

MANNHEIM BUSINESS NEWS



Photo: Benjamin Ebner

The former CEO of CropEnergies AG and University of Mannheim alumnus Joachim Lutz has taken over the office as Dean the Business School on October 1, 2020.

New Dean of the Business School From Alumnus to Dean

Joachim Lutz is the third former member of the Executive Board of a corporation to assume the office of Dean of the Business School at the University of Mannheim. The 63-year-old is closely bound to Mannheim through his business studies, his 36-year long career in various sectors of the private economy and since 2006 as Founding Chairman of the Südzucker subsidiary CropEnergies. With the appointment of Joachim Lutz, the Business School will once again be led by a full-time dean, who has no obligations in research and teaching and can concentrate entirely on the management tasks at the School.

Joachim Lutz is highly motivated to take on the task of advancing the Business School: "Mannheim has an excellent reputation within Germany, but especially as Germany's number one Business School, the further development of our research and teaching is of the utmost importance, also with regard to current issues in corporate management. I also see it as an exciting challenge to make the Business School even more visible outside of Germany and to strengthen it for international competition."

Dean Lutz wants to support the School in continuously improving the skills and career opportunities of students with practice-oriented programs and innovative teaching concepts. A lively exchange with practice is therefore on his agenda from the very beginning. Furthermore, it is his goal to bring the quality of Mannheim's Business Administration to the outside world and attract the best students and researchers from Germany and abroad. Lutz sees the wide range of courses on offer as a great source of strength. ^{LW}

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Pandemic Subject of Research Projects

How Companies and Private Households Cope Financially

The Corona pandemic is also affecting research at the Business School. Two studies deal with the economic consequences for companies and private households.

Corona survey among German companies: companies rely on state aid

Almost two thirds of companies in Germany rely on state aid. This is the result of a representative survey by the German Business Panel among more than 9,500 companies of various sizes and sectors across Germany, published in August of this year. According to it, the funds from the economic stimulus programs are essential for survival in the crisis for almost every second company that has applied for or is using it.

According to the study, the measures that were most frequently used included Corona emergency aid (49 percent), short-time work and short-time work allowance (26 percent) and the option to defer tax payments (26 percent).

Sectors that have been hit harder by the crisis were more likely to take advantage of the state aid. This include travel agencies, beverage manufacturers, restaurateurs, artists, creatives and the entertainment and recreation industries.

Prof. Dr. Jannis Bischof, holder of the Chair of Business Administration and Accounting and co-author of the study, warned in an interview with Mannheimer Morgen on August 22, 2020: "The economy is afraid of the second wave. More than 80 percent of the companies are expecting it. Incidentally, this year." In fact, it turned out that businesses correctly predicted the second wave to start in early October of 2020. Prof. Bischof advised to use aids in a more targeted manner and "not to use the watering can approach. That would also cost less and would be fairer."

State aid averted the first wave of corporate insolvencies. However, half of the companies ex-

pect that the restrictions of the crisis will have a negative impact on economic life in Germany for more than another year. If that happens, further government aid may be needed.

The German Business Panel is a long-term survey panel and part of the DFG-funded trans-regional collaborative research center "Accounting for Transparency." It systematically and representatively collects how companies of different sizes assess questions of company transparency. It also surveys how the increased availability of information and increasing regulation in the areas of accounting and taxation affect decisions in companies and and with regard to the general public .

The authors of the Corona study include researchers from the University of Mannheim, Business School and ZEW. Among them are Prof. Dr. Jannis Bischof, Prof. Dr. Dirk Simons, Prof. Dr. Johannes Voget, Prof. Dr. Philipp Dörrenberg, Dr. Davud Rostam-Afschar, Dr. Florian Buhlmann, Phares Akari, Laura Arnemann, Fabian Eble, Sarah Gharbi and Christopher Karlsson.

Read more:
www.accounting-for-transparency.de

Research team examines financial shocks caused by Pandemic for private households

In addition to severe cuts in social and economic life, the Corona pandemic also harbors financial difficulties for many people. This is especially true for low-income population groups or for people who are particularly economically affected by the pandemic due to their choice of profession. An interdisciplinary research team from the University of Mannheim, ZEW Mannheim and the Leibniz Institute for Resilience Research, Mainz, is now investigating how people in Germany deal with financial shocks from the Corona pandemic. The project partners combine the perspectives

of economic and business education by Prof. Dr. Carmela Aprea, Chair of Economic and Business Education at the University of Mannheim, Business School, household economics, represented by Prof. Dr. Tabea Bucher-Koenen, head of the ZEW research area „International Financial Markets and Financial Management“, and the psychological resilience research of Prof. Dr. Klaus Lieb and Dr. Donya Gilan, Leibniz Institute for Resilience Research, Mainz.

The investigation of an interdisciplinary team of scientists has set the goal of creating a basis for coping with the Corona pandemic. "We are particularly interested in how people make decisions with a high level of uncertainty and complexity after they have been hit by a financial shock. From this, social and educational measures can be deduced, which effectively and sustainably support affected households," explains Prof. Aprea.

"Research is already being carried out on the general psychological and social consequences of the Corona pandemic. However, so far there is very little research data on the financial challenges and their medium to long-term consequences for households and the economy as a whole," says Prof. Bucher-Koenen.

The research project is financed from funds from the Federal Ministry of Labor and Social Affairs (BMAS) for a project period from September 1, 2020 to August 31, 2021. The Ministry has included it as one of twelve projects with a Corona focus in the funding network for Interdisciplinary Social Policy Research (FIS). The projects were selected with regard to their suitability to create the scientific basis for coping with the Corona pandemic. ^{LM}

Read more:
www.zew.de/PJ3366



Business School Welcomes Three New Assistant Professors in 2020

Young Researchers Bring Great Projects Along

Three young researchers have joined the Business School in 2020 to support it with their expertise in economic intuition, sustainable entrepreneurship and management analytics.

Since July 1, Felix Vetter is holding the Assistant Professorship for Accounting & Taxation, which belongs to the Area Accounting & Taxation at the Business School.

After studying business administration at the Humboldt University in Berlin, Vetter completed his Ph.D. in accounting at the London School of Economics and Political Science from 2015 to 2020. His research is focused on transparency and disclosure in financial and labor markets.

In the future, he would like to inspire students of business administration for these topics and the development of economic intuition. The young researcher is highly motivated to take up his position as assistant professor: "It is an honor for me to be part of the Business School of the University of Mannheim. I am very much looking forward to this new task and hope to contribute to the internationally excellent reputation of the University of Mannheim with my current research projects."

In February 2020, Dr. Dominika Wruk joined the Business School as Assistant Professor for Sustainable Entrepreneurship. "It's great to be able to continue my research on sustainable organizations within the framework of an assistant professorship at the University of Mannheim. I find it exciting that the topic of sustainability will gain even more visibility through the professorship. I am also very much looking forward to discussing with students how they, as future founders or managers, can make an impact on society with their companies. This is highly relevant not only in the context of the sharing and platform economy," says Wruk.

“The newly founded Management Analytics Center provides me with the opportunity to further advance my research and thus strengthen the focus on analytical methods at the University of Mannheim while allowing students to become more familiar with them.”

Dominika Wruk has been head of the interdisciplinary junior research group "platforms-2share" since June 2017, which focuses on research into cooperative business models and new technologies in the sharing and platform economy. She is also part of the i-share network, which examines economic, social and environmental effects of the sharing economy. Additionally, she wrote her dissertation within the scope of a DFG-funded project on another field of research, the diffusion and adoption of management concepts. Dr. Wruk studied business administration at the University of Mannheim and at the Ecole de Management in Bordeaux, France.

Dr. Jana-Rebecca Rehse accepted the Assistant Professorship for Management Analytics in the

newly established "Management Analytics Center." Dr. Rehse previously worked as a researcher at the Institute for Information Systems (IWi) of the German Research Center for Artificial Intelligence. She completed her Bachelor's, Master's and doctoral degree in Information Systems at Saarland University, Saarbruecken.



Prof. Dr. Dominika Wruk, former Dean of the Business School, Prof. Dr. Christian Becker, Prof. Dr. Jana-Rebecca Rehse (from left to right).

"I am excited about my new position here in Mannheim. The newly founded Management Analytics Center provides me with the opportunity to further advance my research and thus strengthen the focus on analytical methods at the University of Mannheim while allowing students to become more familiar with them. In particular, the cooperation with excellent scientists here in Mannheim and from the university network will contribute to these efforts," says Rehse.

Her research activities include the application of artificial intelligence in business process management, especially in the areas of process mining, process prediction as well as process assistance systems. Her research results have been published in internationally renowned journals such as the Decision Support Systems and the International Journal on Software and Systems Modeling and have been presented at well-known conferences such as the European Conference on Information Systems, the International Conference on Business Process Management and the International Conference on Information Systems.^{LG}



Prof. Felix W. Vetter, Ph.D.

First German-Israeli Degree Program “Master in Management Analytics”

Preparing Talent for the Digital Future in the Corporate World

Starting in November 2021, Mannheim Business School and the Arison School of Business, IDC Herzliya, will jointly offer the first German-Israeli degree program. The new Master in Management Analytics will prepare young executives for the challenges of digital transformation and converting data into a source of business value.

The two schools developed the one-year, full-time program with three objectives in mind: to train experts and future leaders in all important aspects of digitization, to connect business cultures and to further strengthen German-Israeli relations.

Participants will benefit from the strengths of both partners and locations: They will spend the first half of the program in the heart of the startup-nation Israel and focus on entrepreneurship and innovation, AI, big data, and analytics. Then, they will come to Mannheim to learn about growing and running a large corporation that utilizes data analytics to create and sustain competitive advantages. Applications are now open.^{RB}

Read more:
www.mannheim-business-school.com/full-time-mma



Participants on the campus of IDC Herzliya, near Tel Aviv

Photo: Adi Cohen Zedek

New Scholarship Agreement

Management Training for Elite Athletes

Mannheim Business School has partnered up with the Elite Student Athletes Scholarship Rhine-Neckar Metropolitan Region (Spitzen-sport-Stipendium Metropolregion Rhein-Neckar) to offer athletes financial as well as organizational support when enrolling in the part-time Master in Management Analytics or Management Analytics Certificate. Tuition fees will be reduced by 50%. A corresponding agreement has been signed by Klaus Greinert, initiator and Director of the scholarship, and MBS President Prof. Dr. Jens Wüstemann.

Isabella Hartig and Fabian Pehlke already prove that MBS is an ideal partner for management education for elite athletes: Isabella, a TSG 1899 Hoffenheim Bundesliga soccer player, is currently studying part-time for the Mannheim Master in Management Analytics, and former national field hockey player Fabian Pehlke successfully completed the Mannheim Full-Time MBA in 2015.

Professor Wüstemann highlighted the key qualifications athletes bring to the classroom as well as to leadership positions in companies: the ability to work in a team, integrity, and self-discipline.

The Greinert family has been sponsoring athletes studying at the University of Mannheim since 2009. In 2017, the Dietmar Hopp Foundation and the University of Heidelberg joined the initiative as further partners. Currently 109 students in 26 different sports disciplines benefit from the scholarship.

The main goal of the scholarship is to support athletes with the split between education and elite sports, since they face the special challenge of reconciling training, competition dates, and studies.^{RB}



Prof. Dr. Jens Wüstemann, Director of Mannheim Business School (l.) and Klaus Greinert, Initiator and Director of the Elite Student Athletes Scholarship Rhine-Neckar Metropolitan Region

Photo: Matthias Hangst

MBS Network Goes Digital

Mannheimers Are Pulling Together

When the campus of the University of Mannheim was closed this year, not only the program managers of the MBA, EMBA and Master programs at MBS had to quickly find digital solutions, but also the Alumni Relations department was faced with the challenge of moving chapter and club events into the virtual space. The aim was to strengthen the sense of belonging among the “Mannheimers”, i.e. the participants and alumni of all the different programs, to provide incentives for the exchange among each other and to continue to connect like-minded people despite or more so in the crisis. And this challenge was mastered with flying colors.

In order to activate the network members, Jens Aedtner, Director Alumni Relations and Career Development Office, first launched a digital cooking competition (the “MBS Cook-Off”) and arranged for Mannheimers to have virtual dinners together. Only two weeks after the campus was closed, the first digital network club event

was held via Zoom: Alexander Schwörer, Managing Director of PERI, was a speaker in the Marketing & Sales Club. This kick-off was to be followed by many other club events almost every week.



Some of the speakers in the virtual MBS Network Club Events

As a new format, “Ask a Mannheimer”, a series of video interviews, followed at the beginning of April. The members of the network now have the regular opportunity to ask successful Mannheimers in management positions from different industries questions about their career or their industry. Among those interviewed so far were, for example, Dr. Christopher Sessar, Chief

Accounting Officer at SAP, Philipp Klaschka, CEO and Member of the Executive Board at HAHN Automation, Dr. Daniel Häußermann, General Counsel and Head of Legal at Bilfinger SE, and Rukayyat Modupe Kolawole, Financial Coach and Fintech Entrepreneur. In order to show the participants of the current full-time MBA class possible career paths after the MBA degree and to connect them with alumni, the Alumni Relations and Career Development departments jointly created the format “Meet a Mannheimer”. About once a week, a graduate introduces his or her company to interested full-time MBA participants.

The various regional chapters also became active again and offered digital get-togethers. Two months after the campus lockdown, the conclusion was clearly positive: the various digital events were very well received by the network. In total, more than 1,000 participants and alumni took part – a sign of the strong cohesion and commitment in the Mannheim network. ^{BM}

Network for the LGBT+ Community

Diverse and Proud

This year, Mannheim Business School celebrated the founding of Pride@MBS, the network for the LGBT+ community and its supporters within the larger MBS network.

Together with the Women in Business Community, Pride@MBS is now part of the Diversity Club. The foundation and the festive kick-off took place completely online. However, this did not stop the club members from attending and networking – on the contrary: The digital format made it possible for people from all over the world to join in. The keynote speech was held by Erik Lungen, Head of S/4 HANA Product Delivery at SAP, who is an openly gay manager and very involved in the Pride@SAP community. ^{BM}



Photo: Philip Korsten



20 Years of AACSB Accreditation

Business School Again Awarded with Seal of Quality

For the fourth time in a row, the Business School has received the coveted seal of quality from US-accreditation organization AACSB for the period of five years. Hence, it has now been consistently accredited as first-class, international business school for 20 years.

The seal of quality of AACSB, the *Association to Advance Collegiate Schools of Business*, guarantees strict compliance of international standards in business education. For accreditation, business schools worldwide must undergo an intensive examination process and are regularly visited on-site by a delegation. This year's April exam, however, was carried out for the first time online due to the Covid-19 pandemic.

Compared to the AACSB standards, the standards of EFMD, the *European Foundation for Management Development*, are just as strict. At the end of last year, Mannheim's Business School was again awarded the EQUIS seal. The accreditation has also been granted for a period of five years. This is the maximum duration of an EQUIS or AACSB accreditation.

"We are very proud of having received our fourth AACSB re-accreditation. Being accredited for 20 years, AACSB confirms that our teaching and research activities comply with the highest international quality standards. Therefore, students and other stakeholders can be assured that our School offers an up-to-date

international education that combines theory and practice. Through its focus on continuous improvement, AACSB supports the School's further development, inspires us to grow further, and ensures that the School is prepared for future challenges", explains Prof. Dr. Christian Becker, former Dean.

Together with the accreditation of AMBA, the *Association of MBAs*, and EQUIS, the Business School and affiliated Mannheim Business School hold as one of 100 business schools worldwide the seals of the three most important, international leading accreditation institutions. This triple accreditation of a business school is being referred to as the "Triple Crown."^{LM}

CHE Master's Ranking 2020

Mannheim Master in Management Program Top in Germany

In the current student survey for the master's ranking by the Center for University Development (CHE), the Mannheim Master in Management program came out on top in all categories.

The Mannheim Master in Management is an excellent program. This is the result by the current CHE university ranking for master's programs. It is listed in the top group in all eight categories and thus – together with the Technical

University of Munich and the inter-university course in Finance and Information Management (FIM) – receives the most top ratings nationwide.

For the ranking, enrolled students are being asked regularly. Their opinions on their general study situation, course offerings, study organization, support during studies, supervision by lecturers, relevance of subjects, support for studying abroad and the transition to a master's

degree (including the overall study situation, stays abroad and academic relevance) are much higher than the national average.

The CHE ranking is the most comprehensive and detailed ranking in the German-speaking countries. Over 120,000 students at more than 300 universities in Germany, Austria, Switzerland and the Netherlands are regularly surveyed by CHE.^{LW}



Students of the Business School are very satisfied with their studies in the Mannheim Master in Management.

Prof. Hoisl Receives Grant of Volkswagen Foundation

Research for the Digital Future of Companies

Karin Hoisl has been awarded with the prestigious MOMENTUM research grant of the Volkswagen Foundation. Throughout the next five years, she will receive a total funding of €630,000 for her research program “Organization Design for Digital Transformation.”

The holder of the Chair of Organization and Innovation at the Business School of the University of Mannheim intends to use her research project to understand how companies become digital and to develop a general theory on this topic.

The results are highly relevant to business practice: digital transformation makes companies competitive by quickly adapting to changes, makes full use of large amounts of

data – big data – and assists in their future existence. Even though companies have now understood the predictive power of big data, most of them have not transformed into data-driven organizations. They are facing great challenges, because while the use of big data enables innovative business models, it also changes internal structures and hierarchies, demands new resources and changes the corporate culture.

Prof. Hoisl's main research interests are knowledge management, organizational innovation, women in STEM, and labor mobility. Her research has been published in numerous scientific journals such as Management Science, Organization Science, the Strategic Management Journal, and Research Policy.

The MOMENTUM program, which forms part of the Volkswagen Foundation's “Momentum – Support for First Professionals” initiative launched in 2017, is a 5-year research fellowship, aimed at recently appointed professors. Its goal is to provide opportunities to advance the content and strategic development of the professorship and to strengthen diversity of research and creativity of university researchers in Germany. The initiative, funded by the independent, non-profit Volkswagen Foundation, supports approximately eight recently tenured professors from all fields at German universities annually.^{LM}



Prof. Dr. Karin Hoisl



Awards and Rankings With Honors!

Even though 2020 was a historic year in regard to bad news, the Business School could still celebrate successes on several occasions: the faculty of the School has been honored with prestigious awards and in regard to rankings, it was able to cement its position as one of the top Business Schools in Germany and Europe.

Times Higher Education Subject Rankings

In the overall university assessment of the Times Higher Education (THE) World University Ranking 2021, the University of Mannheim achieved a very good 140th place and was thus placed in the top 10 percent of the best universities worldwide. In the subject rankings it confirms its top position in Germany and Europe. Once again this year, the University of Mannheim ranks first among the German universities in the social and economic sciences. In a global comparison, it has improved from 41st to 39th place in economics and business studies.

German Startup Monitor 2020

As in previous years, the University of Mannheim was ranked among the top positions in the German Startup Monitor 2020, which is published annually by the auditing company PWC. The basis of the ranking is a survey which focuses on innovative and growth-oriented start-ups, including the question of where their founders have studied. The University of Mannheim ranks fourth among the most frequently named educational institutions. Prof. Michael Woywode, who coordinates the entrepreneurship activities at the University of Mannheim and manages the Mannheim Center for Entrepreneurship & Innovation, is pleased about this result: "We feel confirmed in our perception that many of the fastest-growing start-ups in Germany are initiated by alumni of the University of Mannheim and Mannheim Business School."

FAZ Germany's Most Influential Economists

The FAZ published its annual ranking "Germany's Most Influential Economists" again. Prof. Dr. Martin Weber and Prof. Dr. Christian Homburg

are among the top 100. Prof. Weber ranks 26th place in the overall ranking. In the "Science" category, Prof. Homburg ranks eleventh. As one of the few business economists, Prof. Homburg makes it onto the list of the most important economists.

Lifetime Achievement Ranking for Business Economists of WirtschaftsWoche

For the fifth time already, WirtschaftsWoche has recognized Christian Homburg as the leading business economist in Germany, Austria and Switzerland in the lifetime achievement category in its ranking of business economists. "No other business economist has published so much and with such high quality in his career," said WirtschaftsWoche. Particularly gratifying: With Martin Weber in second place and Stefan Reichelstein, two more Mannheim researchers make it into the top 10 of the category.

Alliance of German Criminal Detectives appoints Prof. Spengel

Prof. Dr. Christoph Spengel is the first business economist who has been appointed to the scientific board of the Alliance of German Criminal Detectives (Bund Deutscher Kriminalbeamter). He is one of 15 academic experts to support and validate the work of the alliance.

Research Award for Prof. Kraus

Prof. Dr. Florian Kraus has won the "2020 Excellence in Research Award" of the American Marketing Association (AMA). The prize was awarded to him for his paper "Managing Laggards: The Importance of a Deep Sales Bench" within the framework of the virtual summer conference of the AMA.

Prof. Niessen-Ruenzi honored as reviewer of the year

Prof. Dr. Alexandra Niessen-Ruenzi has been selected as "Reviewer of the Year 2019" in the section Finance by the journal Business Research of the German Academic Association for Business Research (VHB).

Teaching Award for the Chair of Organization and Innovation

The student committee "Fachschaft BWL" of the Business School has awarded the "Teaching Award" 2020 (Fachschaftslehrpreis 2020) to the Chair of Organization and Innovation, Prof. Dr. Karin Hoisl. The very up-to-date content through case studies and in the exams and the fast digitalization of its bachelor's and master's courses were decisive factors for the committee to honor the Chair with the award.

Add-on Fellowship of the Joachim Herz Foundation for Leo Schmallenbach

Leo Schmallenbach has been awarded with the "Add-on Fellowship for Interdisciplinary Economics and Interdisciplinary Business Administration" by the Joachim Herz Foundation. He is one out of twenty junior researchers who were selected to join the fellowship program in 2020. Leo Schmallenbach will be supported with an amount of €12,500 over the course of the next two years.

Dr. Maximilian Merath receives Südwestmetall Award for early-stage researchers

Dr. Maximilian Merath is one of eight early-stage researchers in Baden-Württemberg to be given the award of the employers' association Südwestmetall for his doctoral dissertation, which he wrote at the Endowed Chair of Procurement. In it, he looks at the risks in supply chains which are substantial challenges for companies.

Moritz Appels and Florian Pethig receive scholarships by Wikimedia Germany

Moritz Appels and Florian Pethig, both research assistants at the Business School, were able to win the "Fellow Program Free Knowledge" of Wikimedia Germany. The program is aimed at young researchers from all disciplines who contribute with their work to the production of free knowledge. The winners receive financial and ideal support for eight months.

New Corporate Partners

Growing Network Opens New Industries for Students and Alumni

The Business School continues to expand its network of corporate partners. Due to the Corona pandemic, all of the corporate events had been moved to virtual space. In the spring semester, many of the partners offered interesting online event formats for bachelor's and master's students of the University and participants of the MBA program of Mannheim Business School. The series of virtual recruiting events was continued in the fall semester of 2020. Furthermore, the partners offer a wide range of entry opportunities and post them on the job board for Mannheim graduates on a regular basis.

This year, **DZ BANK** has joined the association "Partner der Mannheimer Betriebswirtschaftslehre e.V." Dr. Cornelius Riese, Co-Chairman of the Board of Managing Directors has taken on the role of representing DZ BANK and is looking forward to fostering an active exchange between science and practice. As a former Mannheim business administration graduate and recipient of the Prechel Prize, he also holds a special personal bond with the University. DZ BANK is the second largest commercial bank in Germany and the central institution of the German Cooperative Finance Network Volksbanken Raiffeisenbanken. It serves as the central bank for all of the approximately 850 cooperative banks in Germany, which are its majority shareholders.

EXA AG is an SAP "add-on" software solutions and services provider that focuses on finance transformation, operational transfer pricing and global value chain, including corresponding processing data and analytics. Based on extensive SAP technology knowledge, EXA provides leading, internationally active clients from the automotive, process and manufacturing industry with high-end SAP add-on software solutions and technology-related consulting services. With headquarters in Heidelberg, and subsidiaries in India and in the U.S., EXA has



Photo: Felix Zeifler

The exchange with corporate partners is very valuable to the Business School and its students.

grown to about 150 employees internationally and employs a cross-cultural team of subject matter experts, solution architects, data scientists, experts for natural languages processing, software engineers for backend, user interfaces and mobile applications as well as designers for user experience.

OMMAX is a leading European digital consultancy with focus on sustainable digital value creation. The OMMAX team consists of over 120 international digital experts who completed over 600 projects in the fields of transaction advisory, digital growth strategy and digital execution. Several alumni of the University of Mannheim are on the managing board of

OMMAX. The Business School has been cooperating with OMMAX since the fall semester 2020. As a new corporate partner, OMMAX offers three scholarships for Bachelor's students of Business Administration and students of the Mannheim Master in Management study program, combined with internships. ^{VH}



Interview with Prof. Spengel on Cum-Ex Deals

“Due to the Cum-Ex Deals we as citizens have been cheated out of billions – for decades”

In 2015, Christoph Spengel, Professor for Business Administration and Taxation at the Business School, justified the illegality of the share transactions known as “Cum-Ex Deals” in scientific papers. With them, he initiated the detection and prosecution of the illegal deals, which range in the billions. Why Cum-Ex transactions are nevertheless still possible, although the German tax authorities are losing billions in tax revenue, and why the investigation is proceeding only slowly, he explains in this interview.

Professor Spengel, you were instrumental in uncovering the Cum-Ex and Cum-Cum Deals. How did the illegal doings come to light?

Individual cases of Cum-Ex transactions were first taken up by tax authorities in 2010/2011. Right from the start, the sums involved were in the three-digit million range, which led to investigations by the public prosecutor's office and brought the cases to the attention among experts. As a result, a whole series of expert articles were written to establish the legality of these transactions. As it later turned out, the authors – among them also professors – had been paid for their papers. In 2015, I wrote a substantial tax law article that broke down the entire chain of argumentation. In April 2016, a committee of inquiry was set up in the Bundestag, which appointed me as an individual expert. The committee was then not only about a legal review of the issues, but also about looking into the matter: How did lobbying associations and tax authorities behave? How has the jurisdiction expressed itself? And who is ultimately to be held responsible? In January of this year, there was a legally binding decision in a Cum-Cum Deal, which led to the fact that at the beginning of September I was again questioned as an expert – this time in the Finance Committee of the Bundestag.

In the media, the damage to the German fiscal budget is estimated at 10 billion euros. Does this figure correspond to your estimates?

Nobody knows exactly how high the tax loss is. However, I received data from the German stock exchange Deutsche Börse for the Bundestag's investigative committee for the years 2005 to 2011 and evaluated it with employees. Based on this data, we calculate with 7.2 billion euros in unjustifiably refunded taxes. However, that is the absolute lower limit – because the data was highly aggregated and is only available from 2005 onwards. For the Cum-Cum Deals, I also expect a tax loss of 25 billion euros. All in all, we are thus talking about a minimum loss of more than 30 billion euros.

According to a FAZ article from September 10, 2020, only 1.1 billion euros had been reclaimed by the end of 2019. Do you expect that the entire damage will eventually be paid back?

Since it is possible to skim off assets from the parties involved under criminal law, it is quite possible to recover a great deal of money here. This is also because the public prosecutor's office has clear knowledge of the culprits from its investigations. Several banks are affected, including federal state banks. In order to restore as much as possible of the damage done with Cum-Cum Deals, the tax authorities must become active and change tax statements in suspicious cases immediately and reverse tax refunds. Only in that way the limitation period can be stopped.

How long do the authorities theoretically have until a Cum-Ex case falls under the statute of limitations?

Photo: Felix Zeiffer



Prof. Dr. Christoph Spengel

Until now, it has been open and controversial when tax offences fall under the statute of limitations under criminal law. However, a huge problem arises from the second Corona Tax Aid Act. In addition to the temporary reduction of the sales tax rate from 19 to 16 percent, it also includes a change to the statute of limitations for tax offences. According to this, the criminal statute of limitations here will be 25 years in the future – for all cases that had not yet fallen under the statute of limitations for tax purposes by July 1, 2020. However, most of the Cum-Ex Deals took place between 2006 and 2009. If the tax statements had not been



state authority. However, tax refunds are made by the Central Federal Tax Office in Bonn, a federal authority. To date, there are no figures on how much capital income tax is collected and how high the refunds are. A sensible digitalization of processes – i.e. the linking of tax withholding, payment, and certification – could not only close this knowledge gap, but also prevent multiple refunds. This also means that state and federal authorities must be linked to each other so that the entire process is handled by a single authority.

How could the transactions remain undiscovered for so long?

The sluggish processing is due on the one hand to the lack of resources of the law enforcement agencies. An investigative front and personnel support would be needed because the cases are both time-critical and very complex. We are dealing with highly intelligent culprits and it takes time to understand the cases. On the other hand, there are also many powerful agencies that have little interest in uncovering them in my opinion. During the financial crisis in 2008/2009, the German government spent over 60 billion euros on stabilizing the banking sector. The disclosure of the Cum-Ex and Cum-Cum transactions could bring some banks to their knees. Therefore, stonewalling is being done in many places.

Take the above-mentioned Corona Tax Aid Act. Such an amendment on the statute of limitations does not end up in the code of law by chance. A politician who votes on it usually doesn't understand it – but an expert knows what the change means: Everything that took place before 2010 is statute-barred for tax purposes and can therefore no longer be taken up under criminal law. I find this to be unbearable. It also affects us as citizens, who have been cheated out of billions by the Cum-Ex Deals for

decades. In my statement for the committee of inquiry, I therefore call on the legislator to reverse the change and create a clear criminal law regulation.

Further information:

What are Cum-Ex Deals?

Cum-Ex Deals are stock transactions for which two tax statements are issued and claimed against the tax authorities for the same dividend. The parties involved share the profit, i.e. the tax refund for the capital income tax never paid. Claiming the wrongly issued tax certificate constitutes tax evasion.

What are Cum-Cum Deals?

About two thirds of the shares on the German stock exchange belong to foreign investors. In Germany, a capital income tax of 25 percent is withheld on the dividend of these shares. This tax is definitive, i.e. it cannot be claimed in the tax return as is the case with Cum-Ex transactions. To avoid this tax, the shares are transferred to Germany as securities lending shortly before the dividend payment. The foreign investor does not have to pay the definitive tax as a result, the German ally receives a share of the capital yields tax. According to the law, this procedure is not legal if there are no economic reasons, i.e. if the sole purpose is to save taxes.^{MK}

Link to the public hearing on Cum-Ex and Cum-Cum transactions in the Finance Committee of the German Bundestag on September 9, 2020: www.youtube.com/watch?v=xHcGEsnogkI

changed, they would now fall under the statute and could no longer be prosecuted. This would cost the German government billions.

In your current statement for the Bundestag's Finance Committee, you assume that Cum-Ex transactions are still possible and take place. What had to be changed on fiscal and legal level to prevent this in future?

The fundamental problem is that we have a decentralized financial administration in Germany. Taxes are paid to the tax office, i.e. to a



Mentoring During the Pandemic

How to Assist an Elementary School Child via Video Call

His start as a mentor was bumpy: since April 2020, Felix Kleist has been a mentor at Uni-Cleverlinge, the mentoring program by KinderHelden gGmbH which has been offered in cooperation with the Business School for five years.

The master's student had wanted to be involved as a mentor for a long time, but the Germany-wide lockdown was imposed exactly at the point in time when he wanted to take up the mentor relationship. Personal meetings with his mentee Allaith, an eight-year-old Syrian boy, were no longer possible. "Of course it was a shame that we couldn't meet, but the supervisors of the KinderHelden program encouraged us and provided us with material for playing and learning, so we could offer mentoring online," reports Felix.

Since then, he has been on weekly video calls with Allaith, who has been living with his family in Germany for about three years. "Mentoring is always based on a strong relationship of trust and it was not easy to do this via video at first." Allaith uses his father's cell phone to make the calls, since he is too young to own a phone. Felix supports Allaith not only with his math homework but also with learning German, which since has improved substantially. Despite the distance, the two quickly became close to each other and there is no shortage of topics to talk about. "I was surprised how

quickly we were able to establish a connection," says Felix. Allaith has a lot of fun with word games and jokes, for which Felix had to do his own research, but which quickly broke the ice.



Felix Kleist

With his commitment, the 26-year-old student would like to campaign for more educational equality: as the child of teachers, he was always supported by his parents and has seen for himself how valuable early support is and how much individuals can achieve. As a master's student in the "Mannheim Master in Management"

program, he would like to motivate his mentee and children and young people in general to take on responsibility for themselves and others at an early stage. He would like to convey to his mentee Allaith that good performance pays off and opens doors. He also wants to pass on his joy of learning. Felix is pleased that he has such a positive influence on Allaith, with whom now after six months he has a brotherly relationship: "He sees me as a big brother." The mentorship supports also Allaith's parents if they can't help Allaith in school due to their own language deficiencies. He also personally draws a lot of value from the relationship with the boy: he has already learned a lot about Syrian culture and the background of Allaith's family and he enjoys introducing his mentee to German traditions.

Felix would like to encourage other business administration students to also get involved in Mannheim while studying. Entering Uni-Cleverlinge as a mentor is not complicated and the time that you spend with your mentee is manageable. "For me, this is definitely feasible alongside my studies." Felix has already proven that this is also possible online, no matter where you are. ^{LM}

Further information on Uni-Cleverlinge mentoring and registration as a mentor are possible at www.kinderhelden.info

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Editor: Laura Margara (LM)

Contributors: Ralf Bürkle (RB), Leonie Groß-Weege (LG), Vanessa Hevesi-Steidel (VH), Maartje Koschorreck (MK), Bettina Meltzer (BM), Liane Weitert (LW)

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presse.bwl@uni-mannheim.de



University of Mannheim,
Business School - Fakultät BWL



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