with the earliest and most consistent internationalization efforts, likely due to its close proximity to economics (see also Table 2 of Dyckhoff et al. 2005). However, even within this sub-discipline, there remains a need for specifically German perspectives on certain research problems, as illustrated by this special issue. This also underscores the necessity to provide appropriate publication outlets for such research outputs. Among other goals, the Journal of Business Economics will continue to pursue this objective in the future.

Funding Open Access funding enabled and organized by Projekt DEAL.
No funds, grants, or other financial support were received.

Declarations

Conflicts of interest The authors have no relevant financial or non-financial interests to disclose.

References

Boerner L, Fritz T, Frick B (2025) Investing in people, not in products: how age, gender, ethnicity, and attractiveness of entrepreneurial teams influence the decision-making of angel investors in Germany. J Bus Econ this Issue. https://doi.org/10.1007/s11573-024-01206-7

Campa JM, Kedia S (2002) Explaining the diversification discount. J Finance 57:1731–1762. https://doi.org/10.1111/1540-6261.00476

Dyckhoff H, Schmitz C (2007) Forschungsleistungsmessung mittels SSCI und SCI-X? Internationale Sichtbarkeit und Wahrnehmung der Deutschen Betriebswirtschaftslehre von 1990 bis 2004. Die Betriebswirtschaft 67:640–664

Dyckhoff H, Thieme A, Schmitz C (2005) Die Wahrnehmung deutscher Hochschullehrer für Betriebswirtschaft in der internationalen Forschung. Die Betriebswirtschaft 65:350–372

Eulerich M, Fligge B (2025) Reevaluating the conglomerate discount in Germany: the role of design choices. J Bus Econ this Issue. https://doi.org/10.1007/s11573-023-01188-y

Grebe S, Jarchow S (2025) The dynamics of IP contract patterns in the German biotechnology industry – a mixed-methods approach. J Bus Econ

Sturm T, Bican PM, Riar FJ, Guderian CC, Welz T (2025) Deal or no deal? Understanding entrepreneurs' criteria and deal breaker in investor selection processes. J Bus Econ this Issue. https://doi.org/10.1007/s11573-024-01199-3

Weuschek N (2025) Does public funding reduce financial constraints of young firms in Germany? Journal of Business Economics, this issue

Wöhe G, Döring U, Brösel G (2023) Einführung in die Allgemeine Betriebswirtschaftslehre, 28th edn. Franz Vahlen, Munich