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*Effects of uncertainty on investment and profitability of
the German small firms*

by D. Strafen

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Abstract: The present work deals with the effect of uncertainty on investments. We use an employ data from 5000 German firms' balance sheets over a 10-year time window that covers the period before and after the eurozone crisis. The results indicate that uncertainty affects business decisions negatively.

Key words: profitability, German small firms, investments, uncertainty, EU economy.