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in Financial Institutions:
An International Comparison
between Brazil and Germany”***

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Dedication

I'd like to thank my mother Ingeborg, who from a very early stage on planted and nourished the idea in me of one day writing a doctoral thesis. For this and a thousand other reasons, this monograph is dedicated to her.

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I would like to thank everyone who supported me before and during the elaboration of this document. Without their support, the realization of this dream would not have been possible for me. Despite all the valuable contributions received, all remaining errors or omissions are entirely mine.

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Resumo

Nesta investigação, vários aspetos de governança corporativa e de gestão de risco são abordados de um ponto de vista internacional e com especial incidência no Brasil e na Alemanha, e no sector bancário, tendo em conta os desenvolvimentos ocorridos desde o início da última crise financeira em 2007/2008.

Indubitavelmente, Brasil e Alemanha são países muito diferentes – culturalmente e economicamente. No entanto, existem algumas similitudes, por exemplo no que respeita à capitalização bolsista ou ao *Open Budget Index*.

Em termos de governança corporativa, pudemos confirmar que a impressão geral ainda é de uma muita clara diferença entre estes países. Mas quando se olha mais profundamente para vários aspectos, descobrimos que as diferenças estão a diminuir na medida em que o Brasil está a melhorar nestas áreas, enquanto a Alemanha parece progredir muito lentamente.

Relativamente à gestão de risco, as diferenças são percebidas como globalmente fortes, mas parecem ter-se esbatido na área dos serviços financeiros, certamente devido à estrita e similar, ou mesmo idêntica, regulação (*e.g.* “Basileia III”).

A análise de dados ao questionário lançado para este estudo mostra que têm havido melhorias moderadas na qualidade e na regulação, bem como na importância percebida de ambas, gestão de risco e governança corporativa. Isto é largamente verdadeiro para os dois países, no entanto descobrimos que especialmente no que concerne à governança corporativa, as melhorias têm sido menores, ou mesmo inexistentes, na Alemanha.

A razão poderá ser que a sociedade brasileira sinta uma necessidade de melhoria nessas áreas muito mais forte que a alemã, cujo ponto de partida é mais elevado.

As hipóteses da governança corporativa e da gestão de risco terem-se tornado mais importantes no período 2007-2013 não puderam, no entanto, ser totalmente confirmadas uma vez que da análise a relatórios e contas anuais não resultaram resultados consistentes.

Verificou-se uma concordância dos respondentes deste questionário sobre a gestão de risco fazer parte da governança corporativa embora, também aqui, a afirmação dos participantes alemães foi mais fraca que a dos respondentes que trabalham no Brasil.

Consequentemente, fica-se com a convicção que a gestão de risco deveria ser incluída como uma secção de pleno direito dos códigos de governança corporativa, na medida em que tal ainda não acontece nos dias de hoje. Isto ajudaria a fortalecer a integração conceptual da

gestão de risco como parte da governança corporativa e poderia ajudar ao desenvolvimento de ambas.

Para além disso, o estabelecimento de Comitês de Remunerações e de Risco (onde ainda não estejam implementados) e de Conselhos de Família para empresas familiares, poderia ajudar a instigar mais disciplina e a atingir uma maior independência interna.

Em suma, não há percepção de terem ocorrido grandes mudanças nas áreas da gestão de risco e da governança corporativa, embora sendo reconhecidos alguns desenvolvimentos (regulatórios) durante este período. No entanto, eles poderão ter sido relativamente constantes e, conseqüentemente, subjectivamente menos notados, ou as expectativas serem tão altas que as acções levadas a cabo parecerem sempre abaixo do esperado na percepção dos respondentes.

Palavras-chave: Governança corporativa; gestão de risco; instituições financeiras; Alemanha & Brasil.

Abstract

In this monograph, we have discussed various aspects of corporate governance and risk management from an international viewpoint and with a special focus on Brazil and Germany as well as banking, taking into account the developments since the beginning of the latest financial crisis in 2007/2008.

Clearly, Brazil and Germany are quite different countries – culturally and economically. Still, there are some similarities, reflected for instance in total market capitalization of listed companies or the Open Budget Index.

In terms of corporate governance, we could confirm that the general impression is still that of clear differences, but when looking deeper into the different topics, we found that differences are diminishing as Brazil is improving in these areas, while Germany appears to progress quite slowly.

With regards to risk management, differences are perceived to be strong overall, but appear to be muted in the area of financial services, certainly due to strict and similar or even identical regulation (e.g. Basel III).

Our analysis of data from surveys used for this study shows that there have been moderate increases in perceived quality, regulation and importance of both, risk management and corporate governance. This is largely true for both countries; still we found that especially regarding corporate governance, such increases have been lower or even non-existent in Germany.

The reason might be that the Brazilian society feels a stronger necessity to improve in those areas than that of Germany, which might have started from a higher level. Still, the crises (financial and European sovereign) have had more impact – although still moderate – on Germany than on Brazil.

The hypotheses that corporate governance and risk management had become more important over the 2007-2013 period could however not be fully confirmed, given that results of the analysis of annual reports did not produce consistent results.

Agreement existed amongst participants in our survey that risk management is a part of corporate governance, although also here, affirmation from participants covering Germany was weaker than that from respondents working in Brazil.

Consequently, we believe that risk management should be included as a section in its own right in those corporate governance codes where this is not yet the case today. This would

also help to further strengthen the conceptual integration of risk management as part of corporate governance and might support the advancement of both.

Furthermore, the establishment of risk-, advisory- and remuneration-committees (where not already in place) and Family Councils for family-owned businesses might be helpful to instill more discipline and achieve a higher internal independence.

In summary, no major changes have been perceived to have taken place in the areas of corporate governance and risk management since the beginning of the financial crisis, while it is evident that a number of (regulatory) developments have occurred during that period. They may however have been relatively constant and were therefore, subjectively, less noted, or expectations had been higher so that the actions taken appear weak in the perception of our respondents.

Keywords: Corporate governance; risk management; financial institutions; Brazil & Germany.

Zusammenfassung

In dieser Arbeit wurden verschiedene Aspekte der Corporate Governance und des Risikomanagements aus einer internationalen Perspektive beleuchtet, wobei Brasilien und Deutschland sowie Banken im Mittelpunkt standen. Hierbei wurden insbesondere die Entwicklungen seit Beginn der Finanzkrise 2007/2008 betrachtet.

Ganz offensichtlich sind Brasilien und Deutschland sehr unterschiedliche Länder – kulturell wie wirtschaftlich. Dennoch gibt es Ähnlichkeiten, die sich beispielsweise in der Marktkapitalisierung aller börsennotierten Unternehmen oder dem *Open Budget Index* ausdrücken.

Bezüglich der Corporate Governance konnte der allgemeine Eindruck bestätigt werden, dass deutliche Unterschiede bestehen. Betrachtet man diese jedoch im Detail, erkennt man, dass diese Unterschiede abnehmen, da Brasilien in diesen Gebieten Fortschritte macht, während Deutschlands Entwicklung verhalten ist.

Im Hinblick auf das Risikomanagement werden die Unterschiede allgemein als stark angesehen, scheinen jedoch im Bereich der Finanzdienstleistungen schwächer zu sein, was sicherlich an den strengen und ähnlichen – oder sogar identischen – Vorschriften liegt (z.B. Basel III).

Die Analyse der durch Fragebogen für diese Untersuchung erhobenen Daten zeigt, dass ein leichter Anstieg von empfundener Qualität, Regulierungen und Bedeutung sowohl des Risikomanagements als auch im Bereich Corporate Governance zu verzeichnen ist. Dies gilt im Wesentlichen für beide Länder; dennoch hat sich gezeigt, dass insbesondere für Corporate Governance dieser Anstieg in Deutschland geringer oder gar inexistent ist.

Grund hierfür könnte sein, dass die brasilianische Gesellschaft einen größeren Bedarf an Verbesserungen in diesen Bereichen sieht als die deutsche, die sich von einem höheren Niveau aus entwickelt hat. Dennoch hatten die Krisen (Finanzkrise und europäische Staatsschuldenkrise) einen stärkeren – wenngleich moderaten – Einfluss auf Deutschland als auf Brasilien.

Die Hypothesen, denen zufolge Corporate Governance und Risikomanagement im Laufe der Periode 2007-2013 an Bedeutung gewonnen haben, konnte jedoch nicht vollumfänglich bestätigt werden, da die Ergebnisse der Analyse von Geschäftsberichten keine klaren Resultate hervorgebracht haben.

Unter den Teilnehmern an unserer Umfrage bestand Einigkeit darüber, dass Risikomanagement ein Teil von Corporate Governance ist, obwohl auch hier die Zustimmung derjenigen, die Deutschland abdecken, weniger stark ausgefallen ist als die von Teilnehmern, die in Brasilien arbeiten.

Daher sollte das Risikomanagement als ein eigener Abschnitt in diejenigen Corporate Governance Kodices aufgenommen werden, bei denen dies noch nicht der Fall ist. Dies würde auch dazu beitragen, die konzeptionelle Integration des Risikomanagements als Teil der Corporate Governance zu unterstützen und die Fortentwicklung beider Konzepte weiter voranzutreiben.

Darüber hinaus dürfte dort, wo dies noch nicht der Fall ist, die Einrichtung von Risiko-, Beirats- und Vergütungsausschüssen sowie für Familienunternehmen die Formalisierung eines Familienrates hilfreich sein, um eine weitere Disziplinierung sowie eine höhere interne Unabhängigkeit zu erreichen.

Zusammengefasst wurden seit Beginn der Finanzkrise keine größeren Veränderungen in den Bereichen Corporate Governance und Risikomanagement festgestellt, auch wenn es zu einer Vielzahl (regulatorischer) Entwicklungen gekommen ist.

Diese könnten jedoch relativ konstant gewesen sein und wurden daher subjektiv weniger stark zur Kenntnis genommen, oder die Erwartungen waren höher, so dass die eingeleiteten Maßnahmen als vergleichsweise schwach wahrgenommen wurden.

Schlagwörter: Corporate Governance; Risikomanagement; Finanzinstitute; Brasilien & Deutschland.

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List of Abbreviations

- 3BL – Triple Bottom Line (also: TBL)
- AG – *Aktiengesellschaft* (German Stock Corporation)
- AIFM – Alternative Investment Fund Managers Directive
- AktG – *Aktiengesetz* (German Stock Companies Act)
- ANBIMA – *Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais*
(Brazilian Association of Financial and Capital Market Entities)
- APE – *Associações de Poupança e Empréstimo* (Brazilian Savings and loan associations)
- AQR - Asset Quality Review
- AR – Annual Report
- BaFin - *Bundesanstalt für Finanzdienstleistungsaufsicht* (German Banking Supervisory Authority)
- BB – Banco do Brasil
- BCB – *Banco Central do Brasil* (Central Bank of Brazil)
- BCBS – Basel Committee on Banking Supervision
- BCGI – Brazilian Corporate Governance Index
- BIITS – Brazil, India, Indonesia, Turkey, and South Africa
- BilMoG – *Bilanzmodernisierungsgesetz* (German Act regarding the modernization of accounting rules)
- BilReG – *Bilanzrechtsreformgesetz* (Act for the reform of accounting laws)
- BIS – Bank for International Settlements
- BPB – *Bundeszentrale für politische Bildung* (Federal Agency for Political Education)
- BR – Brazil / Brazilian
- BRIC – Brazil, Russia, India, and China
- BRL – Brazilian Real
- BSP – Board Service Provider
- CA – Corporate Accountability
- CAM – *Câmara de Arbitragem do Mercado* (Brazilian Arbitration Panel)
- CBRM – Change-Based Risk Management
- CC – Corporate Citizenship
- CEC – Corporate Environmental Citizenship
- CEE – Central and Eastern Europe
- CEO – Chief Executive Officer

CER – Corporate Environmental Responsibility
CIRS – Critical Incidents Reporting System
CFO – Chief Financial Officer
CFP – Corporate Financial Performance
CG – Corporate Governance
CMN – *Conselho Monetário Nacional* (Brazilian National Monetary Council)
COO – Chief Operating Officer
COSO – Committee of Sponsoring Organizations of the Treadway Commission
COSY – Company Oriented Sustainability
CP – Corporate Philanthropy
CR – Corporate Responsibility
CRD – Capital Requirements Directive
CRO – Chief Risk Officer
CS – Corporate Sustainability
CSP – Corporate Social Performance
CSR – Corporate Social Responsibility (also: RSC)
CVM – *Comissão de Valores Mobiliários* (Brazilian Securities and Exchanges Commission)
DAX – *Deutscher Aktienindex* (German Stock Market Index)
DB – Deutsche Bank
DE – Germany / German
D&O – Directors’ and officers’ liability insurance
DZB – DZ Bank
EC – European Commission
ECB – European Central Bank
ecoDa – European Confederation of Directors Associations
E-KPI - Environmental Key Performance Indicator
EL – Expected Loss
ELC – Expected Loss Class
E P&L - Environmental Profit & Loss Statement
EN – English
ERM – Enterprise Risk Management
ERP – Enterprise Resource Planning
ESG – Environmental, Social and Governance
EU – European Union

EUR – Euro

FDI – Foreign Direct Investment

FKAG – Finanzkonglomerate-Aufsichtsgesetz (German Financial Conglomerates Supervisory Act)

FMEA – Failure Mode and Effects Analysis

FMT – Financial Market Trends

FTE – Full Time Equivalent

FVC – Financial Vehicle Corporation

GAAP – Generally Accepted Accounting Principles

GARP – Global Association of Risk Professionals

GCC – Global Corporate Citizenship

GCGC – German Corporate Governance Code (*Deutscher Corporate Governance Kodex*)

GDP – Gross Domestic Product

GEC – Group Executive Committee

GmbH – *Gesellschaft mit beschränkter Haftung* (German Limited Liability Company)

GRC – Governance, Risk, and Compliance

GRCo – Global Risk Committee

GRI – Global Reporting Initiative

H – Hypothesis

HACCP – Hazard Analysis and Critical Control Points

HAZOP – Hazard and Operability Study

HGB – *Handelsgesetzbuch* (German Commercial Code)

HR – Human Resources

HVB – HypoVereinsbank AG / UniCredit

IBGC – *Instituto Brasileiro de Governança Corporativa* (Brazilian Institute for Corporate Governance)

IBGE – *Instituto Brasileiro de Geografia e Estatística* (Brazilian Institute for Geography and Statistics)

ICAAP – Internal Capital Adequacy Assessment Process

ICGN – International Corporate Governance Network

ICS – Internal Control System

IF – Investment Fund

IFRS – International Financial Reporting Standards

IGC – *Índice de Governança Corporativa* (Brazilian Corporate Governance Index)

ILO – International Labour Organization

IMF – International Monetary Fund

IPCA – *Índice Nacional de Preços ao Consumidor Amplo* (Brazilian Extended National Consumer Price Index)

IPCG – *Instituto Português de Corporate Governance* (Portuguese Corporate Governance Institute)

IPO – Initial Public Offering

ISE – *Índice de Sustentabilidade Empresarial* (Sustainability Index of BM&FBovespa)

IT – Information Technology

KAGB – *Kapitalanlagegesetzbuch* (German Capital Investment Act)

KonTraG – *Gesetz zur Kontrolle und Transparenz im Unternehmensbereich* (German Transparency and Control Act)

KPI – Key Performance Indicator

KRI – Key Risk Indicator

KWG – *Kreditwesengesetz* (German Banking Act)

LC – Local currency

LCR – Liquidity Coverage Ratio

LCT – Local currency in thousands

LGD – Loss Given Default

LTI – Long term incentive

LTIP – Long-term incentive plan

M&A – Mergers and Acquisitions

MaRisk – *Mindestanforderungen an das Risikomanagement* (German Minimum Requirements for Risk Management)

MFI – Monetary Financial Institution

MMF – Money Market Fund

MP – Member of Parliament

MR – Management Report

MRC – Management Risk Controlling

N/A – Not applicable / not available

NGO – Non-Governmental Organization

NSFR – Net Stable Funding Ratio

NYSE – New York Stock Exchange

OECD – Organization for Economic Cooperation and Development

OCB – Organizational Citizenship Behavior

OTC – Over the Counter

PCGC – Portuguese Corporate Governance Code (*Código de Governo das Sociedades do IPCG*)

PCGK – Public Corporate Governance Kodex (German Public Corporate Governance Code)

PDCA – Plan-Do-Control-Act

PDSA – Plan-Do-Study-Act

PEVC - Private Equity and Venture Capital

PD – Probability of Default

PPP – Purchase Power Parity

PRI – Principles for Responsible Investment

PT – Portugal / Portuguese

Q – Question(s)

RM – Risk Management

RMR – Risk Management Report

ROA – Return on Assets

RSC – *Responsabilidade Social Corporativa* (Corporate Social Responsibility (also: CSR))

RWA – Risk Weighted Assets

SE – *Societas Europaea* (European Company)

SEC – Securities and Exchange Commission

SD – Sustainable Development

SME – Small and Medium-Sized Enterprises

SoFFin – *Sonderfonds Finanzmarktstabilisierung* (German State fund for financial market stabilization)

SPSS – Statistical Package for the Social Sciences (IBM software)

SRI – Socially Responsible Investment

SRM – Single Resolution Mechanism

STI – Short term incentive

TAA – Total Adjusted Asset

TBL – Triple Bottom Line (also: 3BL)

TBRL – Brazilian Reais in thousands

TEUR – Euros in thousands

TransPuG – *Gesetz zur weiteren Reform des Aktien- und Bilanzrechts, zur Transparenz und Publizität* (German Act for further reform of the stock- and accounting rules, for transparency and publicity)

UK – United Kingdom

UN – United Nations

UNO – United Nations Organization

UNEP – United Nations Environment Program

UNEP FI - United Nations Environment Program Finance Initiative

US – United States (of America) (also: USA)

USA – United States of America (also: US)

USD – United States Dollar

VaR – Value at Risk

VorstOG – *Vorstandsvergütungs-Offenlegungsgesetz* (German Act regarding the disclosure of management board's compensation)

ZCG – *Zeitschrift für Corporate Governance* (German Review of Corporate Governance)

1 Introduction

1.1 Corporate governance, risk management, and the latest financial crisis

In the early 2000's, a number of – mostly developed – economies enacted corporate governance codes which usually apply to publicly traded companies in the respective jurisdictions. Following the 2007-2009 financial crisis, some of those rules have been amended with regards to processes and responsibilities regarding risk management. Even before the Sarbanes-Oxley Act of 2002¹ – which in its Sections 404 and 409 also deals with questions of risk management – a Transparency and Control Act (*Gesetz zur Kontrolle und Transparenz im Unternehmensbereich – KonTraG*) in Germany in 1998 (Brown et al., 2009:548 f.) and changes of the Brazilian Act of Corporations (*Lei das Sociedades por Acções; Lei n° 10.303/2001*) in 2001 (Silveira, 2010:179) have been introduced in Germany and Brazil respectively, along with non-compulsory industry standards (eg. *Deutscher Corporate Governance Kodex*, Germany, 2002; *Código das Melhores Práticas de Governança Corporativa*, Brazil, 1999). Since then, and partly during the time frame for implementation and adaptation, one of the most severe financial crises has affected the world economy, whereas both Germany and Brazil have been affected to a lesser extent than many other economies so far, whilst Germany has felt the impact on many of its financial institutions, some of which had to be bailed out². The externalities of banking towards the end of 2009 are shown in the following Table 1:

¹ The introduction of the Sarbanes-Oxley-Act “*raised hackles around the globe for its perceived ‘unilateralism’ and lack of statutory exemptions – in short, its apparent eagerness to impose U.S.-style governance everywhere*”. (Hollister, 2005:464, cfr. Klonoski, 2012)

² E.g. Commerzbank/Dresdner Bank; EuroHypo; HypoRealEstate/Depfa. For details, cfr. 3.5.

Table 1: Externalities of banking in Brazil, Germany, and the US

Externalities of banking
in USD billion

Country	Capital injection and facilities	Asset purchases, guarantees and facilities	Debt guarantees and facilities
Brazil	0	0	1
Germany	119	711	667
USA	806	3.322	2.300

Source: Blundell-Wignall et al., 2009:24; October 2009 OECD data (estimates)

Together with their predominant economic and political weight in their respective regions and their different, yet comparable legal-economic environments, this appears to make those two countries apt objects of a detailed analysis regarding corporate governance and risk management developments between 2007 and 2013, with a special focus on major banks.

This leads us to propose the following set of research questions as a basis for an empirical study in form of a doctoral thesis:

1. What is the current state of corporate governance and risk management in Germany and Brazil?
2. How have these changed since the start of the latest financial crisis?
3. What impact (if any) has this had on corporate governance and risk management structures, reporting and responsibilities of the five major financial institutions of those two countries?

1.2 Rationale

This study is a multi-disciplinary one, combining questions of Economics and Management (Risk Management) with those of Laws (Corporate Law and Social Regulation - Corporate Governance, Transparency), Social Science and Culture, meant to shed light on an area of great importance, which has recently undergone significant changes in a number of economies, in order to draw conclusions for potential future regulations in different jurisdictions.

Studies on corporate governance have so far focussed more on questions such as board composition, conflicts of interest regarding positions held on both, management board and supervisory board or, in one-tier board structures, the joint position of Chairman and CEO, diverging interests between shareholders and management (principal-agent-theory) as well as on ownership structures, legal changes, corporate governance and performance, and cross-listings etc.³, rather than on the specific question of risk management as a main aspect of corporate governance, being both a current topic and a fundamental one. As such, research on recent developments and findings for future application shall provide useful and unique results.

³ For an overview of studies on several topics with a focus on emerging markets, cfr. Claessens and Yurtoglu, 2012.

1.3 Hypotheses

In order to answer the above-mentioned set of questions, an empirical study shall be conducted, checking the validity of the following hypotheses:

1. There have been major changes in risk management since the beginning of the latest financial crisis both in Brazil and Germany
 - a. Risk management quality increased since the beginning of the latest financial crisis both in Brazil and Germany
 - b. Risk management regulation increased since the beginning of the latest financial crisis both in Brazil and Germany
 - c. Risk management importance increased since the beginning of the latest financial crisis both in Brazil and Germany
2. There have been major changes in corporate governance since the beginning of the latest financial crisis both in Brazil and Germany
 - a. Corporate governance quality increased since the beginning of the latest financial crisis both in Brazil and Germany
 - b. Corporate governance regulation increased since the beginning of the latest financial crisis both in Brazil and Germany
 - c. Corporate governance importance increased since the beginning of the latest financial crisis both in Brazil and Germany
3. Corporate governance is significantly different between Brazil and Germany
4. Risk management is significantly different between Brazil and Germany
5. Financial institutions differ significantly between Brazil and Germany
6. Remuneration is now more closely linked to risk management / capped than before the latest financial crisis
7. Risk management is being perceived as more important in financial institutions than in other businesses
8. Corporate Governance being perceived as more important in financial institutions than in other businesses
9. Risk management is not generally understood as part of corporate governance
10. The importance of risk management as part of corporate governance has increased since the latest financial crisis

11. The importance of corporate governance in financial institutions in Brazil and Germany has increased significantly since the beginning of the latest financial crisis

Indicators would be, in banks' annual reports since 2007:

- a. Corporate governance introduced as an own section
- b. An increased corporate governance word count
- c. An increased crisis word count
- d. An increase in Corporate governance highlighted
- e. An increase in CSR highlighted

12. The importance of risk management in financial institutions in Brazil and Germany has increased significantly since the beginning of the latest financial crisis

Indicators would be, in banks' annual reports since 2007:

- a. Risk management introduced as an own section
- b. An increased risk management word count
- c. An increased word count referring to risk
- d. An increase in risk management highlighted

1.4 Structure

In order to test and evaluate above-mentioned hypotheses, we propose the following course of research:

1. Inventory of literature (“*state of the art*”) regarding the following topics:
 - a. Corporate governance;
 - b. Risk management;
 - c. Financial institutions;
 - d. The latest financial crisis.
2. Overview of the institutional background:
 - a. Overview of relevant banking regulation;
 - b. Inventory of corporate governance frameworks;
 - c. Regulation regarding risk management on an international basis;
 - d. Descriptive analysis of major banks in Brazil and Germany.
3. Description of the research design applied in this thesis.
4. Empirical analysis of data.
5. Conclusions: How have risk management and corporate governance issues changed over the 2007-2013 period and how different are Brazil and Germany?

As such, the proposed study shall determine which corporate governance rules / best practices are suitable to improve risk management.

The remainder of this study is structured as follows: Section 2 provides an overview of relevant literature, Section 3 shall give an introduction to the institutional background in both countries, including an analysis of the largest banks by assets, section 4 lays out the research design, section 5 provides for the data analysis and results, whereas discussion of the results follows in section 6, including the identification of limitations and suggestions for further research.

2 Literature Review

Although the topic of corporate governance, understood as “*the system by which companies are directed and controlled*” (Cadbury, 1992:topic 2.5)⁴ is as old as corporations themselves, academic research on this issue has increased substantially over the past twenty years or so (cfr. i.a. Adiloglu and Vuran, 2012:543), i.e. since the early 1990s, namely the publication of the Cadbury Report in 1992. Corporate Governance has received particular attention during an episode of financial crises in Russia, Asia, and Brazil in 1998 (Classens and Yurtoglu, 2012:2) and following a wave of corporate scandals in both the US and Europe in the early 2000s which brought corporate governance issues into the public focus and has since been an area of constant interest, both in academic research and in the public domain. The latest financial crisis (culminating in 2008-2009) has served to increase that interest and triggered a number of new and revised guidelines/codes on several aspects of corporate governance. “[T]he most recent financial crisis has seen its share of corporate governance failures in financial institutions and corporations, leading to systemic consequences.” (Classens and Yurtoglu, 2012:2)

The main body of literature relates to “*household*” questions of corporate governance, such as composition, structure and independence of boards, remuneration of top managers, information disclosure, auditing, shareholder involvement and ownership structure (cfr. Filatotchev et al., 2006, cit per Aguilera et al., 2011:380), “*mostly rooted in agency theory, assuming that by managing the principal-agency problem between shareholders and managers, firms will operate more efficiently and perform better*” (Aguilera et al., 2011:380). Another related issue at stake is the increasing complexity of the financial system and the growing sophistication of its participants who act either as providers, users or intermediaries of corporate financing. The “*private, market-based investment process is much more important for most economies than it used to be, and that process needs to be underpinned by good corporate governance*” (Classens and Yurtoglu, 2012:2). The increasing significance of corporate governance topics over the past decades thus not only broadened the spectrum of areas covered, but also started to expand the spotlight from the United States to other markets, including important, consolidated economies such as the UK and Germany, as well as

⁴ For alternative definitions, cfr. below in this and further sections.

emerging markets like Russia, India, China and Brazil – the so-called BRIC countries (O’Neill⁵, 2001).

Given the “*internationalization and globalization in trade and finance*” (Classens and Yurtoglu, 2012:5) and its impact on corporate governance, several studies with a focus on international comparison have been carried out, mostly however taking the US as main point of reference (e.g., Klonoski 2012, comparing German and US attitudes towards universal guidelines) or indeed Germany as the European anchor of corporate governance issues (eg. Bordean and Pop, 2012, who consider the German corporate governance model to be “*inspirational*” (p. 27)). The wealth of literature on comparative corporate governance appears to be strongly biased towards North America, Europe, and Asia with few studies taking a closer look at South American or even African countries (Classens and Yurtoglu, 2012).

Far less literature is available on the topic of risk management as an element of corporate governance. This is so much so that one may wonder whether risk management does actually form part of the canon of corporate governance topics. A look at several corporate governance guidelines, such as the Portuguese Corporate Governance Code (2014), section VI, however confirms this understanding, while position in order and extension of the relevant chapters imply a reduced focus on risk-related matters, although under the agency theory, the main topic of corporate governance actually is the mitigation of managers’ self-serving behaviour (Aguilera et al., 2011:380, referring to Shleifer and Vishny, 1997).

The present study therefore aims at extending corporate governance research by comparing the corporate governance systems of two comparable, but (not only culturally) different countries – Brazil and Germany – while taking a particular interest in the risk management issues at stake and how – if at all – they have changed during the latest financial crisis.

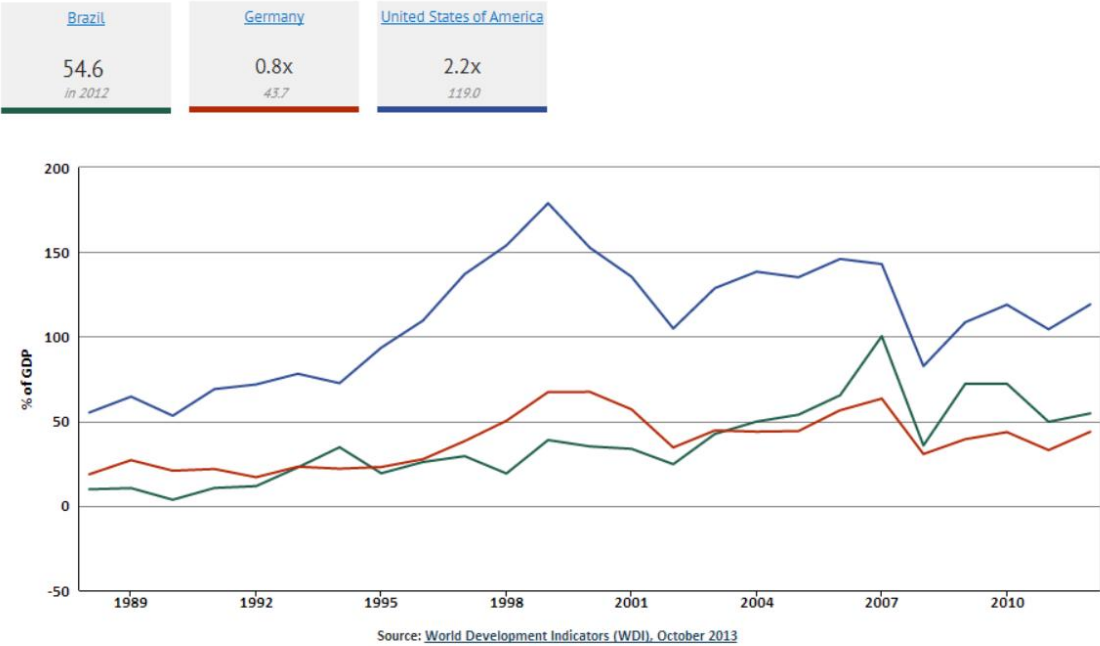
In this section, we shall give a general overview on definitions in corporate governance literature, in order to cut down, subsequently, on the systems in Brazil and Germany and the focus questions of comparative analysis, corporate governance in banks, risk management, and the relevant implications of the latest financial crisis.

At times, comparisons to the United States of America (US) will be drawn – not only to put the systems of Brazil and Germany in relation to each other by use of a third, “*external*”, point of reference, but because with a total market capitalization of about 18.67 trillion US\$ at

⁵ O’Neill was head of global economic research at the time of that article’s publication and has meanwhile retired as chairman of Goldman Sachs Asset Management.

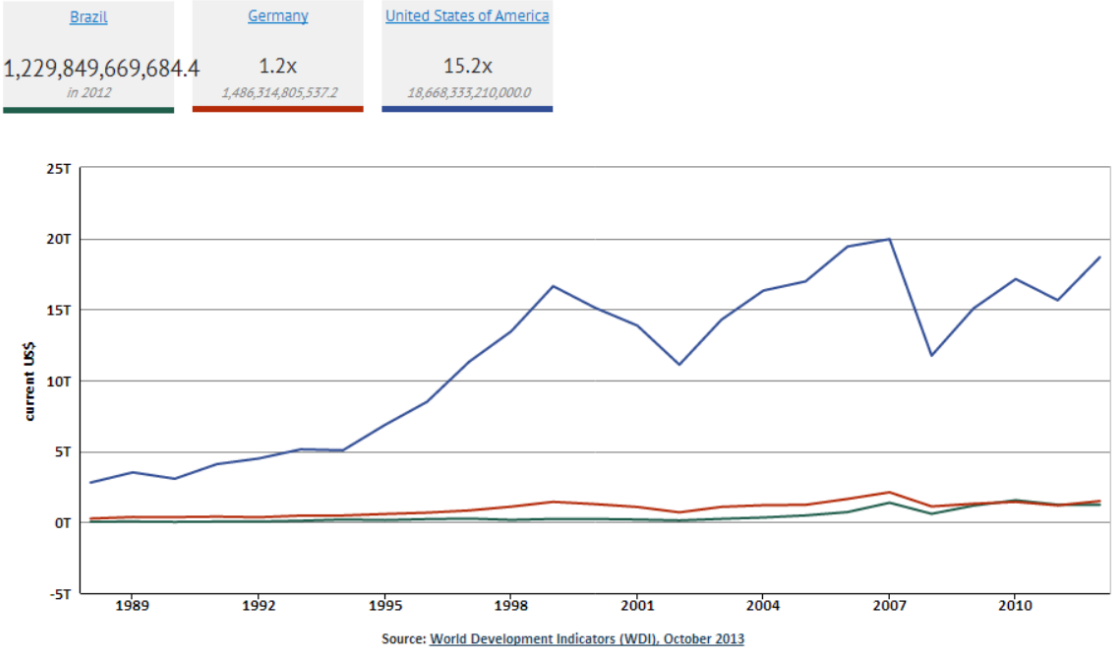
the end of 2012, the US capital market is approximately seven times bigger than those of Germany (1.49 trillion US\$) and Brazil (1.23 trillion US\$) combined – and as such, by far the biggest market on Earth (followed by China with ca. 3.7 trillion and Great Britain with around 3 trillion. (data.worldbank.org)).

Figure 1: Market capitalization of Brazil, Germany, USA as % of GDP



Source: knoema.com

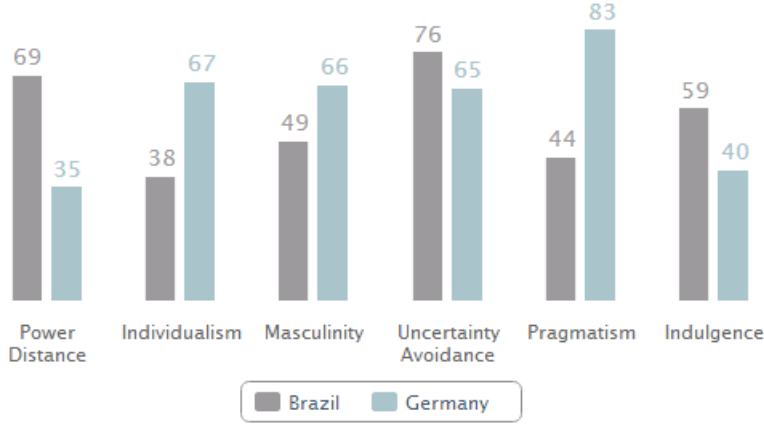
Figure 2: Market capitalization of Brazil, Germany, USA in current US\$



Source: knoema.com

Apart from economic differences, there clearly are cultural differences between Brazil and Germany. These can be identified by Hofstede’s cultural dimensions, as used by Klonoski in his comparative analysis (Klonoski, 2012):

Figure 3: Hofstede’s cultural dimensions BR-DE



Source: <http://geert-hofstede.com/brazil.html>

Interestingly, the only comparable dimension is “Uncertainty Avoidance”, a core topic of risk management.

2.1 Corporate Governance

“Corporate governance, a phrase that a decade or two ago meant little to all but a handful of scholars and shareholders, has become a mainstream concern – a staple of discussion in corporate boardrooms, academic meetings, and policy circles around the globe.”
(Claessens and Yurtoglu, 2012:2)

The interest in corporate governance has been increasing exponentially since sometime around the year 2000. While the total of academic articles on the subject of corporate governance had increased constantly from one in 1975 to a total of 2761 in 2000, already in 2005, that number stood at 9690 and has since continued to grow rapidly. (Rodrigues, 2009:83)

2.1.1 Definitions

“One problem in describing corporate governance is that it is multi-faceted – one can drown in details.” (Black et al., 2012:3) Consequently, a large number of definitions can be found in the literature of corporate governance, and the following examples are by no means an extensive overview, but are rather intended at giving an overview of definitions at different times and in various circumstances and contexts.

In footnote 2 on page 31 of the *Financial Market Trends* issue no. 62, December 1995 (FMT), we find the following definition: *“Corporate governance may be succinctly defined as the interaction between owners, managers and other stakeholders in directing and controlling a limited liability company, as a separate legal entity, characterised by limited liability, transferability of shares of its equity and an indefinite life.”* By stressing the limited liability of the corporation, the author alludes to – and in the subsequent passage further underlines – the (possible) separation between ownership and management of those companies which is the starting point of the principal-agent problem. It should be remembered that this applies only in those cases in which ownership and management are really separate, e.g. not in fully owner-managed firms and at best to a limited extent in those corporations which are controlled by a majority/main shareholder with a significant representation on the board etc.

Shleifer and Vishny (1997:737), in their *“seminal”* (Claessens and Yurtoglu, 2012:4) review state that *“Corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment”*, which thus mentions as relevant players the corporations as such as well as equity and debt providers, such as shareholders, bondholders, and banks. It should be noted however that any other stakeholders

(e.g. employees as far as they are not shareholders who actually put in money; suppliers as far as they do not extend financing in any form, etc.) are excluded.

According to Aguilera et al. (2011:380), Aoki (2001) refers to corporate governance as the *“structure of rights and responsibilities among the parties with a stake in the firm”*.

Adiloglu and Vuran (2012:544) add: *“Corporate governance refers to the quality, transparency, and dependability of the relationships between the shareholders, board of directors, management, and employees that define the authority and responsibility of each in delivering sustainable value to all the stakeholders”* and describe it thus as *“the system by which organizations are governed and controlled. It is concerned with the ways in which corporations are governed generally and in particular with the relationship between the management of an organization and its shareholders”*. Thus, these authors introduce the element of transparency, and therewith implicitly, the reference to relevant corporate governance related issues in corporate statements, be it as a part of the annual report/financial reports, or in the form of a dedicated corporate governance report.

The German Corporate Governance Code (May 2013) *“contains internationally and nationally recognized standards for good and responsible Governance”* (GCGC - Foreword).

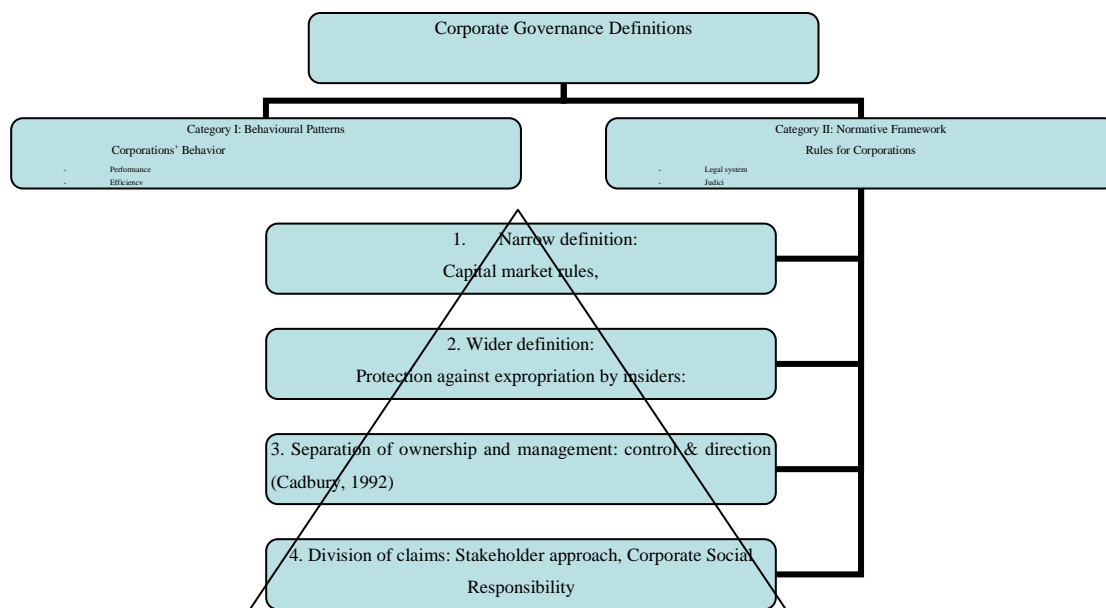
The European Commission (EC) adopts the OECD (1999) definition of corporate governance as *“a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate Governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.”* (European Commission, 2001:24)

Corporate Social Responsibility (CSR), is a sub-section of corporate governance (cfr. Claessens and Yurtoglu, 2012:4) and seen as a responsibility of companies, as described by Hart (2007) as follows: *“The major challenge - and opportunity - of our time is to create a form of commerce that uplifts the entire human community of 6.5 billion and does so in a way that respects both natural and cultural diversity. Indeed, that is the only realistic and viable pathway to a sustainable world. And business can – and must – lead the way.”* (Jacob, 2012:260).

Professor Ludo van der Heyden, Professor for Corporate Governance and Strategy at INSEAD, referred to it in a lecture given in Lisbon on 02/04/2013 as a system of *“checks and balances”* meant to ensure *“responsible business”* and aiming at *“value preservation”*, sometimes at *“value creation”*, but trying to avoid *“ups and downs”*. He further described the Canadian corporate governance system as the *“probably leading”* one while now the

“probably best discussion” on the topic was in the UK. Furthermore, the advanced role of Brazil was mentioned both regarding the “Novo Mercado” and the licensing of directors. Anne Shehan, the head of corporate governance for Calstrs, the California state teachers’ pension fund sees “a strong interest in making sure companies perform better over the long haul” (TIME, December 16, 2013, p. 35).

Figure 4: Categorization of Corporate Governance Definitions



Source: According to Claessens and Yurtoglu, 2012:3.

Claessens and Yurtoglu (2012:3) distinguish between two types of definitions regarding corporate governance: On the one hand, those related to behavioural patterns, and on the other, the definitions regarding normative frameworks.

While category I (behavioural patterns) is deemed suitable for studies of individual jurisdictions or firms within a specific country, the second set of definitions which deals with the normative framework however is best suited, according to the authors, for comparative studies. According to Claessens and Yurtoglu (2012:3), it “investigates how differences in the normative framework affect the behavioural patterns of firms, investors, and others”.

For this second set, a sub-division into a narrow and a wider definition has been proposed by those authors, according to which corporate governance in a limited perspective (1) would only cover the rules regarding equity investments in publicly listed firms, such as capital

market listing requirements, limitations for insider dealing, arrangements regarding the publication of annual accounts and the protection of minorities.

Another definition of corporate governance more closely focussing on the financing aspect (2) would be close to the one offered by Shleifer and Vishny (1997:737) which reads: *“Corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment”* and include the strengthening of minority and creditor rights – e.g. an adequate legal environment including comprehensive rules on collaterals (mortgages and other liens), bankruptcy, law suits (including class action), executive remuneration, etc. Classens and Yortuglo (2012:4) propose to expand aforementioned definition *“to define corporate governance as being concerned with the resolution of collective action problems among dispersed investors and the reconciliation of conflicts of interest between various corporate claimholders”* (Classens and Yortuglo, 2012:4).

The *“standard”* definition offered by Sir Adrian Cadbury in section 2.5 of the Report of the Committee on the Financial Aspects of Corporate Governance, the so-called Cadbury Report of December 1st, 1992, is somewhat broader, focussing on the separation between ownership and management, and reads as follows:

“Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board’s actions are subject to laws, regulations and the shareholders in general meeting.” (Cadbury, 1992:section 2.5)

The Cadbury Report will be discussed in more detail below (2.1.6.1).

Finally, the broadest definitions concentrate on the division of a corporation’s profits, the so-called *“division of claims”* (Classens and Yortuglo, 2012:4) and cover the expectations of all types of shareholders (majority/minority, with and without voting rights and/or (direct) influence on the management etc.). Understood in this way, corporate governance has been

defined by Zingales (1998:499) as “*the complex set of constraints that shape the ex post bargaining over the quasi rents generated by the firm*”, which Classens and Yortuglo (2012:4) propose to expand into “*the complex set of constraints that determine the quasi-rents (profits) generated by the firm in the course of relationships with stakeholders and shape the ex post bargaining over them*”. In their explanation, they refer to “*value-added by firms and the allocation of it among stakeholders*”, thus apparently using “*quasi-rents*”, “*profits*”, and “*value-added*” as synonyms, and add that their definition may be understood as referring to a set of rules as well as to institutions. The use of a concept based on “*profits*” may be somewhat misleading as it seems to refer to the economic result, or earnings, of a corporation after deduction of its costs. This would, however, certainly not be a helpful interpretation as – interestingly and strangely as it appears – the actual economic result or performance of a firm is rarely a main feature of corporate governance discussion (unless as a measure for behavioral patterns, for instance).

The use of the expression “*value-added*” points in that direction as it seems to focus more on the non-economic or perceived value arising from the company’s activity or attributed to it by the stakeholders, rather than (only) on pecuniary gains. Such “*advantages*” may indeed rather be called “*benefits*” or even “*perceived benefits*” as their value lies effectively in the perception of the relevant stakeholder. An employee, for example, might regard their job as extremely valuable to them personally for the meaning it gives to their lives, while from an economic/management/shareholder standpoint it might appear obsolete, neutral, or even detrimental for the company’s financial results. Consequently, the use of an expression such as “*benefits*” – particularly when assessing it from the relevant stakeholder’s angle – appears more adequate to describe the subject of the afore-mentioned bargaining process.

This leads us to the inclusion of a variety of different stakeholders into the bargaining process, away from the isolated view of owners and managers in their principal-agent-dilemma towards a multi-faceted competition between different groups and/or individuals, jointly and separately described as – and acting as – stakeholders, in which each of them pursues the maximization of their own benefit from the entity’s activity, irrespectively of the question

whether or not any (perceived) benefit may be regarded as a benefit by others. The dynamic⁶ of that bargaining process may at times lead to severe conflicts which may manifest themselves in the protests of neighbors, NGO's or other private or public entities or individuals, and at times may produce win-win-situations where one or several stakeholders concede an item perceived by them as neutral, non-beneficial or detrimental, while another stakeholders attributes a positive value to that item.

Freeman (1984:46) defines a stakeholder as *“any group or individual who can affect, or is affected by, the achievement of the organization's objectives”*.

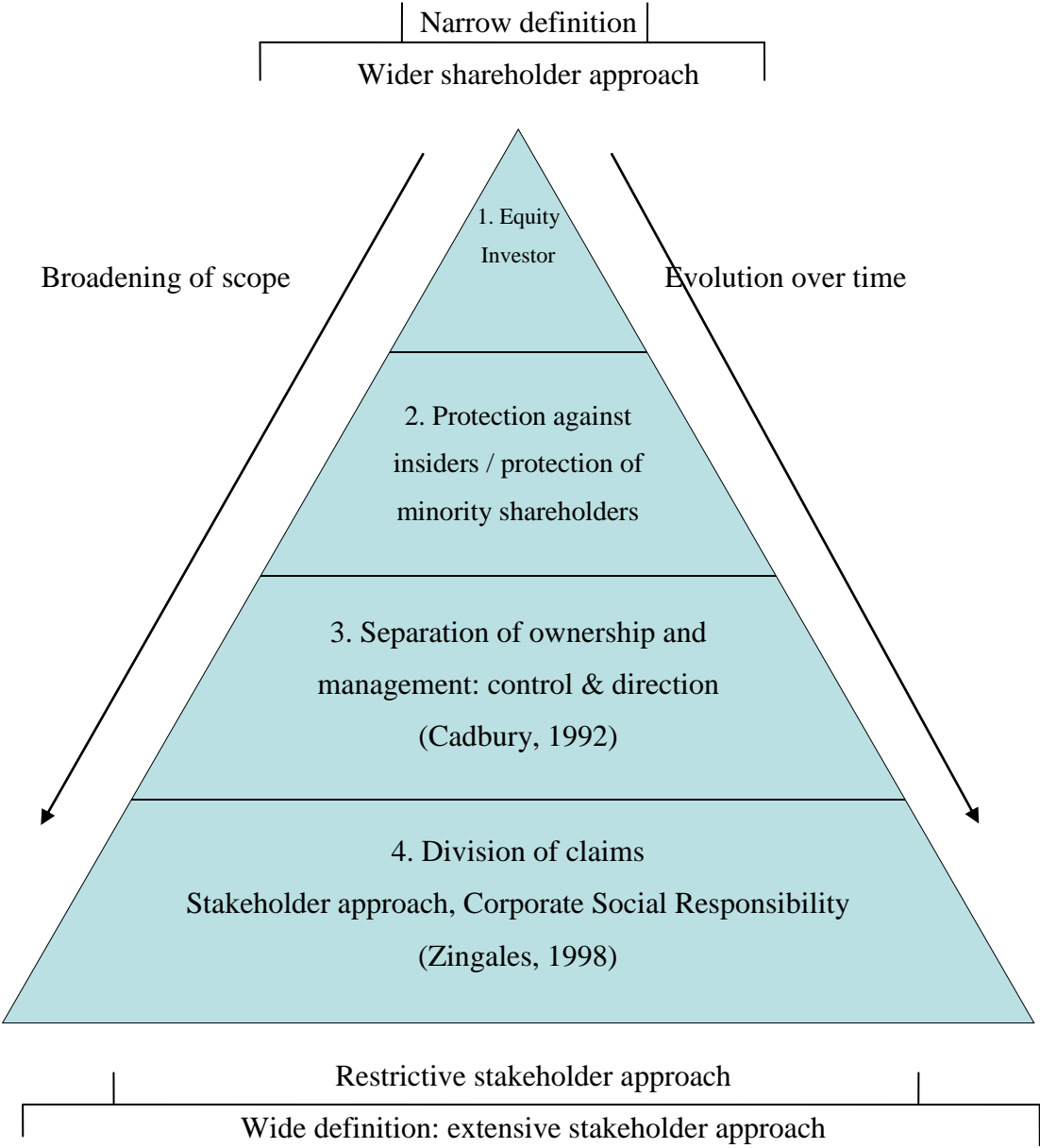
A dynamic process has also been identified regarding the corporate governance rules and institutions themselves and their evolution over time, affected by their time and regional location as well as the reciprocal impact each of them (institutions and rules) has on the other, shaping and being shaped by *“the political economy process”*. (Claessens and Yurtoglu, 2012:4)

This concept has already been expressed by Shleifer and Vishny (1997:738) when they claimed that *“Corporate governance mechanisms are economic and legal institutions that can be altered through political process.”*

According to Claessens and Yurtoglu (2012:4), *“This dynamic aspect is very relevant in a cross-country review, but has received attention from researchers only lately.”* It shall therefore be part of the subsequent comparison of corporate governance frameworks in Brazil and Germany.

⁶ For a detailed analysis of dynamics in economic science, cfr. Pereira, Renato (Org.), *A Dinâmica nas Ciências Económicas e Empresariais – Contributos para uma Visão Abrangente*, Lisbon, 2010

Figure 5: Pyramid and Levels of Corporate Governance Definitions



Source: Adopting classification by Claessens and Yurtoglu, 2012:3.

The different levels can also be labeled as core, owner, manager, and stakeholder perspectives, respectively.

The “*Initiative Corporate Governance within the German Real Estate Industry*” identifies as the aims of (good) corporate governance:

- To safeguard the interests of all stakeholders;
- To ensure sustainability;
- To provide control mechanisms for senior management; and

- To minimize risks.

It is understood as:

- A tool to (re)gain trust, particularly in times of crisis and in international business;
- A sign of the social responsibility of companies
- A competitive advantage inside and outside the corporation's business segment
- Risk reduction for the corporation
- A possibility for auto-regulation as opposed to state regulation
- A means for improvement of the perception as a value-oriented employer vis-à-vis the company's employees
- An opportunity to increase customer satisfaction
- A financial benefit, given that it avoids damages related to non-compliance, fines, and reputational losses.

(Initiative Corporate Governance der deutschen Immobilienwirtschaft, <http://www.immo-initiative.de/>)

However, „[a] generally accepted definition of corporate governance has not yet evolved”. (Mülbert, 2010:4). Although this affirmation is from 2010, it still seems to hold true.

2.1.2 Questions regarding definitions

As indicated above, some questions arise when looking at those definitions, namely:

1. Why would the broadest – or indeed, any – definition only relate to the ex-post bargaining?
2. Does a merely, or at least principally, financial perspective correspond to the reality of companies and, in particular, corporations, even when considering specifically financial institutions?
3. Should the term corporate governance only relate to corporations in the more narrow sense of publicly listed companies, or may it, as the wording “*companies*” in the Cadbury Report suggests, include all kind of companies?

Regarding question (1) above, it would appear to us that good corporate governance should, from an ex-ante perspective, regulate the bargaining over “*resources*” of a company in a fair and transparent way, such that both any ex-ante and ex-post bargaining shall occur within the limitations and under the rules thereby defined. Rather than focusing only on “*profits*” or

“*quasi-rents*”, all resources should be taken into account with a view to the benefits they provide to individual participants. Thus, “*benefits*” might replace the notions of “*profits*” or “*quasi-rents*” when it comes to the bargaining which should occur within the boundaries drawn by corporate governance. This clearly makes the concept more complex and its definition, implementation and surveillance more difficult, at the same time however this seems to be best suited to adapt to a complex reality in order to produce “*fair*” results in a real world. (Cfr. Claessens and Yurtoglu, 2012)

The same might be said about a (self-imposed) restriction or limitation on the financial perspective under question (2) above, through which corporate governance might be viewed, particularly regarding capital markets regulations. This clearly is a central element good corporate governance needs to take care of, but – as above-mentioned broader definitions suggest – should not be the only one, in order not to lose (all) other important benefits (and potential risks) of the operation of a company out of sight, such as its importance for – and impact on – its market(s) (e.g. the (global) financial markets in the case of financial institutions when it comes to their products as opposed to their equity structure), the relevance of its other “*factors of production*”⁷ such as employees (including executives) for society and other resources or “*benefits*” which might actually reduce the company’s profits, but be at least potentially beneficial to some or all of its stakeholders as might be the case with investments in culture and environment. While this, as evidenced already by the broadest definitions quoted above, strongly widens the concept of corporate governance, this appears to be necessary in order to being able to take into account all “*benefits*” each shareholder might harvest from their relationship with the company throughout the whole life and/or investment circle of that specific institution.

The same rationale appears to apply to question (3) whether only corporations (understood as publicly listed companies (cfr. Cadbury, 1992:chapter 1.5), and, in some cases, public institutions) should be covered by corporate governance frameworks – as the term “*corporate*” in the expression “*corporate governance*” suggests – or if it would also make sense to include other organizations, namely smaller private companies, into the definition of that term.

Clearly, the more narrow definitions of corporate governance, as they (almost) exclusively focus on matters of capital markets control mechanisms, stock-inherent voting rights etc., are

⁷ Cfr. Adam Smith (1776), David Ricardo (1817).

not extensible to smaller and/or non-listed entities. As such, the present question shall only be considered assuming wider definitions, particularly those which take into account several or all stakeholders of an organization rather than only effective shareholders of a corporation.

Under those conditions, however, an inclusion of other, i.e. non-listed, institutions and firms might be beneficial to both the framework and all covered entities regarding those areas of corporate governance which are not exclusive to stock-market listed firms. Even in family-run and other owner-managed firms, most basic or general rules of corporate governance may conceivably be useful if applied relative to the organization's size and structure. To that end, however, the rules would need to be sufficiently abstract so that they may be applied. For instance, transparency requirements increase with firm size in Germany independently from the type of company or capital structure (cfr. below 3.2.3) by requiring larger firms to provide more extensive financial reporting, and independent directorships, a dedicated risk organization (to avoid the term "*committee*" which might appear exaggerated for many companies) etc. could be particularly useful for larger family-run types of business of the so-called German "*Mittelstand*" for example.

Given however, that this paper is concentrating on financial institutions, this need not be discussed in more detail, as most of those entities are listed anyway and in any case subject to specific regulation which, under a subsidiarity rule, would overrule general corporate governance provisions.

Apart from considering the immediate business partners of a company, the broader "*stakeholder*" approach also should take into account the socio-cultural relationships of the firm with its environment, especially when it comes to international activities, where the respect of local legislation and consideration of rules based on the local culture are necessary in order to achieve its aims.

Taking all this into account, a more general description of good corporate governance might be '*the framework/system of internal and external, voluntary and compulsory rules and institutions which shape the dynamic interaction between a private or public entity and its economic, social and cultural environment in order to maximize the benefits for all parties involved*'.

Clearly, this is a very wide and general definition which does not necessarily facilitate the investigation of specific fields, countries or industries within the corporate governance

domain. Especially the number and complexity of rules and institutions relevant to corporate governance issues is so vast, that a full assessment would constitute an aeonian task. A more feasible approach would be a functional one, especially when focusing on a particular industry. (Cfr. Claessens and Yurtoglu, 2012:4 f.) For the financial services industry, Bodie and Merton (1995) presented a “*unifying conceptual framework*” in a certain analogy to the work in the economics literature of Schumpeter (1911), Williamson (1985), and North (1994). This concept is comparable to the functional approach adopted in sociology by Robert K. Merton (1957) and by others, particularly in the area of financial innovation such as Black and Scholes (1974) and Ross (1976).⁸

As a “*conceptual ‘anchor’*” for that framework, they use functions instead of institutions and call it the “*functional perspective*”, based on the following two basic assumptions:

- “*Financial functions are more stable than financial institutions – that is, functions change less over time and vary less across borders.*”
- “*Institutional form follows function – that is, innovation and competition among institutions ultimately result in greater efficiency in the performance of financial system functions.*”

(Bodie and Merton, 1995:4)

2.1.3 What is Corporate Governance?

“While the general importance of corporate governance has been established, knowledge on specific issues or channels is still weak.” (Claessens and Yurtoglu, 2012:30)

Corporate Governance focuses on the interaction between acting bodies and individuals of corporations regarding their structures and processes (cfr. Plamper, 2010:123). Special attention is being paid to the potential conflicts between executives (“*agents*”) and the owners (shareholders) of a corporation or their representatives (“*principals*”). This Principal-Agent-Conflict is to be discussed later (2.1.11 unterhalb).

But corporate governance is more than just about the relationship between executives and shareholders. It is about good management.

⁸ For a more detailed list on authors adopting a functional approach, please refer to Bodie and Merton (1995:4), footnotes 1-3.

Corporate governance is about corporate culture, about oversight executed by supervisory board members as well as board members, but also about active shareholders. It is more than good corporate behaviour, although this might just be the catchiest way to put it. It is about the inclusion of all stakeholders' interest into the decision-taking process within a company - in short: good corporate management. And it is about ethics. For Kurt Eichenwald (2005), the collapse of Enron was due to a collapse of ethical standards, breaking a company's own code of conduct. As such, corporate governance is about responsible ethics ("*Verantwortungsethik*" (cfr. Weber, 1988:551 f.)⁹; Middelhoff, 2007).

In essence, corporate governance can be understood as a system which is designed to avoid fraud and unethical behaviour in a corporation. This system must define the principles, processes and tools it takes to manage a company in accordance with best practices and thus not only adheres to ethical principles, but also boosts the firm's performance. (Middelhoff, 2007)

Corporate governance also covers the participation of certain groups on boards, such as women. According to a TIME article, ca. 18% of executive officers and managers in the securities, investment-banking and commodities industries in the US are women, as well as 17% of Fortune-500 companies' board-of-director seats are occupied by women. The average return for a company with at least one woman on its board is said to be around 16% compared to 12% without a woman. (TIME, March 13, 2014:29)

The Sarbanes-Oxley Act of 2005 was incepted in the wake of afore-mentioned scandals at Enron and Worldcom and aimed at re-establishing the confidence of the public in the financial reporting of companies. Its sponsors, Senators Paul S. Sarbanes, a Republican, and Michael Oxley, a Democrat, launched this project in order to regulate by law what before had been largely left in the US to the self-regulating mechanisms of companies and professional bodies. It increased the demands on financial reporting, obliges CEOs and CFOs to sign off on them, confirming that they may commit a crime by giving false confirmation and requires detailed information about internal controls and risk management procedures as well as a complaints management system. Not least importantly, very specific rules regarding the establishment of an Audit Committee and the qualification of its members were codified.

⁹ The expression of "*Verantwortungsethik*" was introduced by Max Weber in his 1919 speech "*Politik als Beruf*" in differentiation to the expression "*Gesinnungsethik*" (ethics of conviction or dispositional ethics), following Max Scheler's differentiation between "*Gesinnungsethik*" and "*Erfolgsethik*" (ethics of success).

In contrast to this US-model, we find a system of corporate governance still to a large extent auto-regulated by their self-imposed codes of corporate governance in Brazil and Germany, although obviously, many aspects are being regulated by law, namely the laws on publicly listed companies.

Another important difference, particularly between Germany and the US, is the two-tier board consisting of the Board of Directors (“*Vorstand*”) and the Supervisory Board (“*Aufsichtsrat*”), while the US boards usually consist of both the executives and the “*supervisors*”, sometimes even in one person, as is often the case with the uni-personal role of CEO and Chairman of the Board.

Yet another relevant discrepancy is the employee participation or ‘codetermination’ (“*Mitbestimmung*”) in German companies which in the case of large companies means that there are as many representatives of employees on the Board as there are representatives of the shareholders (“*paritätische Mitbestimmung*”). Where and when it works as designed, this “*balance of power*” actually serves the concept of corporate governance as it provides for another level of “*checks and balances*”¹⁰ within the corporate structure, particularly as members go into board meetings with a notion of their power but also their responsibility, being prepared for the controversies they might expect by having evaluated the possibilities and limits of compromises which might have to be found for the sake of the company as a whole.

This is extremely difficult to grasp from a US – or, more generally, Anglo-Saxon¹¹ – point of view and clearly, there are examples of cases in which this setup has been (ab)used to serve for collective bargaining rather than for corporate governance purposes as described above. (Middelhoff, 2007)

¹⁰ The system of “checks and balances” was first used by the U.S. Constitutional Convention in Philadelphia which met between May and September of 1787. The model of government chosen relied upon a series of checks and balances by dividing federal authority between the Legislative, the Judicial, and the Executive branches of government. (U.S. Department of State, Office of the Historian, <https://history.state.gov/milestones/1784-1800/convention-and-ratification>).

¹¹ According to Aguilera et al. (2011:391 ff.), Millar et al. (2005), “*classify three different systems: (a) the Anglo-Saxon (i.e., market-based system), (b) the Communitarian system, which includes Continental European countries (i.e., stakeholder-based system), and (c) the Emerging Market system that comprises the East European countries, Asian countries such as China, Malaysia, Thailand, Indonesia, the Philippines, and some of the Latin American countries such as Mexico, Chile, and Brazil.*”

The Brazilian system is quite similar to the American one and therefore many of the differences between Germany and the US can be found between Brazil and Germany, as for example the predominance of a single board structure in Brazil (cfr. 2.1.20 unterhalb; Esperança et al., 2011:247). Still, a number of important differences can be found between the US and Brazil, as for example the ownership structure with a predominance of free float in the US while Brazilian companies are mostly characterized by a single controlling shareholder (Silveira, 2010:12 f.).

2.1.4 The role of boards

“Board structures and the distributions of power on boards vary substantially both among OECD member countries and within individual countries. [...] A general observation is that boards’ capability to hold management accountable has declined over decades.” (FMT, 1995:22)

In Anglo-Saxon countries, direct representation on boards is available to shareholders only, and their role in conflict resolution or effective management control has historically been limited: *“It is generally conceded that in major English-speaking countries boards had great difficulty in fulfilling the oversight function in a meaningful way, because they have traditionally worked on a collegial basis under the dominance of senior management. Until recently one-tier boards have, more often than not, tended to ratify strategic decisions of management.”* (FMT, 1995:22) Whereas the implied tendency towards a stronger oversight has certainly continued since the publication of that article, it still remains very different from the system of two-tier boards, particularly with the codetermination element of the German system, in which the supervisory board is clearly in a much better position to contribute to control and conflict resolution, both between shareholders and management and between different groups of shareholders (FMT, 1995:23). The *“direct representation of particular interest groups on boards”* has reduced the need for major investor relations departments or shareholder committees, but reduced the ability of boards to take quick decisions in reaction to market movements etc.

Corporate governance recommendations for company boards include for example the provision that *“the functions of Chief Executive Officer and Chair of the Board of Directors in unitary boards are separated. When a dual board structure exists, the head of the management board should not become chair of the supervisory board upon retirement. In*

both cases, some form of “comply or explain” and associated transparency is necessary to preserve flexibility for companies in special situations”. (OECD, 2009:10)

For board members, “fit and proper person tests” as applied by regulators in specific lines of business, such as banking (e.g. section 33 par. 1, sentence 1, No. 4; par. 2 KWG for financial institutions in Germany), could become part of general corporate governance rules or best practices and be extended to include “*general governance and risk management skills*”. (Cfr. OECD, 2009:10)

Lipton et al. (2011:793) focus on the “*risk oversight function of the board of directors*” which they see at the core of a re-assessment of the political and regulatory environment following the financial crisis, as shall be discussed further below. They propose that “[g]iven the challenging and complicated current risk environment, a board may also want to consider a director’s background and experience in determining the composition of any committees charged with risk management oversight and with respect to the composition of the board as a whole” (Lipton et al., 2011:798).

2.1.5 The growing role of institutional investors

Another aspect is the “*growing role of institutional investors*” as shareholders in corporations and for corporate governance: “[I]ncentives for institutional investors to engage in corporate governance activities are at best mixed. The main objective of an institutional investor is to obtain good financial results rather than to become actively involved in corporate governance.” One factor is the “*growing sophistication of investment management*”, leading to a “*‘commoditisation’ of equity markets*” (FMT, 1995:24).

According to Aguilera et al. (2011:387), “[i]nstitutional investors are mutual funds, pension funds, hedge funds, insurance companies, and other non-banking organizations that invest their members’ capital in shares and bonds. The main goal of institutional investors is to maximize the financial gains from a portfolio of investments, which makes them more concerned about maximizing shareholder value and liquidity”.

The differentiation between market-based countries, bank-based countries and other countries (cfr. 2.1.22 unterhalb) helps to identify differences. In Anglo-Saxon countries, institutional investors rarely show much activity in corporate governance-related issues, while this has a long-standing tradition in Germany, for instance, while in France, corporate governance activity by investors has been increasing for decades now. (Cfr. FMT, 1995:26)

A partly different, but still comparable and related group, *“international investors still mainly consider shares to be financial assets and have been relatively slow to assert their ownership rights”*. (FMT, 1995:30)

Estrin and Prevezer (2010:51) describe the negative consequences of poor governance as *“considerable legal uncertainty and an overhang of non-voting shares and poor company performance”*.

2.1.6 Key sources of corporate governance

2.1.6.1 The Cadbury Report

In the Report of the Committee on the Financial Aspects of Corporate Governance (The Cadbury Report), Sir Adrian Cadbury states that *“[boards] must be free to drive their companies forward, but exercise that freedom within a framework of effective accountability. This is the essence of any system of good corporate governance.”* (Cadbury, 1992:1.1)

Apart from mentioning *“effective accountability”* as the cornerstone of corporate governance, this paragraph introduces the adjective *“good”*, thus clarifying that the main purpose of the report and its recommendations (*“Code of Best Practices”*) is to provide guidelines for *good* corporate governance.

In chapter 1.2 we find the Committee’s focus *“on the control and reporting functions of boards, and on the role of auditors.”* The Cadbury Report refers in chapter 1.3 to *“a Code of Best Practice designed to achieve the necessary high standards of corporate behaviour”*. Corporate behavior clearly refers to corporations, understood as *“listed companies”* (chapter 1.5), but in chapter 3.1 a differentiation is made as follows: *“The Code of Best Practice [...] is directed to the boards of directors of all listed companies registered in the UK, but we would encourage as many other companies as possible to aim at meeting its requirements.”* Chapter 1.6 deals with the responsibilities of directors, shareholders and auditors, while chapter 1.8 stipulates the *“unitary board system”* as a basis. A limitation to corporate governance is identified in chapter 1.9 which states that *“no system of control can eliminate the risk of fraud without so shackling companies as to impede their ability to compete in the market place.”*

Interestingly, chapter 1.10 expresses the Commission’s belief that *“compliance with a voluntary code coupled with disclosure, will prove more effective than a statutory code”*.

As “*underlying factors*” for corporate scandals in the past, the authors identify “*the looseness of accounting standards, the absence of a clear framework for ensuring that directors kept under review the controls in their business, and competitive pressures both on companies and on auditors which made it difficult for auditors to stand up to demanding boards*” (chapter 2.1).

We find the central definition of corporate governance in chapter 2.5: “*Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board’s actions are subject to laws, regulations and the shareholders in general meeting.*” Two aspects shall be pointed out here: (i) the mere reference to laws and regulations indicates a (limited) “*compliance attitude*” adopted in the Report, and (ii) the repeated reference to shareholders without mentioning of other stakeholders is an indication of the shareholder approach adopted by the Commission (cfr. also chapter 6.1 ff.), however mitigated by a reference in chapter 3.2 to other stakeholders, demanding “[...] *confidence which needs to exist between business and all those who have a stake in its success*”.

Chapter 2.7 describes the role of auditors, which is further elaborated in chapters 5.1 ff. – In an apparent deviation from chapter 1.9, chapter 5.20 (a) warns of potential negative effects of auditors’ statements: “*There must be a risk that any qualification about the company’s financial viability, however it is expressed, will precipitate the company’s collapse. There is a fine balance to be drawn between drawing proper attention to the conditions on which continuation of the business depends, and not thereby bringing the business down.*”

Chapter 3.2 refers in relation to a Code of Conduct to the “*principles on which the Code is based*” as “*openness, integrity and accountability. They go together.*”

Chapter 3.7 establishes the “*Comply or Explain*” rule and provides for further flexibility by establishing in chapter 3.10 that “[t]he Code is to be followed by individuals and companies in the light of their own particular circumstances”.

The Report then goes on (3.14) to state that “[t]he responsibility for putting the Code into practice lies directly with the boards of directors” and continues to deal with the Board in chapters 4.1 ff. (Board Effectiveness) and 4.40 ff. (Board Remuneration).

In chapter 2.6 the Report refers specifically to the “*financial aspects of corporate governance (the Committee’s remit)*” and the only reference to risk management as such in the Cadbury Report appears in chapter 4.24, while the remainder refers to specific risks, mainly the risk of fraud (chapters 4.31; 7.2).

2.1.6.2 OECD Principles of Corporate Governance, 1999 and 2004

The OECD Principles of Corporate Governance were first released in 1999 (OECD, 1999) and underwent a first revision in 2004. Another review was initiated in 2014 in order to update the Principles with relevant and useful developments in capital markets and the corporate sector.

They are one of twelve key standards of the Financial Stability Board and together with the other standards aim at ensuring financial stability on an international basis, forming the basis for the corporate governance component of the Report on the Observance of Standards and Codes of the World Bank Group.

The OECD Principles are meant to serve as a benchmark for “an effective corporate governance framework” and thus benefit regulators and other rule-making bodies, based on “a high level of transparency, accountability, board oversight, and respect for the rights of shareholders and role of key stakeholders”.

(<http://www.oecd.org/corporate/oecdprinciplesofcorporategovernance.htm>)

There are six succinct Principles of Corporate Governance being addressed by the OECD which are briefly presented and summarized in the first part of their publication, followed by a second part with annotations on each of them. Those Principles are:

1. Ensuring the Basis for an Effective Corporate Governance Framework;
2. The Rights of Shareholders and Key Ownership Functions;
3. The Equitable Treatment of Shareholders;
4. The Role of Stakeholders in Corporate Governance;
5. Disclosure and Transparency;
6. The Responsibilities of the Board.

(OECD, 2004)

2.1.6.3 ISO 26000 and ISO 38500

There are two international standards regarding corporate governance. One is ISO 26000 on Corporate Social Responsibility (CSR – see 2.1.9 unterhalb), the other is entitled “*Corporate governance of information technology*” – ISO/IEC 38500. While both do not fully – or rather “*purely*” – apply for corporate governance, we believe it is worthwhile taking a look at both of them.

The fact that there is no “*technical*” standard on corporate governance in its own right seems to underline the difficulty in clearly defining this area and in giving clear advice as to how to correctly fill this expression with a clear meaning. Far more technical and “*definable*” seems to be everything related to information technology, thus possibly explaining the existence of an international standard as restrictively defined as “*Corporate governance of information technology*”.

Standard ISO/IEC 38500 is still valid in its first edition dated June 1st, 2008 under reference number ISO/IEC 38500.2008(E). It was prepared by Standards Australia (as AS8015:2005) and was adopted, under a “*fast-track procedure*”, by Joint Technical Committee ISO/IEC JTC 1, Information Technology, in parallel with its approval by national bodies of ISO and IEC.

Further on in its foreword, ISO/IEC 38500 is described as “*a high level, principles based advisory standard. In addition to providing broad guidance on the role of a governing body, it encourages organizations to use appropriate standards to underpin their governance of IT.*”

The standard is organized in three parts dealing with (i) scope, application and objectives, (ii) a framework for good corporate governance of IT, and (iii) guidance for the corporate governance of IT.

2.1.7 Corporate Governance, Financial Performance and the Cost of Equity

When relating corporate governance to the positive effects it is supposed to have on companies and their surroundings in general, several issues arise.

Firstly, the measurement of corporate governance itself is difficult. A number of indices have been proposed, including the GIM index presented by Gompers, Ishii, and Metrick

(Gompers et al., 2003), which however only measures the quality of “*external*” governance without taking “*internal*” governance factors into account (Cremers and Nair, 2005).

Bhagat et al. (2008:1803) describe corporate governance indices as “*highly imperfect instruments*” and suggest “*caution in attempting to draw inferences regarding a firm’s quality or future stock market performance from its ranking on any particular corporate governance measure*”.

Secondly, it is hard to establish a link between good corporate governance practices and their effects on such parameters as economic and financial performance. One of those difficulties is the potentially long time lag, as those practices take time to take effect rather than showing results immediately (Regalli and Soana, 2012). Probably also for this reason, studies on the relationship between corporate governance and financial performance have been largely inconclusive (Dalton et al., 1999; Donker and Zahir, 2008).

Quaresma (2011) however found “*some statistical evidences*” to confirm a positive relationship “*between the best corporate governance practices and the financial performance*” of international listed banks. Klapper and Love (2002) show that “*better corporate governance is highly correlated with better operating performance and market valuation*”.

Regalli and Soana (2012:2) describe it as “*conceivable that the effect of good governance is to lengthen company life and stabilize certain financial results, rather than improve them*”.

The authors therefore propose to investigate “*indirect*” benefits – rather than direct ones – such as stakeholder’s perception of the company, by measuring the cost of capital, both equity and debt. They argue that good corporate governance requires recognition as such, given that its mere existence is insufficient. Furthermore they believe that such recognition often comes before the effects can be measured in terms of economic and financial results (Regalli and Soana, 2012:3).

The confirmation of a positive relationship between a perception of good corporate governance practices in a firm by its lenders and equity providers would then indicate that a lower risk is associated with such a firm, i.e. that better corporate governance implies lower risk. (Regalli and Soana, 2012:3)

Regalli and Soana (2012:9) find however that the cost of equity increases the better the governance of companies, rather than to decrease. They wonder why the supposed decrease in risk triggered by higher corporate governance standards does not translate into lower risk premiums.

2.1.8 Corporate Governance and Transparency

“In the longer run good corporate governance requires transparent and material information, so that the discipline of the market applies to management at all stages of the asset cycle” (Blundell-Wignall et al., 2009:26)

Adiloglo and Vuran (2012) study transparency levels of financial information disclosure in Turkey and compare them to the financial ratios of 57 companies, which are grouped into “most transparent”, “transparent” and “least transparent” ones.

They argue that European scandals such as those of Ahold, Vivendi, and Cable & Wireless show that corporate governance, control issues and transparency are important topics not only for the United States or emerging markets, but also for Europe. (Adiloglu and Vuran, 2012:544)

2.1.9 Sustainability and Corporate Social Responsibility

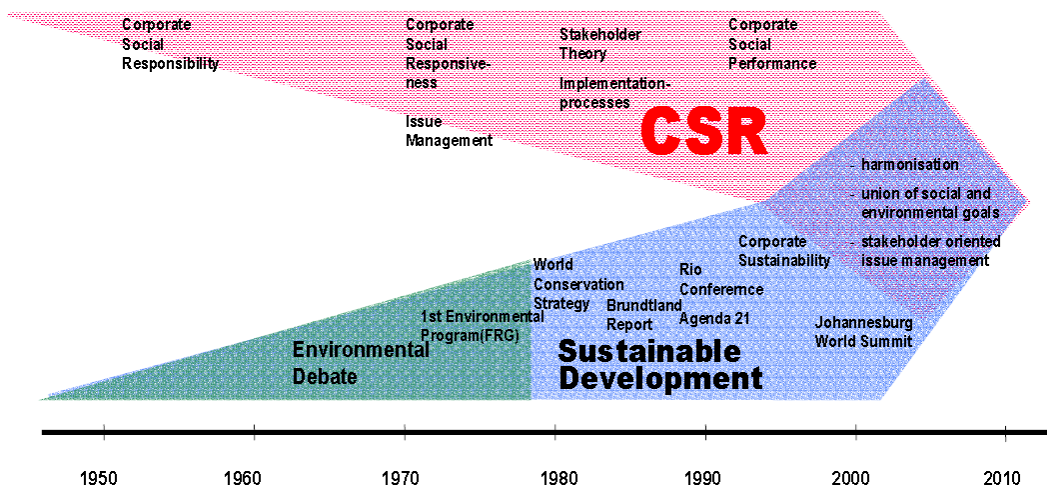
Although the concept of Corporate Social Responsibility (CSR) is said to be older than that of Sustainability, it appears that since around 2005 there has been a tendency, at least in Germany, to focus more on CSR measures and CSR reporting, while sustainability continues to be a catch-phrase in almost all areas of economic and social life. (Grothe, 2010:183)

In its early days, around 1960, the first phase of CSR – CSR₁ – concentrated mainly on social topics and a company’s responsibility towards society (Loew et al., 2004:10). CSR₂, which appeared in the mid-1970s started to bring measurability into focus, concentrating on corporate social performance or CSP. Corporate Social Rectitude became the headline of the CSR₃ phase in the 1980s. It then also included environmental issues as part of an “esoteric” view (Cosmos, Science and Religion – CSR₄) during the 1990s (Loew et al., 2004:10), while sustainability has come to grow out of its environmental protection origins and nowadays encompasses a whole variety of social, ecological, ethical and economic aspects which are hard to define and thus give the whole concept a somewhat blurred image (Grothe, 2010:187). This might be the main reason for corporations to embrace the concept of CSR instead of sustainability as *“it is easy for companies to be well-regarded for their good deeds. This is different for the extremely cumbersome and complex approach of sustainability”* (Grothe, 2010:184). Leitschuh (2008:46) even refers to CSR as a *“light version of sustainability”*, fearing that CSR takes steam out of the discussion around sustainable management. On the

other hand this author concedes that any form of dialogue about the social and ecological responsibility of corporations is welcome.

In summary, it might be stated that the concepts of CSR and Sustainability have both grown towards each other, ending up merging both in terms of issues covered and terminology, serving partly as synonyms for each other as illustrated in the following graph:

Figure 6: CSR and Sustainability



Source: Loew et al., 2004:12.

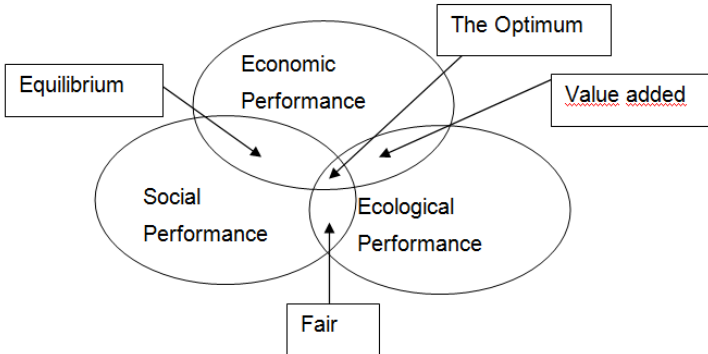
Today, the European Commission defines corporate social responsibility (CSR) as “*the voluntary integration of social and environmental objectives into the commercial activities of enterprises and into their relationships with their partners*”.

(http://europa.eu/legislation_summaries/external_trade/c00019_en.htm)

Despite of aforementioned harmonization, CSR as well as Corporate Citizenship (CC), with their Anglo-Saxon origins, are being interpreted and defined in quite different ways on an international, European, and German level. While internationally, CSR tends to deal with ecological and social challenges, the German “*discussion on sustainability*” (now used as a synonym to CSR discussions) includes three “*dimensions of sustainability*” (Grothe, 2010:187): in addition to the social and ecological levels, also the economic contributions of a corporation to a macro-social sustainability. Consequently, Grothe demands that “[*s*]ocial responsibility has to be further developed within the economic dimension of sustainability. To this end, a discussion has to take place about what society as a whole desires and which contribution the corporate level can and should make.” (Grothe, 2010:187)

The relationship between those three dimensions of sustainability can be illustrated by the following graph:

Figure 7: The intersections with sustainable business performance



Source: Schuch, 2011:6 (referring to Wieser, 2005:44)

Table 2: Terms relating to sustainability and CSR

Term	Definition	Level	Definition generally accepted	Comments
Sustainable development	Sustainable development is, "a form of development that meets the needs of the present without compromising the ability of future generations to meet their own needs" [HAUFF 1987:46].	Society as a whole	yes	
Sustainable management	Sustainable corporate governance is a model of corporate governance designed systematically to optimise the company's efforts to achieve social, ecological and economic sustainability objectives. Measures necessary to further this aim are implemented on both the strategic and the operational levels.	Company	no	The authors have derived this definition from the sustainability principle.
Corporate Social Responsibility (CSR)	CSR is, "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". [EUROPEAN COMMISSION 2001A:5]	Company	Europe: yes international: no	The EU clarified its position further in its Communication of 2002: being socially responsible, "means going beyond compliance and investing more in human capital, the environment and relations with stakeholders" [EUROPEAN COMMISSION 2002B: 3]. Ensuring compliance with statutory provisions thus constitutes one of the necessary conditions for CSR.
Corporate Citizenship (CC)	Corporate citizenship relates to the company's commitment to solving social problems in its local environment and around its sites above and beyond its actual business activities. Corporate citizenship activities include donation and sponsorship (corporate giving), the creation of benevolent company institutions (corporate foundations) and the direct involvement of company staff in social projects and undertakings (corporate volunteering). Activities with no direct benefit to the company and activities that generate some form of economic return can both fall under the concept of corporate citizenship.	Company	no	Original definition formulated reference to Westebbe and Logan [1995] and Mutz and Korfmacher [2003].

Source: Loew et al., 2004:16.

Oftentimes, different concepts are mixed, both in terminology and definition, including social corporate responsibility, corporate citizenship, business ethics, sustainable development, reputation management, environmental management, corporate social performance, corporate volunteerism, and corporate governance (cfr. Schuch, 2011:1).

Since June 2004, when the technical steering committee of ISO decided to start a normation procedure for CSR, resulting in DIN ISO 26000 as described and discussed below, this concept has indeed become quite specific and tangible.

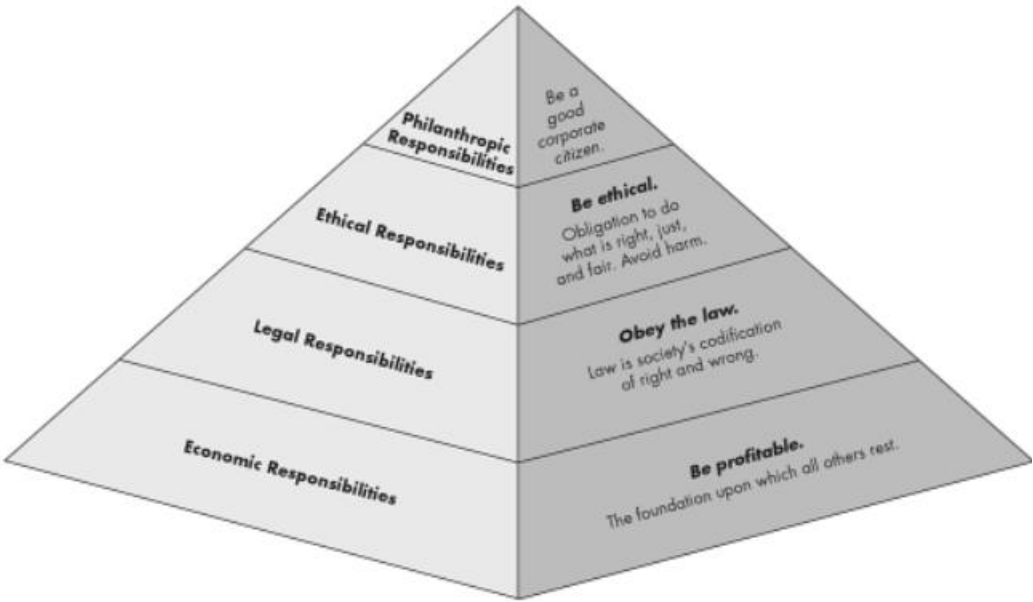
One may thus consider CSR as a more precisely defined and thus operational version of the wider concept of sustainability which shall help by relevant measures and reportings to turn companies into “*good corporate citizens*” (Grothe, 2010:184).

In Brazil, too, CSR started out in the 1960s rather as a matter of philanthropy, but then also evolved into efforts undertaken by corporations to achieve “*sustained effects*”. (<http://www.csr-weltweit.de/en/laenderprofile/profil/brasilien/index.html>)

“*Corporate social responsibility can make a positive contribution to the strategic goal decided by the Lisbon European Council: for the European Union “to become the most competitive and dynamic knowledge-based economy in the world”.*” (EU Green Paper on corporate social responsibility - http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26039_en.htm)

In 1998, *Instituto Ethos* was created in Brazil in order to further implement CSR in Brazil, following a trend of ethically (rather than religiously, as in the 1960’s) motivated efforts aiming at the “*humanization of business and their integration with society*” (Schuch, 2011:14). Measures have so far focused on São Paulo and Rio de Janeiro regions, thus further increasing the already existing disparities within the country, leading Schuch to suggest promoting CSR more in other regions (Schuch, 2011:17f.).

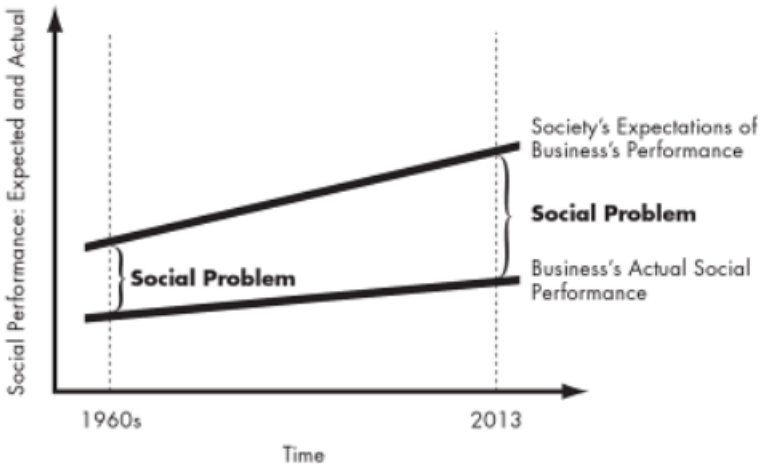
Figure 8: The Pyramid of Corporate Social Responsibility



Source: Carroll and Buchholtz, 2012:38.

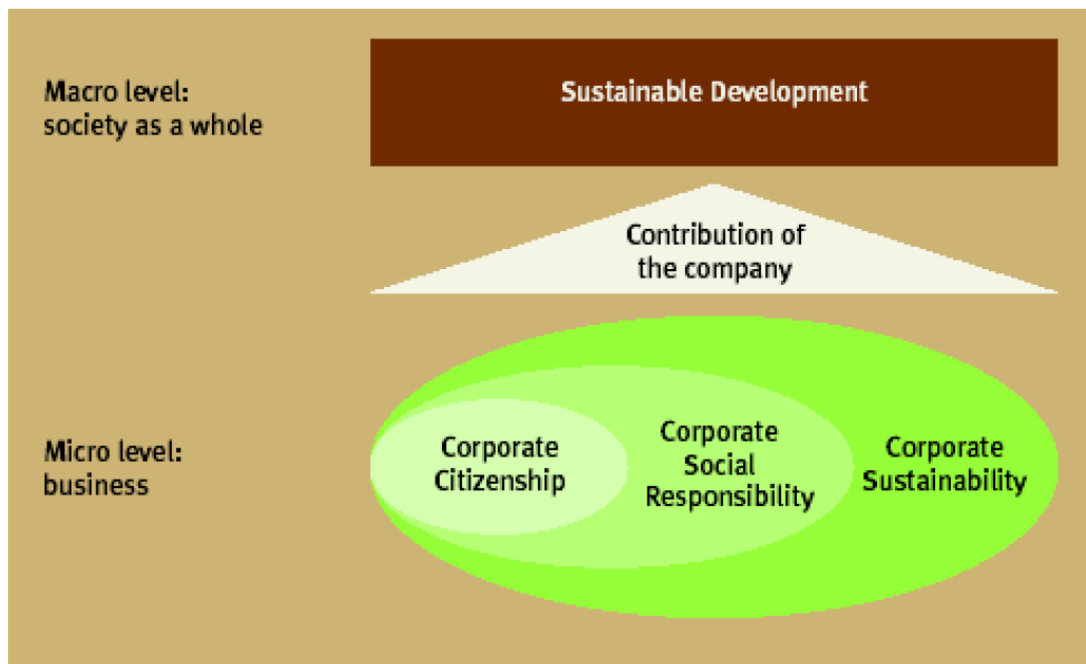
According to Carroll and Buchholtz, the four levels of CSR depicted in the pyramid in Figure 8 mount from a basic level – to be profitable – to a philanthropic or charitable one of “*Maximum Wealth*” (Loew et al., 2004:21). That top level is being described as “*desired*” while the compliance with ethical responsibilities is being regarded as “*expected*”. The bottom two layers of the pyramid however are both considered “*required*” by Loew et al. (2004:21). Thus, this pyramid is quite comparable to Maslow’s hierarchy of needs (Maslow, 1943).

Figure 9: Society’s Expectations versus Business’s Actual Social Performance



Source: Carroll and Buchholtz, 2012:15.

Figure 10: The relationship between CSR, CC and SCG and sustainable development



Source: Loew et al., 2004:15.

The different shades of the green ellipses for Corporate Citizenship (CC), Corporate Social Responsibility (CSR), and Corporate Sustainability (SD) in Figure 10 above are meant to demonstrate that the ecological aspect gains importance from left to right, while at the same time, the importance of the social component diminishes. The relevance of Corporate Sustainability (CS) becomes evident by its role in linking the micro-economic level to the macro-level of SD.

However, and despite their differences and separate evolutionary history (Lorson et al., 2014b:54), CS and CSR have been converging and a part of the literature (cfr. Lorson et al., 2014b:54; Montiel, 2008:245 ff.) predicts that this will continue, or as Lorson et al. (2014b:54) put it, that “*CS and CSR only differ by the letter ‘R’*”.

Lorson et al. (2014a; 2014b) have very recently tried to structure the different concepts and definitions related to sustainable development (SD) which as Loew et al. (2004:15) showed, expresses a macro-economic perspective, while corporate sustainability (CS), corporate social responsibility (CSR) and corporate citizenship (CC) are part of the company level, i.e. a micro-economic perspective:

Table 3: Concepts and definitions related to sustainable development

		Sustainable Development (SD)	Corporate Sustainability (CS)	Corporate Social Responsibility (CSR)	Corporate Citizenship (CC)
Origin		Europe	Europe / USA	USA	USA
Time of Appearance		1987 (first mentioned 1713 in Germany)	1990s	1953	1990s
Science		Business Ethics			
Level of Application		Society / macro-economic	Company / micro-economic		
Regional Association		global	global thinking - mainly local and regional action		mainly local
Type of Management		normative: political model	normative and strategic: corporate philosophy and strategies	normative, strategic, and operative: corporate philosophy, strategies, and activities	strategic and operative: corporate strategies and activities
Part of Core Business		n/a	n/a	yes	no (additional activities)
Aim		Enabling of a sustainable development; maintenance or - if possible - improvement of the quality of life of current and future generations			
Weighting of sustainability dimensions:	Ecology	1	2	2	3
	Economy	1	1	3	1
	Social	1	2	1	1
Synonyms		Sustainability	CSR, Sustainability, SD, Ecological	CC, CR, COSY	CSR, CR
Overlap		CS and CSR	SD and CSR	SD, CS, and CC	CSR
Ranking by Number of Publications		2nd	4th	1st	3rd
Related Concepts		TBL/3BL	TBL/3BL	CSP, CFP, CER, CA, CP, CR	CEC, GCC, OCB, CP
Official Definition		yes:	no	(yes), for Europe only:	no
		"Sustainable development is a development which takes into account the necessities of current generations without jeopardizing the possibilities for future generations to pursue their own necessities" (WECD, Our common future, 1987:54 as quoted in German by Lorson et al., 2014b:55)		"a concept which serves as a basis for companies to integrate social and environmental issues into their business and the interaction with their stakeholders on a voluntary basis." (EC, 2001:5)	
Definition proposed by Lorson et al. (2014)		"Sustainable development can be described as enhancing quality of life and thus allowing people to live in a healthy environment and improve social, economic and environmental conditions for present and future generations." (Ortiz et al., 2009:29)	"Corporate sustainability is a strategic approach of management by which companies try to optimize their contributions to the social, ecological and economic challenges of sustainability in a systematic way, based on stakeholder interests." (Lorson et al., 2014a:18)	"CSR is a concept with process traits by which companies assume responsibility for the environment and social issues on a voluntary basis, i.e. beyond their own interest and legal obligations, in line with the interests of their stakeholders." (Lorson et al., 2014a:15)	"Corporate citizenship is part of company strategy and as such covers company activities which are primarily aimed at achieving (economic) advantages for the company, taking into account stakeholder interests." (Lorson et al., 2014a:17)
Source: Lorson et al., 2014b:55; own translations					

Goldmann et al. (2010) compared corporate social responsibility in Germany and Brazil and found improvements in the area of corporate governance, environment and regarding employees in German companies. In particular they state that most companies now do have answers to questions regarding sustainability, particularly in form of CSR reports. They did find however that their quality differs widely and suggest that establishing general (minimum) standards would take the CSR topic on a company-wide level. Deficiencies were observed in the areas of client relationship, relations to stakeholders, assumption of social responsibility and social cultural action (Goldmann et al., 2010:192).

With regards to financial institutions in particular, the European Commission stated in their 2001 Green Paper that "[f]inancial institutions are making increasing use of social and

environmental checklists to evaluate the risks of loans to, and investments in companies. Similarly, being recognised as a socially responsible enterprise, for example through listing in an ethical stock market index, can support the rating of a company and therefore entails concrete financial advantages.” (European Commission, 2001:7)

As for publicly listed companies, the European Commission noted at the time already that *“[s]tock market social indexes are useful benchmarks for demonstrating the positive impact of social screening on financial performance: the Domini 400 Social Index has outperformed the S&P 500 by more than 1% on a[n] annualised total return basis and on a riskadjusted basis since its inception in May 1990 while the Dow Jones Sustainable Index has grown by 180% since 1993 compared to 125% for the Dow Jones Global Index over the same period.”* (European Commission, 2001:7)

Ten years later, the EC in its 2011 *“renewed EU strategy 2011-14 for Corporate Social Responsibility”* expressed its intention to *“[c]onsider a requirement on all investment funds and financial institutions to inform all their clients (citizens, enterprises, public authorities etc.) about any ethical or responsible investment criteria they apply or any standards and codes to which they adhere.”* (European Commission, 2011:11) This shall further facilitate the EC’ desire to make *“asset managers and asset owners, especially pension funds”* take CSR more into consideration when choosing their investments, stressing that *“public authorities have a particular responsibility to promote CSR in enterprises which they own or in which they invest”* (European Commission, 2011:11). In this context, the EC makes specific reference to both the UN Principles for Responsible Investment¹² and the UN Guiding Principles on Business and Human Rights. The latter rest on three pillars:

1. The State’s duty to respect human rights;
2. The corporate responsibility to respect human rights; and
3. The need for access to effective remedy.

Thus, the EC goes beyond the European borders and engages in promoting CSR through its external policies. (European Commission, 2011:14)

¹² Viviers et al. (2008:23) claimed that responsible investing, understood as the act of *“considering environmental, social and corporate governance issues in making investment decisions, is more consistent with a deontological construct than a utilitarian one”*. (Klonoski, 2012).

The “*Principles for Responsible Investment*” (PRI), as part of the United Nations UNEP Finance Initiative / UN Global Compact help investors to identify and recognize the relevance of environmental, social and governance (ESG) factors, which are understood to contribute to “*the long-term health and stability of the market as a whole*”

(<http://www.unpri.org/introducing-responsible-investment/>).

There is a catalogue of six principles for responsible investment:

1. To incorporate ESG issues into investment analysis and decision-making process, including the development of ESG-related tools, metrics and analyses as well as the obligation of investment service providers to also integrate ESG factors into evolving research and analysis.
2. To be active owners and incorporate ESG issues into ownership policies and practices. This principle also covers the disclosure of ownership policies which are in line with the PRI, exercise and compliance with voting rights as well as the active engagement in ESG initiatives.
3. To seek appropriate disclosure on ESG issues by participated entities; i.e. (standardized) reporting by companies within the investment portfolio on ESG issues, their integration into annual reports etc.
4. To promote acceptance and implementation of the PRI within the investment industry, by communicating ESG expectations to service providers, particularly as part of requests for proposals.
5. To cooperate with PRI partners to enhance the effectiveness of implementing the Principles, by supporting initiatives such as information platforms and networks on PRI issues.
6. To report on the company’s own progress with the implementation of PRIs, which not only includes reporting, but also trying to determine the impact of the Principles. (<http://www.unpri.org/introducing-responsible-investment/>).

By referring to pension funds, the EC also makes implicit reference to its 2001 strategy to promote socially responsible investment (SRI), where it stated that “*SRI funds invest in companies complying with specific social and environmental criteria*” (European Commission, 2001:14). It clarifies that those criteria can be positive or negative. As examples for negative criteria serve alcohol, tobacco and armament industries, while positive criteria “*include[e] socially and environmentally proactive companies*” (European Commission,

2001:14). Clearly, it is difficult to determine when a company is “*socially and environmentally proactive*” or not.

Interestingly, the EC explicitly promotes shareholder activism (cfr. 2.1.16 unterhalb) when it says that “[a]nother important option for investors is to engage in shareholder activism to induce company management to adopt socially responsible practices. Shareholder activism is expected to increase together with the importance of corporate governance issues and the development of pension funds”. (European Commission, 2001:14)

ISO 26000 establishes seven principles which should be adhered to by companies:

1. Accountability

An organization should be responsible for the implications of its decisions and activities regarding society, economy, and environment and be held accountable by providing information on it.

2. Transparency

An organization should act transparently especially when its decisions and activities have an impact on environment or society. This implies trustworthy, open, comprehensive communication and reporting regarding the purpose, type and localization of the organization’s activities.

3. Ethical behavior

The actions of an organization should rest on the values of honesty, fairness, and accountability.

4. Respect regarding stakeholders

An organization should know its (relevant) stakeholders and know and respect their interests.

5. Respect for the Rule of Law

Each organization should absolutely abide by Law and Order.

6. Respect for international standards of behavior

Organizations should act in accordance with international standards of conducting business. This includes international common law, generally accepted international rules or treaties and conventions. Standards of behavior such as the UN Human Rights Convention or the international labor standards of ILO shall serve as a guideline in

situations in which the organization does not find adequate national social and environmental standards, as might be the case in international operations.

7. Respect for Human Rights

Each organization should acknowledge the basic human rights, their significance and general applicability. This should happen independently from location, cultural background or specific situations.

(Bundesministerium für Arbeit und Soziales¹³)

ISO 26000, as its name implies, is however a guideline rather than a technical standard and as such not certifiable as a management system norm (such as ISO 9001 or ISO 14001) (Cfr. Statement (“*Stellungnahme*”) jointly issued by the German Federal Government and several business associations¹⁴).

The Environmental Profit & Loss Statement (E P&L)

Apart from the primary resources (Land, Labor, Capital), companies obviously also use social and environmental (natural) resources within their chain of value-creation. These are however rarely identified or even accounted for. Reportedly as the first company to do so worldwide, Puma started a program under former CEO Jochen Zeitz to identify and quantify ecological effects of Puma’s business in monetary terms.

To this end, they defined and analysed a set of Environmental Key Performance Indicators (E-KPIs) within the company and its suppliers. Regarding CO₂-Emissions, the so-called “*social costs of carbon*” were used, and the regeneration of natural water sources was equally analysed with the aim of identifying costs and risks stemming from the limited availability of water, which in itself differs between regions and over time.

The results of that analysis allow the management to steer the company also with regards to environmental risks and in a more environmentally conscious way, thus identifying risks earlier and being able to respond better to an increasingly vigilant public.

¹³ Die DIN ISO 26000 - Leitfaden zur gesellschaftlichen Verantwortung von Organisationen” – Ein Überblick, in: http://www.bmas.de/SharedDocs/Downloads/DE/PDF-Publikationen/a395-csr-din-26000.pdf?__blob=publicationFile

¹⁴

http://www.google.de/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=2&ved=0CD8QFjAB&url=http%3A%2F%2Fwww.dihk.de%2Fressourcen%2Fdownloads%2Fstellungnahme-iso-26.000%2Fat_download%2Ffile%3Fmdate%3D1297869235308&ei=CZDBUp_TMObOsgazw4CoBg&usq=AFQjCNEG7obUfW3XaaxmVevUIVgmASh_mg

(<http://www.pwc.de/de/nachhaltigkeit/puma-mit-pwc-zur-oekologischen-gewinn-und-verlustrechnung.jhtml>)

The total “*external cost*” identified by Puma is said to reach around € 150m p.a.

Internal and external dimensions of CSR according to the EU greenbook are (Goldmann et al., 2010:188; Loew et al., 2004:27):

Table 4: Internal and external dimension of CSR

Internal dimension of CSR	External dimension of CSR
<p>Human resources management (employees) Life-long learning, non-discrimination, gender equality, participation in equity and returns.</p>	<p>Local community Integration of companies into the local fabric, tax payments, employment, environmental impact, voluntary contributions: partnerships, sponsoring, ...</p>
<p>Occupational safety Several issues already solved by legal regulation, new challenges by outsourcing, external providers. Taking occupational safety issues into account during procurement and sub-contracting</p>	<p>Business partners, suppliers, customers "Social" responsibility also for suppliers and their staff, dependence of suppliers on fair pricing, suppliers' compliance. Price not the only criterium for supplier selection. Adaptation of demand, quality, product and service safety, reliability, design for all.</p>
<p>Socially acceptable restructuring of companies Mergers & Acquisitions, rationalizations, restructuring may result in a reduction of headcount, mass lay-offs, and closure of subsidiaries. Consideration of economic and social consequences for relevant region. Consideration of employees' interests. Mitigate negative consequences.</p>	<p>Human Rights Global supply chains, international business: relevant rules include OECD Guidelines for Multinational Companies, ILO Declaration on basic principles and rights of labor. Code of conduct for countries in which human rights are often neglected. Cotonou treaty against corruption. Voluntary company codes of conduct, Demand for a European code of conduct.</p>
<p>Management of environmental impact and use of resources Win-win-potential through efficient use of resources, support of companies with compliance, incentives for exemplary companies.</p>	<p>Global Environmental Protection Cross-border consequences, use of resources. Improve environmental impact throughout supply chain, investments in other countries, OECD guidelines, Global Compact, codes of conduct.</p>

Source: Loew (2004:27); own translation

Further to the publication of the EU Green Book on CSR, the European Commission (EC) in March 2006 stressed its desire to make “*Europe a pole of excellence on corporate social responsibility*” and stipulates what follows:

“In the context of increased global competition and an ageing population, the EU must stimulate the production of enterprises which respect their social responsibilities. CSR may contribute to:

- *the inclusion of disadvantaged groups in the labour market;*
- *an increase in investment in skills development, lifelong learning and the employability of employees;*
- *improvements in public health, for example by means of voluntary labelling of foodstuffs and non-toxic chemicals;*
- *innovation on social and environmental matters;*
- *reduced levels of pollution and a more rational use of natural resources [...];*
- *the respect for European values and standards on human rights, environmental protection and employment;*
- *the Millennium Development Goals”.*

Equally, Porter and Kramer (2006) see a competitive advantage in CSR, particularly due to the publicity it attracts via numerous CSR-rankings of companies, some of which have been listed by Grothe (2010:188 ff.).

Although their methodologies are “*sometimes questionable*” (Porter and Kramer, 2006:78), they help to better define and segment the individual elements today believed to constitute corporate social governance. The most common of CSR-relevant criteria are (cfr. Grothe, 2010:190 ff.):

1. Business Ethics;
2. Corporate Governance;
3. Community/Society;
4. Customers;
5. Employees;
6. Financial Strength/Performance;
7. Transparency;
8. Environment;
9. Product.

The fact that at least points 1 through 7 are basic elements of corporate governance (points 3 through 5 commonly referred to as part of the “*stakeholders*” group in its wider definition) as will be discussed in more detail below, shows the proximity of the two concepts of CSR and corporate governance and one may hypothesize that as both concepts open up to related topics, they too might overlap ever more and finally merge.

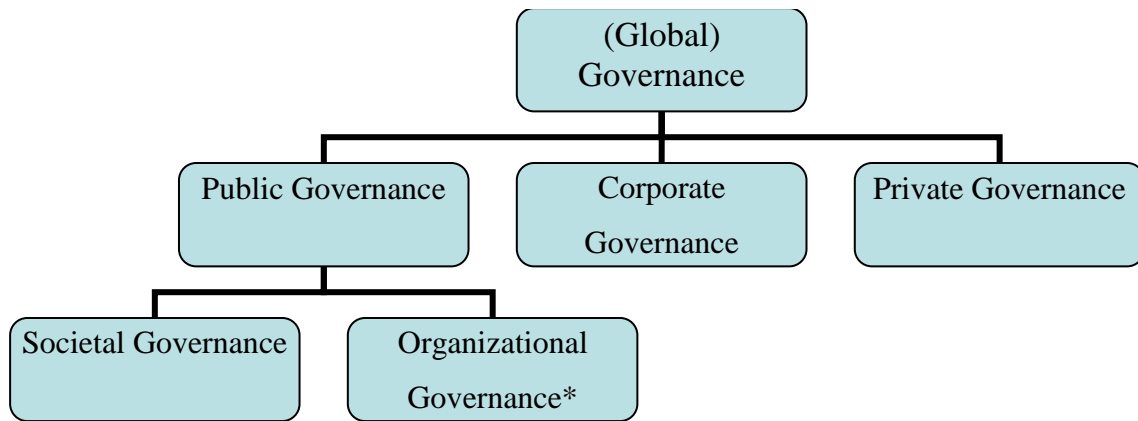
As a general finding of different ratings, Grothe (2010:192) affirms that progress has been made by companies in the areas of corporate governance, environment, and employees. She regards the German Corporate Governance Code as well as environmental management certifications of large corporations and good employee-relationships as the main driving forces. Significant deficits were identified in relation to clients, certain stakeholder groups, social responsibility and socio-cultural action.

In response, Porter and Kramer (2006:84) demand “*an affirmative corporate social agenda*” which “*moves from mitigating harm to reinforcing corporate strategy through social progress*”.

As a main critic of CSR, Milton Friedman (1962:112) is often quoted stating “*there is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud*”. He also posed the question “[w]hat does it mean to say that “*business*” has responsibilities?” and went on to answer that “[o]nly people have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities [...]”. (Friedman, 1970)

Corporate governance, however, is only one field within the spectrum of Governance-related topics. Another, at times closely linked, aspect is that of Public Governance which itself is composed of two branches: Societal Governance and Organizational Governance (Plamper, 2010:123). In order to cover all aspects of society, one might add “*Private Governance*” as the interaction between participants in private structures and their processes or, as Rudder refers to Private Governance: “*policy making activities of private groups*” (Rudder, 2008:899) or the influence of private stakeholders on global governance, generating transnational rules and regulations (Schaller, 2007). This leads us to the following structure chart trying to systemize Governance, or “*Global Governance*” (Hall, 2002):

Figure 11: Global Governance



*: Also “Public Corporate Governance”

Societal Governance covers the “*interaction (structures and processes) between protagonists of society including the State, but also private companies and the so-called Third Sector*” (Plamper, 2010:123).

Currently, Societal Governance finds itself in the focus of Public Governance discussions, reflecting the erosion of a sharp separation between public and private governance topics towards a more generalistic approach as a result of the practical and theoretical discussions over the past decade or so. As such, it has approached and invaded the sphere of our topic, evolving ever more towards close “*interaction and cooperation of different stakeholders, from companies and associations to public and semi-public institutions, from a local up to a global level*” (Plamper, 2010:129). As a reason for this, Plamper identifies the difficulty individual organizations face in trying to achieve those aims and therefore change from an individual approach to a cooperative one.

Organizational Governance refers to the “*structures and processes of public institutions*” (Plamper, 2010:123), and includes the term Public Corporate Governance which only covers public companies such as public railways, banks, or public utilities. Beyond that more limited scope, Organizational Governance also includes the public bodies on a local, regional, and national level.

Two main differences between organizational governance and societal governance have been identified by Plamper who refers to Kooiman’s (2003:211) assumption that interactions, interdependence and inter-penetrations are elementary ingredients of governance:

- The consensual approach of the participants of society in the sense of “*division of work*” rather than the pursuit of common aims; and

- The possibility to “exit” (Hirschman, 1970:21 ff. as quoted by Plamper, 2010:129) quickly and at any moment those interactions – also described as “voting by feet” (Plamper 2010:129).

This leads him to the following conclusions regarding risk management and compliance:

- The participants of society have to trust one another¹⁵;
- Each stakeholder will limit their invested resources in order not to waste significant amounts of time or money;
- Compliance is being accepted as a ‘natural’ precondition of societal governance, waiving the need for further sanctions. (Plamper, 2010:129 f.)

2.1.10 Stakeholder Management

As mentioned before, the shareholder approach of the 1980s and 1990s has gradually widened to include other “stakeholders” of companies such as employees, clients, suppliers, and the community to name but a few. Leßner and Lis (2014:107) affirm that a working and credible corporate governance system reduces the “apparent discrepancy between shareholder value and stakeholder value”.

Figure 12: Business and Selected Stakeholder Relationships



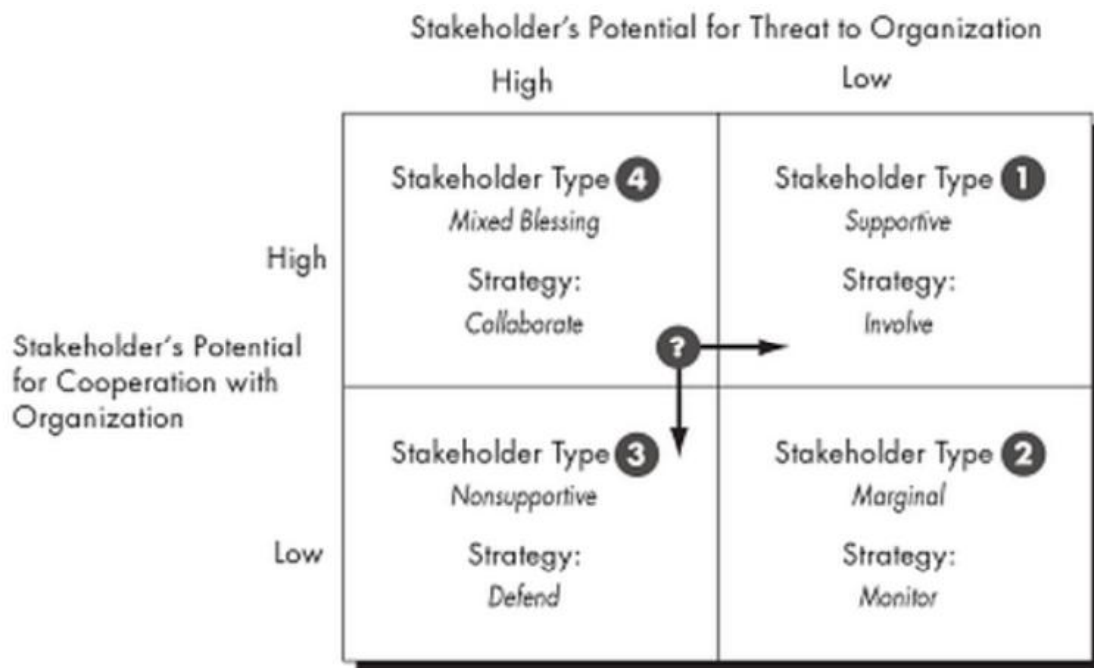
¹⁵ Plamper (2010:129 f.) distinguishes between confidence and trust, which according to him can both be necessary for a working relationship under those terms. Confidence is described as experience from earlier interaction with the other party while trust is a forward-looking “act of faith” in someone who is as yet not known to the partner.

Source: Carroll and Buchholtz, 2012:10

It is interesting to note that suppliers are not shown in Figure 12 above, although they do constitute a very important part of the stakeholder universe, cfr. also Table 4 above (right column, 2nd box).

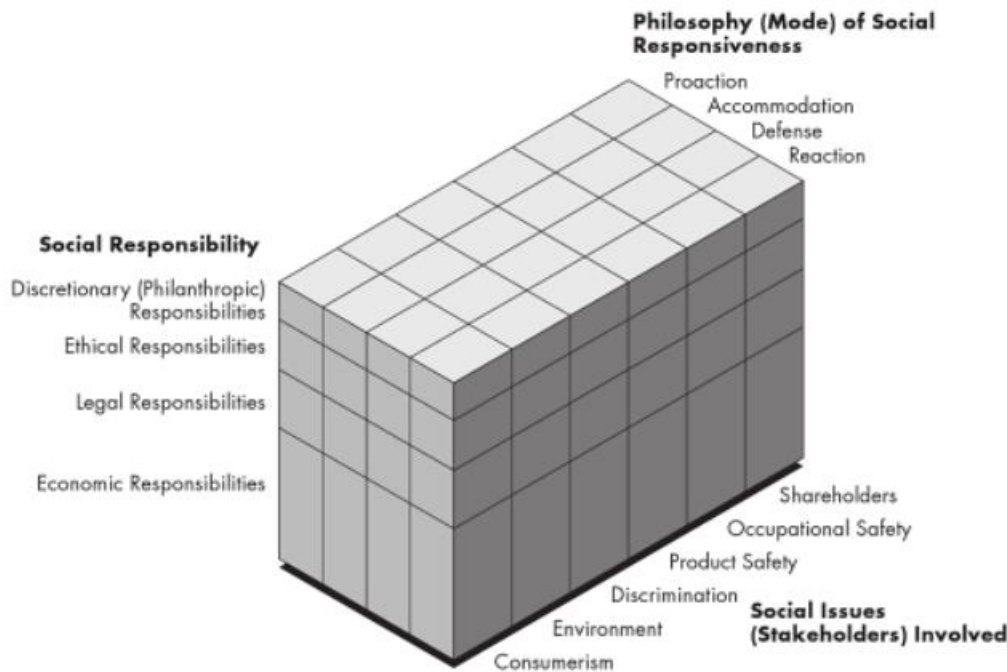
Just as each (group of) shareholder(s) presents a set of challenges to the top management, the inclusion of other stakeholders only adds to the complexity and therefore requires an even more sophisticated “*stakeholder management*” approach. Neßler and Lis (2014:107) even state that “*good governance accordingly is rather a question of stakeholder management*”.

Figure 13: Diagnostic Typology of Organizational Stakeholders



Source: Savage et al., 1991 as reprinted by Carroll and Buchholtz, 2012:81.

Figure 14: Carroll’s Corporate Social Performance Model



Source: Carroll and Buchholtz, 2012:46.

2.1.11 Principal-Agent-Conflict (Agency Theory)

“In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. [...] [T]he key point is that, in his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation [...], and his primary responsibility is to them.” (Friedman, 1970)

Agency theory – or, as Shleifer and Vishny put it, the *Agency Problem* (Shleifer and Vishny, 1997:740) – is based on the assumption that there are inherent conflicts of interest between the owners (principals) and managers (directors/agents) of companies. Those conflicts depend on both the type of the owner and the agent, as the shareholders might be interested in a long-term growth of their investments – which may include a relatively low cost basis – particularly in the case of a family ownership or institutional property structure, while the executives might be tempted to pursue short term gains, e.g. in order to achieve a higher compensation quicker, leading them to assume higher risks. But the opposite might also be true as short-term investors might eye fast returns while managers might pursue a long-term strategy. In any case, the modern-world separation of ownership and management of

companies – prominent in larger companies as opposed to small and medium-sized ones – often leads to mismatches between the interests of the managers and those of the shareholders – or, in broader terms, stakeholders – which the agency theory seeks to identify, describe and mitigate. In order to cut down on the “*self-serving behavior*” of managers (Schleifer and Vishny, 1997), several tools of corporate governance can be used such as an active supervisory board, closer shareholder and stakeholder involvement, information disclosure, auditing, and executive remuneration (Filatotchev et al., 2006).

Still, the relationship between corporate governance and an overall better performance, including reduced principal-agent-conflicts, is largely inconclusive (cfr. 2.1.7 oben).

Aguilera et al. (2011) propose to use the theory of complementarity as a basis to study the interdependence of various elements of structure, strategy, and processes of an organization (Aoki 2001, Milgrom and Roberts 1990, 1995).

Rediker and Seth (1995) introduced the idea of a “*bundle of governance mechanisms*” as part of a cost-benefit-analysis testing substitution effects of internal and external monitoring as well as incentivation of managers, arguing that the combination of those mechanisms rather than each one individually define the measures’ effectiveness.

Given the high concentration of shareholdings and the usual presence of a controlling shareholder in Brazil, the main agency conflict in that country is “*between controlling and minority shareholders*”, which consequently has been the main topic of corporate governance discussion in Brazil, although the share of listed companies with a controlling shareholder decreased from 100% to around 90% between 2005 and 2009. (Silveira, 2010:182 f.) According to Claessens and Yurtoglu (2012:9), “*the principal-agent problems in most countries around the world will be less management-versus-owner and more minority-versus-controlling shareholder*” (‘principal-principal-problem’).

Mülbert (2010:16 ff.) analyses agency conflicts in banks and finds that the particularities lie in the business and the structure of banks, leading to an exacerbation of “*the multiple agency conflicts present within banks and to reduce the effectiveness of some of the mechanisms for mitigating these conflicts. The overall effect is for banks to take on more risk than a generic firm would do*” (p. 19).

2.1.12 Compensation / Remuneration

The main focus of discussions around compensation within corporate governance is on the “*optimal contracting framework*” to minimize agency costs between managers and

shareholders (Rossi, 2012:33).¹⁶ At the same time, there appears to be a strong link between remuneration and risk management which shall be covered in this section. The relevant literature mainly suggests that weak corporate governance increases the influence managers have on their own remuneration packages. (Cfr. Oliva and Albuquerque, 2006) A necessary measure to control, motivate and satisfy would be reward management, based on findings of HR metrics, for instance (Armstrong et al., 2006; Wolf, 2009; cfr. especially on the relationship between compensation, work motivation and job satisfaction: Igalens and Roussel, 1999).

Other academic work covers executive compensation and corporate social responsibility (Mahoney and Thorn, 2006) as well as executive compensation in socially responsible firms (Frye et al., 2006), and particularly the adequateness of compensation (Schütte, 2009) and its elements (Krieg 2010; Beblo et al., 2005).

According to Rossi (2012:38), *“lax corporate governance practices enabled management teams to set incentive compensation arrangements that did not appropriately take risk into consideration”*.

He assumes that cognitive biases of bank managers compounded these problems and led to *“an explosion in exotic mortgage products and synthetic derivative products with limited historical experience to form sound risk views”*.

The OECD (2009:7f.) argues that remuneration systems as a *“key aspect of corporate governance”* have often failed because *“negotiations and decisions are not carried out at arm’s length”* as *“[m]anagers and others have too much influence over the [...] conditions”* and *“the use of company stock price as a single measure [...] does not allow to benchmark firm specific performance against an industry or market average”*. According to the OECD, *“transparency needs to be improved beyond disclosure”* and remuneration has to be adjusted for *“related risks”*, while *“legal limits such as caps should be limited to specific and temporary circumstances”* (OECD, 2009:8).

Current discussions and legislative initiatives around remuneration, particularly in the German-speaking economies, focus on the adequateness of management board remuneration in relation to a reference salary. The basic questions are (i) what the relevant reference remuneration shall be and (ii) what the maximum multiplier of that remuneration should be. A Swiss referendum in November 2013 on a proposed bill therefore asked if management board members’ remuneration should be capped at twelve times the salary of the worst paid

¹⁶ Chernenko et al. (2012) show that if equity is overvalued, mispricing offsets agency costs.

employee in their company. The Swiss voters answered with “no” and thus voted against a fixed limit of executive remuneration.

So far, public discussion has been less specific than that by focusing on the absolute amount of individual managers’ compensation and frowning at exaggerated payment of bonuses, for instance. This appears to be changing as differentiations are being made between the individual elements of compensation, with some proposing a more Anglo-Saxon approach also for Germany, asking for a 50/50 split between total compensation and stock (options), with total compensation consisting of base salary, bonus, and a long-term incentive plan (LTIP). (*Immobilien Zeitung*, 07/11/2013:6)

The focus seems to shift more towards the relationship between managers’ and workers’ compensation, as intensive media reaction on a study by the Hans-Böckler-Stiftung on the so-called “*Manager to Worker Pay Ratio*” shows, which was published in November 2013. According to that study, the median multiplier for members of management boards of the DAX-30-corporations was 53 times the average employee’s salary. (Preen et al., 2014:101)

In this case, the reference for the so-called “*Manager to Worker Pay Ratio*” (Preen et al., 2014:102) was the average salary, rather than the lowest salary as in Switzerland. This points to a major difficulty in determining adequate board compensation in relation to employees’ salaries: the question which salary shall be used as reference (“*vertical appropriateness of Executive Board compensation*”). The European Commission published a proposal to amend the shareholder directive on April 9, 2014, to include the relation between the average board member’s compensation to the average full-time-employee compensation in the reporting obligations of listed companies (http://europa.eu/rapid/press-release_IP-14-396_en.htm?locale=en).

Preen et al. (2014:101 ff.) argue that even the average compensation of full-time employees is neither a sufficient, nor a fair reference for all companies, as significant differences exist both between companies of the same branch – for instance, due to their level of internationalization – and between corporations in different business areas. But even the mere relation to any (average) salary reference could incentivize top management to increase company-wide (or rather, reference-group) compensation to the detriment of shareholders (thus constituting yet another aspect of the principal-agent-conflict discussed before).

Another aspect of the definition of possible reference groups is the question whether or not trainees and employees in a protected working relationship should be included, or indeed salaries of part-time or seasonal employees be annualized to full time equivalents (FTEs). The same applies for employees of multi-national corporations which work abroad. If they were to

be included, corrections for purchase power parity (PPP) including foreign exchange rate fluctuations, for instance, would need to be established. (Preen et al., 2014:102)

A very clear and detailed definition of a formula for remuneration relations needs to be found, taking the above-mentioned factors into consideration, in order to provide for a fair and transparent comparison. This has also become evident in the US, where the Dodd-Frank-Act of 2010 requires companies to publish the relation between the median income of all employees to that of board members. While the aim there is not so much to limit manager compensation but rather to provide for more transparency, a vivid debate has emerged as to how to define “*all employees*”. (Preen et al., 2014:102)

Finally, even if such a clear definition existed and were widely accepted, any comparison would still be unequal for companies in different businesses: While some industries like transportation and retail employ a very high number of low-qualified part-time employees relative to their total staff and thus show a relatively low median income, other businesses such as financial institutions with highly qualified, usually full-time employees would provide, in comparison, for a higher level of income. This is also true for the difference between smaller and large companies, particularly if company benefits are included in the equation, given that they tend to be higher and more common in larger institutions. (Preen et al., 2014:102)

The authors describe two ways of establishing vertical appropriateness of Executive Board compensation in practice. One is to split employees into hierarchical groups and compare board compensation to each of the groups; another approach would be to take the “*core group of employees*” as reference, meaning the group of employees most numerous in the company, assuming that they are of particular relevance for the success of the entity.

Once the reference group has been established, one still needs to define the compensation of the board. This might be base salary or annual remuneration including bonuses. Stock options, extra benefits etc. might also enter the formula. (Cfr. Archer, 2003 and Chhabra, 2008)

Preen et al. (2014:103) argue that variable compensation of members of the board basically remunerates them for the entrepreneurial risk they are taking, while ordinary employees do not usually take such kinds of risk. Consequently, vertical appropriateness of Executive Board compensation should be restricted to the comparison of base salaries. (Preen et al., 2014:103)

While this argumentation makes a lot of sense regarding comparability, it seems to exclude the aspect of performance-related compensation, and indeed any additional compensation over and above the base salary from the equation. This might be called into question if the aim of vertical comparison is the determination of the appropriateness of executive

compensation, particularly in an environment where variable compensation might exceed base salary manyfold and public discussion concentrates on total board members' remuneration's appropriateness rather than on their base salaries.

Should only base salary be taken into consideration for the definition of board members' remuneration, the same should apply for the definition of the remuneration of the reference group within the company's employees (and vice versa including additional remuneration). (Preen et al., 2014:103)

Their study groups companies into three size clusters based on the number of employees as well as by sector (insurance, commerce, chemical, and metal & automotive). They find significant differences both within and between the sectors when it comes to the multiple of board remuneration versus that of the "*relevant staff*", ranging from 1:8 in small metal&automotive sector companies to 1:37 for commerce (90%-percentile, base salary) or from 1:12 in small chemical industrial companies to 1:68 in the same sector for large corporations or even to 1:104 in commerce, when comparing total remuneration (again, 90%-percentile). (Preen et al., 2014:104 f.; cfr. Schütte, 2009:18 f.)

In summary, regulation on board compensation would need to clearly define groups and their compensation in a way to be comparable and fair, take differences of company size and industry sector into account and should even consider international differences. It would appear that this is extremely hard to achieve and one might be inclined to leave restrictions to the "*market forces*", including public opinion.

A softer alternative would be to make the establishment and maintenance of a remuneration committee compulsory (as already happened in Brazil, cfr. **Fehler! Verweisquelle konnte nicht gefunden werden.** and recommended by Anderson, 2009:9).

2.1.12.1 Incentives / Risk Management

Rossi (Rossi, 2012) builds on two strands of research in designing a model to describe the relationship between incentives and the effectiveness of risk management functions within corporate structures. On the one hand, he uses literature on executive compensation, incentives and risk-taking, and combines this with behavioral economics on the other hand.

He notes that "*Risk management at financial institutions differs in large measure from that of nonfinancial companies in that risk is a primary ingredient in their development of products and services. For purposes of exposition, a distinction is made up front between risk management and business management.*" Rossi (2012:33) explains that the business manager is responsible for profitability, while the risk manager's task is to identify and measure risk as

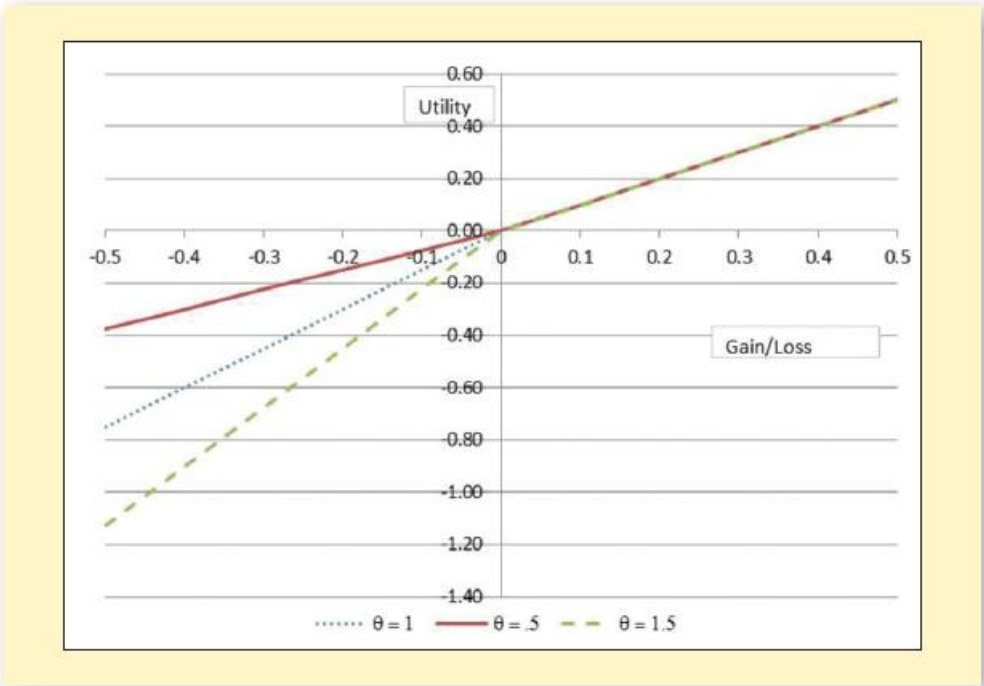
well as proposing and/or taking actions of mitigation. Their responsibility includes “quantifying uncertainty” and mitigating risks outside the company’s risk appetite, while risk management has evolved into a “highly analytic-focused discipline”, with two main features – “a deeply rooted connection between risk and product [on the one hand] and uncertainty [on the other]”.

Rossi describes it as “natural” that “business management will take an active interest in participating in risk discussions”, and explains that “the fundamental drivers shaping risk-taking are rooted in more subtle behavioral characteristics”. (Rossi, 2012:33)

He further refers to the marginalization of risk managers during discussions of strategic business issues in major institutions such as Lehman Brothers and Washington Mutual as part of “risk management breakdowns” which have been identified by a number of congressional inquiries following the financial crisis (e.g. Valukas, 2010:12).

Such behavioral patterns “can lead to significant breakdowns in risk management, potentially jeopardizing the health of the firm”. (Rossi, 2012:33)

Figure 15: Management cognitive bias influences loss aversion



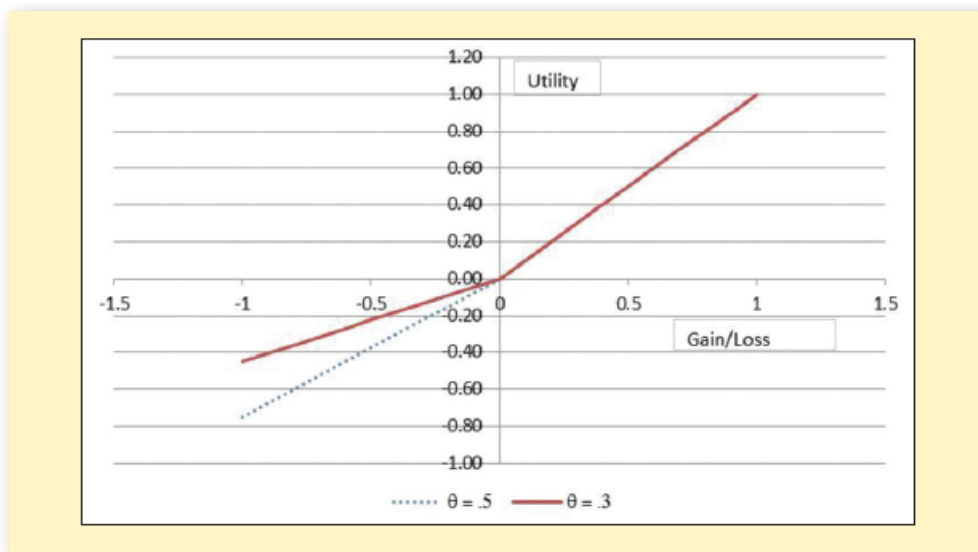
Source: Rossi, 2012:36.

Rossi (2012:37) claims that weak governance and risk infrastructure amplifies risk-taking behavior. The formula used by the author is

$$A_t = f(D_t | S_t, M_t | S_t, \frac{E_t}{E_{t+n}} | S_t)$$

where D_t stands for the quality of the firm's risk data warehouse, M_t represents the accuracy of the analytics and models deployed to estimate risk, and E_t/E_{t+n} symbolizes the degree to which forward-looking estimates of risk (E_{t+n}) deviate from effective historical risk outcomes (E_t). By this relationship, the degree to which risk management estimates of future risk outcomes differ from previous experience shall be captured.

Figure 16: Weak governance and risk infrastructure amplifies risk-taking behaviour



Source: Rossi, 2012:37.

In summary, Rossi's scenarios illustrated *"that in the presence of cognitive biases and poor governance, risk management can be marginalized and suboptimal outcomes realized"* and showed *"how weak governance and incentive contracts can set in motion a series of behaviors predicated on certain strongly held views toward risk-taking"*. Among those are confirmation biases which cause management to weight specific results more to correspond to a specific view. Those effects include:

- A house-money effect, where previous performance influences management loss-aversion;
- a herd effect, by which management follows competitor actions based on imperfect information; and
- ambiguity bias that leads management toward outcomes having greater certainty.

In order to motivate management toward implementing effective risk management practices based on the model's structural relationships, Rossi suggests several policy solutions. *“These include financial incentives such as more rigorous assessment of risk governance and management structures at financial institutions by D&O insurers, rating agencies, and regulatory agencies, with assessments tied directly to supervisory outcomes, ratings and policy premiums.”*

Rossi recommends *“the introduction of risk-based metrics into incentive compensation schemes, with particular emphasis on developing robust risk-data-warehouse capabilities that can support sophisticated risk-capital measurement”*.

“Opportunities to strengthen risk governance include formalizing the reporting of the senior risk officer to the risk committee of the board, establishing a balanced scorecard taking risk heavily into account in incentive compensation structures, and raising the situational awareness of risk managers to build the stature of the risk management organization.”
(Rossi, 2012:38)

2.1.13 Two-Tier Board

According to the IIF Report on Governance for Strengthened Risk Management (2012), two-tier Boards usually include a Supervisory Board composed of stakeholders and independent directors and a Management Board. Members of the Supervisory Board, who represent shareholders and other stakeholders or are completely independent, are directors who would, in a single-tier Board structure, be considered non-executive and/or independent directors. The Management Board in a two-tier model is usually made up of members of the senior management team, such as the CEO, CFO, CIO, and CRO. Alternatively, this may be called the Executive Committee in a single-tier Board framework.

There should be a clear line between the executive role of management and the Board's non-executive functions, independently of the kind of Board structure adopted, as the IIF points out.

“Increasingly, dedicated Supervisory Board risk committees are being established, with terms of reference, including interactions with the Board and other Board committees, clearly spelled out.” (IIF, 2012:27) Risk committee members should have an understanding of risk management issues and auditing. Both the CFO and CRO usually participate in Supervisory Board risk committee meetings, and the CRO's duty when participating in those meetings is to ensure that directors on the committee are fully aware of the company's risk position. This

can also be achieved by regular reports on the firm's risk appetite and risk profile. Apart from the Supervisory Board risk committee, there tends to be a risk committee of the Management Board to which the former may delegate some risk management responsibilities, including the definitions of processes, policies, and controls. The CRO typically presides and coordinates Management Board risk committee meetings. (IIF, 2012:27)

Regarding independent directors, who are generally thought to be better board members, *The Economist* noted that there is no evidence to this end and that eight of its ten directors were classified as independent when Lehman Brothers entered bankruptcy (*The Economist*, August 16th, 2014:52). Henderson and Bainbridge question the reason for requiring director services to be provided by natural persons, suggesting that those services could be provided in a more professional way by “*board service providers*” (BSPs), i.e. firms specializing in providing director services on company boards (Hendersen and Bainbridge, 2013:6 ff.). Apart from being independent from both, shareholders and senior managers, they could act more professionally, on a full time basis, thus creating “*a market for corporate governance distinct from the market for corporate control*” (Hendersen and Bainbridge, 2013:7). They expect such a change to increase board accountability and transparency (Hendersen and Bainbridge, 2013:40; 48).

Members of risk committees should bring in different risk-related experience, both nationally and internationally. They may well come from quite different industry or personal backgrounds, while it is important to include people with experiences in line with the firm's range of products and business model. Complete “*outsiders*” may bring a fresh perspective to the table and introduce new approaches regarding risk management and related practices.

“Once the Board self-evaluation is completed, the real challenge is analyzing the results and developing an action plan to strengthen Board risk management and governance. Knowing what the Board's areas of weakness might be is not very helpful without delving into where and why change is needed.” (IIF, 2012:28)

The IIF developed a list of warning signs in the form of responses and justifications as to why a certain business deal should be approved or carried out. They are meant to highlight specific areas of focus. The Board should, according to the IIF, react decisively when the response to a risk question is any of the following:

1. “*Every other competitor is doing this.*”
2. “*There is no risk to the firm, as it has been transferred to a third party.*”
3. “*The (regulator/rating agency/customer) does not mind, as they have not said anything.*”

4. *“The risks are fully hedged.”*
5. *“The risks are manageable without a detailed explanation and scenario examples.”*
6. *“The risk metrics, which are modeled, are within the risk appetite but at the upper end of the range.”*
7. *“It has not happened in (twenty/thirty/forty) years, or since the 1930s.”*
8. *“Closing out the position to be within the risk limit will result in an immediate loss, and it is sure to recover next (quarter).”*
9. *“We need this concentration of (risk/product/asset/liability) to be (competitive/maintain growth/meet plan).”*
10. *“We have a higher (yield/return) with less risk.”*

These responses can be grouped into the following types with relation to risk assessment:

- I. Justifications are not referring to the risk in question but rather compare the risk-taking to that of others (e.g. competitors as in answer 1 or 9 above) or historical “evidence” (answer 7).
- II. Answers can simply consist in the supposed mitigation of the specific risk(s) within acceptable levels, without however substantiating this in any form, as is the case with answers 2, 4 or 6, for instance.
- III. The response may also consist in the tertiarization of responsibility, e.g. by intrinsically or expressly transferring the obligation of assessing risk to a third party such as rating agencies, supervisory authorities etc. as happened in answer 3.
- IV. Responses imply a positive risk/return relationship without putting this into relationship with the firm’s risk policy, such as answers 5, 8, and 10.

In any case, they tend to be based on an insufficient or inexistent risk assessment against the company’s risk strategy/appetite or business model. Furthermore, their use in board presentations shows the expectation of them being accepted rather than challenged rigorously. As such they do serve as warning signs regarding an insufficient risk culture and consequently may serve as a diagnostic tool to develop measures under *“an action plan to strengthen risk governance at the Board level”*. (IIF, 2012:27)

2.1.14 Accounting and Controlling

When it comes to accounting with regards to corporate governance, the notion of the *“triple bottom line (3BL)”* is certainly among the first to come to mind. This concept is based on

social corporate responsibility (CSR) as discussed above, and assumes that *“a corporation’s ultimate success or health can and should be measured not just by the traditional financial bottom line, but also by its social/ethical and environmental performance”* (Norman and MacDonald, 2004). It was coined by think tank AccountAbility in the mid-1990s and brought to a wider public by Elkington (1997), according to Wayne and MacDonald, 2004, who however question that concept’s promise to provide *“an agreed-upon methodology that allows us, at least in principle, to add and subtract various data until we arrive at a net sum”* (Norman and MacDonald, 2004:249), i.e. to allow transforming soft factors such as ethical performance into hard numbers which may be added to or subtracted from the traditional bottom lines of financial accounting.

In reply, Pava (2007) points out that the *“aggregation claim”* implied, along with four other claims, in the criticism of 3BL by Norman/MacDonald (2004) is not generally accepted by the advocates of the triple bottom line (Pava, 2007:107).

This discussion highlights one of the main challenges of issues involving corporate governance: That getting to the result that a corporation has either *“good”* or *“bad”* corporate governance is not as straightforward as finding out whether it made a profit or not. Therefore it is hard to establish a clear and direct connection between corporate governance and accounting, and while this should be further explored by practitioners of both areas, we shall take a look at the related practice of controlling.

We found the controlling topic within corporate governance already in the Cadbury Report (1992), where under sections 2.5 and 5.16 board and auditors have been given the responsibility for financial controlling of the management.

According to Berens and Schmitting (2004), controlling and internal audit are understood, from a functional perspective, as tasks delegated by the company’s management. Both functions use early warning systems as a main tool of their work and jointly they play an important role for risk management which is understood as part of corporate governance.

The authors investigate the role of controlling and internal audit for corporate governance, taking into account the relationship between those two. They conclude that controlling and internal audit staff must be loyal to the company’s management rather than any other organ of the entity, such as supervisory board or even external shareholders. As a consequence, they understand the controllers’ and auditors’ contribution to corporate governance as one limited to the support of the correctly acting management in managing the company as it should be managed. This means however, *“that in the case of wrongful or fraudulent actions committed by the company’s management, controlling and internal audit won’t contribute much to*

transparency in the sense of corporate governance". (Berens and Schmitting, Controlling, 2004)

Given that controllers and internal auditors are indeed employed by the company and therefore do not have, *per se*, any other role or duty than that of ensuring – or rather only testing – that the management's rules and policies are implemented, working, and complied with, one wonders what can or even must be expected from internal auditors and controllers in the case of illegal actions. In this case, we tend to believe that they do have a "*whistle-blowing obligation*", not only because their professional bodies and their ethical standards – or, particularly in the case of banks: the regulators – might so stipulate, or because their inaction might later be considered as conspiratory in criminal procedures brought against the company or its management, but because this is – in the long term at least – beneficial to the company itself, which they work for and for the orderly workflows and actions of which they are ultimately co-responsible. This obviously builds on the underlying notion that corporate governance rules do not only and exclusively apply to the members of top management, but also to other professionals within an organization and especially those who do hold responsibility for the overall well-functioning of the organism which constitutes a company.

Van der Oord sees an obligation on the side of (internal) auditors to persuade managers "*to take full control of the risks that have been identified*" and to engage management "*to make sure that significant issues get holistically and sustainably resolved*" (Oord, 2013).

This interrelation between corporate governance, management accounting, and risk management has been "*addressed only to a minimal extend in the academic literature*". (Bhimani, 2008:3; cfr. Ballou and Heitger, 2008)

2.1.15 Corporate Governance in stock market organizations

Another line of investigation related to corporate governance focuses on the entities "*building*" the market for listed companies by providing the infrastructure necessary to trade their shares, such as stock exchanges, clearing houses and information providers, but also alternative competitors.

Schulte (2001:165 ff.) analyses the evolution from stock exchanges to "*stock market organizers*" analyzing the value added by corporate governance from an economic standpoint.

2.1.16 Shareholder Activism

While shareholder activism started out in the United States, it has over the course of the past few years not only spread out to other countries such as Japan or European countries including Germany, but it has also lost its “*distinctively negative connotation*” (Mary Jo White, Head of the Securities and Exchange Commission (SEC) as quoted by *The Economist*, 15/02/2014:10). Confronting top managers of listed companies has become more common – and more accepted – in line with rule changes which made it easier. It is often seen as a means of control over the board of directors and thus another corrective, albeit outside the classical corporate governance tool box.

On the other hand, one may argue that activist shareholders¹⁷, who tend to hold their shares for relatively short periods of time, might just reap the profits of their intervention and then leave, leading to a focus on short-term results rather than the long-term view.

A study of around 2,000 activist interventions in the U.S. between 1994 and 2007 however reveals that both the share price and the operating profits of the companies involved increased over the five-year period following the intervention. It also shows that the increase is biggest towards the end of that period. (The Economist, 15/02/2014:10)

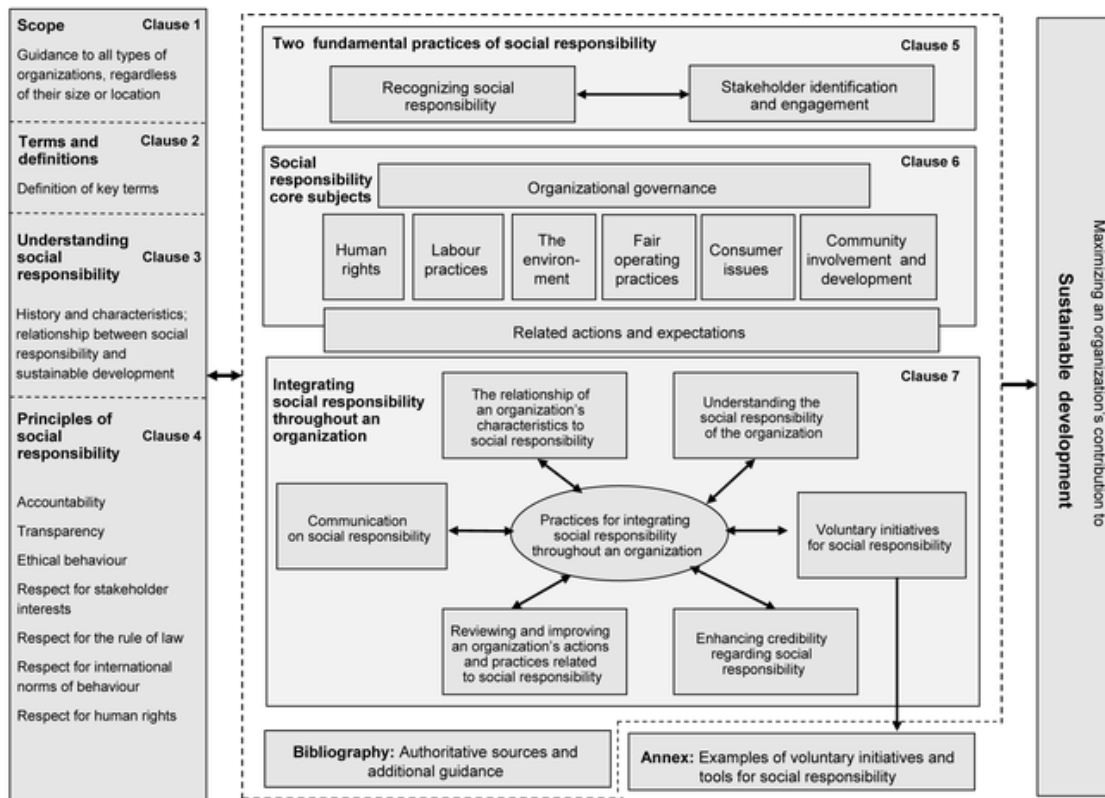
2.1.17 Social Responsibility

According to Neßler and Lis (2014:107), the increase of Socially Responsible Investments confirms a growing appreciation by capital markets of a responsible and thus sustainable management and company culture, serving as an “*institutionalized risk management*” implicitly hedging their equity.

SCR is one of the few areas regulated/covered by an international standard, in this case ISO 26000.

¹⁷ E.g. Carl Icahn, Bill Ackman, David Einhorn, Nelson Peltz, to name but a few.

Figure 17: Social Responsibility - Schematic overview of ISO 26000



Source: http://www.iso.org/iso/sr_schematic-overview.pdf

Figure 17 provides a structural overview of ISO 26000 in order to help organizations understand how to apply this standard.

While clauses 1 to 4 deal with basic concepts of social corporate responsibility, clause 5 deals with their recognition and shareholder engagement in order to achieve those aims. The necessary assessment should include an analysis of the corporation's sphere of influence and the identification of relevant action (Clause 5).

Clause 6 describes organizational governance as the structural framework which needs to be implemented in a given organization before the implementation process according to clause 7 can begin. The achievement of a sustainable development depends on a successful implementation of relevant actions throughout the entity on a regular rather than sporadic basis, supported by focused communication. This includes integrating social responsibility into its strategy, policies, organizational culture, and operations. Internal competency for social responsibility can be both achieved and passed on by internal and external communication on this subject. As with risks, a regular review is necessary to assess and, as necessary, adjust the measures put into place with relation to social responsibility.

The overarching goal for an organization approaching and practicing social responsibility is to maximize its contribution to sustainable development.

2.1.18 Corruption

“Among crimes, corruption is a timid being. She dresses in finest fabric, does not bear arms, and rarely sheds blood. You cannot even identify the victims immediately.” (Perzanowska, 2006:85 as cited by Litzcke et al., 2012:1; own translation)

As a matter of fact, corruption is a crime difficult to police as both parties, the actively and the passively corrupt person, have an interest in maintaining the transaction secret. Given that the classical victim is missing, which in the case of other crimes would file a criminal complaint, it is also difficult to identify the aggrieved person, which – in the case of corruption – usually is an organization (often, the competitor’s) or society as such. (Litzcke et al., 2012:1)

The damage caused for the economy can only be estimated but is definitely severe, with registered damages alone accounting for EUR 4.12 bn for 2007 in Germany (Schmalhardt, 2010:143).

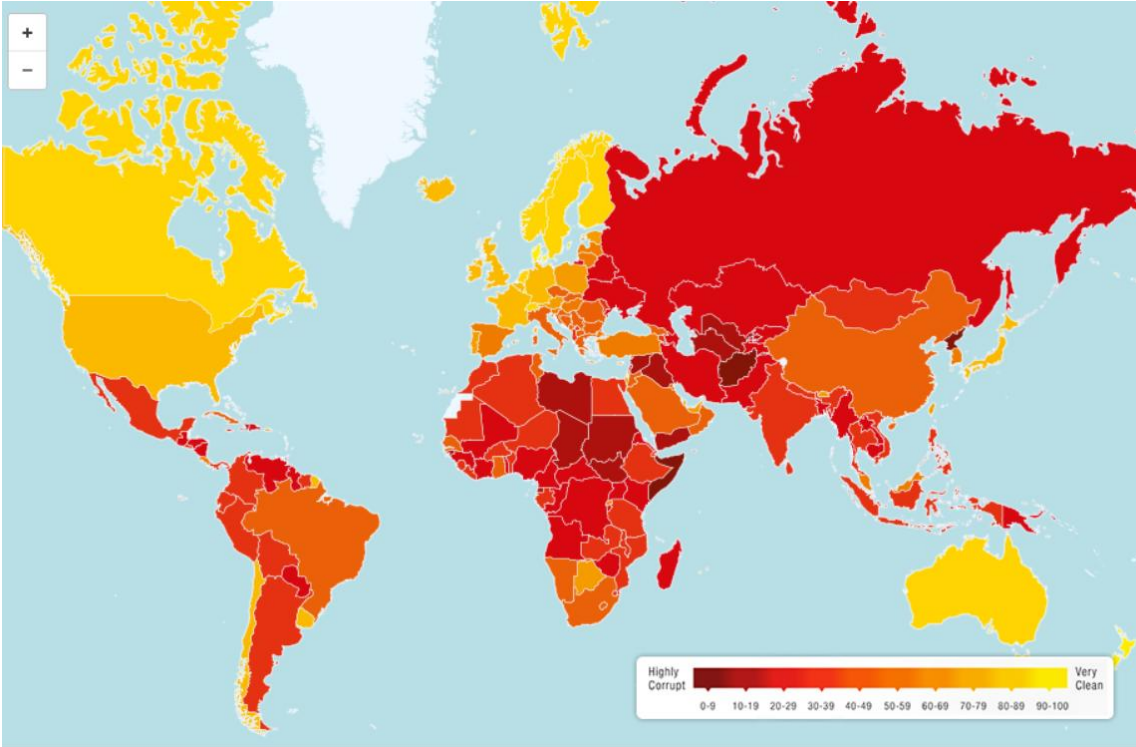
In many cases, the participants in corruption do not think that they are actually acting illegally as they find subjective justifications for their deeds (*“neutralizing techniques”* (*Neutralisierungstechniken*)). (Litzcke et al., 2012:4)

In *TIME*’s March 3rd, 2014 issue, on page 6, Catherine Mayer and Andrew Katz refer to a WIN/Gallup International poll asking 66,806 people in 65 nations *“What’s the world’s top problem?”*. 21% of respondents answered *“corruption”*, roughly twice as many as those who mentioned the *“gap between rich and poor”* (12%) or *“unemployment”* (10%).

According to Fuchs and Jerabek (2009), corruption is usually understood as any kind of breach of duty up to the abuse of powers in exchange for an advantage, both in the public and private sphere. Transparency International (transparency.org) says that *“corruption is the abuse of entrusted power for private gain”*. It should always be noted that corruption exists both in its active and passive form, i.e. a crime is committed by the person who *“bribes”* another as well as by the person who accepts being *“bribed”* (Litzcke 2012:2).

According to WIN/Gallup, “Overall, in the world, political parties are seen to be the most corrupt institution, followed by the police. Moreover, more than 1 in 4 people around the world report having paid a bribe.”¹⁸

Figure 18: World map - Corruption



Source: <http://media.transparency.org/maps/cpi2013-940.html>

Using data from Transparency International (www.transparency.org), we may establish the following comparison between Brazil and Germany:

¹⁸ The study asked over 114,000 people in 107 countries for their views on corruption. - http://www.wingia.com/en/news/global_corruption_barometer_2013_report/61/

Table 5: Corruption comparison Brazil / Germany

Index			Brazil			Germany		
	Number	Top Score	Rank	Score	Value	Rank	Score	Value
Corruption Perception Index (2013)	177	100	72	42		12	78	
Bribe Payers Index (2011)	28	10	14	7,7		4	8,6	
OECD Anti-Bribery Convention (2011)				Little				Active
Control of Corruption (2010)			60%	0,056112		93%	1,700708	
Financial Secrecy Index (2011)	71		n/a	n/a	n/a	9	57	669,8
Open Budget Index (2010)				71	Significant		68	Significant
Global Competitiveness Index (2012-2013)	142	7	48	4,4		6	5,48	
Judicial Independence (2011-2012)	142	7	71	3,7		7	6,3	
Rule of Law (2010)			55%	0,00202		92%	1,627934	
Human Development Index (2011)	187		84	0,718	High	9	0,905	Very High
Press Freedom Index (2011-2012)	179		99			16	-3,00	
Voice&Accountability (2010)			64%	0,499222		93%	1,345103	
Data source: www.transparency.org; own presentation								

This comparison shows firstly, that Germany is far more developed in terms of transparency than Brazil and that while Germany is clearly within the top ten percent, Brazil is rather in a ‘midfield position’. Having said this, and on a second glance, one notices that Brazil is quite advanced in some areas. It performs well in the Open Budget Index (2010) with a score of 71, compared to Germany’s 68 (both “*significantly open*”), this similarity probably being an outcome of the democratic culture in both countries.

2.1.18.1 Corruption in Brazil

According to Gallup¹⁹, 63% of Brazilian residents think that corruption is widespread in their government. Quite interestingly, this is only five percentage points higher than in Germany (58%), while for example Portugal stands at 88%, Tanzania at 95% and Sweden, on the other side of the spectrum, at 14%.

For a number of years now, the issue of corruption in the public sphere, especially federal and state government, has been identified as a main constraint for economic and social development in Brazil. Since it was put on the agenda by President Dilma Rousseff following the transition of power from former President Luiz Inácio Lula da Silva in 2011, a number of public officials have been charged with demanding bribes, particularly to shortcut bureaucratic processes. But also under her predecessors, including Lula da Silva, corruption was being fought. Between 2003 and 2012, for example, the federal auditor’s office

¹⁹ <http://www.gallup.com/poll/165476/government-corruption-viewed-pervasive-worldwide.aspx>

discharged nearly 4,000 employees from public service, mostly based on charges of corruption or dishonesty.

The Brazilian Clean Company Act of 2013 makes also companies liable for corruption. According to the new regulations, a company can, among other restrictions, be fined up to 20 percent of its gross revenues or R\$ 60 million, be prohibited from signing contracts with the public sector, and prevented from taking loans from state banks. This serves as an incentive for management to take issues around corruption seriously when doing business at home and abroad.

However, this law has to be actively enforced if it is to have a lasting effect. (www.transparency.org/country#BRA)

Estrin and Prevezer (2011:59) found that “*corruption is not arbitrary*” despite an inefficient judiciary system. Brazil’s legal structure allows for “*many appeals so that even fairly trivial cases end up in high courts, with enormous backlogs and huge delays*”. Law-abiding and tax-paying companies, especially those which also abide by strict and complicated labor laws practically have a disadvantage with regards to those operating in the “*large black economy*”. Thus, “[c]ompanies in the formal economy are forced to abide by expensive and enforced rules” (Estrin and Prevezer, 2010:59, citing *The Economist*, 2009).

2.1.18.1.1 Influence peddling

Another closely related factor undermining integrity is influence peddling. Influence peddling describes “*the illegal practice of using one’s influence in government to obtain favours or preferential treatment*”. (Estrin and Prevezer, 2011) In 2012 the former head of the presidential office was dismissed in by President Dilma Rouseff, and in 2011 two MPs were forced to resign over allegations of influence peddling. Public distrust in the public sector is also prominent.

The ‘Custo Brasil’ (cost of doing business in Brazil) means that companies operating in Brazil have to comply with a wide range of rules established and enforced by many regulatory agencies. This burdensome bureaucracy can increase the likelihood of corruption as it “*incentivizes*” on the one hand companies to find a shortcut to the resource-consuming and time-intensive compliance with those rules and on the other hand public officials to offer priority treatment in exchange for the payment of bribes.

Ramalho (2003) found that the values of politically connected companies in Brazil drop around the dates of anti-corruption campaigns. According to Claessens et al. (2008), companies that had contributed to campaigns of elected political candidates showed higher

stock returns in the election periods of 1998 and 2002 than others and also had (improved) access to bank finance in the aftermath. (Claessens and Yurtoglu, 2012:69).

As a consequence, and according to a 2009 survey (<http://www.enterprisesurveys.org/Data/ExploreEconomies/2009/brazil>), almost 68.8% of Brazilian business owners and top managers mention corruption as a major constraint to economic activity, whereas the figure for Latin America & Caribbean stands at 39.9% and for all countries, at 33.9%.

2.1.18.1.2 International level

In addition to the national level of corruption in Brazil, there is the international sphere. The government ratified the OECD Anti-Bribery Convention in 1997, but there appears to be little enforcement. In over ten years, only one case and two investigations have been pursued by the authorities, which shows that enforcement is almost non-existent.

As with anti-bribery laws, the existence of some of the strongest political and campaign financing regulations in Latin America does not seem to deter wrong-doing in that area, either. Brazil is being perceived as one of the countries with the highest political corruption related to the financing of political parties and individual campaigns, with important implications for the competitive situation of businesses, as donors can expect to be “rewarded” by the parties or politicians they sponsored. Despite of high regulation, there are no limits on donations to political parties, for example, nor are there any restrictions to party expenditure. The transparency requirements obliging parties and candidates to reveal the identity of financial backers merely establish a requirement to do so in a final consolidated report. Therefore, this disclosure only occurs well after the election, and thus remains largely without effect as it doesn’t allow voters to understand before the election how politicians’ public policies are influenced.

2.1.18.1.3 Local governments

Another layer of complexity is added by the country’s federal system which in that regard is quite comparable to the German structure, by establishing a clear separation between the local, state and federal levels, further hindering transparency as it provides politicians and bureaucrats with significant autonomy over the use of public funds on each of those political levels. According to a 2011 report, local government is particularly prone to corruption regarding business dealings with local level governments, which might show that the higher the level within the federal structure, the lower the risk of corruption

(<http://www.state.gov/e/eb/rls/othr/ics/2011/157245.htm>). This might be explained by the fact that most businesses – which tend to be relatively small – have an easier and more direct access to local politicians than to state or federal bureaucrats, but also require favors rather on a local level, typically responsible for planning permits and business licenses, rather than on higher political levels. At the same time, the quality of corruption, understood as the degree of illegalities committed and monetary volumes involved, might well be found to be high between state and federal officials on the one side and large corporations on the other than on the local level, which should therefore probably be the focus of corporate governance and compliance concerns in big companies.

2.1.18.1.4 Public procurement

This is certainly also true when it comes to public procurement in Brazil, where the legal environment is relatively mature at least on a regional level. However, also here the enforcement mechanisms do not seem to match the quality of legal statutes, making it commonplace for businesses to be faced with irregular demands in public contracting (http://www3.weforum.org/docs/WEF_GCR_Report_2011-12.pdf).

Especially in 2012, a number of corruption scandals involving public procurement put the topic as well as cabinet ministers and business leaders into the spotlight (cfr. <http://www.theguardian.com/world/2012/may/15/brazil-bribery-scandal-politicians>). While a number of infrastructure projects including roads, air- and seaports have been postponed, the run-up to the 2014 UEFA Cup and the 2016 Olympics left no time to review the handling of public procurement for those prestigious projects and thus ample opportunity appears to remain to improve both processes and controls on all levels of public intervention in Brazil. (<http://www.transparency.org/country#BRA>)

2.1.18.2 Corruption in Germany

This follows the initiatives of many other institutions such as UNO, OECD, EU, Worldbank, and IMF regarding the information on, sensitization for and prevention of corruption, the German Grand Coalition promised in February 2014 to ratify the EU treaty on corruption and the German Parliament voted almost unanimously on the illegality of bribery of members of parliament, making it a crime to bribe parliamentarians (FAZ 21/02/2014:1/4).

Prior to this, a number of corruption scandals (Siemens, Volkswagen, Presidency of the Republic etc.) had shaken the basic idea that corruption was a rare phenomenon in Germany

(Litzcke et al., 2012:7) and the geographic equation “*the further south, the more corrupt*” (Schaupensteiner, 2004:117) was put into question.

With the feeling shared by a majority of Germans that corruption in Germany is growing, acceptance of stricter anti-corruption rules rises, as this appears to be correlated to the sentiment of being threatened by corruption (Litzcke et al., 2012:2). However, there seem to be no clear indications for an increase of corruption in Germany – the numbers for the period 2000-2009 indicate no increase. Still, perception is driven by the cases which become known and their exposure, and given that corruption is a “*control crime*” (*Kontrolldelikt*), i.e. the more controls take place, the more cases become known, that exposure is not necessarily an indicator for an increase in corruption itself.

The risks brought about by corruption are, above all, material damages to the economy, given that competitors, suppliers etc. of corrupt companies suffer from this phenomenon and the existence of some non-corrupt companies may be at risk. Furthermore, it undermines trust – trust in specific companies and in the economy or the State in general. Particularly companies or branches which “*sell security in a wide sense*” (Litzcke et al., 2012:3) – such as banks, insurances, and auditors depend on a ‘safe’ reputation, given that not only “*objective security*” but also “*subjective security*” matters, i.e. the individual perception that confidence in those companies is justified. Corruption therefore is poised to particularly afflict such companies – including banks – up to an inviabilization of their business model, and as such poses an important risk to that kind of institutions. (Litzcke et al., 2012:2 f.)

2.1.18.3 Corruption in Brazil and Germany

Schlesinger (1966) opened his seminal work on political careers with the words “*Ambition lies at the heart of politics.*” This somewhat provocative thesis not only reminds us of the fact that democratic politics is a very competitive game in which generally the most outgoing and ambitious people advance, but it also seems to imply that many of its problems are due to those character traits of its players. In particular professional politicians (cfr. Weber, 1994) are vulnerable to monetary temptations, given that professional politics “*is about one’s livelihood thrown under the imponderabilities of politics in general and the democratic election in particular*” (Borchert, 2010:2).

According to Borchert, the selection of a political office is determined by three factors: (i) availability, (ii) accessibility, and (iii) attractiveness. The latter in turn is defined by the power, the status, and the material benefits of a certain position.

Brazil and Germany are two “*old federal systems*” (Borchert, 2010:2), meaning that “*the distribution of competences, the status of different offices, and career patterns have had time to develop and stabilize*” (Borchert, 2010:6). To that extend, both countries are comparable.

2.1.19 Corporate Governance in Emerging Markets

Shleifer and Vishny (1997) identify two main issues for corporate governance in emerging economies as (i) the nature of legal protection for investors, especially small minority shareholders, and (ii) the concentrated ownership of corporations and the presence of large shareholders in companies. They propose these are the norm for ownership structures in developing economies. (Estrin and Prevezer, 2010:48)

2.1.19.1 Informal institutions

Estrin and Prevezer (2010) argue that not only the formal institutions, but also informal institutions are central to the understanding of how corporate governance works, particularly in emerging economies: Peng and Heath (1996) found that informal institutions have a stronger impact on corporate governance in emerging countries than in OECD economies. They focus on firm ownership structures and property rights as well as the relationship between corporations and their external investors.

With reference to Helmke and Levitsky (2003), they include in the notion of informal institutions the whole range “*from bureaucratic and legislative norms to various forms of clientelism or reliance on business or familial networks rather than formal access to banks*” and describe “*informal institutions as ‘the actual rules that are being followed,’ unwritten rules that often shape incentives in systematic ways*”. They continue to elaborate that “[i]nformal institutions are usually unwritten and are created and enforced outside the official channels” and that they include “*a variety of structures which have significance in the economy but whose power does not stem from de jure rights*” (Estrin and Prevezer, 2010:43 f.).

According to that research, there are two branches of literature on informal institutions, one seeing them as problem-solving, the other attributing them a problem-creating role. While the latter (e.g. Morck, 2005, and Steier, 2009) stress the nurturing of phenomena which undermine the economic and political structures, such as clientelism, clan politics, and corruption²⁰, the former (Peng, 2001) focuses on the support complex formal institutions may

²⁰ On corruption, cfr. 2.1.18 above.

benefit from as well as the improvement of social interaction and coordination, helping for example Chinese entrepreneurship to prosper (Estrin and Prevezer, 2010:44). Understood in this way, informal institutions may be characterized as complementary to formal ones, which in effect is one of the four types of informal institutions as classified by Helmke and Levitsky (2003): in addition to complementary, there are accommodating, competing, and substitutive informal institutions with regard to formal ones, as shown in the following table:

Table 6: Typology of informal institutions

Typology of informal institutions according to Helmke and Levitsky (2003)	Ineffective formal institutions	Effective formal institutions
Compatible goals between actors in formal and informal institutions	Substitutive	Complementary
Conflicting goals between actors in formal and informal institutions	Competing	Accommodating

Thus, formal institutions might be supported by informal ones, however, two traits are necessary for formal institutions to be effective according to Estrin and Prevezer: (i) the existence of (market-supporting) laws and codes of governance and (ii) the enforcement of those de jure rules. The latter may be hindered by corruption and/or judicial inefficiency. *“Only when legal rights on paper are matched by de facto enforcement, which can come about through formal or informal institutional means, can we argue that those formal institutions are effective.”* (Estrin and Prevezer, 2010:45)

Regarding Brazil, they find that its corporate environment *“is characterized by ‘accommodating’ informal institutions which get around the effectively enforced but restrictive formal institutions and reconcile varying objectives that are held between actors in formal and informal institutions”* (Estrin and Prevezer, 2010:41).

As major informal institutions, they single out the shadow economy which de Soto (1989, as quoted by Estrin and Prevezer, 2010:48) views as the response to the *“bureaucratic and law-ridden state”* of the socio-economic system in Latin America.

Emphasizing the connection between structures of corporate governance and institutional development, Steier (2009) identifies family ownership in combination with the remnants of state ownership and financial industrial groups as the predominant mode of governance in developing market economies. Globerman and Shapiro (2003) focus on foreign direct investment (FDI) by stating that this is attracted by strong governance infrastructure such as well-working formal institutions such as property rights, regulation, legal processes, transparency and accountability. While they refer to developing and transition countries, this

assessment certainly holds true for developed countries as well, and many other authors have stressed the ‘importance of national governance infrastructure for growth, investment, and new firm entry’ (e.g. Acemoglu et al., 2003; Djankov et al., 2002).

Estrin and Prevezer (2010) present a framework to model the interaction between formal and informal institutions, highlighting two central aspects: (i) the effectiveness of formal institutions and (ii) whether or not the aims of agents in the formal and informal institutions are “*compatible and mutually reinforcing or incompatible and in conflict with each other*”.

Based on research by La Porta et al. (1998), they find informal institutions in Brazil to fall into the category “*accommodating*” for corporate governance as they have different goals from formal institutions which are regarded as “*overly restrictive*” and thus find ways to evade the formal institutions, which however are in general of a good effectiveness, based on “*a strong rule of law, strict enforcement, medium levels of corruption, and a low risk of expropriation*” (Estrin and Prevezer, 2010:53). In China and India, by contrast, informal institutions for corporate governance are mainly substitutive as their aims do not contradict those by the formal institutions which are, however, ineffective. In Russia, on the other hand, the goals of informal and formal corporate governance institutions conflict with each other and the formal ones are being undermined by corruption and an absence of enforcement, thus qualifying as “*competing*” informal institutions.

Table 7: Formal shareholder rights and creditor rights

	Shareholder rights Index	Creditor rights Index
India	5	4
Brazil	3	1
US	5	1
Average across sample	3	2.3
China	Low ^a	Low ^a
Russia	High ^a	High ^a

La Porta and colleagues (1998).

^a Author estimation (Estrin & Prevezer, 2010).

Source: Estrin and Prevezer (2010:50)

Table 8: How effective are formal corporate governance institutions?

Enforcement measures	Judiciary	Rule of law	Corruption	Risk of expropriation
India	8	4.17	4.58	7.75
Brazil	5.75	6.32	6.32	7.62
China	weak ^a	weak ^a	poor ^a	low ^a
Russia	weak ^a	weak ^a	poor ^a	high ^a
US	10	10	8.63	9.98
Average of sample	7.67	6.85	6.90	8.05

La Porta and colleagues (1998).

^a Author estimation (Estrin & Prevezer, 2010).

Source: Estrin and Prevezer (2010:53)

2.1.20 Corporate Governance in Brazil

“Corporate governance issues in emerging markets vary from those in advanced countries due to still-limited development of private financial markets and poor access to financing, concentrated ownership structures, and low institutional ownership” (Claessens and Yurtoglu, 2012:3).

Bobirca and Miclaus (2007) identify both the ability to attract foreign investment and the privatization of formerly state-owned companies as reasons for mounting pressure on transition countries to comply with and improve their corporate governance frameworks.

Nicoletti and Scarpetta (2003) suggest that *“despite of extensive liberalisation and privatisation in the OECD area, the cross-country variation of regulatory settings has increased in recent years, lining up with the increasing dispersion in growth”*.

During most of the 20th century, large Brazilian companies were usually financed by the State rather than financing themselves through the capital markets (Silveira, 2010:176). This was mainly due to the fact that the Brazilian economy was a closed one, thus severely limiting competitiveness and innovation.

According to Black et al. (2008), the military coup of 1964 marks the beginning of a liberalisation process in Brazil through a number of legislative measures such as the approval of the Banking Reform Act (*Lei da Reforma Bancária, Lei nº 4.595/1964*) which created the Monetary Council and the Central Bank; led to the approval of the first Capital Markets Act (*Lei de Mercado de Capitais, Lei nº 4.728/1965*); the creation of the Brazilian Securities and Exchange Commission (*Comissão Brasileira de Valores Mobiliários – Lei nº 6.385/1976*); and the approval of the Public Share Company Act (*Lei das Sociedades por Ações – Lei nº*

6.404/1976). This government-led trend of capital market development continued throughout the 1970s and 1980s. One example is “*Fundo 157*”, which gave taxpayers the opportunity to use part of their income taxes due to invest in equity funds. (Silveira, 2010:176)

As most emerging economies, BRIC countries are characterized by corporate governance structures with a “*high concentration of ownership and inside investors*” (Estrin and Prevezer, 2010:49, quoting Gerlach, 1992; Heugens et al., 2009). Block holders in Brazil “*still own half of the median firm five years after IPO*”, according to Claessens and Yurtoglu (2012:9). “*The consequences of the potential principal-principal-problems [cfr. 2.1.11 oben] that follow from concentrated ownership depend largely on the way the key institutions, formal and informal, in the country work*”. (Estrin and Prevezer, 2010:49)

A number of studies have been carried out on specific corporate governance issues in Brazil (cfr. Claessens and Yurtoglu, 2012), including Carvalhal da Silva and Leal (2006) who analyzed 236 financial and non-financial companies listed on Bovespa between 1998 and 2002, finding that government-controlled companies or those controlled by foreign and institutional investors²¹ generally have significantly higher valuation and performance than family-controlled enterprises. Also, firm valuation and ROA were found to be positively related to cash flow concentration and negatively to voting concentration and the separation of voting- from cash flow rights. Silveira et al. (2007), who analyzed c. 200 companies between 1998 and 2004 found that overall corporate governance quality was still low but improving, albeit slowly. Its heterogeneity was helped by the voluntary adoption of corporate governance rules. Regarding voluntariness, Blundell-Wignall et al. (2009:26 f.) state that corporate governance (reform) “*will always require companies to embrace it voluntarily, so that good principles are translated into practice. Sound governance is to a large extent cultural – within banks where shareholder rights are respected and good standards of governance are valued and reflected in long-run share price performance.*”

2.1.20.1 The evolution of corporate governance in Brazil

Since the turn of the century, the Brazilian economy has undergone major changes towards a more open and modern system. After decades of political and economic instability, and following the introduction of a new and stable currency under the “*Plano Real*” in 1994, both political and macroeconomic stability have come to be part of Brazilian reality.

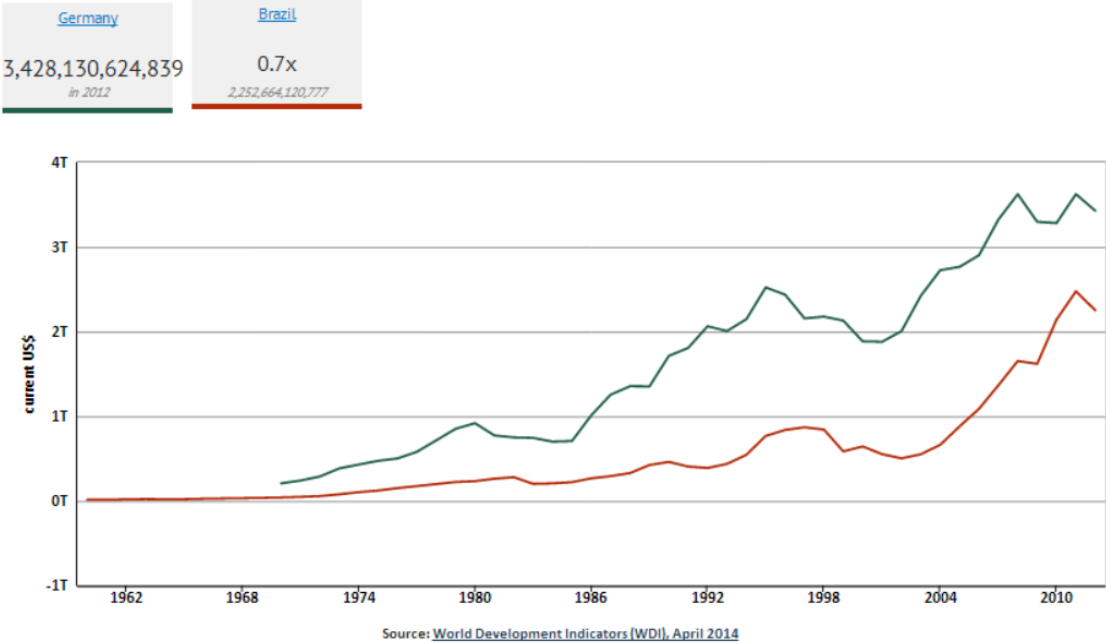
²¹ On institutional investors and corporate governance in Latin America, see Blume et al., 2007

Following the foundation of the first Brazilian stock exchange (“*Bolsa de Valores*”) in Rio de Janeiro in 1845 and that of the “*Bolsa de Fundos Públicos*” – Exchange of Public Funds – as the stock exchange in São Paulo was originally called (Silveira, 2010:207), the 20th century has seen a very limited role of capital markets in the Brazilian economy, as the State took over the “*catalyst*” function of economic activity by either providing services and products directly through State-owned firms or by granting long-term concessions over natural resources to companies which were subsidized. While the low levels of internal saving rates certainly contributed to that tamed development, the Brazilian economy has almost always been a relatively closed one, so that interventionism coupled with protectionism gave little room or impetus for a healthy competitive business environment. This led to a “*tripartite corporate establishment*” in Brazil (Silveira, 2010:176), consisting of State-owned and controlled companies, multinationals, and Brazilian conglomerates controlled by few but very influential families, most of which were also politically well-connected.

Apart from those structures, the Brazilian economy at the beginning of the 20th century was dependent on its exports of natural products such as coffee on the one hand and on the import of consumer and industrial goods on the other. The 1929 stock exchange crash in New York sent both demand and prices for the Brazilian commodities into a downwards spiral to which the answer was a “*policy of import substitution*” (“*política de substituição das importações*”) which not only led to the industrialization of the national economy, but also to the establishment or increase of trade tariffs and other measures which ended up closing the Brazilian market off international competition. This helped bigger family-run firms to prosper as they were almost the only ones with access to capital at a larger scale, namely by tapping State funds through their political connections. Those family businesses, many of which had grown into highly diversified groups, turned into the “*base model of Brazilian governance*” (Silveira, 2010:176).

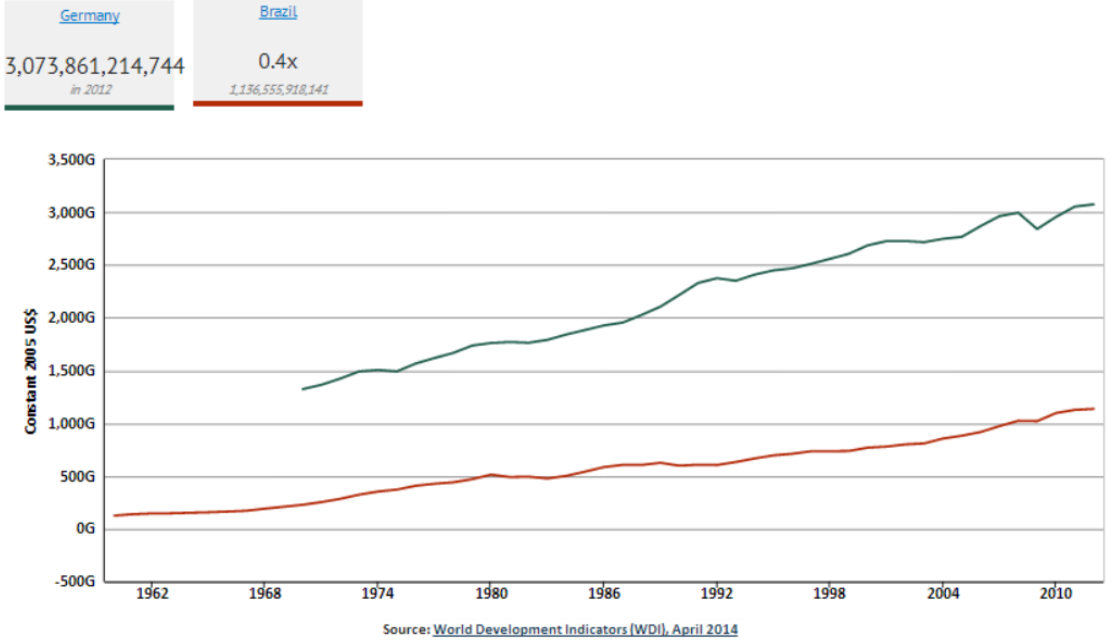
On April 30th, 2008, Standard&Poors upgraded Brazil's long-term foreign currency sovereign debt to investment-grade (*Businessweek*, May 1st, 2008). Ever since, not only government debt has been upgraded, but also many banks and other individual companies have benefited from investment grade ratings which make them attractive – or at least eligible – for institutional international investors. Furthermore, Brazil's economy has grown steadily and did not suffer much during the Great Recession:

Figure 19: Brazilian and German GDP, PPP (current international \$)



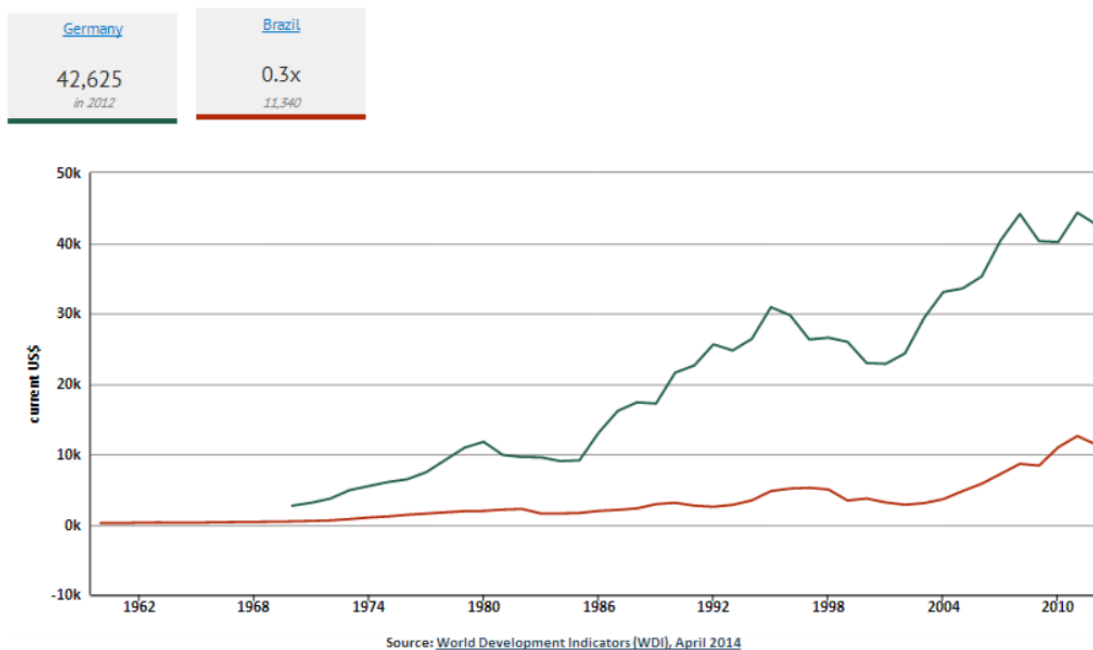
Source: knoema.com

Figure 20: Brazilian and German GDP, constant 2005 US\$



Source: knoema.com

Figure 21: Brazilian and German GDP per capita (current international \$)



Source: knoema.com

Another positive aspect, according to Black et al. (2012:2) was the “*development of pension funds, which became major investors in public company shares*”.

Significant changes also occurred in the stock market. Until the early 2000s, Brazil was seen as having relatively weak corporate governance, being ranked 24th for investor rights, 43rd for enforcement of corporate law, and 40th for accounting standards out of 49 countries compared by Nenova (2003). The expropriation of minority shareholders by controlling shareholders was common, helped by the existence of both voting and non-voting shares as allowed by Brazilian law. The Brazilian reality shows many companies with controlling shareholders holding a majority of voting shares, but a significantly smaller percentage of the overall issued shares. By comparing the difference between trading prices and prices paid for controlling blocks of companies in 39 countries, Dyck and Zingales (2004) found that Brazil had the greatest average benefit of corporate control, estimated at 65% of equity value.

Furthermore, there have been few independent directors on the boards of Brazilian companies (an average of 30.4% of directors were independent as of 2009 according to a study quoted by Silveira, 2010:212), as well as low levels of disclosure. (Cfr. Silveira, 2010:184)

In 2000, in response to concern about weak protection for minority shareholders based on the realities described above, the São Paulo Stock Exchange (BM&FBovespa) created three listing levels (markets) for companies with high corporate governance standards (*Novo Mercado*, Level I and Level II). After a few years without much effect, this measure contributed to a surge in initial public offerings, which had been nearly nonexistent until 2004. Furthermore, the number of listed companies, which had been shrinking, started to stabilize and has since increased. Also, trading volumes and liquidity on the most important Brazilian and, indeed, South-American stock market rose significantly. (De Carvalho and Pennacchi, 2012)

Formal corporate governance structures in Brazil have clearly improved since 2000 (Lubrano, 2007). Considerable legal uncertainty, prominence of non-voting shares as well as poor company performance are regarded as some of the negative consequences of poor governance. From a corporate governance perspective, the year 2000 was marked primarily by the launch of the *Novo Mercado*, but also a World Bank and IFC study, a legal reform initiative, an Investor Task Force, and an OECD Roundtable launch. In the following year further important legal reforms were passed, and in 2004, the *Novo Mercado* finally took off with 7 listings and 18 in 2005, and Banco Real created a Corporate Governance Credit Line. The year 2007 marked the 100th *Novo Mercado* listing with 92 listings in that year alone. By that time, corporate governance in Brazil had improved significantly: most new shares are now launched on the *Novo Mercado* and legal certainty has improved with regards to many relevant aspects such as changes of control, while some obstacles to takeovers (e.g. poisonous pills) remain. Examples of good corporate governance can be found in both the private and public sector nowadays and the same holds true for leadership particularly in the private sector. (Estrin and Prevezer, 2011:51 f.)

In recent years, most new listings occurred at one of the premium listing levels and a number of already listed companies migrated their listings to a higher level, according to Black et al. (2012:7) These authors describe the evolution of corporate governance practices in Brazil.

Their data comes from three surveys about governance practices taken in 2004, 2006, and 2009. The first coincided with the beginning of the surge in IPOs in 2004; the third was taken simultaneously with the financial-crisis-related reluctance to engage in new listings during 2008-2009. The authors covered main aspects of corporate governance by aggregating their governance information into six indices: board structure, ownership, board procedures, related party transactions, shareholders rights and disclosure. The board structure index is split into

board independence on the one hand, and audit committee and fiscal board on the other. The Brazilian Corporate Governance Index (BCGI), then, reflects the average of these 6 indices. Their analysis shows that “*corporate governance practices improved significantly in the 2004-2009 period*” (Black et al., 2012:4) and the authors attribute this evolution to two main factors:

- “*Growth in Novo Mercado and Level II listings, mainly through the entry of new firms with high corporate governance practices (IPOs); and*
- *Improvement in the governance practices of the firms that were already listed, sometimes including change in listing level.*”

The corporate governance practices for firms already listed on *Novo Mercado* and Level II were found to be stable during that period.

Already listed firms showed improvements in corporate governance mainly in the fields of board independence, board procedures, shareholder rights and disclosure. Black et al. also found that many firms in *Novo Mercado* exceed the minimum *Novo Mercado* requirements and that IPO firms with private equity and venture capital (PEVC) sponsors generally provided similar results as IPO firms without these sponsors. The latter scored better on several board procedures, “*but not on the substantive aspects of governance*”. (Black et al., 2012:17 f.)

The legal and social frameworks now include enforcement infrastructure on the public side as well as private infrastructure in terms of education and monitoring. Important IPOs by restructured companies “*would not have been possible without these reforms*” (Estrin and Prevezer, 2010:51, quoting Lubrano, 2007).

In 2008, Bovespa created yet another level, called “*Bovespa Mais*”, which is similar to *Novo Mercado* but has fewer requirements.

2.1.20.2 Brazilian Corporate Governance today

“*In Brazil, formal corporate governance structures have improved markedly since 2000*” (Estrin and Prevezer, 2010:51, quoting Lubrano, 2007). Silveira (2010:182) even sees a “*virtuous circle*”, constantly improving corporate governance in Brazil.

Estrin and Prevezer (2011:59 f.) found indicators for good formal corporate governance in Brazil, including “*quite good shareholder rights, strong rule of law, and low risk of expropriation and there has been an improvement in corporate governance codes*”. On the other hand, the judiciary has been labeled as “*weak*”. Also, investor rights in Brazil were found to be weaker than the average for the sample.

Dyck and Zingales (2004:539; 550) “*estimate the value of private benefits extracted by dominant shareholders across a sample of countries. Their estimates range from close to zero for most OECD countries (but not all) to 65% of firm equity in Brazil*” (Estrin and Prevezer, 2010:59) According to those findings, Brazilian firms are very highly regulated in the formal economy, especially with regard to labor laws, by all measures of regulation of firms and its enforcement.

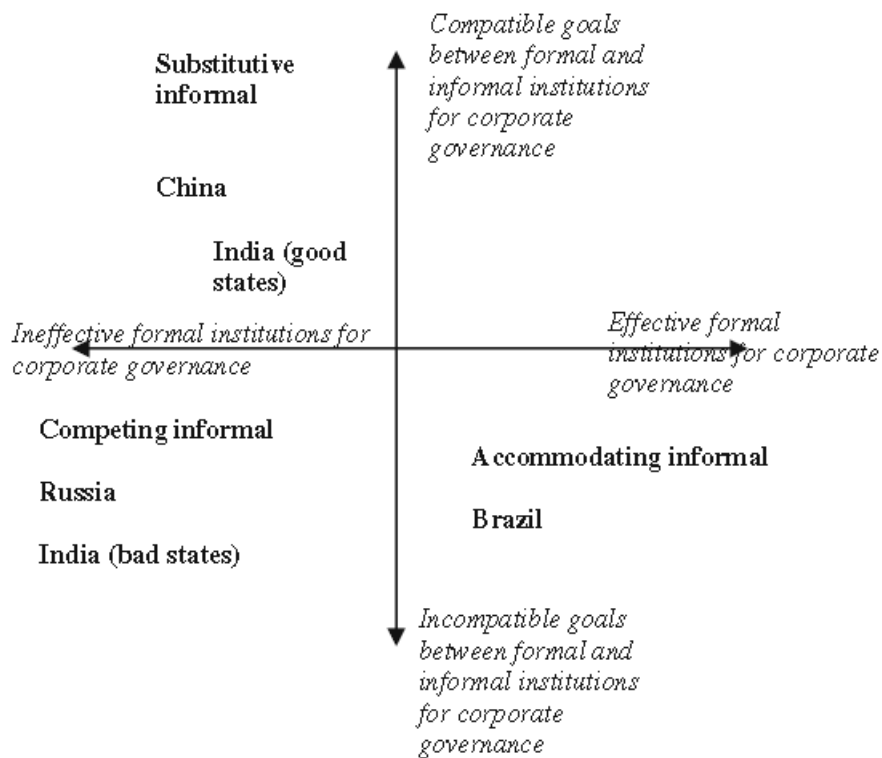
“*This forms part of a wider corporate governance picture of tightly enforced formal laws and regulations leading to the rise of the informal economy with the aim of getting around those rules.*” Estrin and Prevezer (2011:59 f.)

The World Bank Doing Business 2014 survey ranked Brazil 116th out of 189 countries in ease of paying taxes, hiring and firing, and on ease of starting and closing a business placed Brazil 123rd (World Bank, 2013).

Estrin and Prevezer (2011:59) come to the conclusion that “*the effectiveness of formal institutions in corporate governance in Brazil is high in that the rules are good and enforced*”. In fact, they argue that the rules are too tightly enforced, pushing companies and/or dominant shareholders into the “*pervasive informal institution of the shadow economy*”.

As such, the informal institutions in Brazil are seen by the authors as a way for companies to escape the (effective) formal ones where they are being perceived as stifling in order to align the conflicting aims of both forms of institution rather than undermining the formal ones. (Estrin and Prevezer, 2011:59 f.) Brazilian market capitalization stands at only 54.6% of GDP as opposed to 114.9% in the United States (however higher than the 43.4% in Germany). (Worldbank.org, 2012 data)

Figure 22: CG institutions in BRIC countries in the Helmke-Levitsky framework



Source: Estrin and Prevezer, 2011:61

Brazilian corporations are required to have both a Management Board (*Conselho de Administração*) and an Executive Committee (*Diretoria*), thus the differentiation between the single-board structure – typical for Anglo-Saxon and Latin corporate governance systems – and the two-tier structure of the German system does not become clear. Up to one third of Management Board members of firms in Brazil may be members of the Executive Committee, but the Board can also be composed of non-executive members only. The latter case implies an independent control function of the Board vis-à-vis the Executive Committee, thus constituting a dualist model, leading to an “*approximation between the Brazilian and the German System*”. (Esperança et al., 2011:247)

Corporate governance scandals in Brazil have been relatively rare and/or less publicized, but the cases of Agrenco, Aracruz, Sadia, and Tenda (all in 2008) – which have destroyed more than half of the companies’ market valuation (Silveira, 2010:190) stand out as does the fall of Eike Batista’s empire of energy-related companies in 2013-2014, including accusations of

insider trading and market manipulation with a value estimated at R\$ 1.5 billion (EUR 464 million) according to the *New York Times* (14/09/2014²²).

2.1.20.3 The segmentation of the Brazilian stock market

The Brazilian stock market has seen the introduction of several governance-related listing segments.

In addition to the traditional market, there is Level 1 and Level 2 as well as *Novo Mercado*. *Novo Mercado*, launched in 2000, requires the highest corporate governance standards. Companies which wish to list via IPO or re-list from a lower level must have only common shares, i.e. no preferred shares without voting rights; at least 25% free float; board members with non-staggered terms of max. two years; financial statements prepared in line with U.S. GAAP or IFRS; takeout options for minority shareholders in case of a transfer of the controlling participation; an obligation to offer the economic value of their shares to minority shareholders in case of a freeze-out or delisting; disclosure rules for trades in company stock by controlling shareholders and senior managers; an arbitration rule to settle disputes with minority shareholders in the Brazilian arbitration panel CAM.

Level 2 does not require only common shares, but maintains the other requirements *Novo Mercado* imposes. Level 1 requires higher disclosure standards than the traditional (regular) market, particularly regarding quarterly publication of consolidated financial data, but other than that has no additional requirements beyond the legal obligations which rule the traditional market. (Cfr. Black et al., 2012:5)

Novo Mercado is quite strict by Brazilian standards and excludes, for instance, companies with non-voting shares, which are quite common in Brazil, given that corporate law allows for the issuance of up to 50% of shares as non-voting. (Cfr. Black et al., 2012:5) The difference between Level I and Level II is significant and one may group *Novo Mercado* and Level II into one high-level category, while the traditional market and Level I do not require enhanced corporate governance standards.

Apart from the afore-mentioned four corporate governance practice categories, BM&FBovespa includes BovespaMais, a corporate governance differentiation for the over-the-counter (OTC) market. This is only open to companies on the stock exchange which are registered with the CVM (Aguilera et al., 2011:399).

²²

http://dealbook.nytimes.com/2014/09/14/fallen-brazilian-mogul-accused-of-insider-trading/?_php=true&_type=blogs&_r=0

Claessens and Yurtoglu (2012:27) describe Brazil's *Novo Mercado* as “a notable exception where the local market has improved corporate governance standards using voluntary mechanisms, with much success in terms of new listing and increases in firm valuation”, referring to cases, as for example in the Netherlands, where self-regulation has not been successful.

Table 9: Market segmentation and investment limits for pension funds in Brazil

BM&FBovespa listing segment	Number of companies listed in segment, August 2014 (Jan.2007)	Investment limits for pension funds
Novo Mercado	132 (47)	70%
Level 2	22 (14)	60%
Bovespa Mais	9 (-)	50%
Level 1	31 (36)	45%
Traditional Market	253 (297)	35%
Total	447 (394)	

Source: Silveira, 2010:181; Bovespa (<http://ri.bmfbovespa.com.br/> - banco de dados)

Above table shows that while only 53 more companies are listed as of August 2014, compared to January 2007 (+13,5%), listings on the traditional market and Level 1 have decreased since the beginning of the financial crisis, while numbers increased in Level 2 (+64,3%) and, most notably, in *Novo Mercado*, where they almost tripled (+191,5%). According to above table and in line with the provisions of Resolution No. 3.792/09 of the National Monetary Council (CMN), pension funds must not invest more than 35% of defined benefit or defined contribution plans into shares of the traditional listing segment. The limit rises as corporate governance levels increase, reaching 70% for *Novo Mercado*.

Another interesting rule is contained in the self-regulation standards (*Código de Autoregulação*) of ANBIMA, an association which includes Brazil's major banks, its associates shall only participate in IPOs of companies which have adhered at least to Bovespa's Level 1 – or agreed to adhere to those listing standards within six months. Thus, the practical consequence is that any access to the capital markets in Brazil is conditional on the adherence to one of Bovespa's governance-related listing levels. (Silveira, 2010:181 f.)

Silveira et al. (2007) found that the voluntary joining of stricter listing levels is positively associated with company-level corporate governance quality.

2.1.21 Corporate Governance in Germany

Corporate governance stepped into the spotlight of public attention in the early 2000s via a number of high-profile scandals at companies such as Deutsche Telekom (Klonoski, 2012), Siemens and Volkswagen as well as the arrival of so-called “locusts” (“*Heuschrecken*”), an expression used by then SPD-party leader Franz Müntefering in spring 2005, comparing international, mostly Anglo-Saxon financial investors buying up traditional companies to a plague of locusts coming over the country trying to make tremendous profits at the expense of workers and society in general.

On an international level, the parallel can be found in corporate scandals which affected confidence in the (global) financial markets on a large scale, such as those of Enron, WorldCom, and Vivendi. Interestingly, the collapse of Enron also led to the disappearance of Arthur Anderson, one of the “*big five*” auditors, who, also according to Middelhoff, failed not only due to the fall of Enron, but also due to their own internal corporate governance issues. (Middelhoff, 2007)

Since then, public interest – as perceived and portrayed by the media – has continued to focus on scandals, also involving personalities which had so far been known in Germany for their merits with regards to corporate governance, such as Dr. Gerhard Cromme, former co-CEO of ThyssenKrupp and acting president of the Supervisory Board of Siemens AG. Given that until 2008 he acted as president of the governmental commission German Corporate Governance Code, the German Corporate Governance Code was at times referred to as the “*Cromme Code*”. Another recent example is former Arcandor AG (formerly, KarstadtQuelle AG) CEO Thomas Middelhoff, who has been under investigation since Arcandor AG entered insolvency procedures in 2009.

Apart from the scandals, however, corporate governance in Germany contrasts clearly with the Anglo-Saxon model which is the subject of the main body of literature and analysis of the topic in international terms.

One reason for this certainly is the difference in company funding. German companies rely much more heavily on bank loans to finance their growth than on accessing the stock market for capital. This turns the capital markets far less important, with market capitalization

reaching only 43,4% of GDP as opposed to 122,0% in the UK (Worldbank.org, 2012 data), while this importance rests with the commercial banks.

A second difference lies in the much higher focus on stakeholders other than shareholders, particularly employees. This leads Quaresma (2011:137) to describe the German model as one of “stakeholder equilibrium as companies’ main objective, to the detriment of the maximization of shareholder wealth”.

One principal reason for this is regulation, as for example by the Codetermination Act (“*Mitbestimmungsgesetz*”) of 1976 which requires an equal number of representatives of shareholders and employees on the supervisory board, giving however a decisive vote to the shareholder-appointed president of the supervisory board in case of a deadlock.

Table 10: German Laws regarding Codetermination

Laws with Regard to the Codetermination Principle in Germany (Bordean and Pop, 2012:23 f.)	
Law	Basic Principles Regarding the Employees’ Participation in Supervisory Boards
The Montan Codetermination Act	For whom? Applicable to companies with more than 1,000 employees in the coal and steel industry. How? It provides equal representation for employees on the company’s supervisory board. In addition, a representative from the employees’ side can operate as a worker on the board.
The 1976 Codetermination Act	For whom? It applies to companies that employ at least 2,000 regular employees. How? It provides equal representation on the supervisory board. However, because of the tie-breaking vote of the chairman, who generally sides with shareholders, the law actually provides ‘quasi-parity’.
The 2004 Third Part Act	For whom? It applies to firms that usually employ 500-2,000 workers, whether the firms are corporations, partnerships limited by share, limited liability companies, mutual insurance associations, or cooperative, industrial and provident societies. How? It assigns a third of the seats on the company’s board to the employees, although it does not dictate the exact number of board members.

Thirdly, and most prominently, Germany has a two-tier board system, consisting of above-mentioned supervisory board (“*Aufsichtsrat*”) and the management board (“*Vorstand*”) which is responsible for the day-to-day management of the company and no person shall simultaneously participate in both boards. This two-tier structure is not only applicable to

public companies (*Aktiengesellschaften* / AGs) but also to limited liability companies (*Gesellschaften mit beschränkter Haftung* / GmbHs) with more than 500 employees.

In GmbHs with more than 500 employees as well as AGs with less than 2,000 employees, shareholders chose two thirds of the members of the supervisory board (*“Vorstand”*), while the other third gets elected by employees. In AGs with more than 2,000 employees, half of the supervisory board members are chosen by shareholders and the other half by employees. The usual setup of the supervisory board consists of twenty members who are elected for four year terms, meeting at least quarterly.

The supervisory board has two main responsibilities. One is to ensure the accuracy of the company’s financial reporting, the other regards the advisory, nomination, remuneration and dismissal of the members of the managing board.

The members of the board of directors (*“Vorstand”*) are nominated for maximum terms of five years each. The managing board consists usually of five to ten members which meet regularly, usually weekly, and report to the supervisory board. The board represents the company collectively and each director has only one vote, all being jointly and severally responsible for the board’s acts. This is another difference with regards to the Anglo-Saxon system with an extremely powerful CEO. This responsibility of each director for the board’s acts – regardless of an organizational separation of tasks – ensures that German management boards usually strive for unanimous decisions, resulting in long decision-making processes.

The Anglo-Saxon Board of Directors, which is made up of both *“inside”* and *“outside”* directors, thus *“unites”* *“Vorstand”* and *“Aufsichtsrat”* in one body. Whereas the CEO and other core functions such as CFO, COO, etc. are taken by inside members, the current tendency apparently is for their relative number to decrease, while outside directors’ relative representation increases.

The codetermination system in particular necessarily leads to a much wider stakeholder approach than most other systems. Apart from employees’ interest, also those of other stakeholders and society in general are normally respected. This is also supported by strict legislation on environmental protection and other areas of the social environment. Although all these factors have contributed to a sustainable growth of the German economy and social peace over the past sixty years or so, especially international investors are reluctant to invest in companies the fate of which is codetermined by the employees and not primarily driven by shareholders’ interest in profits.

Yet again, shareholder activism is rarely seen in Germany in the intensity and effectiveness witnessed in the US, for instance. One of the rare cases was the success of activist

shareholders in TUI, a German travel and container operator, to force the separation of the container business, Hapag-Lloyd, from the tourism section.

On the other hand, returns in the stock market appear to be less volatile in Germany than in the Anglo-Saxon area and might as such serve as a natural hedge. (cfr. Silveira, 2010:151 ff.)

Still, criticism of the German corporate governance model is regularly back on the agenda.

Then president of the governmental commission on corporate governance in Germany, Gerhard Cromme, already in 2002 demanded that the codetermination rules be reviewed.

However, a commission set up to review codetermination by then chancellor Gerhard Schröder ultimately yielded no results as positions of those who wanted to curtail employees’ participation and those who wanted to extend it couldn’t be reconciled.

Also above-mentioned scandals at Volkswagen and Siemens, mainly related to bribery, and which left Siemens with less than half of its share value in 2008/2009, lead politicians, managers and the public alike to demand for changes in the German system.

Furthermore, the German capital markets are characterized by a high level of concentration of shareholders. Goergen et al. (2008:16) analyzed 402 large German companies and found that the main shareholder on average holds 59.7% of overall voting rights, while the respective figure for NYSE-listed firms stands at only 8.5%. In a separate study of 416 listed German companies, only 12% were found not to have at least one shareholder owning over 20% of the shares (Gadhoum et al., 2005). At the same time, however, one should note that the types of the largest shareholder are quite diversified, being the largest group that of other firms with 21.0% (37.5% in Belgium), followed by families with 7.4% (68.6% in Italy) and banks with only 1.2% (16.0% in France). (Goergen et al., 2008:17)

Table 11: Empirical Studies - Compliance within German CG

Selected Empirical Studies Attempting to Assess the Issue of Compliance Within the German Corporate Governance Model (Bordean and Pop, 2012:22 f.)	
Authors/Year of Study	Aims and Results
Werder and Talaulicar, 2006	Study aimed at assessing the compliance of the DAX firms with the recommendations and suggestions of the GCGC. Results: 1. The firms surveyed comply on an average with 95.3% of the mandatory recommendations. 2. On an average, 85.2% of DAX companies comply with these suggestions (comply or explain).
Goncharov et al., 2006	What value relevance does the extent of compliance have? Result: The study reveals that there is a significant value relevance to compliance.
Werder and Talaulicar, 2009	Is the GCGC followed by the German companies?

Result: The Code is being followed to a great extent.
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Rott (2009) criticizes the German corporate governance system as too much in line with the Anglo-Saxon system and as such not easily applicable to the German business reality, particularly regarding the high share of *insider* shareholders.

2.1.21.1 The segmentation of the German stock market

Market capitalization in Germany stood at only 24% of GDP in 1993, i.e. lower than in other “*bank dominated countries*” such as France with 36% of GDP or Japan which at the time was still very prosperous with 71% market capitalization. The gap was far wider when compared to market oriented financial systems such as the United States (82%) or Great Britain (140%) (Burghof and Hunger, 2003).

Between 1997 and 2002, there were four segments within the German equity market: the Official Trading (*Amtlicher Handel*), the Regulated Market (*Geregelter Markt*), the Unofficial Regulated Market (*Freiverkehr*), and the New Market (*Neuer Markt*).

The *Neuer Markt* had been introduced in 1997 in order to accommodate small and medium sized companies of innovative, growing sectors, thus comparable in its aim and purpose to the successful NASDAQ. The *Neuer Markt* was not the first attempt at allowing a wider range of companies access to equity capital, but none of those earlier attempts had been very successful (Burghof and Hunger, 2003:2).

Consequently, the *Neuer Markt* was rather aimed at new technology SMEs than at raising corporate governance standards. Nevertheless, publication requirements were somewhat stricter at the New Market than for the *Geregelter Markt*, to which companies had to be admitted in order to achieve a listing at the *Neuer Markt* through a simultaneous waiver. Apart from minimum requirements regarding equity and number of shares, the issuer needed to prove at least three years’ track record and free-float had to be at least 25% of the aggregated nominal volume. Beyond the requirements of the *Official Trading*, companies had to include information about risk factors in their securities prospectus. Such risk factors are “*information regarding any factors which could have a substantial negative influence on the*

financial condition of the issuer or which could endanger the issuer's business success"
 (Deutsche Börse AG, 2001, No. 4.1.16)

By trying to gain investors' trust, the rules for the *Neuer Markt* were designed in such a manner that they actually helped raise corporate governance standards by introducing higher levels of transparency.

The success story of the *Neuer Markt* is best evidenced by its strong performance relative to the other German markets, mainly the Official Trading:

Table 12: German stock market comparison

	<i>Official Trading</i>	<i>Regulated Market</i>	<i>Unofficial Regulated Market</i>	<i>Neuer Markt</i>	Total
Number of IPOs^a	70	45	22	298	435
Number of IPOs (in percent of total)	16.09	10.34	5.06	68.51	100
IPO-Underpricing (Mean)^b	11.16	17.30	39.65	53.64	42.34
Gross Proceeds (in Mio. EUR)	25,648.64	784.10	145.18	20,415.55	46,993.48
Gross Proceeds (in percent of total)	54.58	1.67	0.31	43.44	100
Gross Proceeds on average (in Mio. EUR)	366.41	17.42	6.60	68.51	108.03
Initial Capital (in Mio. EUR)	5,754.28	272.87	66.49	4,183.16	10,276.80
Nominal Capital (in percent of total)	55.99	2.66	0.65	40.70	100
Initial Capital on average (in Mio. EUR)	82.20	6.06	3.02	14.04	23.62
a The total number of IPOs was about 457. For 22 IPOs no sufficient data was available; thus, the data refer to the remaining 435 IPOs only. b Initial Return, market-adjusted with the DAX-100 index referring to the period of the end of the offer period and the first trading price.					

Source: Hunger (2002)

However, this *Neuer Markt* was discontinued at the end of 2003 after what Burghof and Hunger (2003:1) describe as *"its stunning temporary success and its ultimate failure"*.

After having grown from two companies at the start on March 10th, 1997, to 339 listed firms with a market capitalization of c. € 234 billion at the peak in 2000, the burst of the bubble along with insolvencies, cases of alleged fraud and insider-trading, ended its good reputation and brought down the market capitalization of entities listed on the *Neuer Markt* by 87.5% to 29 billion € only (Burghof and Hunger, 2003).

2.1.21.2 The “Hausbank nature” of the German economy

The German financial system has been described by Burghof and Hunger (2003) as “*bank based and relationship oriented*” in which a company’s longstanding relationship with its main bank, the so-called “*Hausbank*” (*home bank*), compensates disadvantages such as an apparent lack of flexibility or the absence of disciplining effects an active stock market may have, through shareholder control or aggressive take-over strategies. The main advantages of such a system seem to be “*a higher degree of long term thinking, better conditions for long term and specific investments and better support of firms in financial distress through their relationship lender, the so called ‘Hausbank’*” (Burghof and Hunger, 2003).

Germany was, however, not the only European country to create a New Market: Similar initiatives led to formations of New Markets in Europe between 1995 and 1999, namely the *Nouveau Marché* in Paris, the SWX New Market in Zürich, Euro.NM in Belgium, Amsterdam’s *Nieuwe Markt*, and Milan’s *Nuovo Mercato*, Brussels’ now defunct Easdaq and London’s Alternative Investment Market. (Burghof and Hunger, 2003, footnote 23).

2.1.22 Corporate Governance and Financial Institutions

Regalli and Soana (2012:4 f.) affirm that the “*decision to focus on the financial sector is dictated by the awareness that financial intermediaries are “special”, that is, different from corporations*”, because of the following factors:

- There is a higher number of capital providers – generally depositors but also a more diverse shareholder structure;
- Historically, corporate governance faults have led to significant losses and scandals on a scale not usually found at non-financial organizations;
- Financial institutions are systemically important as they are most relevant to the seamless functioning of the economic and monetary system, and therefore “*heavily regulated*”.

According to Claessens and Yurtoglu (2012:30 f.), the financial crisis “*has shown that the corporate governance of financial institutions has been an underhighlighted area, as there*

were massive failures at major institutions in advanced countries. Corporate governance at financial institutions has been identified to differ from that of corporations, but in which ways is not yet clear – besides the important role of prudential regulations, given the special nature of banks. In this area, more work is needed for emerging markets as well, in part related to the role of banks in business groups. While there is some research on state ownership, corporate governance of banks in emerging markets is little analyzed. Clarifying this will be key, as banks are important providers of external financing, especially for SMEs”.

The present analysis and comparison between Brazilian and German banks should also be helpful to determine reasons for differences in corporate governance systems of both countries, given that “[i]t is clear that one of the major determinants of corporate governance patterns is the structure of domestic finance”, as for example, “[d]ebt finance is notably much more important in Japan, Italy and Germany than in France or the United States and the United Kingdom”. (FMT, 1995:14) Or Brazil, we may add. While ownership concentration in listed companies is rare in English-speaking countries, it tends to be high in continental European countries, including Germany. The involvement of major German banks, is “rather unidirectional” when compared to Japan, for instance, where multi-directional cross-holdings (“vertical and horizontal integration”) are commonplace (“keiretsu”). (FMT, 1995:18)

Regarding the role of banks in the governance of large corporations, and according to FMT (1995:19), major OECD countries can be divided into three groups:

- Market-based countries, such as the United States or the United Kingdom;
- Bank-based countries, like Japan and Germany; and thirdly,
- Other countries, including France and Italy.

In so-called market-based countries, long-term finance is provided by the capital markets (equities), while banks – in the form of commercial banks as opposed to investment “banks” – mainly provide short-term finance. Rather than relationship banking, based on reciprocal confidence, the arm’s-length approach still prevails in those Anglo-Saxon countries. The banking markets of the Netherlands and Switzerland had moved somewhat into that direction (FMT, 1995:19 f.) well before the financial crisis, but we may assume that they are nowadays (again) closer to the German model.

Bank-based economies like Germany and Japan therefore rely on relationship banking even in their relationships with large corporations, providing both short- and long-term finance, thus

triggering much higher leverage ratios. Banks in these countries offer a wide variety of financial solutions and as a consequence, they continue to have a dominant influence on businesses, especially SMEs, in those bank-based countries, leading to the association of two concepts with these countries, “*universal banking*” and “*house bank*” (cfr. 2.1.21.2 above).

At the same time they are serving as “active monitors of corporations on behalf of other stakeholders”, being represented on many supervisory boards, while their influence seems to have diminished since the onset of international competition in banking. “*On balance, the degree of monitoring and control by the supervisory board in the German two-tier board system seems to be very limited in good times, while it may play a more important role when the corporation comes under stress.*” (FMT, 1995:20 f.)

Aguilera et al. (2011:382) even suggest that “*in German [...] corporate governance, monitoring by relationship-oriented banks may effectively substitute for an active market for corporate control*”. (Cfr. also Byers et al., 2008) More generally, i.e. independently from the jurisdiction, Aguilera et al. (2011:388) argue that “*it can be argued that banks are able to reduce the monitoring efforts needed, which may have an influence on other elements of the corporate governance bundle*”. While there is still much to improve in German banks’ corporate governance systems, one may doubt if it makes sense to let banks take that role.

France, where “*house bank*” relations with large companies are not the rule, serves as an example for an economy within the group of “*other countries*”. Due to their rather ‘independent’ position, banks in those countries “*may be able to play a more active role in governance*” and provide “*long-term corporate finance*”. (FMT, 1995:21)

2.1.23 Comparative Corporate Governance

Aguilera et al. (2011:390) describe the “*quintessential question*” in corporate governance as: “*What describes and explains variation in corporate governance systems across countries?*”

Although corporate governance is a global topic, and the corporate world continues its tendency to be ever more independent of national boundaries, significant differences can be observed in both the corporate governance frameworks (rules, institutions) and the underlying economic fabric. This section therefore provides an overview on a few recent studies investigating to what extent countries differ regarding corporate governance aspects, paying special attention to differences between emerging markets (including Brazil) on the one hand, and advanced economies (such as Germany) on the other.

In their 2012 survey, Claessens and Yurtoglu (2012:5) find that *“emerging markets differ in some key aspects from advanced countries, but they also show that there is much variation in some of these features across emerging markets”*.

They stipulate that two factors are shaping the challenges around national corporate governance systems: the *“country’s overall economic development”* on the one hand, and its *“institutional environment”* on the other.

Main determinants to establish these for an individual country would therefore be:

- Economic environment;
- Financial environment;
- Institutional environment.

Economic and financial conditions differ significantly between advanced and developing economies (Claessens and Yurtoglu, 2012:5), and this is not different between Brazil and Germany.

The institutional environment would include not only the existence and organization of certain institutions, but above all their efficiency. Here, the concept of the Rule of Law comes to mind, which appears to be more often used than clearly defined.

“For the United Nations, the rule of law refers to a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency.” (Report of the Secretary-General on the Rule of Law and Transitional Justice in Conflict and Post-Conflict Societies (<http://www.un.org/en/ruleoflaw/>))

From a more economic point of view, Kleinfeld Belton (2005:13) suggests that a *“predictable, efficient legal system allows businesses to plan, enables law-abiding citizens and businesses to stay on the correct side of the law, and provides some level of deterrence against criminal acts. It enables a free market by providing for efficient adjudication of contract disputes”* and thus implies the ease of contracting.

While Claessens and Yurtoglu (2012:5) claim that *“[s]pecific corporate governance issues and the role of corporate governance for economic development and well-being are best*

understood from the perspective of ownership structures and the related structures of business groups”, this appears to concentrate too heavily on classic concepts of corporate governance, namely the agency theory and the protection of minority shareholders, i.e. a merely shareholder-based view of corporate governance rather than the wider stakeholder approach.

Under the latter, the wider socio-economic fabric of a country would have to be taken into account and serve as a basis for comparison.²³

The ratio of credit to GDP as a share of GDP show, according to Claessens and Yurtoglu (2012:6), that *“there remain relatively large differences between advanced countries and emerging markets and transition economies”* and that the financial systems of advanced economies are *“much deeper”*.

According to the same authors, market capitalization as a share of GDP amounts to around 90% in advanced economies, but only 23 % in transition countries and 67% in emerging markets.

The idea of comparing a *“basket”* of emerging markets to another one of advanced economies – as appealing as it appears – bears risks of comparing groups with each other which members are not quite as homogeneous as they probably should be in order to be compared. Likely the most prominent example is the much-referred to acronym of BRICs we mentioned under

²³ For indicators, please refer to section 2.1.20.1 above.

Literature Review above, which – maybe excessively – underlines the positive similarities of four quite different nations (Brazil, Russia, India, and China) and has been replaced on Wall Street by the rather pessimistic acronym BIITS (Brazil, India, Indonesia, Turkey, and South Africa) which has been come up with due to their high current-account deficits. The only two countries those two acronyms have in common are Brazil and India, and both have significantly improved their current-account deficit in comparison to the three other “BIITS” (Sharma²⁴, 2014). So while at least those two countries appear to have a lot in common in terms of economic development and prospect, probably at least as many significant differences can be observed. Therefore, even comparing only those two jointly with any set of advanced economies would certainly be a tricky exercise.

Likewise, it will be hard to find a bundle of economically advanced countries which are sufficiently similar to one another to allow for a joint comparison with others. What does come immediately to mind are the United States and similar, “Anglo-Saxon” economies such as Canada or the United Kingdom. But even those differ – particularly when it comes to corporate governance issues and risk management – and especially the US and the UK have served as the main points of reference in these fields for an almost infinite number of studies and comparisons. Not least due to different legal systems, other large advanced economies such as Japan, Germany, France, and others are hardly homogeneous enough to form part of a wider basket consisting of them in order to be compared to others.

Klonoski, for instance, found that “*German corporations have been much more willing than American firms to adopt a universal set of ethical guidelines for business*” as he analyzed the adoption of the U.N. Global Compact (Klonoski, 2012). While he identified similarities which may not exist between Germany and Brazil, such as “*Protestant Work Ethic*”, he found for example that union strength is “*still more widely accepted and favourably viewed in Germany than it is in the U.S.*” (Klonoski, 2012)

The remainder of this study shall therefore be dedicated to the comparison of two big economies which do bear some similarity in that they are predominant powers in their respective regions, relatively big in terms of macro-economic criteria such as population, GDP and economic diversity, but at the same time are distinctively different in terms of socio-cultural and economic history and present development: Brazil and Germany.

²⁴ Ruchir Sharma is the head of emerging markets and global macro at Morgan Stanley Investment Management. (<http://www.morganstanley.com/views/perspectives/thought-leadership-07072012.html>)

2.1.24 Corporate Governance during and after the 2007-2009 Financial Crisis

Depending on which country and financial system we look at, the perception of start and end of the latest financial crisis may differ significantly. For many, the crisis started with the sale of Merrill Lynch to Bank of America for \$ 50.1 billion (cfr. Friedland, 2009:51) and the insolvency of Lehman Brothers in September 2008, for instance, and ending after the global economic downturn during 2009, while in many countries and (financial) entities, especially in Southern Europe, the repercussions are still being felt and their economic and financial situation even appears to deteriorate further in some instances.

A ‘consensus timing’ in the literature however appears to be the 2007-2009 period (cfr. Dallas, 2012:267; Lister, 2010:295; Kindleberger and Aliber, 2011:9), which may generically be described as the build-up and aftermath of the Lehman Brother ‘*debacle*’.

Chuck Prince, CEO of Citibank at the time, is quoted as commenting on “*concerns about froth*” in the leveraged loan market in mid 2007 that “*while the music is playing, you have to dance*” (i.e. maintain short term market share)” (Kirkpatrick, 2009:65)

“By mid 2008, it was clear that the crisis in the subprime market in the US, and the associated liquidity squeeze, was having a major impact on financial institutions and banks in many countries. Bear Stearns had been taken over by JPMorgan with the support of the Federal Reserve Bank of New York, and financial institutions in both the US (e.g. Citibank, Merrill Lynch) and in Europe (UBS, Credit Suisse, RBS, HBOS, Barclays, Fortis, Société Générale) were continuing to raise a significant volume of additional capital to finance, inter alia, major realised losses on assets, diluting in a number of cases existing shareholders. [...] In Germany, two state owned banks (IKB and Sachsenbank) had been rescued, following crises in two other state banks several years previously (Berlinerbank and WestLB). The crisis intensified in the third quarter of 2008 with a number of collapses (especially Lehman Brothers) and a generalised loss of confidence that hit all financial institutions. As a result, several banks failed in Europe and the US while others received government recapitalisation towards the end of 2008.” (Kirkpatrick, 2009:64)

The beginning of the build-up to that financial crisis was chosen as the beginning of our period of analysis, also taking into account that “*organization’s capabilities are tested in times of crisis*” (Jacob, 2012:259; Sharma and Narwal, 2006).

According to Jacob (2012:259 f.), *“the financial crisis of 2008 can be seen as a result of the lack of self regulation and irresponsibility of financial institutions even in areas that are crucial for their own survival”* and made it *“clear that this global crisis revealed an urgent need to call for “binding global minimum standards” when it comes to corporate responsibilities”* (Emeseh et al., 2009).

As one of the main contributors to the financial crisis of 2007-2009, Dallas identifies *“short-termism or myopia, which is defined as the excessive focus of corporate managers, asset managers, investors, and analysts on short-term results, whether quarterly earnings or short-term portfolio returns, and a repudiation of concern for long-term value creation and the fundamental value of firms”* (Dallas, 2012:268), with a lot of market participants engaging in *“myopic behavior, including mortgage originators, securitizers, credit default-swap sellers, rating agencies, and investors. Contrary to the efficient market hypothesis, market prices of subprime mortgage-related securities failed to reflect underlying risk in the wake of a massive decline in lending, underwriting, and rating standards and over reliance on the risk reduction capacities of derivative transactions and on models that failed to account, among other things, for low-frequency economic shocks”*, leading to excessive risk taking (Dallas, 2012:267; 274). Dallas explores therefore why firms engage in short-termism and looks for ways to mitigate this risk. Behavioral concepts help to explain this tendency of individuals to discount or disregard low-frequency events in the future (over-optimism), including the availability hypothesis and threshold heuristics (*“disaster myopia”*). (Dallas, 2012:270) Culture, especially firm culture, has also been identified by Dallas as a contributor to such managerial myopia (Dallas, 2012:272). Thus, the phenomenon of managers *“caring too much”* under managerial myopia theories contrasts with the agency cost theory which argues that managers are disciplined by market pressures such as (the risk of) hostile takeovers (Dallas 2012:273). This view supports the empowerment of long-term shareholders and the imposition of a fiduciary duty of directors and officers to focus on long-term interests of their firms, including deferred compensation arrangements. Likewise, group polarization phenomena should be avoided, particularly in boards, as they result *“in more extreme positions such as excessive risk-taking”*. (Dallas, 2012:276 f.)

2.2 Risk Management

“Perhaps one of the greatest shocks from the financial crisis has been the widespread failure of risk management. In many cases risk was not managed on an enterprise basis and not adjusted to corporate strategy. Risk managers were often kept separate from management and not regarded as an essential part of implementing the company’s strategy. Most important of all, boards were in a number of cases ignorant of the risk facing the company.” (OECD, 2009:8)

According to Kaplan and Garrick (1981), *“we are not able in life to avoid risk, but only to choose between risks”*. In order to make that choice, to take that decision, on a rational basis, one needs to identify, assess, and weigh the concurrent risks. Therefore a framework is needed to quantify risk and to put it into relation to the expected returns to see if it is indeed worthwhile taking.

This section intends to give a short overview over the risk-return relationship as far as it concerns the decision-taking processes of investors and companies by briefly reviewing the relevant literature. This is followed by the attempt at the presentation and a systematisation of risk management, with a particular focus on credit risk management.

2.2.1 Risk

“Nichts geschieht ohne Risiko. Aber ohne Risiko geschieht auch nichts.” – “Nothing happens without risk. But without risk, nothing happens at all.”

Walter Scheel, former President of the Federal Republic of Germany

“A risk analysis is essentially a listing of scenarios. In reality, the list is infinite. Your analysis, and any analysis, is perforce finite, hence incomplete. Therefore no matter how thoroughly and carefully you have done your work, I am not going to trust your results. I’m not worried about the scenarios you have identified, but about those you haven’t thought of. Thus I am never going to be satisfied.” (Kaplan and Garrick, 1981:15 f., paraphrasing one of the criticisms regarding the Reactor Safety Study).

In the so-called “*Western World*”, “*risk*” has a clearly negative connotation and the usual reaction to any mentioning of risk would be that risk is to be avoided. Quite to the contrary, the Chinese expression for “*risk*” or a “*risky situation*” is “*Wei-ji*”, combining two symbols which individually stand for “*threat*” and “*opportunity*”, thus reflecting the general concept that every risk-taking implies opportunities but also that each opportunity comes with its share of general and specific threats. On a higher level, the Chinese philosophy calls two of its central elements “*Yin and Yang*”, alluding to an equilibrium which as we shall see is also desirable in the domain of risk management, i.e. to understand risk and opportunity as two sides of the same coin, appreciating that with opportunity comes risk and very high opportunities come with a very high risk, and that in any case, both opportunities and risks have to be managed. (Cfr. Maier, 2007:1)

2.2.1.1 Definition of Risk

“*Risk is the probability that an [undesired] event will occur.*” (Burt, 2001:3)

Many different kinds of risk are discussed: financial risk, operational risk, business risk, social risk, economic risk, safety risk, investment risk, military risk, political risk, etc.

While the literature mainly focuses on quantifiable aspects of the notion of risk (cfr. portfolio models etc.), there is obviously, and in addition to the quantitative aspect of risk, a qualitative side to it. In what follows, and based on Kaplan and Garrik (1981), the qualitative and quantitative aspects of risk shall be summarized.

2.2.1.2 Qualitative aspects of risk

2.2.1.2.1 The Distinction between Risk and Uncertainty

Kaplan and Garrik (1981) give the example of a rich relative who had just died and named someone as their sole heir. Until the assets are inventorized, the heir is not sure how much he or she will get after estate taxes. While this would clearly be a state of uncertainty, one could hardly say that this means facing a risk. The notion of risk, therefore, involves both uncertainty and some kind of loss or damage that might be received. Symbolically, Kaplan and Garrik (1981) write this as:

Risk = uncertainty + damage.

2.2.1.2.2 The Distinction Between Risk and Hazard

It is necessary to draw a distinction between the ideas of risk and hazard.

Kaplan and Garrik (1981) find hazard defined as “*a source of danger.*” Risk is the “*possibility of loss or injury*” and the “*degree of probability of such loss.*”

Hazard, therefore, simply exists as a source. “*Risk includes the likelihood of conversion of that source into actual delivery of loss, injury, or some form of damage. This is the sense in which we use the words.*” (Kaplan and Garrik, 1981:12)

As an example, an ocean can be said to be a hazard. Trying to cross it in a rowboat constitutes a great risk. If we use a cruise ship, the risk is small. The *cruise ship* thus is a device that we use to safeguard us against the hazard, resulting in small risk. Kaplan and Garrik (1981:12) express this idea symbolically in the form of an equation:

$$\text{risk} = \frac{\text{hazard}}{\text{safeguards}}$$

This equation also brings out the notion that risks can be reduced by increasing the safeguards – or mitigants - but it may never, as a matter of principle, come down to zero. “*Risk is never zero, but it can be small.*” (Kaplan and Garrik, 1981:12)

2.2.1.3 Awareness of Risk

Included under the heading “*safeguards*” is the idea of simple awareness. That is, awareness of risk is both a precondition to risk-mitigation and a mitigating factor in itself. I.e. if one does not know that there is a risk, one cannot try to avoid it. If however one is aware that there is a risk – and is maybe even able to define it – the risk can be mitigated. Yet, the more precisely a risk is known and understood, the better it can be mitigated. This is not only so because more specific safeguards can be applied which better confine the respective risk, but any mitigation should also be reasonable in relation to the risk itself, given that any safeguard has its “*costs*” which may at some point outweigh the desire for risk mitigation.

2.2.1.4 Relativity of Risk

There does not appear to be an “*absolute risk*”, and insofar the term “*perceived risk*” – while making clear that risk is the risk perceived by a given individual – is somewhat misleading insofar as it implicitly suggests that there is something other than a perceived risk, i.e. an

objective or absolute risk. However, according to Kaplan and Garrick (1981:12), “*the notion of absolute risk always ends up being somebody else’s perceived risk*”.

2.2.2 Quantitative aspects of risk

2.2.2.1 Set of Triplets

According to Kaplan and Garrick (1981:13), “*risk analysis consists of an answer to the following three questions:*

- (i) *What can happen? (i.e., What can go wrong?)*
- (ii) *How likely is it that that will happen?*
- (iii) *If it does happen, what are the consequences?”*

To answer these questions the first step is to make a list of outcomes or “*scenarios*” as suggested in Table 13.

Table 13: Scenario List

Scenario	Likelihood	Consequence
S_1	p_1	x_1
S_2	p_2	x_2
\vdots	\vdots	\vdots
S_N	p_N	x_N

Source: Kaplan and Garrick (1981:13)

The i th line in Table 13 “*can be thought of as a triplet:*

(s_i, p_i, x_i)

where s_i is a scenario identification or description;

p_i is the probability of that scenario; and

x_i is the consequence or evaluation measure of that scenario, i.e., the measure of damage.”

If this table contains all the scenarios one can think of, then that is to say that the table is the answer to the question and therefore is the risk.

“More formally, using braces, { }, to denote “set of” we can say that the risk, R, “is” the set of triplets:

$$R = \{ \langle s_i, p_i, x_i \rangle, i=1,2, \dots, N. \}$$

(Kaplan and Garrick, 1981:13)

2.2.2.2 Unknown factors

The above assumption would however require that all the risks “one cant think of” really cover all possible scenarios. As discussed above, risks are perceived risks and furthermore, it is hard to take into account all and every possible course of future development and respective consequences, particularly as some may not yet have occurred in the past. Moreover, arguably the worst risk is the one which has not been identified and therefore cannot be taken into consideration for mitigation.

Kaplan and Garrick (1981:15) therefore suggest to add a scenario category s_{N+1} and applying a probability to it. This brings the “unknown factor” into the consideration but it still does not make a realistic consideration of possible consequences (“losses”) and relevant probabilities possible.

2.2.2.3 Risk Curves

Adding a fourth column, “cumulative probability” to above table and arranging the scenarios by increasing severity of damage results in the following scheme:

Table 14: Scenario List with Cumulative Probability

Table II. Scenario List with Cumulative Probability			
Scenario	Likelihood	Consequences	Cumulative probability
s_1	p_1	x_1	$P_1 = p_1$
s_2	p_2	x_2	$P_2 = P_1 + p_2$
⋮	⋮	⋮	⋮
s_i	p_i	x_i	$P_i = P_{i-1} + p_i$
⋮	⋮	⋮	⋮
s_{N-1}	p_{N-1}	x_{N-1}	$P_{N-1} = P_{N-2} + p_{N-1}$
s_N	p_N	x_N	$P_N = P_{N-1} + p_N$

Source: Kaplan and Garrick (1981:13)

Plotting the points $\langle x_i, P_i \rangle$ results in the staircase function shown as dashed line in Fig. 1. Given that the scenarios are in reality categories of scenarios as they bundle different kinds

and sizes of each “scenario”, the staircase function can be regarded as an approximation to a continuous reality. Graphically, this can be expressed in a smoothed curve, $R(x)$, through the staircase which should represent the actual risk and is therefore called the “risk curve”:

Figure 23: Risk curve

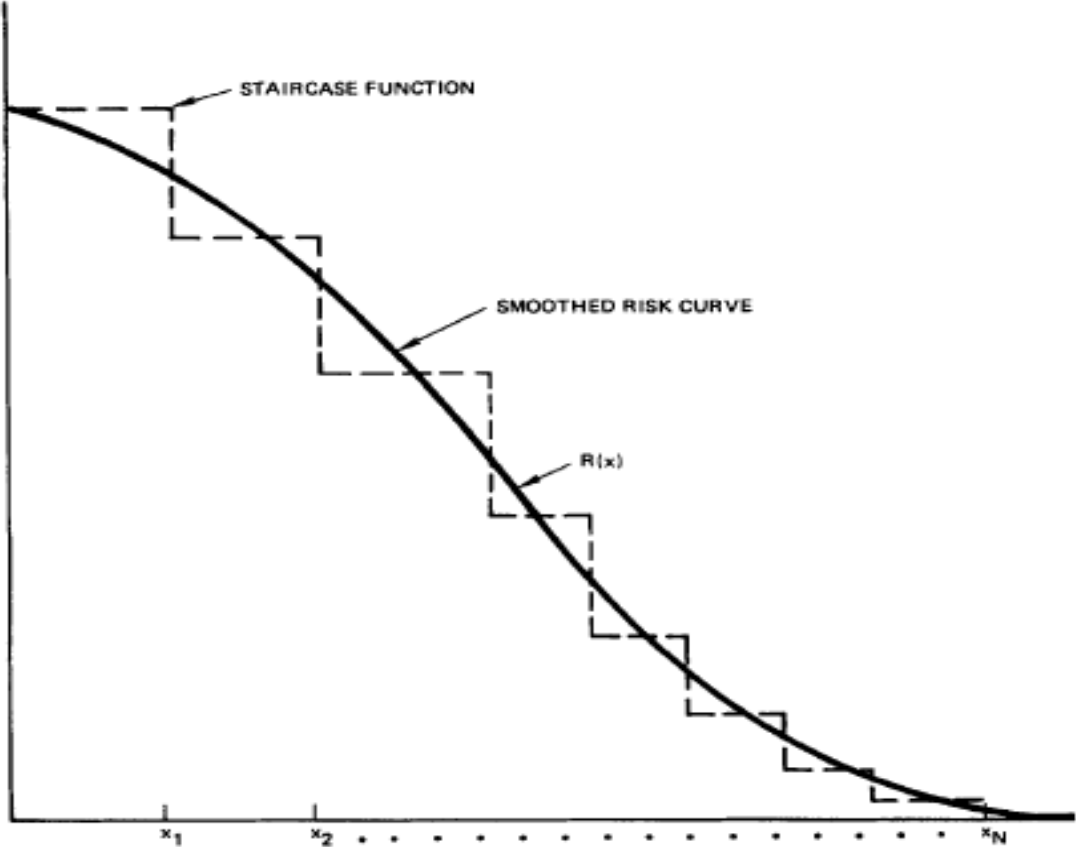


Fig. 1. Risk curve.

Source: Kaplan and Garrick (1981:14)

A practical illustration is the following graph which depicts the frequency of man-caused events in relation to fatalities:

Figure 24: Frequency of fatalities due to man-caused events

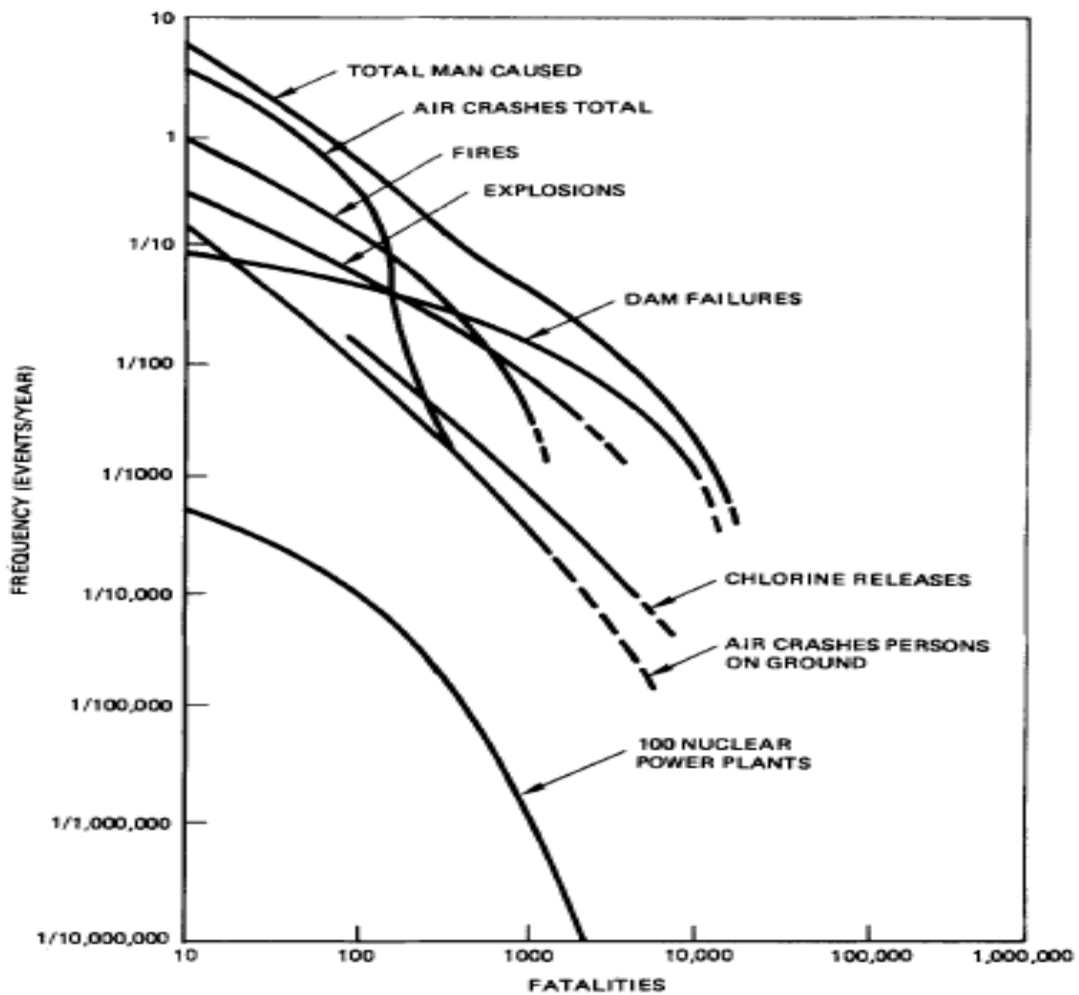


Fig. 2. Frequency of fatalities due to man-caused events.

Source: Kaplan and Garrick (1981:15)

2.2.2.4 Multidimensional Damage

Often, there is not only one possible damage, as the loss of life, but a combination of several types of losses, such as the loss of life and the loss of property etc.

This can be taken into account by regarding the damage “as a multidimensional or vector quantity rather than a single scalar”, thus turning the risk curve into “a risk surface over the multidimensional space”, cfr. Figure 25 (Kaplan and Garrick, 1981:14):

Figure 25: Risk curve and damage types

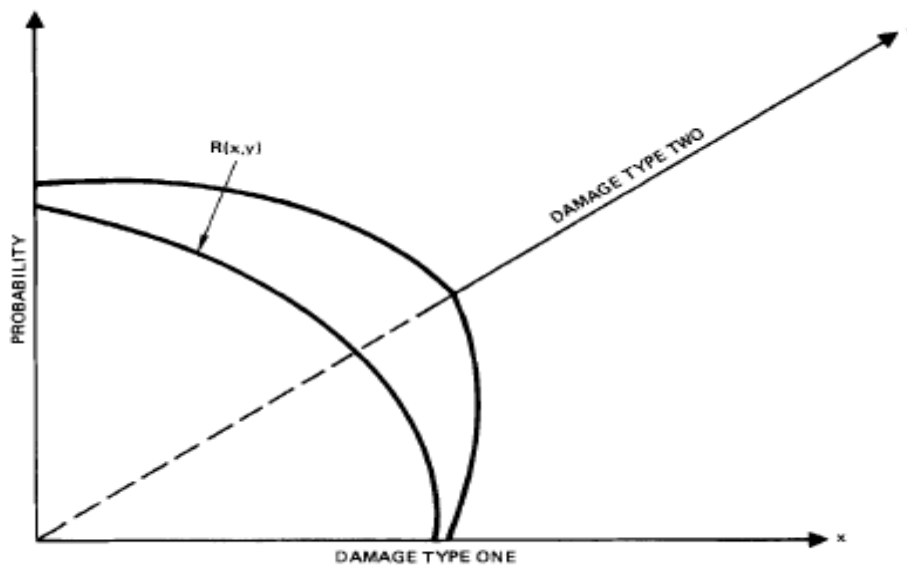


Fig. 4.

Source: Kaplan and Garrick (1981:16)

2.2.3 Probability

Probability, i.e. the likelihood of an event taking place, has been discussed by various schools and different approaches have been made to establish what exactly probability means and how to quantify it. Among those, “at least three seem to be widely accepted” (Gilboa et al., 2008:3): the “Classical” approach, the “Frequentist” approach, and the “Subjective” approach which shall briefly be presented as follows.

2.2.3.1 The “Classical” approach

Under the “Classical” approach, also referred to as the “Principle of Insufficient Reason” or the “Principle of Indifference”, all possible outcomes will have the same probability. A real-life example for a case in which this assumption would be correct, is the tossing of a coin, where the probability that it lands heads up is just as high (50%) as the probability of it showing the other side. Most situations requiring a calculation of probability are however more complex as for example the decision whether or not to take out a specific insurance against a specific risk. It would “*hardly be rational*” to assume that the probability for the insured event to occur during the term of the policy is as high as it not occurring. (Gilboa et al., 2008:3 f.)

2.2.3.2 The “Frequentist” approach

This view advocates a probability derived from the “*empirical frequency of an event in past observations*”, assuming that “*independent and identical repetitions of an experiment will result, with probability 1, in a relative frequency of occurrence of an event that converges to the event’s probability*”. (Gilboa et al., 2008:3)

As such, this approach works for tossing a coin and may provide for the same result as the “Classical” approach if the coin is fair. But it would also work if the coin was not fair and landed more often on one side due to its specific characteristics, something unaccounted for by the “Classical” approach.

The “Frequentist” approach also would be able to give a meaningful answer to the question regarding an insurance policy. If there were enough data for risk occurrences under the same circumstances (e.g. for car theft insurance: theft of the same type of car in the same neighbourhood etc.), these could be used to calculate the probability of the insured event occurring over a certain period of time.

It would not, however, be very helpful for situations which are basically unique and as such not comparable to other cases which might serve as sample. Gilboa et al. (2008) give the example of a patient considering whether or not to undergo an elective operation with a number of (high) risks. Given that similar cases may not be comparable, because patients had different individual characteristics, underwent surgery carried out by different surgeons in different hospitals etc., no single case may be exactly equal to the one at hand.

2.2.3.3 The “Subjective” approach

“*The “Subjective” approach views probability as a numerical measure of degree of belief that is constrained to satisfy certain conditions (or “axioms”).*” (Gilboa et al., 2008:3)

These subjective probabilities change from person to person and therefore contain a high degree of personal bias, as they are intuitive. An example of subjective probability could be asking German soccer fans, before the world championship starts, about the chances of Germany winning the world cup. Although there is no absolute mathematical proof behind the answer to the example, fans might still give specific replies, for instance that the German team has a 30% chance of winning the world cup.

“Interpreting the function as “utility” and the measure as “subjective probability”, his theorem provides a behavioral definition of subjective probability, coupled with the principle of expected utility maximization.” (Gilboa et al., 2008:3)

Thus, the patient in above-mentioned case could select a group of cases deemed comparable (e.g. all similar surgeries carried out by the same surgeon), in order to derive the individual probability of realization of a specific risk from that group.

This may indeed be applicable even to cases as straight-forward as tossing a coin, given that each experiment is still unique, if only by the exact time and place of its realization. Thus, similarity (an individual perception) could be used to solve this dilemma. The so-called “*similarity-weighted frequency approach*” could therefore eliminate some of the shortcomings of the frequentist approach. (Gilboa et al., 2008:7)

The specific “*Default Probability*” or “*Probability of Default*” shall be discussed later.

2.2.3.4 Distinction between Probability and Frequency

Kaplan and Garrik (1981) try to resolve the apparent antagonism between the “*objectivist*” or “*frequentist*” school on the one hand, and the “*subjectivist*” viewpoint on the other by declaring that those are both correct and call the objectivist approach “*frequency*” and the subjectivist viewpoint “*probability*”, thus leading to a distinction between probability and frequency. For those authors, the mathematical framework of “*frequency*” establishes the ground on which to apply and introduce subjective data (“*probability*”).

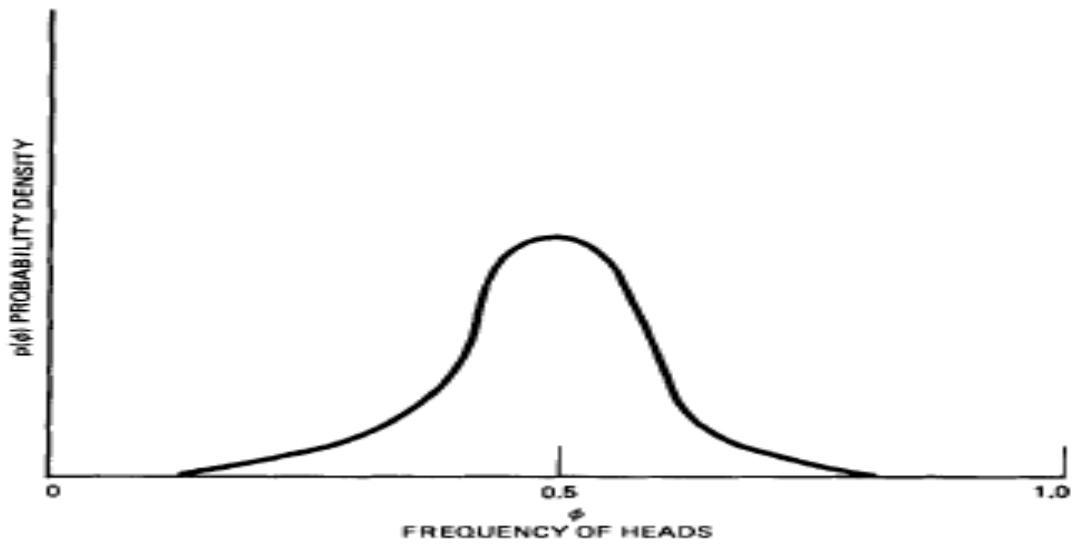
2.2.3.5 Probability Curve

Using the example of tossing a coin, the probability of heads in the next toss would correspond to the formula

$$p(\text{heads}) = \int_0^{10} \phi p(\phi) d\phi$$

where ϕ stands for outcome and the respective curve would look as follows:

Figure 26: Probability curve



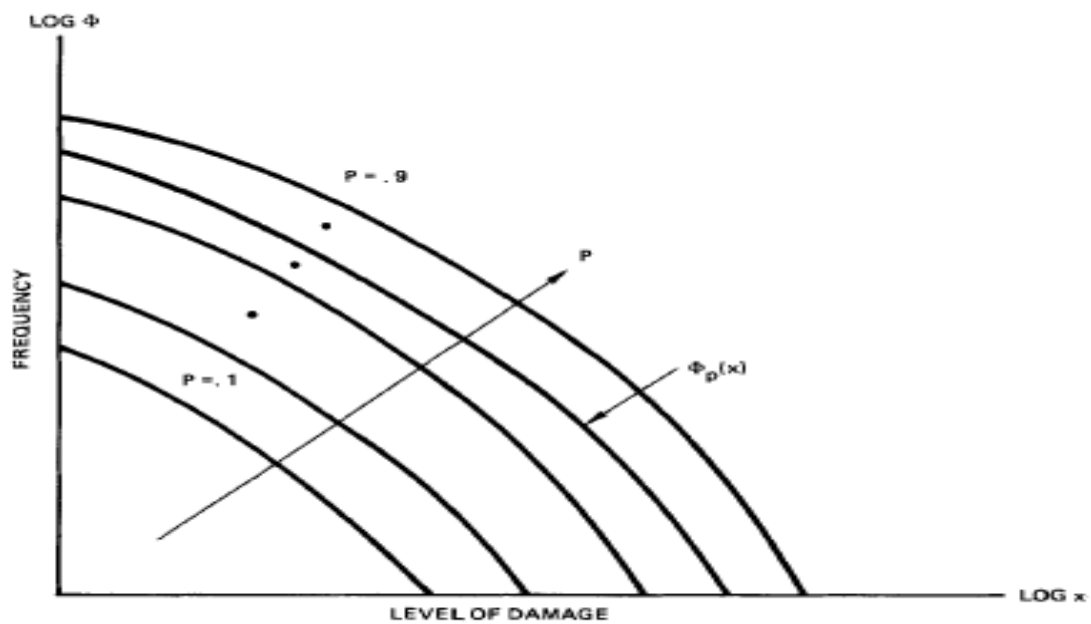
Source: Kaplan and Garrick (1981:19)

This reflects the Gaussian concept of normal distribution.

2.2.3.6 Inclusion of Uncertainty

By including uncertainty as a factor, the result is an area, rather than a curve, defined by several curves which are sensible to a specific P value (i.e. 0.90 for 90% certainty), according to Kaplan and Garrick (1981).

Figure 27: Risk curve in probability of frequency format



Source: Kaplan and Garrick (1981:21)

2.2.4 Risk management in financial institutions

“[S]ound corporate governance and strong riskmanagement culture should enable banks to avoid excessive leverage and risk taking. But human nature being what it is, there are likely always to be some players eager to push complex products and trading beyond the sensible needs of industry and long-term investors in order to drive profits.” (Blundell-Wignall et al., 2009:12)

In the financial area, the term risk stands for the possibility that an investment's actual return will be different from what was expected. This includes the chance of having a lower or no return at all, as well as the possibility of losing a part or all of the original investment. One way of measuring risk is to calculate the standard deviation of the historical returns of a specific investment. Whenever this value is elevated, a high degree of risk has to be assumed.

Both, financial and non-financial firms invest heavily in developing risk management systems and strategies to manage risks associated with their business and investment dealings in a professional way. However, the results can only be as good as the (human) input, and a number of tasks still have to be performed by human beings, such as risk assessment, which involves the identification and description of the firm's or project's risks.

Indeed, as Jorion highlights as the first lesson learned from the financial crisis, experienced risk managers should be in charge of risk management. It *“should be driven by people, not machines.”* (Jorion, 2010:930)

2.2.5 Beta

An important measure of risk for investments is beta, which indicates the volatility of an investment in relation to the overall market. Beta is used in the capital asset pricing model (CAPM), a model which computes the expected return of an investment taking into account its beta and expected market returns. As such, Beta – also known as *“beta coefficient”* – is a risk index (Levy, 2010:43).

Beta is being calculated using regression analysis, thus analyzing an investment's sensitivity to market fluctuations. A beta of 1 indicates that the investment will move in line with the market. A beta of below 1 indicates that the equity, for instance, will be less volatile than the market, while a value above 1 means that the investment's price will be more volatile than the market. A beta of 1.2 consequently implies an expected volatility of that stock or bond of 20%

more than the respective market. This means, as a result, that returns may be higher, but also significantly lower, i.e. granting higher opportunities as well as risks.

2.2.6 Risk-Return Relationship

Simply speaking, there is no risk-free return, and the higher the potential return, the higher the associated risk. Or, in other words, the greater the amount of risk that an investor is willing to take on, the greater the potential return. The reason for this is that investors need to be compensated for taking on additional risk. (Cfr. Fama, 1977)

Markowitz (1952; 1959) pioneered in what has become known as portfolio theory, explaining the traditional objectives of either minimizing risks for given levels of return or maximising returns for given levels of risk.²⁵

This is not to say that riskless assets cannot or should not be assumed for study purposes – in fact, they are (Levy, 2010, 48) –, nor that no assets are described as risk-free (as, for instance, happens with US Treasury bonds (Altman et al, 1998:1730)). As recent developments not only in Europe have shown however, no investment is absolutely free of risk, but treasury bonds typically provide a lower rate of return than e.g. US corporate bonds. This is easily explained given that a corporation is much more likely to go bankrupt than the U.S. government. Consequently, as the risk of investing in a corporate bond is higher, investors are offered a higher rate of return.

This so-called risk-return trade-off implies that low levels of uncertainty – i.e. low risk – correspond to low potential returns, and vice versa, high levels of uncertainty (high risk) are associated with high potential returns.

2.2.7 Risk Management

“People who don't take risks generally make about two big mistakes a year. People who do take risks generally make about two big mistakes a year.”

Peter F. Drucker

²⁵ Regarding portfolio performance, see Blume, 1968.

Risk Management is one of the central aspects of corporate governance (Buhleier and Splinter, 2013) and thus one of the topics the supervisory board has to oversee. This obligation is derived from article 4.1.4 of the German Corporate Governance Code (GCGC) which refers to section 91 II AktG (German Public Company Law). The latter stipulates that the managing board has to take adequate measures – especially by establishing systems of supervision – in order to ensure that developments which might put the continuity of the corporation at risk be identified at an early stage.²⁶

“Risk management is largely an exercise in quantifying uncertainty and then working to find ways to mitigate risks outside the company’s risk appetite” (Rossi, 2012:33).

Risk management covers the assessment, the mitigation, and the monitoring of risks, based on a risk strategy (cfr. Froot et. al, 1993). Optimally, it should cover all risks an organization is exposed to, such as:

- Financial Risk;
- Credit Risk;
- Operational Risk;
- Organizational Risk.

This list could be extended almost infinitely (insurance risk, etc.), or shortened to just Financial and Operational Risk as it appears to us that the former includes Credit Risk and the latter incorporates Organizational Risk. Some risks, such as reputational risk²⁷, may even transcend the most general categorization, as this risk in particular, for instance, may result from both internal errors (e.g. hiring of a (convicted) fraudster) and external factors attributable to market disruptions.

²⁶ „Der Vorstand hat geeignete Maßnahmen zu treffen, insbesondere ein Überwachungssystem einzurichten, damit den Fortbestand der Gesellschaft gefährdende Entwicklungen früh erkannt werden.“ – „The management board has to take adequate measures, particularly to establish a surveillance system, so that developments which might put the continuation of the company at risk be recognized at an early stage.” (Section 91 II AktG)

²⁷ Reputational risk can be defined as “the range of possible gains and losses in reputational capital for a given firm” or as “a stakeholder’s overall evaluation of a company over time”, being this evaluation “made up from the stakeholder’s experience of the visible behavior of the company, as well as the images based on the company’s communication and in addition its symbolism in comparison with its major competitors” (Jacob 2012:263, quoting Fombrun et al., 2000 and Gyomlay and Moser, 2005).

More important than these categorizations, however, appears to be the need for inclusion of each and every risk which might affect the organization, including risks as diverse as internal and external fraud, re-financing risks, natural hazards, and changes in (tax) legislation to name just a few.

Also extremely important is the pro-active management of those risks, rather than a reactive management (“*fire-fighting*”) of risks which have already materialized. In truth, the latter should not even be considered “*risk management*” but rather called “*workout*”, given that risk, as seen above, implies the possibility of an event, not the dealing with an event which has already materialized. Although this is all quite obvious and self-explanatory – as it is clear that a fire department’s main task should be to avoid fires rather than to actually fight them –, reality shows that many organizations either have no structured risk management in place at all, or regard it as an obligation or “*nice-to-have*” option which above all is seen as a cost factor.

So, in order to achieve this organization-wide, pro-active management, a number of steps, which shall be presented in the following section, need to be taken – and regularly reviewed – to ensure that the likelihood of their occurrence is limited and that for the case of a hazardous event the relevant policies are in place and ready to be executed. The latter includes the proper distribution and training of those policies.

“Enterprise Risk Management (ERM) has traditionally been a qualitative and subjective discipline with a focus on annual risk assessments, risk registers and board reports.” (Shinkman and Herd, 2014) Recently, however, ERM and risk management in general have come to rely more heavily on quantitative approaches to identify emerging risks and reflect risk exposure, risk appetite and risk tolerance, due to the increased volatility and velocity of change in the business environment. In order to achieve this aim, a certain standardization of risk management parameters was necessary and found in what are called the key risk indicators (KRIs) in an analogy to the key performance indicators²⁸ (KPIs) best known from production, accounting and controlling, but also commonly used in general management and finance. (Cfr. Shinkman and Herd, 2014; Sobel and Reding, 2004)

According to Shinkman and Herd (2014), their employer CEB found that “*78% of companies would like to improve their process of developing more mature key risk indicators*” but find it difficult to find the right set of metrics.

²⁸ For a good overview on KPIs in German, cfr. <http://www.controllingportal.de/Fachinfo/Kennzahlen/Key-Performance-Indicators-KPI.html>

They suggest the so-called S.M.A.R.T.-approach to key risk metrics, where S.M.A.R.T. stands for:

- **Scalability**, allowing a consistent application throughout the organization;
 - **Measurability**, requiring that KRIs ideally be quantified but in any case reasonably measurable;
 - **Actionability**, to support management's decision-taking process and the taking of action;
 - **Reliability**, allowing for their recurring monitoring and measurement;
 - **Timeliness**, providing early warning signals of emerging risks or gaps in preparedness
- (Shinkman and Herd, 2014, quoting CEB, Develop SMART KRIs, Arlington, VA, 2013:6)

As part of an early warning system, KRIs may be used to identify and monitor changes in risk exposure, as well as compare them to the risk strategy defined, thus alerting to a deviation of exposure from the entity's thresholds.

KRIs may be used to define an organization's risk appetite as well as risks and opportunities. The mapping of KRIs to risk tolerance levels helps senior management to define and implement their organization's risk appetite, while by specifically designing and analyzing KRIs to that end, one may discover trends which could adversely affect their aims or unveil the presence of opportunities.

By monitoring KRIs in that way, they can kick off a process of risk mitigation before those risks materialize, and may be used as controls by establishing limits for certain actions (*"risk treatment"*).

In terms of risk reporting, data obtained by KRIs can be summarized and thus provide for reports with different levels of detail to different levels of management.

Finally, and crucially for financial institutions within their regulatory environment, KRIs may be used to track compliance efforts and their effectiveness in risk-related areas such as capital adequacy and risk reserves. (Shinkman and Herd, 2014)

Figure 28: The “KRI Process Road Map”

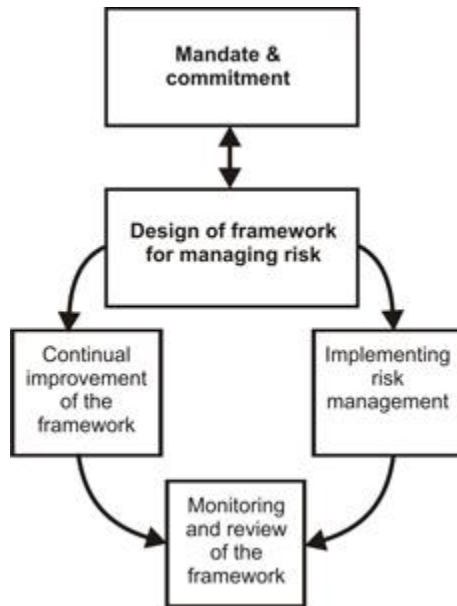


Source: CEB, *Develop SMART KRIs*, Arlington, VA, 2013, Page 11

Source: Shinkman and Herd, 2014

According to Kirkpatrick (2009:70), it is not sufficient for risk management systems in the technical sense to work properly, but it is of the utmost importance that the transmission of risk information occurs through “*effective channels, a clear corporate governance issue*”. “[R]obust risk management” is – together with qualified board oversight – important not only to financial institutions, but also for “*large, complex nonfinancial companies*”. (Kirkpatrick, 2009:62) The author also found that readability of risk disclosures is difficult and that there is a lack of generally accepted risk management accounting principles, underlining that “[l]eading disclosure practices were first enunciated by the Senior Supervisors Group in early 2008”. (Kirkpatrick, 2009:84)

Figure 29: Risk Management Framework



Source: <http://www.safetyrisk.net/new-risk-management-standard-asnzs-iso-31000/>

Friedland (2009:50 f.) cites the FSF, an organization of regulators affiliated with the Bank for International Settlements as stating that “[w]hile it is the responsibility of firms’ board and senior managers to manage the risk they bear, supervisors and regulators can give incentives to management so that risk control frameworks keep pace with innovation and changes in the business model”.

2.2.8 Risk Assessment

As a first step in the risk management process, all relevant risks have to be identified. One of the difficulties this implies is that some risks may yet have to materialize for the first time, so that a mere dependence on past experience may be insufficient. Secondly, a clear measurement (assessment in the stricter sense) of the risks identified needs to take place, in order to be able to, thirdly, classify those risks in “*Risk Classes*”.

2.2.8.1 Risk Identification

In order to identify (almost) all risks which may potentially affect an organization during the course of its existence, all areas of actuation need to be identified. This must not be limited to the the core- and non-core-activities of the entity, but also to all internal and external activities, for example those related to human resources management as an internal activity, or the external relationship with public entities etc.

Once these areas of actuation have been defined, all intrinsic risks need to be identified. This may well lead to the finding that some risks are cross-sectional, i.e. appear in various divisions, that risks in one section may mitigate or increase the risk in others – which leads us to the next section on the measurement of risk.

2.2.8.2 Risk Measurement

Risk measurement (cfr. Altmann et. al, 1998) is probably the most complex and difficult of the tasks covered in this part of our monograph, given that it relates directly to the quantification of risk which has been discussed above and cannot be realistically separated from its qualification.

As such, serious, realistically applicable risk measurement will hardly ever be the result of an exact mathematical process, but rather involve the combination of various means, such as the mathematical models (Monte Carlo simulations etc.), personal experience and sector-specific knowledge.

To illustrate the measurement of risk a relatively simple, yet very important area of risk management shall be chosen: credit risk management, arguably the most important risk for financial institutions. This excludes a priori many of the factors which make other areas, such as operational risk management, particularly complex as they may have multiple and/or cross-sectorial effects, which may increase or decrease each other. Also, by having a very measurable basis, namely credit as expressed in currency amounts (money), it has per se a more “*measurable nature*”.

At the same time, it is not limited to banks, as sometimes assumed, but actually applies to almost all organizations and even private persons: By granting payment terms or delivering goods or services without immediate payment, firms contract a credit risk. The same is true for private individuals who for instance make purchases for others, trusting that they will be reimbursed for the purchase price etc.

Neither is credit risk management incomparable to other areas of risk management. Actually, risk management is in essence quite comparable across the board, and findings from one area are easily applicable to another.

Having said this, the very basics of credit risk management can be summarized as follows.

2.2.8.3 Default

The main (again, not the only) risk with regards to credits is that the terms of the same will not be complied with, be it in terms of repayment of the loan amount, payment of interest,

compliance with (re-)payment dates, etc. Cumulatively, these “*breaches of contract*” are known as “*default*”.

2.2.8.4 Loss

While in operating a production plant, for example, one of the risks involved is the loss of property or the loss of lives, in credit operations the main risk is in fact the loss of money. This may be because the loan amount is not (fully) repaid or because it is repaid late, thus precluding other opportunities of earning money during that time.

2.2.8.5 Probability of Default (PD)

Probability of Default (PD) is consequently understood as the degree of likelihood that the borrower of a loan or debt will not be able to comply with its obligations, mainly regarding repayments. Whenever certain covenants are not met, the borrower may be declared to be in default and different (legal) measures can be taken by the bank to recover at least part of the owed amount, for instance by enforcing collateral.

The spread, i.e. the margin over and above the refinancing rate is usually calculated on the basis of the borrower’s or project’s probability of default. Consequently, a high PD will lead to a higher interest rate (or a refusal of the loan application) and vice versa.

Probability of Default is usually expressed in a percentage value, where:

PD=100% - certainty of default, i.e. borrower has defaulted on a loan;

PD=0% - certainty of full compliance, i.e. borrower has already complied with all terms (i.e. fully repaid).

As an example, then, a PD of 10% implies that the specific borrower has a one in ten probability to default on his loan.

2.2.8.6 Loss Given Default (LGD)

Loss given Default is the amount of funds that is estimated to be lost by an entity when a borrower defaults on a loan. Also here, the quantification, usually expressed in percentage, is a difficult task, for it depends on the point in time at which the borrower may default under any given loan, as parts of the loan may have been repaid (or not yet drawn) by that time. It further depends on the quality and liquidity of granted collateral etc.

In brief, LGD may be summarized as follows:

LGD=100% - all of the original amount will be lost, i.e. the lender will not recover anything (highest (total) risk of loss);

LGD=0% - all of the original amount will be recovered, i.e. the lender will not lose anything even in a default situation, normally due to very valuable and liquid collaterals (lowest (no) risk of loss).

As an example, then, an LGD of 50% implies that under a specific loan, the default of a borrower would result in the loss of half of the original amount (for example, the execution of a mortgage takes time, costs money, and in a forced sale process only part of the original loan amount can be recovered).

2.2.8.7 Expected Loss (EL)

Finally, the Expected Loss simply reflects the result of multiplying the LGD with the PD in order to obtain a final risk measure for a loan:

$$EL = PD \times LGD$$

To apply above example, and given a Probability of Default of 10% and a Loss Given Default value of 50%, Expected Loss would in this case amount to 5%:

$$EL = 10\% \times 50\% = 5\%$$

Therefore, had a EUR 1 million loan be given, the Expected Loss in this example would amount to EUR 50,000.

EL Values for individual loans may vary sharply, and usually a more important figure taken into account is the EL value of a whole portfolio of loans. This is then compared to the internal rate of return (IRR) of the relevant loan or portfolio.

Historical data over past losses in comparable portfolios provides for a comparable, but does not necessarily serve to change that value as (i) historical figures will usually have entered into the risk measurement process, thus leading to a double-accounting should they be taken into account, and (ii) changing (economic) environments may disturb the comparability of historical EL figures even in very comparable portfolios.

In this context it is important to note that such an approach may underestimate actual losses, i.e. the (additional) risk is that of *unexpected* losses. (Altman and Saunders, 1998:1736)

2.2.8.8 Risk Classification

As a final step of the risk assessment process, risks may be classified in order to simplify the subsequent risk mitigation process (thus however to some extent jeopardizing it) or rather to give a high-level risk overview.

Risk classes may be different from entity to entity as they should reflect all the risk groups and only those groups of risk the specific entity faces (or, at least, has identified).

Coming back on our above example, one way of classifying credit risk would be to establish EL-classes, e.g.:

EL=0-0.5% - ELC 1;

EL=>0.5%-1.0% - ELC 2;

....

In practice, this may be used to create sub-portfolios to subject them to different “intensities” of risk management, i.e. loans in higher (riskier) EL classes will be reviewed more frequently, handled by more experienced staff, moved into special (sub-)entities or sold off to venture funds etc.

2.2.9 Risk Mitigation

The aim of risk mitigation is to minimize risk by taking measures intended to reduce the probability of occurrence of the risks assessed as per above.

Again, there are innumerable forms and means of risk management, including:

- Hedging²⁹ (interest rate, foreign exchange, etc.);
- Insurance (either directly or by taking a pledge over the same);
- Payment controls;
- Etc.

These measures will typically address both the probability of loss generation and the amount of the expected loss.

2.2.10 Risk Monitoring

In addition to the above, ongoing risk monitoring and re-assessment is essential in order to ensure the relevance of all measures within the risk management framework at all times. This includes legal and tax reviews as well as regular review of (risk-prone) processes.

In the cases where the realization of one or several risks is imminent or already partly materialized, special treatment such as intensive care or separation (e.g. into off-balance vehicles) to avoid contamination may be applied (“*Workout*”).

²⁹ For details on hedging, please refer to Froot et al. (1993:1629 ff.).

2.2.11 Risk Strategy

Risk Strategies are important management tools as they not only define the risk management process but also the “*risk appetite*” of the relevant organization. They should also depend on factors such as shocks to investment and financing opportunities. (Froot et. al, 1993)³⁰

2.2.12 Risk Management under ISO 31000

“Risk management must be transformed into a cornerstone of corporate governance and business strategy and fully integrated into executive decisions, organizational structures and corporate cultures.” (Martin, II May 2013:16)

ISO 31000 – Risk Management –, a norm approved in late 2008 and published in 2009, established risk management as an international standard and is characterized by three main traits, according to Brühwiler (2009a:24).

Firstly, risk management is based on a top-down-approach dealing on a broad basis with the positive and negative effects uncertainties may have on the performance and achievements of organizations. This includes strategic risks (economic environment, products, technologies, markets, clients etc.) as well as operational and process-related risks on a management level. The top-down-approach reflects the corporate governance belief – also stated in the OECD and German corporate governance codes – that risk management is “*one of the main tasks of the upper management*” (Brühwiler, 2009a). Consequently, Supervisory Board, Management Board and top managers need to constantly assess the risks of their organization, in constant exchange with the other stakeholders.

Secondly, risk management is now seen as a management function rather than looking mainly at the mere risk assessment or risk quantification role. As such, risk management includes the management functions of the so-called Deming cycle (PDCA cycle – Plan-Do-Control/Check-Act or, Plan-Do-Study-Act (PDSA)). The risk management process as such

³⁰ Please refer to section 2.2.7 for more detail.

feeds into the “Do”-function and includes the necessary steps to identify, analyze, evaluate/quantify and mitigate/deal with risks:

Figure 30: Risk Management System



Source: Brühwiler, 2009a:24, own translation

This process has to be accompanied by constant communication and information exchange as well as monitoring and verification of risks.

Thirdly, ISO 31000 is a generic norm – or base norm – and is meant to significantly extend the American COSO-rules. It gives a general guidance on risk management, rather than the many area-specific risk management norms for several sectors and industries such as building, IT, machinery, financial reporting, safety at work etc. As such, ISO 31000 deals with all potential risks of an organization on a global scale and serves as blueprint for technically or locally specific editions, such as British Standard’s BS 31100 or the ONR 49000 series.

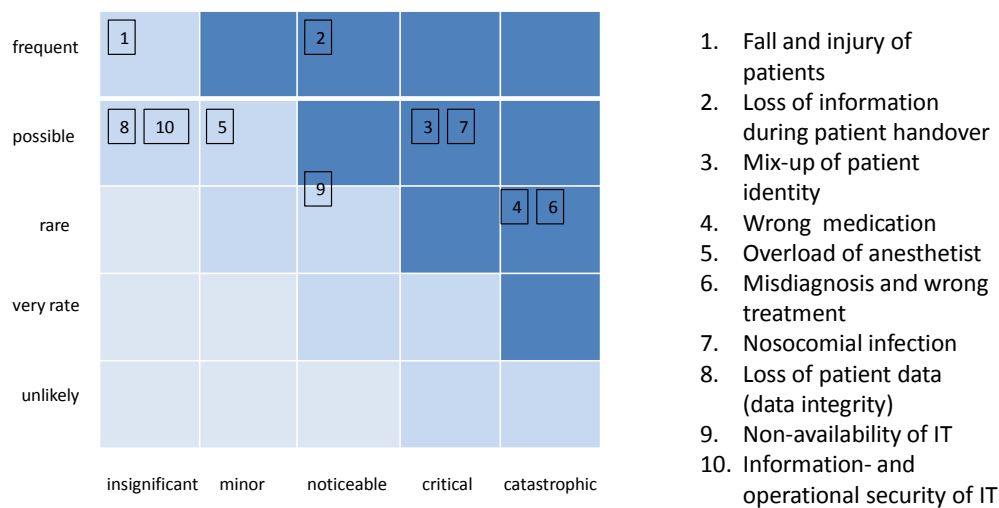
ONR 49002-2 groups the many methods of risk assessment into five groups as follows:

1. Creativity techniques such as brainstorming, the Delphi method, and morphological matrix;

2. Scenario analyses as for example the root cause analysis, fault tree and event tree analysis or worst-case-scenario analysis;
3. Indicator analysis such as critical incidents reporting system (CIRS) or change-based risk management (CBRM);
4. Functional analyses, like, for example, failure mode and effects analysis (FMEA), general hazard analyses, a hazard and operability study (HAZOP) or hazard analysis and critical control points (HACCP); and
5. Statistical analyses, including standard deviation, confidence interval (value at risk), and Monte Carlo simulations.

An important task of risk management is not only the identification of the most appropriate methods for solving a given issue, but rather to combine several methods in order to achieve that aim. Brühwiler (2009a) gives the example of combining the classic risk profile (see graph below) with a quantitative evaluation by means of a value at risk (confidence interval) calculation using a Monte Carlo simulation.

Figure 31: Risk profile (patient security)



Source: Brühwiler, 2009b:18, own translation

Brühwiler (2009b:17 f.) stresses that each method has its own advantages and disadvantages which need to be known in order to perform above-mentioned selection of applicable methods.

A way of getting an overall view of risks and priorities is the worst-case-scenario-analysis, for example, which is characterized by a top-down-approach and includes a list of threats; risk owners are the managers. Its disadvantage lies primarily in the subjectivity of the risk assessment.

The critical incidents reporting system (CIRS) provides for one of the most valuable results, based on the generation of risk information stemming from numerous inputs about errors. A basic requirement however is a so-called “*error culture*”, i.e. a working environment in which all professional groups acknowledge errors and are willing to record and share information on those mistakes with their colleagues and managers. Pre-conditions therefore are anonymity, lack of fear of repression or sanctions, voluntary participation, good examples set by management (“*management by example*”), and – generally – a corporate culture based on mutual trust.

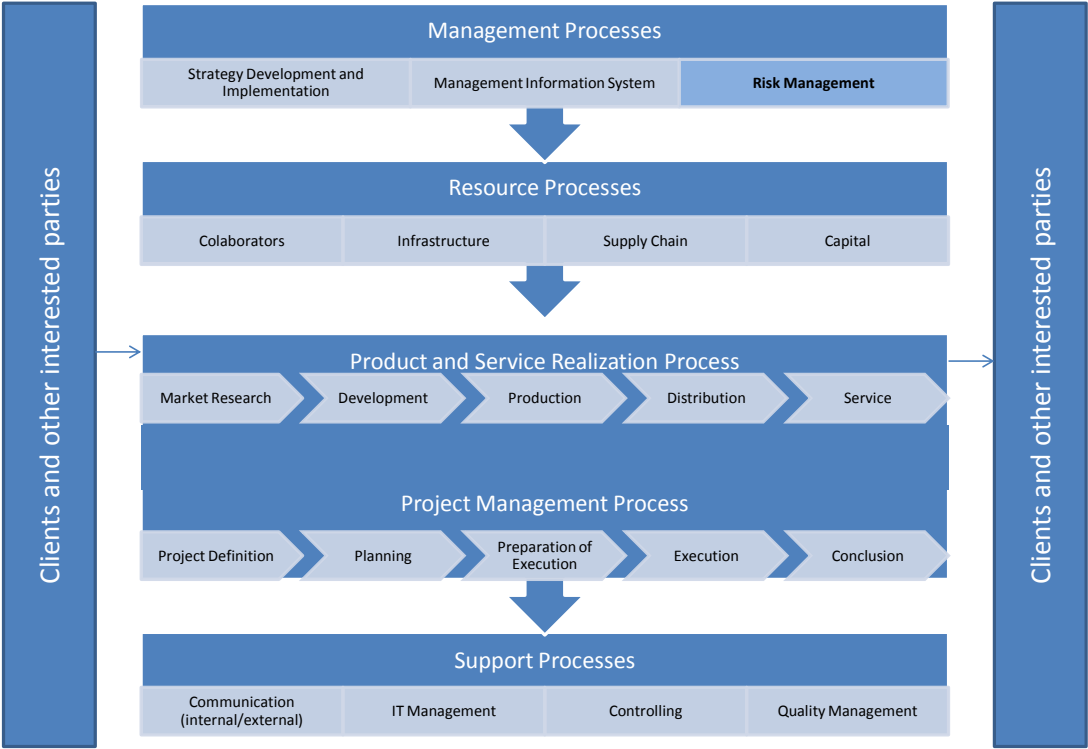
Hazard analyses on the other hand are based on a bottom-up approach including process analysis which is comparable to process failure mode and effects analysis. This too provides for a high level of detail and can be very effective if paired with a well-working quality management system.

The issue with statistical analyses is that most organizations simply cannot provide the amount of data which is required to obtain relevant output from a statistical analysis of internal data. Therefore, external data – including academic research – has to be used, but the latter can only serve as an indication and consequently, specific conditions of each organization need to be taken into account.

The root-cause-analysis only makes sense in order to analyze an incident which already occurred with a significant impact. This method is case-specific, therefore without general validity, and relatively expensive.

Among its eleven key principles, ISO 31000 states that “*risk management is an integral part of organizational processes*” and that it is “*part of decision-making*” (Brühwiler, 2009a:25). The processes of an organization are split by ISO 9001 into management processes, resource processes, processes of products and services, and ancillary processes. As with other management processes, risk management cannot exist on its own, isolated from the other parts of the process environment, but rather embedded into it as shown below:

Figure 32: The risk management process



Source: Brühwiler, 2009a:25

ISO 31000 however omits areas as important as emergency-, crisis-, or continuity management (recovery), although those are crucial and, according to Brühwiler (2009a:26), risk management would be “*unthinkable*” without them. ONR 49002-3, by contrast, integrates crisis management into risk management. Emergencies are defined as unexpected, sudden events with severe consequences for an entity of an organization, such as explosions, natural catastrophes, legal attacks, etc. Crises – which may result from emergencies – however are situations which do affect the whole organization and require extraordinary measures. Both require immediate action (“*response*”), followed by an effort to re-establish the productivity of the organization (“*recovery*”). Continuity management shall be part of Enterprise Resource Planning (ERP) which should not only plan and prepare for normality, but also for exceptional situations, i.e. emergencies and crises.

Another important, practical aspect of risk management is the allocation of tasks towards each responsible. While this is and should be basically a question of internal organization of each entity, norms such as ISO 31000 and ONR 49001 mention the risk owner, ONR 49001 further

refers to the person appointed by top management (further on, the “*appointee*”) and to the risk manager³¹.

The risk owner shall ensure that the principles of risk management be respected in all decision-making, that uncertainties relating to opportunities and threats be minimized, and that risks be evaluated according to recognized standards and methods. Furthermore, the risk owner shall make sure that the results from risk assessments be implemented and enable communication about risk topics with all relevant parties.

The appointee for his part shall have responsibility for the risk management system in general, the nomination of risk owners and risk managers, he or she shall provide the necessary resources and ensure risk communication in the whole organization. Apart from this, the appointee shall ensure the operational implementation of the organization’s risk policy and the evaluation of the risk management system with all its elements as well as reporting on performance and effectiveness of risk management and the necessity of improvements.

Lastly, the risk manager has to make sure that spirit and purpose of risk management is being understood by top management and managers as risk owners, that the risk management process is duly being implemented in the organization, and that the methods used are appropriate for the risk assessment which itself shall fulfill at least a minimal, generally accepted standard. Furthermore he or she shall report on the effectiveness of risk management to the appointee who has to ensure that measures from risk assessments as well as adequate interfaces to other management tools and processes be implemented in a relevant fashion and lastly, that the elements of the risk management system be designed, implemented and maintained in a practical manner on behalf of top management.

³¹ Brühwiler (2009e) describes the function of a risk manager in quite some detail and based on ONR 49001/49003, highlighting that this is not an officially recognized profession and comparing the risk manager with his inter-disciplinary and multi-task activity, a specific toolset, and the necessity to communicate and analyze across an organization’s functions and areas to a “Superman”. An important part is his cooperation with risk owners by whom he has to be respected and accepted despite of not necessarily mastering their business. The risk manager should also be well integrated into the organization and its decision processes and therefore needs not be as independent as, for instance, an auditor. However, the effective application of the “four-eyes-principle” should be ensured. Another important trait is the direct link (reporting line) to the top management via an “appointee” or directly to the Chief Risk Officer / Head of Corporate Risk Management (or, in absence of such a position, often the Chief Financial Officer).

An internal control system (ICS) is always dependent on several factors such as effectivity, traceability and efficiency. In a first phase of introduction, effectivity will be ensured by the selection and implementation of adequate aims and activities of control, while traceability is granted by sufficient documentation. Efficiency – or even increased performance – however is not immediately associated with an internal control system which is rather seen as an administrative burden. In order to use an ICS efficiently, two actions are helpful, according to Scheffner (2012), reporting on relevant experience at major German utility EnBW: Firstly the separation of ICS into financial reporting and business steering; secondly, the segmentation of ICS's 'secondary effects' into risk diversification, transparency, and increase of effectivity and efficiency.

ICS – financial reporting reflects the common or classical understanding of ICS and aims at ensuring reliable and correctness of control mechanisms regarding the external financial reporting.

ICS – business steering, by contrast, aims at identifying and avoiding – at an early stage – any mistakes, risks and resulting damage for the company. In addition to legal requirements, it can be used to controlling the achievement of internal guidance. This can happen by segmentation of the corporate processes into their individual steps and analyzing each regarding their financial, reputational, and fraud-related risks.

This separation could in our opinion and in ultimate consequence lead to a separation of the overall responsibility for risk management in two different “*appointees*”, one in the finance area and another in the operative realm of an organization. It still appears to be common to locate the main risk responsible in the finance section (cfr. Brühwiler, 2009c:22 (A3)). This might lead to an excessive focus on financial risks (such as credit risk, liquidity risk etc.³²) to the detriment of other (rather operational, strategic, and policy³³) risks, while both are crucially important to an organization, and may even result in the realization of the same risks (e.g. reputational risk).

With its authors, ISO 31000:2009 can thus be described as “*a generic risk management approach that can be applied to all organizations to help achieve their objectives*”.

³² For an overview on risks in the finance area, cfr. Keitsch, Risikomanagement (2007).

³³ Golub and Crum (2010:38) identify policy risk as a major contributor to market volatility and see it as a primary source of risk in many markets.

2.2.12.1 Risk diversification

Regarding the second set of segmentation, Scheffner (2012) explains that ICS leads to an increased sensitivity of all participants in the processes regarding the avoidance of risks and thereby has a pre-emptive effect on them and the organization as a whole. Apart from the risks covered by KonTraG, this includes particularly process risks which are not part of the official reporting system but which nonetheless contribute to a minimization of risks.

2.2.12.2 Transparency

The intense analysis of business processes leads not only to the identification of lacks of control, but – beyond that – shows required action, including the attribution of missing responsibilities or a clear definition of governance functions, once more stressing the point that transparency is a major element of good corporate governance.

2.2.12.3 Increased effectiveness and efficiency

The implementation of an ICS exposes existing control mechanisms and tests them with relation to their relevance and extent. This allows the exclusion of both excessive and insufficiently controlled processes which can be remedied while streamlining may occur by dropping unnecessary and repetitive controls.

In summary, ICS – just as labor law induced risk management or other legally prescribed measures to deal with risks – can be used beyond the mere compliance with obligations to improve the overall performance and risk profile of an organization.

Apart from those areas, there are many which are unregulated and require each firm to establish their own risk management standards and processes. This is not altogether bad as it provides for company- and sector-specific design of risk management rather than a “*one size fits all*” approach. Brühwiler (2009c:21) makes that point for financial institutions when he writes that “*almost all financial institutions which succumbed to the present financial crisis had many risk management activities in place, as for example the management of credit risk according to Basel II or the control of financial risks under the Sarbanes-Oxley-Act. Risk management was doubtlessly very intense, but unfortunately with the wrong focus, in the wrong place*”.

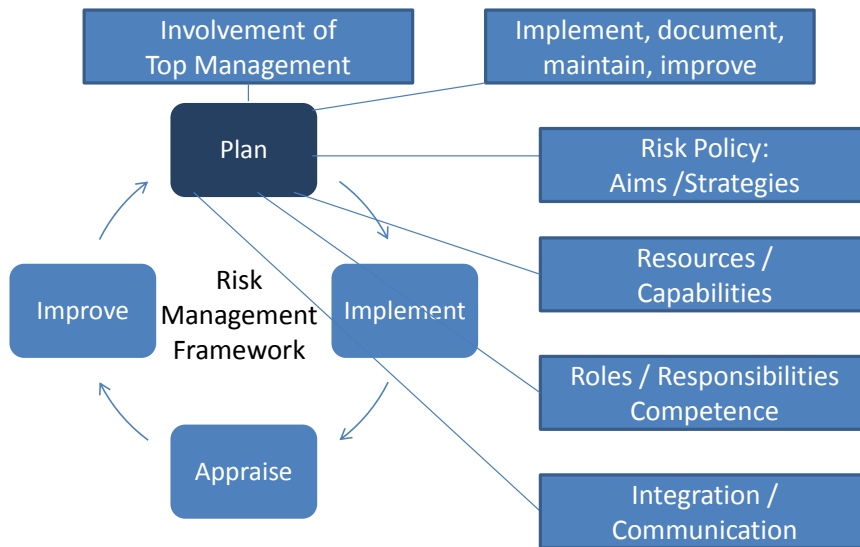
2.2.12.4 Risk management policy

This leads to the requirement for each organization of firstly identifying its relevant risks and decide which direction its risk management shall take (cfr. ISO 31000, Principles and Guidelines, chapter 6.3 – “*establishing the context*”) in order to deal with the right risks in the right way, thus defining its risk management policy. This is defined by ISO 31000 as “[t]he *statement of the overall intentions and direction of an organization related to risk management*”. It describes how risk management shall be performed by the organization and includes, according to Brühwiler (2009c:21) the motivation of the organization as well as roles and responsibilities, the management of conflicts of interest, the attitude towards approach, resources, measurement of effectiveness and the function and responsibility of top management. Whether an organization really needs its own risk management policy depends primarily on its size, given that SMEs usually work quite well with an informal process supported by direct communication between employees and management.³⁴ Other factors however are the density of the relevant regulatory environment and risk exposure of each entity. For those reasons, above all the regulatory element, it appears necessary for all financial institutions to have a formal risk management policy and the respective processes in place, even for small institutions, where however the volume and depth of such policy and procedures may be adapted relative to the size of the organization and above all the business areas it is active in.

Risk management policy is also based on the Deming cycle described above and can be amended and illustrated as follows by translating “Do” into “Implement”, “Check” into “Appraise”, and “Act” into “Improve”, as suggested by Brühwiler:

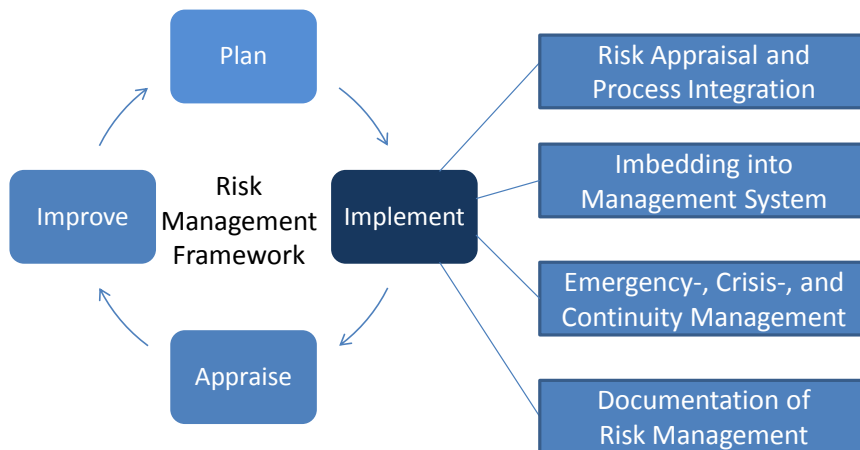
³⁴ On risk management in small and medium sized enterprises (SME), cfr. Brühwiler (2009d).

Figure 33: Plan



Source: Brühwiler, 2009c:22 f., own translation

Figure 34: Implement



Source: Brühwiler, 2009c:22 f., own translation

Planning therefore includes the general direction of risk management set by top management, defining what risks have to be dealt with in which manner, attribution of necessary resources and capacities, as well as the definition of individual roles, competences and responsibilities. Another important factor at this stage is the integration of risk management into the overall organization and an open communication.

The Do or Implement phase covers the several applications of the risk management process, as well as the decision whether risk management shall be fully integrated into the management system or rather run independently. The risk assessment and crisis-management have to be dealt with, as well as the documentation of the risk management process. This also exemplifies the common structure of a central management of the risk function but a decentralized implementation and realization.

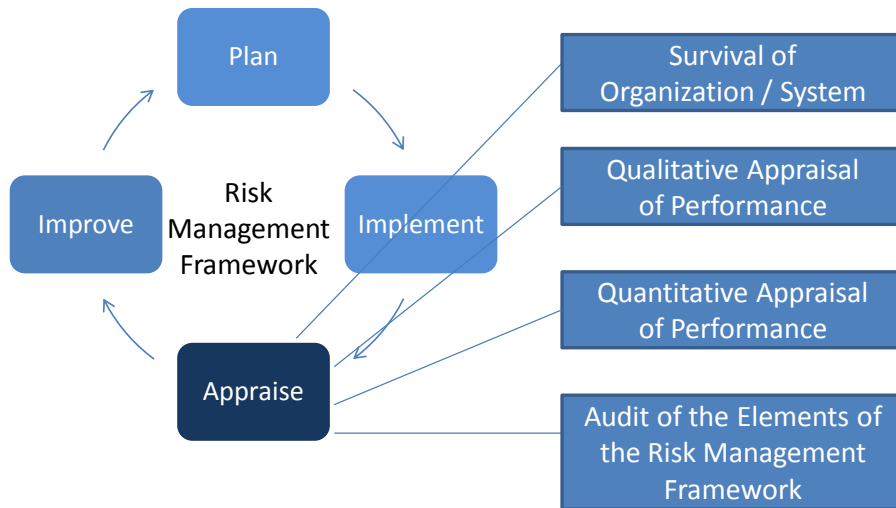
The Check or Appraisal phase verifies the effectiveness of the risk management system and checks whether the expected improvements of efficiency, corporate strategy and operative tasks really took place. This may happen by means of an “*audit*” process and may comprise qualitative and quantitative assessments.

In summary, the risk management policy is necessary to ensure a continuous surveillance and improvement of the risk management process. Initially, this process can consist of three phases. First comes the definition of principles, followed by an implementation phase which is then, on an ongoing and even permanent basis, succeeded by integration into the corporate management, processes and its culture (“*risk culture*”), thus spreading its roots in the organization’s corporate governance. (Cfr. Brühwiler, 2009c:22 f.) The integration might happen by various means and through different processes, but one way might be to integrate risk management into the quality management process or the business development function as suggested by Brühwiler (2009c:23 (example C1); 2009e:24). In any case, employees have to be trained accordingly – constantly followed up by relevant continuous professional development measures – and minimal risk management tools such as lists of risks, support material and process descriptions showing how risk management is being introduced and integrated have to be always available.

2.2.12.5 Risk assessment and mitigation

The assessment of risk management measures (phase C in the Deming (PDCA) cycle) will happen both by qualitative and quantitative measurement.

Figure 35: Appraise



Source: Brühwiler, 2009c:22 f., own translation

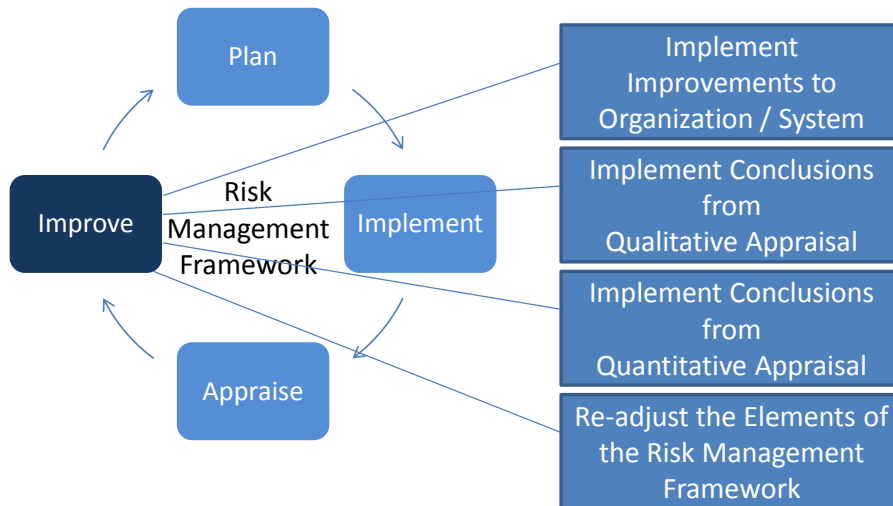
The **qualitative assessment** will, according to Brühwiler (2009e:21), analyse the following aspects:

- Were the measures suited to influence the risks;
- Were the measures effectively implemented;
- Have the measures had a diminishing impact on the probability of occurrence and/or the effects of risks;
- Can the effect of the measures be proven by early warning signs?
- What is the risk experience (occurrence of risk, positive and negative) and which consequences were drawn from that?

The **quantitative verification** will focus on a mathematical analysis of the risk profile, comparing an earlier to the latest version of the organization's risk profile. There is a simple and a more sophisticated approach to this. (Brühwiler, 2009e:21 f.)

Finally, within the Check or Improve phase of the circle the conclusions from the Appraisal shall be implemented and the risk management framework re-adjusted on the basis of the newly implemented improvements.

Figure 36: Improve



Source: Own continuation of Brühwiler, 2009c:22 f.

By the simple multiplication of probability (P) with effect (E) of each risk (R) will provide a number to the risk (usually expressed in the organization's main currency): $P \cdot E = R$. Each of those results may be added and/or compared individually to the relevant figures of the earlier risk profile, showing changes in the overall and/or individual risk weight. This quantitative approach bears two main weaknesses however: (i) it focuses on the worst case scenarios which reflect extremes and thus lead to a negative risk burden; and (ii) extreme but rare risk potentials tend to be "watered down" by the multiplication with (low) probabilities of occurrence.

The more sophisticated method for quantifying risk is based on the Gaussian distribution of each risk's probability of occurrence based on a high number of relevant data. Given that those data are not usually available, the common approach is to simulate it in form of many "runs" (several thousands, usually) in a Monte Carlo simulation. To this end, a number of questions have to be answered (Brühwiler, 2009e:22):

- Does the risk bear only loss potential or also upside chances?
- Which is the maximum loss potential (credible worst case)?
- Is there a mean and optimal value for the risk?
- Is the risk normally distributed or differently (equal, one-sided...)?

- How does the risk behave in extreme effects (both positive and negative) – do they increase strongly or slightly, decrease strongly or slightly etc.?

By means of “*risk aggregation*” via the Monte Carlo simulation, the distribution of individual risks will be united. One of the main results is the so-called Value at Risk (VaR) which expresses the amount at stake which will not be exceeded with a given certainty (typically, 90%, 95%, 99% or 99,9%). The equity of a company should be significantly higher than (or at least as high as) the Value at Risk (at a significant threshold, say 99,8%) in order to ensure the long-term survival of the organization. Consequently, a Value at Risk perspective also helps to establish the creditworthiness of a borrower or issuer, given that the probability of default can be measured by relating equity to loss potential which can be derived from the risk assessment. In addition to this, other factors either of a quantitative nature (annual results) or qualitative (management, technologies, markets) are being taken into account by credit bureaus and rating agencies. (Brühwiler, 2009e:22 f.; Jorion, 2009:926 ff.)

Under the sub-title “*Risk management is already a profession; now it needs to be professionalized*”, Martin (2013:16) demands that “*risk managers should be trained, licensed and regulated, just like accountants, lawyers and actuaries*”. He goes on to argue that as with other responsible jobs, risk managers should acquire the knowledge and experience necessary to be a professional risk manager, prove this in exams, and adhere to professional standards. He further raises the topic of independence which the US Federal Reserve Board required by establishing new rules by which large financial institutions must have a risk committee chaired by an independent director and integrating at least one member in that committee who has real risk management experience (Cfr. Federal Reserve, 2014 (http://www.federalreserve.gov/aboutthefed/boardmeetings/memo_20140218.pdf)).

Martin argues that “*one of the reasons Canadian banks fared better in the past financial crisis is that they followed written risk standards promulgated by the government. These regulations require companies to use “a knowledgeable person with familiarity with risk management”*” (Martin, 2013:16).

“*Though the boards of most mutual funds are in the habit of hiring outside counsel when needed or contracting the services of accounting firms, they are unaccustomed to engaging experts to oversee risk on an ongoing basis.*” (Martin, 2013:16).

Martin suggests to first define what risk management expertise and experience really are, “*and then require boards to include someone with these qualities or to seek qualified advice as they make their decisions*” (Martin, 2013:16).

“Risk managers cannot rely on the past to predict the future. Most risk models are based on historical performance and work well – up to a point” (Martin, II May 2013:16). This implies that humans may be better at evaluation risk than statistical models. However, and at least for the medical field, psychoanalyst Paul Meehl gave evidence that statistical models almost always yield better predictions and diagnoses than the judgment of trained professionals (Meehl, 2003).

“Professionalizing risk management also means creating standards, including benchmarks that provide some basis for the comparison of risk. For example, most regulators require stress tests to determine the adequacy of capital reserves. The general approach is to stress a company’s portfolio based on predetermined scenarios. It would be far more interesting to know instead what would happen if regulators decided on a single benchmark portfolio and then had all financial institutions run it through their risk systems. Using this model, each company would produce hypothetical loan-loss reserve measures, value-at-risk and stress test results. The different systems would almost certainly produce different results. The benchmark portfolio would help regulators determine how institutions think about risk.” (Martin, 2013:16)

“I look forward to the day when firms will have chief fiduciary officers with independent reporting responsibilities for audit, compliance and risk.” (Martin, 2013:16)

“Risk management minimizes the possibly occurring disadvantages as a result of expectations which did not materialize or unexpected events.” (Plamper, 2010:123)

Plamper states that risk management may either:

- Prevent the occurrence of a (specific) risk or the consequent damages;
- Distribute the disadvantages onto several individuals or entities (as in the case of insurances) or even transfer them altogether;
- Prepare for the occurrence of a consequent damage.

He goes on to describe risk management as the attempt at *“optimizing”* the probability of the occurrence of a damage as well as its extent or to more accurately define them. (Plamper, 2010:124) Discussing crisis management, Plamper identifies three levels of crises: Daily Business (*“Tagesgeschäft”*), Risk Management (*“Risikomanagement”*), and The Unimaginable (*“Das Unvorstellbare”*), according to his following chart:

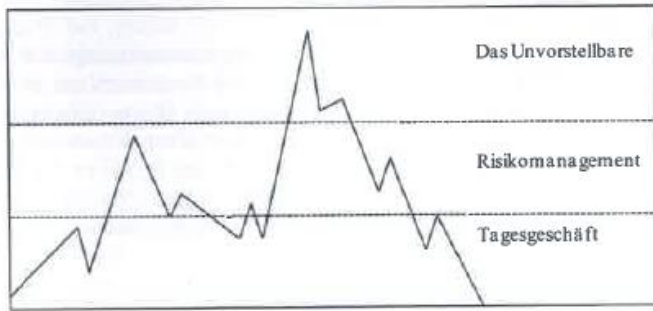
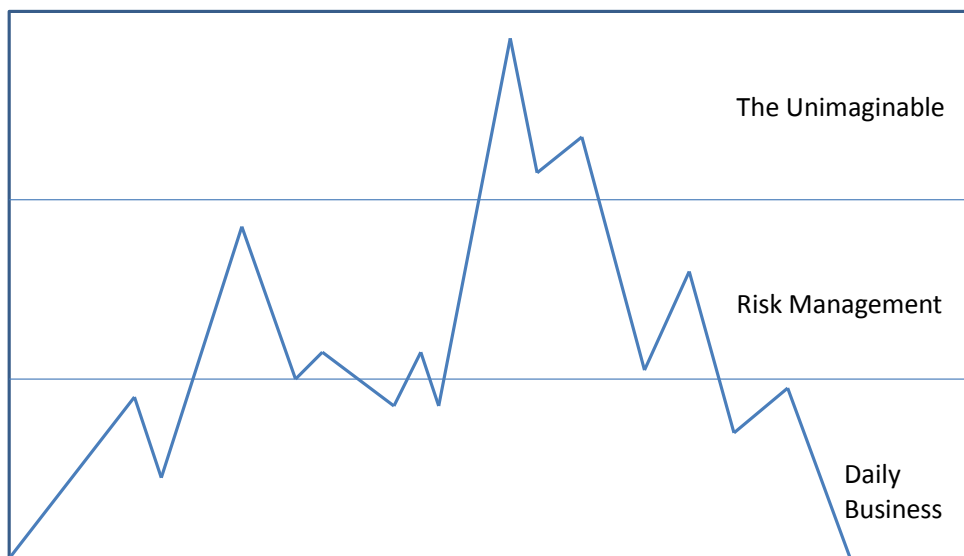


Figure 37: The Crisis in Crisis Management

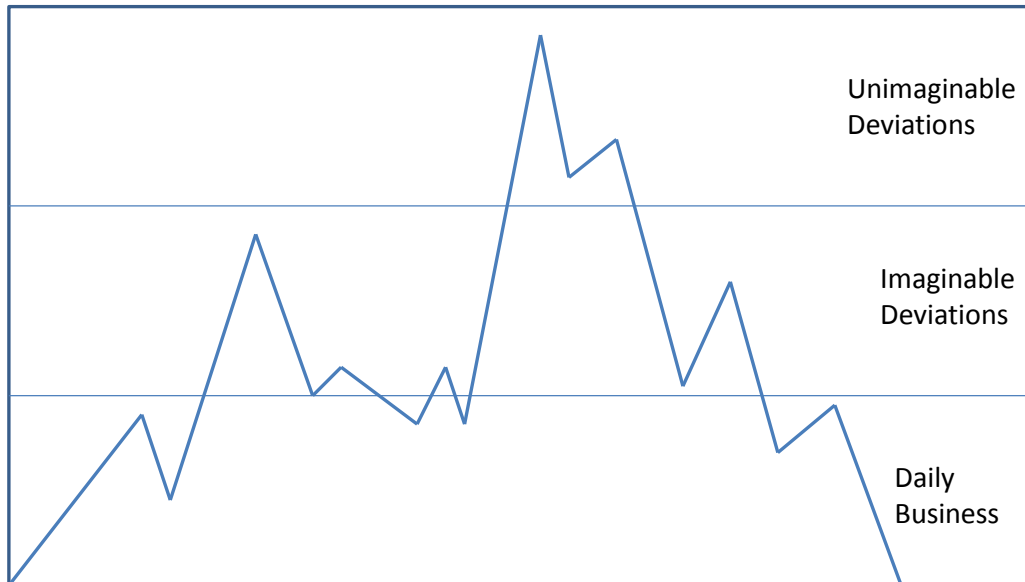


Source: Plamper, 2010:124; own translation.

This identification of three levels of escalation appears to make a lot of sense, however, one might be tempted to think of risk management as a set of tools to identify, quantify, assess, and mitigate risks, taking into account all risks within those three levels. Accordingly we believe that the second level should, following Plamper’s rationale, rather be labelled as “*the imaginable*” or “*the thinkable*” and risk management be the generic term. Consequently, risk management should perform its above-mentioned role on those three levels:

- Daily Business (normal situations);
- Imaginable deviations (special situations);
- Unimaginable deviations (very special situations).

Figure 38: Crisis in Risk Management



As an example for “*the unthinkable*”, Plamper refers to natural catastrophes such as the flooding of Hamburg in 1962 or that of New Orleans in 2005, arguing that with those “*very special situations*” come very special, “*unthinkable*” solutions such as the participation of the public in helping victims and re-building the damaged cities, or the intervention of the military which was in itself unthinkable at the time of the Hamburg flooding (but pushed through by then Hamburg’s Secretary of the Interior and later Chancellor of the Federal Republic of Germany, Helmut Schmidt). (Plamper, 2010:124)

Jorion (2009:926) also classifies risks into three categories: “‘*known knowns*’, ‘*known unknowns*’, and ‘*unknown unknowns*’, corresponding to different levels of uncertainty”.

Regarding risk management, KPMG demand and suggest the following (<http://www.kpmg.com/Global/en/industry/Financial-Services/Pages/Risk-management.aspx>):

- “*Risks are often managed in departmental silos;*
- *Risk management needs to be integrated across the entire business;*
- *Firms need to monitor key indicators which show early warning signs of potential problems, and have pre-planned strategies to address potential risks.*”

2.2.13 Risk Management in Brazil

A 2011 study carried out by KPMG among 67 companies from different industries in Brazil revealed that at the time only 44% of those had a risk management system implemented in their organizations.

The consultancy explained that cultural aspects were partly responsible for delays in the implementation of such systems as they were seen as a “*control mechanism*” which turns the entity more bureaucratic. Furthermore, insufficiencies in the definition and allocation of roles and tasks pertaining to the risk management system were identified as roadblocks in the implementation of adequate structures.

The existence and nurturing of a strong risk culture within the company was seen as the most important factor for successful risk management, as indicated by 20% of the respondents. 17% of the managers interviewed considered support by senior management as the second most important factor, without which many related projects would simply not be put into practice.

34% of the managers at the time mentioned that their risk indicators were not very effective, pointing towards a strong lack of risk measurement instruments, according to the consultancy. (KPMG Risk & Compliance, 2011)³⁵

The Brazilian risk management rules for financial institutions are mostly published by the Brazilian Central Bank on behalf of the National Monetary Council, however focusing on individual aspects such as market risk.

In June 2007, the Brazilian Central Bank published Resolution 3.464 (dd. 26/06/2007), establishing rules for the implementation of risk management structures in Brazilian financial institutions regarding market risk. Those structures have to be in line with the institutions’ operational nature, include clearly documented risk management strategies and policies as well as systems to identify, measure, monitor, and control market risks for each individual institution as well as for the group.

In a similar fashion, Resolution 3.721 covers the implementation and structure of a credit risk management framework for Brazilian banks which should also adequate to the nature of their business and the complexity of products and services.

³⁵

http://www.kpmg.com/br/pt/estudos_analises/artigosepublicacoes/paginas/release_pesquisa_gerenciamento_de_risco.aspx

Resolution 4.090 dd. 24/05/2012 covers those aspects for liquidity risk, dedicating individual sections to transparency (sec. 6) and governance (sec. 7 ff.)

Furthermore, Resolution 3.380 of 29/06/2006 provides for the implementation of an operational risk management framework, while Resolution 3.988 of 30/06/2011 covers the capital management framework required to be implemented by financial institutions active in Brazil.

2.2.14 Risk Management in Germany

Plamper (2010:126f.) refers to a “*Zero-Risk-Mentality*” in Germany and draws particular attention to the question whether and how risk management on the level of a parent company covers the risks within participated companies and whether those subsidiaries have their own risk management systems. Especially in the case of mergers and acquisitions (M&A), by which organizations end up controlling a number of culturally and sectoral diverse subsidiaries, and which at times create situations, in which a number of controlled entities depend even on more than one parent company, individual companies or groups thereof may try and succeed in pitting one parent against another (just as in real family life). In other words, risk management and control may not only fail to work in a top-down direction, but may be further compromised by interference from one or several subsidiaries in an upwards direction (“*bottom up*”) leading to what Plamper describes as “*a tail wagging the dog*” or even “*a tail wagging several dogs*” (Plamper, 2010:127).

Also, following a merger or an acquisition, companies may succumb to the temptation of thinking that risk is now being shared or diversified rather than acknowledging that several layers may add to the overall organizational risk which has to be managed in a structured way. (cfr. Plamper, 2010:127; Weisman, 2013) Another incentive beyond the size increase of the acquisitive company might be managers’ remuneration. As Abell et al. (1994) found, remuneration of the top directors increases “*over and above what one would expect because of the growth in ‘size’*”.

Ladipo et al. (2008:45) found that risk management is not deeply embedded in the organization, which has been labeled as “*a clear corporate governance weakness*” by Kirkpatrick (2009:78).

Ladipo and Nestor (2009:12) summarized their findings by stating that “*most of the banks in our peer group were models of “best practice” in so far as they had established a central risk management function – responsible for all the bank’s principal risks – headed by a chief risk*

officer whose direct reports were “embedded” within, but independent of, individual lines of business. Many of these banks subsequently discovered that the independence of the risk management function was not the critical issue. What ultimately proved more important was the degree of authority and cultural standing possessed by the risk functions within their organizations and the extent to which information on risks was shared across different business areas”.

2.2.15 Conclusions

Finance theory has contributed a great deal to the advancement of risk management by developing ever more testable and practically relevant theories and tools, as well as portfolio theory in general. Particularly for hedging mechanisms and insurance applications, these are extremely helpful as they allow to quantify a risk-return relationship which is essential to decision-making as to whether or not entering a market or transactions as well as for adequately pricing the calculated risk. Nonetheless, a main element of risk assessment depends on the “*correct*” estimation of probabilities which these tools can support, but they do not seem to be able to replace human experience and judgement (yet).

“Both financial and non-financial companies face a similar range of risks that need to be managed including operational, strategic and market risks. However, for financial companies the volatility of risk tends to be greater requiring even more efforts by them to manage risks.”

This assessment by the OECD (2009:8f.) underlines the particular importance of risk management within financial institutions but at the same time implies that the common focus on credit risk management may be dangerous as *all* material risk factors³⁶ – including, for instance, reputational risks – need to be taken care of and managed in line with the firm’s risk appetite and the resulting risk strategy.

³⁶ Risk factors differ by work area, geography, and over time. An extensive list of risk factors regarding mergers and acquisitions was presented by Nwogugu, 2005:23 ff.

2.3 Governance, Risk Management, and Compliance

2.3.1 Corporate Governance and Risk Management

As we have seen above, “*Corporate governance is the system by which companies are directed and controlled.*” (Cadbury, 1992:chapter 2.5)

We have also learned that risk management consists, in essence, of the identification and mitigation of risks.

Still we struggle to find a clear and universal link and hierarchy between those two concepts. Van der Oort shows that link when he states that “[i]n business, corporate governance is often equated with proxy voting, shareholder rights, and board directors’ oversight duties. But its fundamental purpose is to ensure that an organization is effectively directed and controlled, which is a significant undertaking (to put it mildly). Being ‘in control’ means that all risks to the success of the business have been properly identified and mitigated by management.” (Van der Oort, 2013)

Adiloglu and Vuran (2012:554) demand, as item 14 of their 27-item Financial Information Transparency Check-List, “*Detailed explanation about the foreseeable **risk factors** regarding future operations*” (our emphasis).

In summary, risk management is about the risk/return balance, while corporate governance is to establish a system of checks and balances. As such, we may say that the common denominator is “*balance*” (cfr. GARP³⁷).

As we have seen before, risk management is mostly being regarded as a less important part of corporate governance or it is being neglected altogether when discussing corporate governance. Mostly it is even interpreted as credit risk management and thus immediately and exclusively associated with financial institutions.

We have demonstrated however, that risk management is not only an important part of corporate governance, but also that it goes far beyond the specific area of credit risk management, including effectively all areas of economic activity as they are all exposed to both general and specific risks.

³⁷ http://www.garp.org/media/991488/theroleofriskgovernanceineffectiveriskmanagement_tunji_adesida_071312.pdf

Following the financial crisis and the apparent shortcomings in risk management practices, the Institute of International Finance (IIF), which was founded in 1982, established a Task Force on Risk Governance in order to continue the Institute's work in this area.

2.3.2 Risk Governance

“The concept of risk governance comprises a broad picture of risk: not only does it include what has been termed ‘risk management’ or ‘risk analysis’, it also looks at how risk-related decision-making unfolds when a range of actors is involved, requiring co-ordination and possibly reconciliation between a profusion of roles, perspectives, goals and activities.” (Renn, 2005:11)

The 2012 IIF Report (p. 1 ff.) on Governance for Strengthened Risk Management identifies the following structure for what is known as “*Risk Governance*”:

1. Risk Culture,
 - a. Embedding Risk Culture
 - b. Conducting Risk Assessments
 - c. Implementing a Risk Education Program
 - d. Aligning Compensation
2. Risk Appetite,
 - a. Linking Risk Appetite to the Planning Process
 - b. Cascading Risk Appetite
 - c. Developing Risk Metrics
3. Role of the Board and Board Risk Committees,
 - a. Strengthening Risk Governance Committees
 - b. Interaction of Board Risk Committees
 - c. Board Risk Reporting
 - d. Stress Test Results
 - e. Conducting Board Self-Evaluations
4. Role of the Chief Risk Officer (CRO)
 - a. Ownership of Risk

Another important aspect of risk governance is accountability. *“Ownership of risk by the business and ensuring its accountability for risk are among the greatest challenges in risk*

governance. The risk function has an important orchestration role, which includes playing a leading role in establishing the risk appetite and the risk management frameworks, as well as monitoring and aggregating risk. However, neither the risk function nor the CRO “owns” risk, nor can either be involved in policing every risk decision made throughout the organization. Ownership and accountability for risk ultimately lies with the front-line business.” (IIF, 2012:37)

According to the IIF (2012:37) report, there are three “lines of defense”:

- Line management
- Risk management
- Internal audit

“Ultimately, aligning the firm’s risk governance structure with its broader corporate governance framework and strategy will make for a more robust and lasting improvement in risk management.” (IIF, 2012:42)

“In many cases, quantitative limits will not be sufficient if the metrics used do not cover all risks, especially such non-financial risks as reputational or legal risk.” (IIF, 2012:2)

Such “non-financial risks” may however have severe financial consequences up to the ultimate failure of a company due to its harmed reputation, for instance.

The reputational risk in particular showcases the relevance of an adequate “*risk culture*” to be implemented in each organization in order to instill in each employee a sense for its meaning and a framework in which they ultimately can answer the question “*what is the right behavior/measure/decision to be adapted now in such a case?*” Once this question can be answered by the employees, the firm’s risk culture has properly been integrated into – rather than imposed onto – the structure. This, however, must not be seen as a completed task, but rather the beginning of a new period during which this successfully implemented risk culture must be nurtured and grown because else it might very quickly “*fade away*” due to changes in leadership, the economic situation, etc. (IIF, 2012:1)

“Regardless of the committee structure chosen, as noted in the Walker report (Walker, David, A Review of Corporate Governance in UK Banks and other Financial Industry Entities – Final Recommendations, November 2009), it is important that the whole Board is ultimately responsible and accountable for risk governance.

It is worth noting that governance committee structure, both at the Board level and at the executive management level, is an area that shows the widest variation across different financial institutions. In many cases, this is due to varying regulatory requirements in different jurisdictions, which in some cases mandate specific committees and membership structures and obligations. It is also due, appropriately, to significant differences in the size, complexity, and cultures of firms - smaller, less-complex financial institutions do not need the same governance processes that a very large international organization requires. Another key factor is differences in legal regimes, in which directors of subsidiary Boards in some countries face varying degrees of personal liability, and therefore have a much stronger interest in risk governance at the local level.” (IIF, 2012:26)

2.3.3 Compliance

Having discussed Governance and Risk Management, a few words should be spent on the topic of Compliance, the third area in the often-used acronym GRC (Governance, Risk (Management) and Compliance). (Cfr. Standke, 2010) Compliance means the following of external or self-set rules; many of them are the output of risk management initiatives. One example would be the four-eyes-principle which requires two or more persons or entities who are not directly dependent one from another, to take or formalize a decision, or execute a transaction. (Plamper, 2010:125)

Plamper notes that excessive compliance, i.e. too many and too strict/limiting rules, can be detrimental and ‘suffocate’ the entity they are aimed to control. A particularly important factor for that risk is the fact that creating compliance-rules is ‘cheap’. It is neither difficult nor expensive to create rules and the costs of their implementation and compliance usually materialize much later and on a different level, usually within the entity they are aimed at. According to Plamper, it was only those ‘compliance costs’ which brought compliance into the spotlight of economic discussion. (Plamper, 2010:125)

According to data from the German Government (Normenkontrollrat, 2007), compliance costs amounted to 16.4 billion Euros in companies in the Netherlands alone as of 31st December 2002, representing 3.7% of Dutch GDP. This further justifies the application of the “*Standard Cost Model*” which has been implemented in the Netherlands based on the “*Mistral*” measurement model introduced in 1993 by André Nijssen (Normenkontrollrat, 2007:4), before being adopted by other countries like Denmark (bureaucracy costs as of 31st December 2001: 4.4 billion Euros p.a. or 2.2% of Danish GDP), Great Britain (60 billion

Euros – 3.6% of GDP) and Germany (39 billion Euros – c. 1% of GDP on the Federal level only) in the following years. In order to assess the impact of its regulation on a European basis, the European Commission (EC) created the Impact Assessment Board as an internal organ of the EC. (Normenkontrollrat, 2007)

Despite the fact that Compliance does not constitute one of the main aspects to be covered in this thesis, there is no denying the fact that there are close ties between Corporate Governance, Risk Management and Compliance, as shown above. Therefore, it would be short-sighted not to mention further negative or collateral effects which may be caused by compliance with external or internal rules with regards to other controls. One of those aspects has been identified by Plamper (2010:128) who fears that the nomination of Supervisory Board members by a public entity may – in the case of companies subject to codetermination – cut down the power of the people in favor of the power of employees. *“This does not lead to more democracy, as postulated by the equilibration of market and capital, but the power of the people is being (partly) substituted by the power of the employees”*. (Plamper, 2010:128; cfr. Plamper, 2005:67 ff.). Within our scope of work, this might be particularly relevant for public banks, both in Brazil and Germany.

2.4 Financial Institutions and Banking

2.4.1 Financial Markets Today

The use of global data and communication networks enables financial markets and intermediaries to provide for basic financial services, such as transfers of payments – including foreign exchange – and equity trading non-stop, virtually without limitations by national borders, time zones, and different jurisdictions. Those financial markets include equity markets, foreign exchange, fixed-income as well as the markets for ‘derivative’ securities such as futures, options, and swaps or, somewhat exotic sounding combinations of those such as swaptions³⁸. While those “*plain vanilla products*” are also offered and executed through financial intermediaries such as banks and insurance companies, along with stock exchanges, broker houses etc., financial intermediaries “*provide customized products and services – the kind that do not lend themselves to the standardization necessary to support a liquid market*” (Bodie and Merton, 1995:3).

The complexity of those products along with the necessity to protect the final client – i.e., generally, the consumer but also public entities such as municipalities – from severe financial losses potentially caused by a lack of understanding of those products or the financial markets in general, exposes banks and insurers in a particular way to regulatory oversight.

Despite of the standardized and globalized flow of funds, trading of equities etc., the regulation of financial institutions still differs immensely across national borders. The reasons for this are manifold and include differences in the size, economic power, complexity and available – or allowed – technologies of the national economies, as well as diverse socio-cultural, historical, and political backgrounds.

2.4.2 Financial Institutions

By definition of the European Central Bank (ECB), there are three groups of financial institutions:

- Monetary financial institutions - MFI
- Investment funds - IF

³⁸ “An option to enter into an interest rate swap where a specified fixed rate is exchanged for floating.” (Hull, 2010:529)

- Financial vehicle corporations - FVC

*“**Monetary financial institutions**” (MFIs) are resident credit institutions as defined in European Union (EU) law, and other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credits and/or make investments in securities. More precisely, Regulation ECB/2013/33 concerning the balance sheet of the monetary financial institutions sector (recast) defines MFIs as resident undertakings that belong to any of the following sectors:*

***central banks**, i.e. national central banks of the EU Member States and the European Central Bank;*

***credit institutions** as defined in Article 4(1)(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms;*

***other deposit-taking corporations** which are*

- 1. principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, not only from MFIs and for their own account, at least in economic terms, to grant loans and/or make investments in securities, or*
- 2. electronic money institutions, as defined in Article 2(1) and (2) of Directive 2009/110/EC, that are principally engaged in financial intermediation in the form of issuing electronic money;*

***money market funds** (MMFs), i.e. collective investment undertakings as defined in Article 2 of Regulation ECB/2013/33.”*(<http://www.ecb.europa.eu/stats/money/mfi/html/index.en.html>)

Brazil’s Central Bank (Banco Central do Brasil – BCB) distinguishes five types or groups of financial institutions:

- Conglomerates;
- Commercial and diverse banks as well as Caixa Econômica;
- Credit Cooperatives;
- Investment banks, development banks, stock traders and money exchange institutions, stock dealers, credit, financing and investment companies, real estate finance companies and savings and loan associations (associações de poupança e empréstimo

- APEs), leasing companies, investment companies, credit companies for micro-entrepreneurs, and development agencies;
- Consortium manager / lead arrangers. (<http://www.bcb.gov.br/?RELINST>)

According to David F. Hastings, a financial institution is an organization with the aim of optimizing the allocation of own or third-party financial capital, obtaining a co-relation of risk, cost, and term. This organization should act in the interest of its stakeholders. The financial institution thus works by managing a difficult balance between currencies, terms and taxes for the funds received and invested, within the limits given by regulators. (Hastings, 2006)

While the names and definitions of several types of financial institutions vary (monetary financial institutions, credit institutions, commercial banks etc.) as per above, we shall – for the purpose of this monograph – use this term in the sense of “*credit institutions*” as defined by the European Union or as described by BCB as “*Commercial and diverse banks as well as Caixa Econômica*”, i.e. banks in the common sense of the word, including development and state banks but excluding mere investment banks, stock brokers or even central banks and insurers.

2.4.3 Banking

What is called “*bank*” in one country is not necessarily the same as a “*bank*” in another one, as differences between U.S. banks and their European ‘namesakes’ show. “*They also change over time.*” (Bodie and Merton, 1995:3)

Bodie and Merton (1995:4) describe the evolution of the financial system as an “*innovation spiral, in which organized markets and intermediaries compete with each other in a static sense and complement each other in a dynamic sense. The functional perspective views financial innovation as driving the financial system toward the goal of greater economic efficiency*”. They distinguish four levels of analysis regarding financial institutions:

- System-level;
- Institution-level;
- Activity-level; and
- Product-level.

According to Bodie and Merton, 1995:5), the “*single primary function*” of the financial system, as is also that of an economic system, is the allocation of resources. They identify six “*core functions*”:

Function 1 – Clearing and Settling Payments

Firstly, the provision of an infrastructure to enable settlement of payments and clearing in order to facilitate the trade in goods, services, and assets.

Function 2 – Pooling Resources and Subdividing Shares

Secondly, the financial system is expected to provide ways of pooling resources and of subdividing shares in different companies, thus leading to more diversification.

Function 3 – Transferring Resources Across Time and Space

A third function is the transfer of economic resources between industries and countries as well as through time.

Function 4 – Managing Risk

The fourth function is to provide ways “*to managing uncertainty and control risk*”.

Function 5 – Providing Information

Furthermore, the financial system shall provide price information, thus helping to manage “*decentralized decision-making in various sectors of the economy*”.

Function 6 – Dealing with Incentive Problems

This sixth function is “[t]o provide ways of dealing with the incentive problems created when one party to a transaction has information that the other party does not or when one party acts as agent for another” (Bodie and Merton, 1995:5).

While the first three functions may be described as “*providing infrastructure*”, and the fifth deals with (price) information, the other two focus on the management of two areas which are both far less easily definable: risk management and aspects of corporate governance, namely asymmetric information and agency theory.

Of particular interest for our study are those two functions.

As mentioned before, Regalli and Soana (2012:4 f.) point out that an awareness exists that financial institutions are different from other corporations and as such “*special*” for a number of reasons (cfr. 2.1.22 oben).

Another, not altogether new, aspect of banking is the so called “*shadow banking*”, a practice of providing financial services without holding a banking license, and as such usually not being subject to (strict) supervision. (Cfr. Cheng, 2014:40 ff.)

2.5 The 2007-2009 Financial Crisis

According to Lister (2010:295 f.), the latest financial crisis was triggered by two courses of action.

Firstly, originators used low interest levels to extend loans also to lower-income families for real estate finance, thus increasing demand for housing, particularly in the lower-priced section of the market. Due to the increased demand, real estate prices increased, leading to higher bank valuations of the main collateral. The combination of higher valuations – including re-valuations increasing debt-levels of already highly indebted households – and low interest led to an ever-increasing sale of real estate finance to low-income borrowers. When the Federal Reserve increased interest rates in order to reign in on inflation, many were unable to service their debt and had to (fire-)sell their property, leading to falling prices.

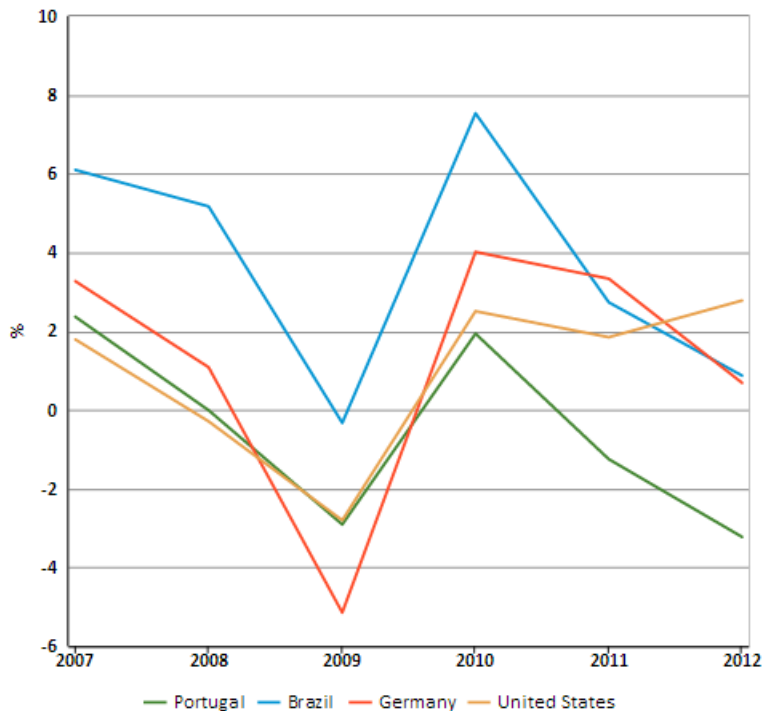
Secondly, and in parallel to the developments in loan origination, credit risks became tradable by means of credit derivatives. Thus, the originators of the loans – mostly commercial banks – gained the opportunity to pass on part or all of their underwritten risk to other market participants – usually, investment banks³⁹ seeking high returns – thus also making room for more lending within their respective exposure limits. When interest rates rose, property prices tumbled, and borrowers became unable to service their debt, the derivatives lost most or all of their value.

As a result of this development which can be blamed on the failure of banks' pricing and risk models, financial institutions suffered significant losses and lost liquidity. A lack of liquidity and mutual trust triggered the break-down of the interbank market, leading to the insolvency of many banks. (Lister, 2010:295)

While the underlying reasons as described above can mainly be found in the U.S., the break-down of the interbank markets in particular affected the financial systems in almost all countries. The effects of the financial crisis between 2007 and 2009 are shown by the following table which illustrates the GDP growth rate for Brazil, Germany, Portugal, and the United States:

³⁹ “Banks that were driven by investment banking were much more problematic in terms of contagion and counterparty risk regardless of their balance sheet size.” (Blundell-Wignall et al., 2009:22)

Figure 39: GDP growth



Source: knoema.com

It becomes obvious that Brazil almost avoided a negative growth rate altogether, while the other countries shown suffered from a pronounced GDP reduction in 2009. Portugal, then, was the only country to fall back into negative growth rates, but also the other countries have approached the nil-line again, with only the U.S. showing a positive trend in 2012.

“The financial crisis provides an opportunity to study the dynamics of risk governance at financial institutions.” (Rossi, 2012:37)

According to Rossi (2012:37 f.), most failures of financial institutions during the latest financial crisis *“could be traced back to deficiencies in risk governance and risk management.”*

“There have been big shifts in corporate behavior since the ‘08 crisis. Companies across the U.S. are stockpiling cash and avoiding big new investments that could help rev up the economy. Both trends [...] are fueling the new proliferation of shareholder activism.” (TIME, December 16, 2013:35)

Shareholder activism has been gaining importance in the corporate governance sphere, with interventions in the USA going up 21% from 2010 to 204 in 2011 and 2012. As per the end of August 2013, there were already 138 actions in that year. (TIME, December 16, 2013, p. 35)

Also the targets of the “*corporate raiders*”, as they were formerly called, have changed. While in the 80’s and the following decade or so, poor performers were in the crosshairs of activists, the Citi report found that 57% of the campaigns waged in 2013 against S&P 1500 firms involved companies whose share prices outperformed the index. (TIME, December 16, 2013, p. 35)

Furthermore, the sheer volume of ‘activist money’ increased drastically. Between 2008 and 2013, the amount managed specifically by activist funds went up from \$32 billion to \$84 billion. During the period 2009-30/06/2013, the return of activist hedge funds averaged nearly 20% (annualized), while the S&P 500 returned 12%. (TIME, December 16, 2013:35)

Differences about the perception of the crises also become apparent in the annual reports of banks. Itaú, for instance, refers to “*Subprime*” for 2007, “*Lehman Brothers*” regarding 2008, and the “*European crisis*” for 2010/2011 (Itaú AR 2012:75), while Bradesco simply refers to “*the 2008 crisis*” (Bradesco AR 2011:12).

2.5.1 Lessons learned from the crisis

Overall, as Jorion (2009:923) puts it, “*this crisis has reinforced the importance of risk management*” and this “*should be driven by people, not machines.*”

As another lesson learned from the financial crisis, Jorion (2009:932) mentions the use of reverse stress tests as recommended by the BCBS, which “*start from a known stress test outcome (such as breaching regulatory capital ratios, illiquidity or insolvency) and then asking what events could lead to such an outcome for the bank*”.

To this, Golub and Crum (2010:22 ff.) add “*the paramount importance of liquidity*”, differentiating in line with the BCBS between *funding liquidity risk* and *market liquidity risk*. They also find that “*market risk can change dramatically*” in a very short time and refer to a “*changing nature of market risk*” towards policy risk, requiring “*politically oriented analysts*”. (Golub and Crum, 2010:35 ff.)

Those authors also advocate the need for investors in securitized products to “*look past the data to the underlying behavior of the asset*”. (Golub and Crum, 2010:30 ff.)

Golub and Crum (2010:34 f.) also think that “*certification is useless during systemic events*”, referring to “*certifiers’ of financial products*”, such as bond insurers, auction managers and rating agencies.

The final lesson learned is that “*by the time a crisis strikes, it is too late to start preparing*”.
(Golub and Crum, 2010:39)

2.6 Summary

As we have seen, both corporate governance and risk management are difficult to define and to break down into all their elements, which appear infinite. However, this does not have to be a bad thing. Bhimani (2008:3) states that “[t]he lack of precise definitional characteristics endows concepts such as risk and governance with possibilities of effecting organisational changes”.

Corporate governance seems to work well on a voluntary basis, even when linked to compulsory rules for specific areas. The establishment of a remuneration and risk management committee should be contemplated where it is not yet an obligation. Proper person tests help to improve the quality of management in general so that board members serve as a good example.

Domestic finance seems to have an important impact on structures and the effectiveness of corporate governance structures. In any case, corporate governance seems to be moving more towards an integrative approach, including SCR, away from the mere Principal-Agent-Conflict.

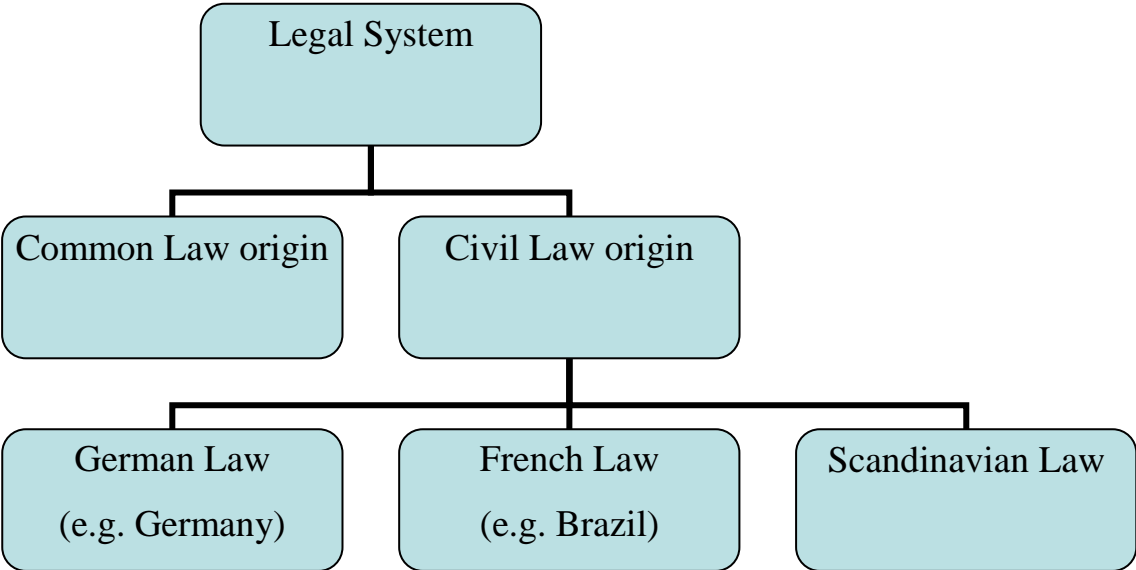
Uncertainty is not only the main feature of risk, but it also characterizes risk: “*Perhaps it is the uncertainty around what constitutes risk which lends it the capacity to alter, define, and reshape management activities in particular ways*”. (Bhimani, 2008:3)

3 Institutional Background

“Changing the law on the books does not guarantee corporate governance improvement” (Licht et al, 2005:230)

Properly working legal and judicial systems are, according to Claessens and Yurtoglu (2012:6), crucial for both, corporate governance and financial markets development. Generally, the ease of contracting has been referred to above with relation to the Rule of Law, equally property rights – including shareholder rights -, the enforceability of legal rights within an acceptable timeframe, and the absence of corruption. With regards to corporate governance, specific rules aiming at increasing transparency, such as disclosure obligations, are important. Those are difficult to quantify and cannot be compared easily, as they are of a rather qualitative character. Nonetheless, even a more abstract comparison can yield significant differences between countries (Claessens and Yurtoglu, 2012:6).

Figure 40: Legal Systems



Generally speaking, Common Law is said to offer better protection of property and creditor rights and a swifter enforcement of claims.

Based on this categorization and the work performed by LaPorta (1996), Licht et al. (2005:250) present the “value dimensions approach”, studying relations between culture (Williamson’s Level I) and law (Williamson’s Level II) and the causal relations among institutions and economic performance. Licht et al. affirm that “the present evidence that

culture matters does not imply that law does not matter” and likewise state that proponents of the notion “*law matters*” do not imply that there was a direct causal link between legal rules and economic performance. (Licht et al., 2005:250)

Aguilera et al. (2011:379) question a common conceptualization of governance models in a “*dichotomous world of common-law/outsider/shareholder-oriented system vs civil law/insider/stakeholder-oriented system*” and propose that many companies do not fit into one of those two models because they either belong to the opposite model despite of their legal environment or “*nationality*”, combine aspects of both categories, or constitute a category of their own, as firms in emerging markets. (Cfr. also Bordean and Pop, 2012:20; FMT, 1995:13)

They further state that the three governance characteristics legal system, ownership, and board of directors are interdependent. (Aguilera et al., 2011:380)

Licht et al. (2005:253) demonstrate that “*corporate governance laws relate systematically to the prevailing culture. Consistent relations between cultural emphases and the degree of formalism in civil procedure laws also emerge.*”

Access to equity markets is quite low in Brazil where only 3-4% of firms participate in those markets, compared with 12-16% in China and India or c. 8% in Germany. Access to international capital markets for long-term finance is restricted to larger companies, according to Estrin and Prevezer (2010:52) who blame “*the underdeveloped nature of capital markets as much as poor governance structures*”.

But even on a national level, larger corporations in older industries have much better access to bank finance as local banks in Brazil tend to provide small and medium-sized companies or those in new markets with far lower volumes of credit granted, higher interest rates, and stricter requests for guarantees. (Cfr. Campos and Iooty, 2007). According to a World Bank report (2003), over 50% of Brazilian companies do not even apply for bank loans due to complex requirements and procedures, compared with 32% in China and 16% in India. (Estrin and Prevezer, 2010:52)

Before taking a closer look at both Brazilian and German banking regulation, one should bear in mind that on 1st April 2014, the Dodd-Frank-Act came into full effect with a transition period until 21st June 2015 for a number of rules.

The Federal Reserve promulgated so-called “*Regulation VV*” under Section 13 of the Bank Holding Company Act of 1956, which implements what is popularly known as the “*Volcker Rule*” (section 619 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010). Regulation VV generally prohibits “*banking entities*” from sponsoring and/or

acquiring (as principal) or retaining an “*ownership interest*” in, “*covered funds.*” (12 CFR § 248.10 (a) (1)). Affected institutions have until July 21, 2015 to conform their activities and investments to the rule.

The prohibition generally applies to “*banking entities.*” This term includes any company treated as a bank holding company under the International Banking Act of 1978, along with any affiliates of such a company. (12 CFR § 248.2 (c) (1))

The term “*covered fund*” is defined to include, among other things, an issuer that would be an investment company, as defined in the Investment Company Act of 1940.

This rule aims at limiting banks’ participation in such “covered funds”, thus limiting their ability to invest in what are regarded as risky investments.

3.1 Banking Regulation

The present chapter aims at identifying and understanding the differences between banking regulation in Brazil on the one hand and in Germany on the other.

3.1.1 Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision, part of the Bank for International Settlements (BIS) – a “*bank for central banks*” (<http://www.bis.org/about/index.htm>) – “*provides a forum for regular cooperation on banking supervisory matters. Its objective is to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide.*” (www.bis.org/bcbs/)

The Committee's members come from many countries, including Brazil and Germany.

The original Basel III rules date back to 2010 but have been subject to several reviews ever since. While this set of rules establishes capital requirements as its predecessors, Basel I (1988) and II (2008), Basel III introduced a minimum leverage ratio as well as two liquidity-related ratios, the Liquidity Coverage Ratio and the Net Stable Funding Ratio. As such, Basel III goes beyond the stipulations of Basel I and II⁴⁰, as it has a different focus: While the early versions dealt primarily with loan loss reserves, Basel III is concerned mainly with the avoidance of and preparation for a “run on the bank”. The rules introduced by Basel III will become effective in a staggered form and the implementation phases shall end by 2019.

According to Docherty (2008:84), the “*logic of bank regulation is to impose restrictions on banks designed to limit this risk-taking behavior in the presence of safety net availability and to reduce the general likelihood that losses will emerge in the first place*”.

Bengtsson (2012) found that the Basel III accord is “*relatively less beneficial for large international banks and the traditional BCBS member countries. This suggests that a tilting of power in favor of emerging markets and publicly accountable authorities has occurred in the political economy of banking regulation and the international financial architecture*”. In his 2013 version of that article, however, Bengtsson (2013) states that “*while BCBS still seem[s] to develop standards that favor their traditional member countries, large international banks no longer seem as clearly favored by its latest capital accord. And while private actors*

⁴⁰ “[T]he failure of Basel II to address the issue of systemic risk and the role of particular classes of asset price inflation associated with such risk means that the opportunity to push these benefits further has been missed.” (Docherty, 2008:104)

still seem to dominate the exertion of influence over the committee, the governance structure of BCBS has changed towards a more transparent and politically accountable set-up” (own emphasis).

The Basel Committee on Banking Supervision (BCBS) also published guidelines to enhance corporate governance for banking organizations, with the following principles:

- Principle 1: Board qualifications, capabilities and responsibilities
- Principle 2: Board’s role regarding the bank’s strategic objectives and corporate values
- Principle 3: Lines of responsibility and accountability
- Principle 4: Ensuring oversight by senior management
- Principle 5: Auditors and internal control functions
- Principle 6: Board and key executive compensation
- Principle 7: Transparent governance
- Principle 8: *“Know your operational structure”*

(BCBS, 2006:6 ff.)

As the international regulatory framework for banks, Basel III establishes capital requirements for banks (June 2011) as well as for liquidity (January 2013).

““Basel III” is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector. These measures aim to:

- *improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source*
- *improve risk management and governance*
- *strengthen banks' transparency and disclosures.*

The reforms target:


- *bank-level, or microprudential, regulation, which will help raise the resilience of individual banking institutions to periods of stress.*
- *macroprudential, system wide risks that can build up across the banking sector as well as the procyclical amplification of these risks over time.*

These two approaches to supervision are complementary as greater resilience at the individual bank level reduces the risk of system wide shocks.”

(<http://www.bis.org/bcbs/basel3.htm>)

Table 15: Basel III phase-in arrangements

Basel Committee on Banking Supervision
BANK FOR INTERNATIONAL SETTLEMENTS



Basel III phase-in arrangements
(All dates are as of 1 January)

Phases	2013	2014	2015	2016	2017	2018	2019
Leverage Ratio		Parallel run 1 Jan 2013 – 1 Jan 2017 Disclosure starts 1 Jan 2015				Migration to Pillar 1	
Minimum Common Equity Capital Ratio	3.5%	4.0%	4.5%				4.5%
Capital Conservation Buffer				0.625%	1.25%	1.875%	2.5%
Minimum common equity plus capital conservation buffer	3.5%	4.0%	4.5%	5.125%	5.75%	6.375%	7.0%
Phase-in of deductions from CET1*		20%	40%	60%	80%	100%	100%
Minimum Tier 1 Capital	4.5%	5.5%	6.0%				6.0%
Minimum Total Capital		8.0%					8.0%
Minimum Total Capital plus conservation buffer		8.0%		8.625%	9.25%	9.875%	10.5%
Capital instruments that no longer qualify as non-core Tier 1 capital or Tier 2 capital		Phased out over 10 year horizon beginning 2013					
Liquidity							
Liquidity coverage ratio – minimum requirement			60%	70%	80%	90%	100%
Net stable funding ratio						100% minimum	

* Including amounts exceeding the limit for deferred tax assets (DTAs), mortgage servicing rights (MSRs) and financials.
--- transition periods

Source: http://www.bis.org/bcbs/basel3/basel3_phase_in_arrangements.pdf

3.1.2 Banking Regulation in Brazil

According to World Bank data, countries such as Brazil, Ecuador, Uruguay and Venezuela have very weak disclosure requirements, while other emerging market countries such as Malaysia, Thailand and South Africa which compare very well with those of advanced economies (Claessens and Yurtoglu, 2012:7).

The main sources of banking regulation in Brazil are Acts from the 1960's, including *Lei 4.595 (Lei do Sistema Financeiro Nacional – National Financial System Act)* of 31/12/1964 with its subsequent changes and accompanying legislation.

That code covers the main legal topics of banking activity in Brazil and establishes that the Brazilian financial system is mainly made up of the following entities:

1. Conselho Monetário Nacional (National Monetary Council);
2. Banco Central do Brasil (Brazilian Central Bank);
3. Banco do Brasil S.A.;
4. Banco Nacional de Desenvolvimento Econômico e Social (BNDES), the National Bank for Economic and Social Development;
5. Other financial institutions, both private and public.

According to section 3 of *Lei* 4.595, the National Monetary Council is the main regulatory body for banking activities in Brazil. Its regulations, which have a generic nature, are called *Resoluções* (Resolutions), more specific rules are issued by the BCB as *Circulares* (Circulars).

In addition, specific legislation has been enacted in order to fight financial crimes, such as *Lei* 7.492 dd. 16/06/1986 (*Lei do Colarinho Branco / Crimes Financeiros – White Collar / Financial Crimes Act*) and *Lei* 9.613 (*Lei da “Lavagem” de Dinheiro – Money “Laundry” Act*) of 03/03/1998.

In order to be allowed to operate in Brazil, financial institutions have to receive approval from the Central Bank of Brazil and mostly need to be incorporated as *Sociedades Anônimas*. They may not lend more than 25% of their adjusted shareholders' equity to any one person or group of companies (Resolution 2.844 dd. 29/06/2001), provide loans to shareholders who hold more than 10% of their equity, nor to their directors and officers or their family, or companies held by those persons (> 10%). Banks in Brazil are subject to further restrictions, such as on real estate investments (*Lei* 4.595, section 35 II), own investments (> 50% of equity according to Resolution 2.283 dd. 05/06/1996, as amended in 2002) and repo-transactions. They must maintain transactions confidential, comply with at least bi-annual reporting requirements and reserve requirements.

Regarding capital adequacy requirements, Resolution 2.099 dd. 17/08/1994 requires financial institutions in Brazil to abide by the rules on capital adequacy set by the Basel Committee for Banking Supervision (cfr. 3.1.1 oben). (*Global Legal Insights*⁴¹)

Regarding the remuneration of board members of financial institutions, rules were introduced by Resolution nº 3,921, which establishes the requirement to establish and maintain a remuneration committee from 2012 onwards (sec. 11 ff.) and lays out principles of a remuneration policies with the following limits:

1. At least 50% of variable remuneration is to be paid out in stock or equivalent, which have to be accounted for at fair value (sec. 6);
2. Payment of at least 40% of variable remuneration has to be deferred in time by at least three years, and subject to adjustment of unpaid tranches if the entity's earnings decrease significantly over that period (sec. 7);
3. Contracts with clauses exceeding those rules have to be compatible with “value creation and risk management over the long-term” (sec. 8);

⁴¹ <http://www.globallegalinsights.com/practice-areas/banking-and-finance/banking-regulation-1st-ed/brazil>

4. No minimum bonus guarantees shall be given except for special circumstances like the transfer of a board member to another business unit or city, and in any case should be limited to one year after the occurrence of the relevant fact (sec. 9).

3.1.3 Banking Regulation in Germany/Europe

In preparation of its taking on the role of a supervisory body for major European banks, the European Central Bank has been carrying out, during 2014, an evaluation of important banks. The assessment consists of three elements: i) a supervisory risk assessment to review, quantitatively and qualitatively, key risks, including liquidity, leverage and funding; ii) an asset quality review (AQR) to enhance the transparency of bank exposures by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions; and iii) a stress test to examine the resilience of banks' balance sheet to stress scenarios. (ECB press release of 23 October 2013: *"ECB starts comprehensive assessment in advance of supervisory role"*, <http://www.ecb.europa.eu/press/pr/date/2013/html/pr131023.en.html>)

The German Financial Reporting Reform Act (*"Bilanzreformgesetz"*) of 2006 led to detailed sustainability reporting in annual reports (cfr. Gebauer et al., 2008:15) which now address a wide range of different stakeholders such as clients, investors, employees, analysts and also neighbors of their production plants etc. (Goldmann et al., 2010:189)

On October 28, 2013, senior board member of the European Central Bank, Benoit Coeure, said the Euro Area was now out of the immediate *"danger zone"* but added that it risked a Japanese-style stagnation unless its banking sector was cleaned up.

"In one direction lies the Japanese experience, and in the other direction that of emerging East Asia," the Frenchman said. *"Europe has emerged from the danger zone. It's time for us to get our act together, to reform and to grow."* (As reported by GARP in: Put the banks in order, ECB board member tells euro zone http://www.garp.org/risk-news-and-resources/risk-headlines/story.aspx?newsid=67894&utm_source=informz&utm_medium=email&utm_campaign=newsletter)

As is the case with Japan, financial institutions in Germany control important parts of the corporate sector (La Porta et al., 1998; Claessens et al., 2000; Faccio and Lang, 2002, Claessens and Yurtoglu, 2012).

3.2 Corporate Governance Frameworks

While in most countries, corporate governance rules seem to have been improved and underlying regulations tightened, there also are exceptions to that rule. For instance, it became known in 2013 that Honk Kong authorities plan to ease identification rules for Directors by removing the necessity to register their home address and by allowing to hide several digits of the Honk Kong identity-card (HKID), which “*since many local names are similar, [...] serves as the only practical unique identifier available*” (*The Economist*, March 2nd 2013, p. 63). While real concerns regarding privacy may be one (legitimate) reason (cfr. a document issued on December 5th, 2013 by the Hong Kong Office of the Privacy Commissioner of Personal Data, http://www.pcpd.org.hk/english/infocentre/files/annex20131205_e.pdf), many fear that this measure would primarily help to disguise illegitimate business, given that the cross-referencing of HKID numbers has helped to build trust and enforce legitimate claims (*The Economist*, March 2nd 2013:63 f.).

3.2.1 Global Reporting Initiative (GRI)

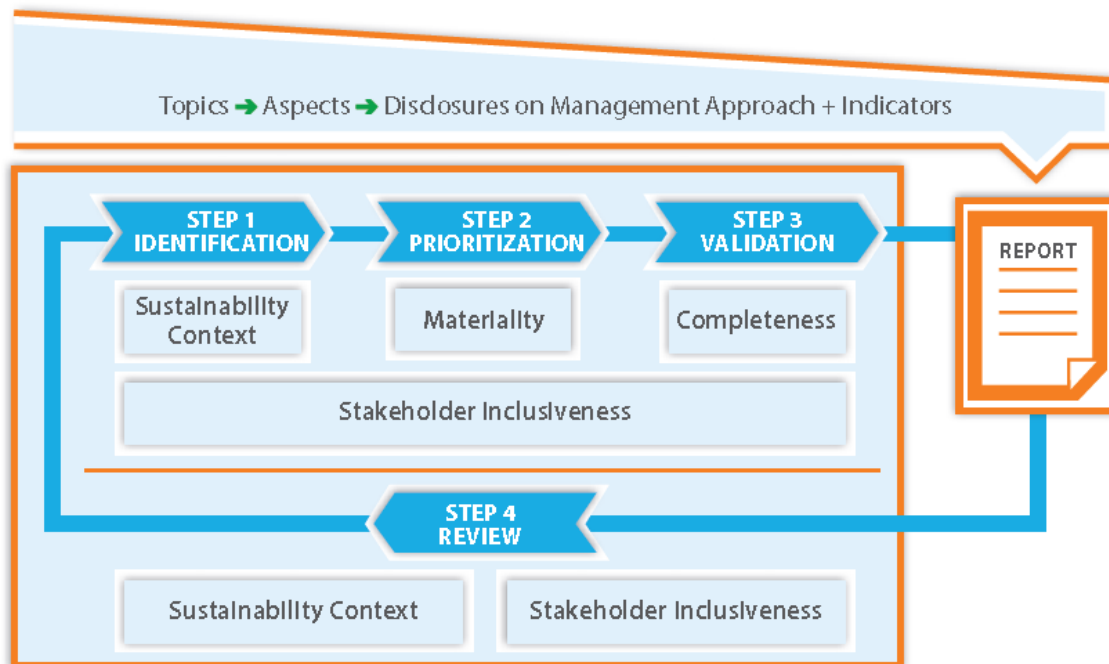
The Global Reporting Initiative (GRI)⁴², founded in Boston in 1997 as a union of experts, institutions, and rating agencies developed a standard for sustainability reporting which states that transparency in companies shall be increased by better communication in order to improve management, governance, and communication with their stakeholders. Sustainability reporting shall provide for an adequate and balanced presentation of sustainable action by a company, cover all aspects which are relevant for the stakeholders, and increase comparability (Goldmann et al., 2010:189).

A majority of the banks under analysis in this thesis use the GRI Reporting Principles and Standard Disclosures for their reporting system (Banco do Brasil, BNDES, Bradesco, Commerzbank, Itaú, DZ Bank).

The process for defining reporting content under GRI is illustrated by the following Figure 41:

⁴² <https://www.globalreporting.org/Pages/default.aspx>

Figure 41: Defining material aspects and boundaries - process overview



Source: GRI, 2013:90

As always with reporting, the quality of the report itself may not always fully reflect the quality of the underlying reality. However, researchers assume that there is a positive link between a good report and a strong performance, while a weak report is not necessarily a sign of weak performance (Goldmann et al. 2010:189).

For the eighth time, business association *future e.V.* and the Institute for Ecologic Business Research (IÖW) have analyzed the sustainability reports of the 150 top German companies in 2011 (<http://www.ranking-nachhaltigkeitsberichte.de/>). Among the top 10, there is only one (public) bank, Landesbank Baden-Württemberg (LBBW), private banks follow on rank 20 (HypoVereinsbank), and 22 (Commerzbank); and DZ Bank occupies rank 30. Kirchhoff's "Good Company Raking 2013" of the 70 largest European corporations ranks Deutsche Bank at 34 and Commerzbank at 41 out of the top 70, while the financial industry as one of 11 sectors ranks 9th, only followed by commodities and energy. That study takes into account several criteria related to stakeholders, clients, supply-chain, and society. (Kirchhoff, 2013:11 ff.)

3.2.2 Corporate Governance Rules in Brazil

3.2.2.1 Brazilian Corporate Governance Code

For 15 years now, the *Instituto Brasileiro de Governança Corporativa* (IBGC) has been “disseminating the best practices”, currently with an “initial public audience” by means of an online survey to prepare the fifth edition of its “Code of Best Practice of Corporate Governance” (“Código das Melhores Práticas de Governança Corporativa” – BCGC) going on until 31st August, 2014 (<https://pt.surveymonkey.com/s/23R5XR5>).

The current, 4th version of the BCGC was published in 2009, following editions since 1999. It is divided into six chapters, excluding a preface consisting of foreword, introductions, and concept and principles of corporate governance.

Part 1 covers “Ownership”, i.e. shareholder-related issues, such as “one share = one vote”, shareholders’ meetings, transfer of control, anti-takeover mechanisms (“poison pills”⁴³, for instance), but also a “Family Council” for family organizations, “a group formed to discuss family issues and the alignment of its members’ expectations with regard to the organization”. The main tasks of such a Family Council would be:

- “Setting boundaries between family interests and business interests;
- Preserving family values (history, culture and shared vision);
- Defining and agreeing on standards for asset protection, growth, diversification and management of securities and real property;
- Creating mechanisms (e.g.: an equity fund) for the purchase of other partners’ holdings in case they leave the organization;
- Succession planning, transfer of property and inheritance;
- Viewing the organization as a uniting and family continuity factor;
- Preparing family members to succeed in the organization, considering their willingness and aptness, their professional future, and continuing education; and
- Defining rules for the appointment of members who will make up the Board of Directors”. (BCGC 2009:27 f.)

Part 2, then, deals with the Board of Directors, its composition and mission, details such as directors’ qualifications, age, term of office (max. 2 year terms) and time availability, limiting the service on other boards and committees to one for senior executives, two for the CEO and

⁴³ For details on poison pills, please refer to Monks, 2004:200 ff.

internal Directors, up to three board memberships for the Chairman and a maximum of five for external and/or independent Directors in total, and a CEO or Chairman should not chair the board of another (unrelated) organization. The BCGC is based on a one-tier board structure, requesting that *“the positions of Chairman and CEO should not be held by the same person”* (BCGC 2009:34 f.), and adding that a *“clear separation of roles between the two positions and clear power and action limits are of fundamental importance”*. (BCGC 2009:49)

Whereas the BCGC only mentions a Supervisory Board once (regarding other functions of Board members), it describes an Advisory Board, *“preferably made up of independent members”*, as *“good practice, particularly for organizations taking the first steps in the adoption of good practices of corporate governance. It allows independent members to contribute to the organization and gradually improve its corporate governance.”* (BCGC 2009:43).

The Brazilian Code clarifies that board members *“have their duties to the organization, and therefore to all shareholders. The Board is, therefore, bound to none”*. (BCGC 2009:32)

The recommended number of board members is between five and eleven, whereas the *“existence of alternate Directors is not a good corporate governance practice, and should be avoided”*, arguing that *“[t]he alternates for occasional absences are not sufficiently familiar with the organization’s issues”*. (BCGC 2009:36)

The Board’s role is being described by the BCGC *“to be the link between shareholders and Management, to guide and oversee Management and its relationship with other stakeholders”* (BCGC 2009:29) and its responsibilities under section 2.3, including three sub-sections:

- 2.3.1 Corporate risk management;
- 2.3.2 Sustainability;
- 2.3.3 Spokesperson policy.

The responsibilities include the *“discussion, approval, and monitoring of decisions involving [...] [r]isk appetite and tolerance (risk profile)”*.

The BCGC understands risk profile as the *“conjunction”* of risk appetite and risk tolerance regarding the *“exposure to risk the organization is willing to accept”* and defines risk appetite as *“the level of risk the organization can accept while seeking and attaining its mission/vision (an activity which is more associated to a prior analysis of risks)”*. Risk tolerance is being described as *“the acceptable level of variability in attaining defined targets and objectives (more associated to the monitoring of risks)”*. (BCGC 2009:30)

The BCGC does not set a fixed minimum for the number of independent directors, stating solely that this depends “*on the level of maturity of the organization, its life cycle, and its characteristics*”. The code recommends however “*that the majority of members be independent, hired through formal processes, and with a well-defined scope of work and qualifications*”. (BCGC 2009:37)

Section 2.28 describes committees of the board of directors, naming a few as example, such as Audit, Human Resources/Compensation, Governance, Finance, and Sustainability Committees.

Part 3 of the BCGC deals with Management, particularly the CEO’s role of “*managing the organization and coordinating Management*” (BCGC 2009:54). It establishes rules for Officers’ nomination and their personal responsibility as well as the organization’s relationship with stakeholders, defined by the Brazilian Code as “*individuals or entities that assume some kind of direct or indirect risk related to the organization’s activities*” and the obedience of international standards in section 3.5.1. (BCGC 2009:54 f.)

Regarding management compensation (section 3.9), the BCGC establishes that this “*should be linked to results, with short and longterm goals, clearly and objectively associated to the creation of economic value for the organization*”, whereas the incentive structure should include a system of “*checks and balances*” (cfr. above 2.1.3) and requires the disclosure of “*all kinds of compensation payments made to officers*”, for variable compensation namely:

- “*Variable compensation mechanisms (% profit, bonuses, stock, stock options, etc.)*;
- “*The performance indicators/metrics used in the variable compensation program*;
- “*Target award levels (paid for attaining 100% of the targets)*;
- “*The main features of any stock option plan (eligibility, strike price, vesting period and exercise period, standards to define the number of options, granting frequency, maximum dilution, annual dilution, etc.)*;
- “*The description of the benefits offered*;
- “*The potential and actually paid mix (percentage) of total compensation, i.e., how much each part (fixed, variable, benefits, and share plans) represents of the total*” (BCGC 2009:56 f.)

Having already described the audit committee in quite some detail under its section 2.30, the Brazilian Code dedicates its Part 4 to “*Independent Auditing*” and Part 5 to the “*Fiscal Council*”. (BCGC 2009:62 ff.)

Part 6, finally, addresses a corporation's "*Conduct and Conflict of Interest*", establishing that "*every organization should have a Code of Conduct binding administrators and employees. [...] The Code [of Conduct] should accurately reflect the company's culture and state, as clearly as possible, the principles on which it is based. It should also implement ways to complain or report problems of an ethical nature (complaints channel, ombudsman)*". (BCGC 2009:66) Such a code of conduct should deal with a list of issues, including "*questionable payments made or received*", "*nepotism*", "*exploitation of adult or child labor*" or "*use of alcohol and drugs*", to name but a few. (BCGC 2009:66 f.)

The chapter about conflicts of interest (section 6.2 of the BCGC) includes related party transactions and establishes the temporary removal of the conflicted person, to be noted in the meeting minutes. (BCGC 2009:68 f.) Part 6 also covers capital markets related issues such as the use of insider information and a stock trading policy, made mandatory by the Brazilian Code, as well as information disclosure ("*transparency*"), contributions and donations, concluded by the requirement to establish a policy "*to prevent and fight illicit acts*". (BCGC 2009:70 f.)

3.2.2.2 Brazilian Rules on Corporate Governance

Corporate governance legislation in Brazil is based on Acts dating back to the 1960's and 1970's, as for example *Lei 4.728 (Lei do Mercado de Capitais – Capital Market Act)* dated 14/07/1965, and *Lei 6.385 of 07/12/1976 (Lei do Mercado de Valores Mobiliários – Stock Market Act)* with their respective amendments over time and ancillary legislation.

In 2007, an interministerial commission on corporate governance was established by Decree 6.021 (22/01/2007), in order to adopt and promote corporate governance best practices in State holdings and companies, thus also applying to State banks such as Caixa Econômica Federal. For further examples of Brazilian regulation, cfr. **Fehler! Verweisquelle konnte nicht gefunden werden..**

3.2.3 Corporate Governance Rules in Germany

3.2.3.1 German Stock Companies Act (*Aktiengesetz – AktG*)

The German Stock Companies Act (*AktG*) codifies the rules for German corporations in as far as they are not subject to other legislation, such as the Limited Liability Company Act (*GmbHG*).

Section 161 AktG is entitled “*Declaration on the Corporate Governance Code*” and requires, in its first paragraph, Management Board and Supervisory Board to declare compliance with the provisions of the GCGC or name and explain any deviation.

Paragraph 2 requires the declaration’s permanent publication on the company’s internet site.

Section 120 par. 4 AktG allows for board managers’ compensation system to be approved by the general assembly, but this does not constitute rights or obligations, nor does it interfere with the Supervisory Board’s authority and its responsibilities.

The Management Board’s right to exercise their discretion in managing the company (“*on their own authority*”) according to section 76 par. 1 AktG is limited, in accordance with case law, to the interest of the company.

section 91 II AktG stipulates that the managing board has to take adequate measures – especially by establishing systems of supervision – in order to ensure that developments which might put the continuity of the corporation at risk be identified at an early stage. (Cfr. 2.2.7 oben)

Drennan and Beck (2001:1) note (primarily for the UK) that the “gradual expansion of the duties of managers and boards [...] has not been accompanied by the provision of detailed guidelines, leaving it up to individual companies to decide how to manage strategic, operational and reputational risks”.

3.2.3.2 German Commercial Act (*Handelsgesetzbuch* – HGB)

Section 289a HGB (*Handelsgesetzbuch* / German Commercial Act) requires listed companies in Germany to make declarations on their corporate governance (“*Unternehmensführung*”), naming those practices which exceed the legal minimum requirements as well as indications as to where they are publicly available. Furthermore, they have to describe the working practices of management board and supervisory board as well as the composition of their committees. A remittance to the internet publication of such data is also accepted. Another obligation of section 289a HGB is the declaration in accordance to section 161 AktG.

Since 2006, there is a specific CSR reporting obligation for the largest companies in Germany (sections 289 (par. 3), 315 HGB).

3.2.3.3 KAGB and AIFM

On 22nd July 2013, the new German Investment Law (*Kapitalanlagegesetzbuch* – KAGB) came into force, regulating the closed-end fund industry in unprecedented depth and breadth.

This law implements fund manager regulations (*“Erlaubnispflicht für Manager”*) in sections 17 ff., specific product regulations as well as detailed rules for sales, prospectus (*“Prospektpflichten”*) and valuations.

Apart from those product-related rules, the KAGB closes in on the very organization of the issuing entities which will now have to maintain their own equity base and comply with strict rules on issues as sensitive as the top management and risk management.

But not only the fund managers will have to adopt new organizational structures: the same will be true for the regulating entity, the German banking supervisory board (*“Bundesanstalt für Finanzdienstleistungsaufsicht”* – BaFin). BaFin will have to review their own structures as well as the communication with the supervised entities, in accordance with the specific rules of the law, given that a number of topics have been regulated in detail already. For those cases in which the law is not that specific, BaFin has already been issuing decrees (*“Verordnungen”*) in order to limit the scope for interpretation and help define processes which still need to be tested. (Mario Caroli, *“Den Dialog mit der Bafin suchen”*, in: FAZ:41, 11/10/2013)

Both, AIFM and KAGB, aim at avoiding conflicts of interest by implementing organizational and administrative processes. Furthermore, a special focus rests on risk management and liquidity management, implying *“that the risk management function be separated from the operative areas of the portfolio in functional and hierarchical terms”*.

Apart from this, remuneration not only of the top management, but also of employees who do have a significant influence on the risk profile of the portfolio, shall be in line with a *“solid risk management”*, thus avoiding the underwriting of excessive risk.

The banking sector has created working panels and groups coordinating the work of the banking sector in agreeing on processes and measures with BaFin. (Mario Caroli, *“Den Dialog mit der Bafin suchen”*, in: FAZ:41, 11/10/2013)

3.2.3.4 KonTraG and other relevant legislation

The *Gesetz zur Kontrolle und Transparenz im Unternehmensbereich* (KonTraG, 1998), an Act regarding control and transparency in the corporate sphere, establishes a personal liability for board members regarding their decisions and actions in as far as they lead to (significant) losses for the company. This appears to be a sensible way to mitigate the principal-agent-conflict as directors who are usually not significant shareholders in the corporation they preside are thus potentially feeling a direct link between their mismanagement and their

personal financial situation. Reportedly, around 5,000 cases against former managers were pending in Germany in the first semester of 2014.

The flip-side of this approach however is the consequence that managers demand D&O insurances and/or higher remuneration for taking such risks and exposing their personal wealth to potential claims by shareholders in an unforeseeable future, thus increasing the costs for the corporation they are supposed to manage in a cost-conscious way.

Other relevant norms can be found in the TransPuG (*Gesetz zur weiteren Reform des Aktien- und Bilanzrechts, zur Transparenz und Publizität* – Act for further reform of the stock- and accounting rules, for transparency and publicity) of 2002, the BilReG (*Bilanzrechtsreformgesetz* – Act for the reform of accounting laws, 2004) and the VorstOG (*Vorstandsvergütungs-Offenlegungsgesetz* – Act regarding the disclosure of management board's compensation, 2005) as well as the BilMoG (*Bilanzmodernisierungsgesetz* – Act regarding the modernization of accounting rules) of 2009, also regarding internal control systems (ICS).

3.2.3.5 German Corporate Governance Code

The German Corporate Governance Code (GCGC) was last amended on May 13, 2013 and is subject to an annual review and shall be amended, if necessary, to reflect national and international developments in the area of corporate governance. (GCGC, 2013:2)

“The German Corporate Governance Code (the “Code”) presents essential statutory regulations for the management and supervision (governance) of German listed companies and contains internationally and nationally recognized standards for good and responsible governance. The Code aims to make the German Corporate Governance system transparent and understandable. Its purpose is to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed German stock corporations.” (GCGC, 2013:1)

The GCGC has been issued by the Government Commission German Corporate Governance Code and is organized as follows:

Part 1 (Foreword) explains its purpose and aims, giving also an overview of the German corporate system, especially regarding the dual board system with its compulsory division into Management Board and Supervisory Board (with the exception of a European Company (SE)) as well as the participation of employee representatives on supervisory boards (codetermination, cfr. 2.1.21 oben).

It is noteworthy that the passage *“In practice the dual-board system, also established in other continental European countries, and the single-board system are converging because of the intensive interaction of the Management Board and the Supervisory Board in the dual-board system. Both systems are equally successful.”* has been eliminated by the May 2013 revision of the GCGC.

It further establishes the *“comply or explain”* rule for its recommendations (identifiable by the expression *“shall”*) and distinguishes them from mere suggestions (preceded by the word *“should”*).

Finally, its primary focus on *“listed corporations and corporations with capital market access”* is stressed, while its application is recommended also for other companies. (GCGC, 2013:2)

The second part deals with *“Shareholders and the General Meeting”* including details on the submission of the annual reports, invitation and proxies for the General Meeting etc.

Part 3 addresses the *“Cooperation between Management Board and Supervisory Board”* focusing on the enterprise’s strategy and, interestingly, declaring the provision of sufficient information to the Supervisory Board as *“the joint responsibility of the Management Board and Supervisory Board”* (section 3.4 GCGC). The third part also establishes provisions for the Boards’ actions in case of a takeover offer (*“appropriate cases”* in the previous version) and, independently from this, defines individual board members’ liability and requires a min. 10% deductible for any D&O policy. Furthermore, rules on loans to managers and their relatives as well as the obligation to publish a Corporate Governance Report annually can be found in this section.

Part 4 then deals with the duties, dealing with conflicts of interest, composition and compensation of the Management Board and its members. Regarding the latter, the following passage was introduced by the 2013 review, i.a.: *“The Supervisory Board shall consider the relationship between the compensation of the Management Board and that of senior management and the staff overall, particularly in terms of its development over time. The Supervisory Board shall determine how senior managers and the relevant staff are to be differentiated. [...] The amount of compensation shall be capped, both overall and for individual compensation components. [...] For pension schemes, the Supervisory Board shall establish the level of provision aimed for in each case - also considering the length of time for which the individual has been a Management Board member - and take into account the resulting annual and long-term expense for the company.”* (section 4.2.2 f. GCGC). Section 4.2.5 GCGC also sets out the details to be included in the annual compensation report, with a

specific introduction by the 2013 review: “In addition, for financial years starting after 31 December 2013, and for each Management Board member, the compensation report shall present:

- the benefits granted for the year under review including the fringe benefits, and including the maximum and minimum achievable compensation for variable compensation components;
- the allocation of fixed compensation, short-term variable compensation and long-term variable compensation in/for the year under review, broken down into the relevant reference years;
- for pension provisions and other benefits, the service cost in/for the year under review.

The model tables provided in the appendix shall be used to present this information.”

Table 16: GCGC Appendix Table rel. 4.2.5, 1. bullet point

a	Benefits granted	I		II		III		IV	
		Name				Name			
		Function				Function			
		Date joined/left				Date joined/left			
d		n-1	n	n (min)	n (max)	n-1	n	n (min)	n (max)
1	Fixed compensation								
2	Fringe benefits								
3	Total								
4	One-year variable compensation								
5	Multi-year variable compensation								
5a	Plan description (plan term)								
...	Plan description (plan term)								
6	Total								
7	Service cost								
8	Total								

Notes:

a Name of the Management Board member

b Function of the Management Board member, e.g. CEO, CFO

c Date on which the member joined/left the Management Board, if in the financial year under consideration n (year under review) or n-1

d Financial year under consideration n (year under review) or n-1

I Benefits granted in financial year n-1

II Benefits granted in financial year n (year under review)

III Minimum value of granted compensation components that can be achieved in financial year n (year under review), e.g. Zero

IV Maximum value of granted compensation components that can be achieved in financial year n (year under review)

1 Non-performance-based components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical

2 Non-performance-based components, e.g. benefits in kind and fringe benefits (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical

3 Total of non-performance-based components (1+2) (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical

4 One-year variable compensation, e.g. bonus, short-term incentive (STI), share in profits

5 Multi-year variable compensation (total of rows 5a-...), e.g. multi-year bonus, deferred components from one-year variable compensation, long-term incentive (LTI), subscription rights, other share-based compensation

5a-... Multi-year variable compensation, broken down into plans and stating the period of time

6 Total of non-performance-related and variable components (1+2+4+5)

7 Service cost in accordance with IAS 19R from pension schemes and other benefits (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical

8 Total of non-performance-related and variable components and service cost (1+2+4+5+7)

Source: GCGC, 2013:Appendix [19]

Part 5 covers the tasks and responsibilities of the Supervisory Board, its Terms of Reference, its composition and remuneration as well as the formation of committees.

The first committee mentioned is the Audit Committee, introducing by the 2013 revision the term “*risk management system*”. The only other committee mentioned is the Nomination Committee.

Section 5.4.2 GCGC provides that “[t]he Supervisory Board shall include what it considers an adequate number of independent members”, whereas “a Supervisory Board member is not to be considered independent in particular if he/she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests”.

Part 6, entitled “*Transparency*”, has suffered significant amendments during the 2013 review. Deletions from this part include insider information disclosure, disclosure of shareholding thresholds, communication media including internet and its use for company disclosures, as well as the recommendation to make English versions of publications available.

The sections which remained concern equal information of shareholders as well as international and domestic addressees, board members’ shareholdings, and a “*financial calendar*”.

Part 7, finally, covers “*Reporting and Audit of the Annual Financial Statements*”.

We may conclude that the GCGC is relatively short and to the point, if compared to its Brazilian counterpart, for example, and as such comparable to the Portuguese version which however dedicates an own chapter to risk management (PCGC, 2014:18)⁴⁴, while the GCGC only uses the word “*risk*” eight times, without defining its meaning or place within the corporate governance structure.

As most corporate governance codes, also the German code concentrates on listed companies. For unlisted companies in Europe, there is the “*Corporate Governance Guidance and Principles for Unlisted Companies in Europe*”, issued by the European Confederation of Directors Associations (ecoDa – www.ecoda.org).

Further guidance on corporate governance in Europe can be found in the 2011 Green Paper “*The EU corporate governance framework*”⁴⁵.

⁴⁴ On corporate governance in Portugal, cfr. Pinto (2013); Esperança et al. (2011:141 ff.).

⁴⁵ http://ec.europa.eu/internal_market/company/docs/modern/com2011-164_en.pdf

3.2.3.6 Board compensation

Regarding board compensation (cfr. section 2.1.12 oben), section 87 AktG requires the supervisory board to ensure that management board's total compensation does not exceed "*usual remuneration*" without specific reason, referring to both market- and company-standards. (Preen et al., 2014:101; cfr. Mülbert, 2010:33)

The German Corporate Governance Code of May 13, 2013 specifies the relevant reference as "*the relation of board compensation to the compensation of senior management and the relevant staff in its totality*", and recommends for the supervisory board to take this into account when fixing the compensation for each individual management board member (GCGC, Nr. 4.2.2). Thus, the GCGC specifies the legal requirement of a vertical appropriateness of Executive Board compensation, but leaves it to the supervisory board to define the relevant reference group(s). These turn out to be different for each company, depending on the corporate structure, level of internationalization, and form of organization. The GCGC thus allows for flexibility, but fails to provide clear guidance, as it doesn't even define the compensation, which therefore might be understood as base salary or total compensation.

Recent tendencies go towards giving the general assembly of shareholders a stronger "*say on pay*", as also intended by the new German federal government coalition, but the initiative shall also in future rest with the supervisory board which established itself over a long term as a reliable element in the German corporate structure (Preen et al., 2014:102).

In January 2014 reports emerged according to which German banks, and in particular Deutsche Bank, had not respected limits introduced on executive bonuses, awarding rewards in excess of the base salary.

3.3 Risk Management Regulation

The International regulatory framework for banks, “Basel III”, provides for a concise banking supervision system, based on three pillars:

- Pillar 1: Capital, risk coverage, containing leverage;
- Pillar 2: Risk management and supervision;
- Pillar 3: Market discipline.

Table 17: Basel III Overview

Basel Committee on Banking Supervision reforms - Basel III

Strengthens microprudential regulation and supervision, and adds a macroprudential overlay that includes capital buffers.

Capital					Liquidity	
Pillar 1		Pillar 2	Pillar 3		Global liquidity standard and supervisory monitoring	
Capital	Risk coverage	Containing leverage	Risk management and supervision	Market discipline		
All Banks	<p>Quality and level of capital Greater focus on common equity. The minimum will be raised to 45% of risk-weighted assets after deductions.</p> <p>Capital loss absorption at the point of non-viability Contractual terms of capital instruments will include a clause that allows – at the discretion of the relevant authority – write-off or conversion to common shares if the bank is judged to be non-viable. This principle increases the contribution of the private sector to resolving future banking crises and thereby reduces moral hazard.</p> <p>Capital conservation buffer Comprising common equity of 2.5% of risk-weighted assets, bringing the total common equity standard to 7%. Constraint on a bank's discretionary distributions will be imposed when banks fall into the buffer range.</p> <p>Countercyclical buffer Imposed with a range of 0-2.5% comprising common equity, when authorities judge credit growth is resulting in an unacceptable build up of systematic risk.</p>	<p>Securitisation Strengthens the capital treatment for certain complex securitisations. Requires banks to conduct more rigorous credit analysis of externally rated securitisation exposures.</p> <p>Trading book Significantly higher capital for trading and derivatives activities, as well as complex securitisations held in the trading book.</p> <p>Introduction of a stressed value-at-risk framework to help mitigate procyclicality. A capital charge for incremental risk that estimates the default and migration risks of unsecured credit products and takes liquidity into account.</p> <p>Counterparty credit risk Substantial strengthening of the counterparty credit risk framework. Includes more stringent requirements for measuring exposure; capital incentives for banks to use central counterparties for derivatives; and higher capital for inter-financial sector exposures.</p> <p>Bank exposures to central counterparties (CCPs) The Committee has proposed that trade exposures to a qualifying CCP will receive a 2% risk weight and default fund exposures to a qualifying CCP will be capitalised according to a risk-based method that consistently and simply estimates risk arising from such default fund.</p>	<p>Leverage ratio A non-risk-based leverage ratio that includes off-balance sheet exposures will serve as a backstop to the risk-based capital requirement. Also helps contain system-wide build up of leverage.</p>	<p>Supplemental Pillar 2 requirements Address firm-wide governance and risk management; capturing the risk of off-balance sheet exposures and securitisation activities; managing risk concentrations; providing incentives for banks to better manage risk and returns over the long term; sound compensation practices; valuation practices; stress testing; accounting standards for financial instruments; corporate governance and supervisory colleges.</p>	<p>Revised Pillar 3 requirements Address firm-wide governance and risk management; capturing the risk of off-balance sheet exposures and securitisation activities; managing risk concentrations; providing incentives for banks to better manage risk and returns over the long term; sound compensation practices; valuation practices; stress testing; accounting standards for financial instruments; corporate governance and supervisory colleges.</p>	<p>Liquidity coverage ratio The liquidity coverage ratio (LCR) will require banks to have sufficient high-quality liquid assets to withstand a 30-day stressed funding scenario that is specified by supervisors.</p> <p>Net stable funding ratio The net stable funding ratio (NSFR) is a longer-term structural ratio designed to address liquidity mismatches. It covers the entire balance sheet and provides incentives for banks to use stable sources of funding.</p> <p>Principles for Sound Liquidity Risk Management and Supervision The Committee's 2008 guidance <i>Principles for Sound Liquidity Risk Management and Supervision</i> takes account of lessons learned during the crisis and is based on a fundamental review of sound practices for managing liquidity risk in banking organisations.</p> <p>Supervisory monitoring The liquidity framework includes a common set of monitoring metrics to assist supervisors in identifying and analysing liquidity risk trends at both the bank and system-wide level.</p>
	<p>In addition to meeting the Basel III requirements, global systemically important financial institutions (G-SIFIs) must have higher loss absorbency capacity to reflect the greater risks that they pose to the financial system. The Committee has developed a methodology that includes both quantitative indicators and qualitative elements to identify global systemically important banks (G-SIBs). The additional loss absorbency requirements are to be met with a progressive Common Equity Tier 1 (CET1) capital requirement ranging from 1% to 2.5%, depending on a bank's systemic importance. For banks facing the highest G-SIB surcharge, an additional loss absorbency of 1% could be applied as a disincentive to increase materially their global systemic importance in the future. A consultative document was published in cooperation with the Financial Stability Board, which is coordinating the overall set of measures to reduce the moral hazard posed by global SIFIs.</p>					

Source: <http://www.bis.org/bcbs/basel3/b3summarytable.pdf>

With its „Basel III” rules, the Basel Committee for Banking Supervision launched a new version of banking regulation including rules for equity elements and ratios as well as for liquidity risk management. The European implementation was finalized in the summer of 2013 via the Capital-Requirements-Directive-(CRD-)IV-package. The transformation of the EU-directive into national law occurred through the CRD-IV-transformation law, whereby the obligation for the application of the new rules started as of January 1, 2014. The implementation of the increased capital requirements occurs step by step throughout a „phase-in”. With regards to liquidity requirements, reporting duties have to be fulfilled via Liquidity

Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Also these shall be made compulsory and be increased step by step following a monitoring period. The final layout of requirements however is still unclear as the Basel Commission plans further amendments.

3.3.1 Risk Management Regulation in Brazil

The Brazilian capital markets and financial systems are regulated and monitored by the National Monetary Council (*Conselho Monetário Nacional* - CMN), the Brazilian Central Bank (*Banco Central do Brasil* - BCB) and the Brazilian Securities and Exchanges Commission (*Comissão de Valores Mobiliários* - CVM).⁴⁶

Regarding banks, the competent entity in the area of risk management is the Central Bank of Brazil (BCB), which in 2013 published a number of rules regarding risk management, including the Circular No. 3.678 dd. 31/10/2013, which provides information related to risk management, the assessment of the risk-weighted assets, and the assessment of Regulatory Capital (*“Patrimônio de Referência”*), in line with the new capital rules. It obliges banks in Brazil to publish a number of information as per 30 June and 31 December of each year and provides for relevant calculation formulae.

Other Circulars issued by BCB on 04/03/2013 regard the calculation of risk weighted assets, such as RWA_{CPAD} (Circular 3.644), RWA_{CIRB} (Circular 3.648), RWA_{JUR1-4} (Circulars 3.634 ff.), and RWA_{ACS} (Circular 3.645), RWA_{COM} (Circular 3.639), and RWA_{CAM} (Circular 3.641), RWA_{OPAD} (Circular 3.640), and RWA_{OAMA} (Circular 3.647).

Resolution 4.019 dd. 29/09/2011 issued by the National Monetary Council provides for prudential preventive measures aimed at ensuring the soundness, stability and the regular functioning of the National Financial System.

3.3.2 Risk Management Regulation in Germany

3.3.2.1 Regulatory Environment

A new EU-directive is under way to establish a framework for the recovery and liquidation of credit institutions and equity firms, the Banking Recovery and Resolution Directive.

⁴⁶

<http://www.bmfbovespa.com.br/en-us/international-investors/regulation-in-brazil/regulation-in-brazil.aspx?idioma=en-us>

“Recovery Plans”, meant to prepare each entity for the event of a profound shock are being required since August 2013 from systemic relevant banks since the amendments made to KWG by the *“German Separate Banking Act”* (*“Deutsches Trennbankengesetz”*). Those are to be followed by *“Resolution Plans”* which shall establish and prepare for a wind-down scenario.

Apart from this, the European Union is discussing the ‘Single Resolution Mechanism’ (SRM). The Recovery Plan is to describe the potentials for recovery of an institution in a crisis and which specific means of turn-around should be used in different stress scenarios.

Based on the Liikanen Report of 2012 (http://ec.europa.eu/internal_market/bank/docs/high-level_expert_group/report_de.pdf) and the European Commission’s proposal of *“new rules to stop the biggest and most complex banks from engaging in the risky activity of proprietary trading”* dated 29 January 2014 important measures are being put in place to prohibit or separate risky business *“from their deposit-taking business if the pursuit of such activities compromises financial stability”*. Accompanying measures were published to increase *“transparency of certain transactions in the shadow banking sector”*. Michel Barnier, Commissioner for internal market and services of the EC described those proposals as *“the final cogs in the wheel to complete the regulatory overhaul of the European banking system. This legislation deals with the small number of very large banks which otherwise might still be too-big-to-fail, too-costly-to save, too-complex-to-resolve.”* (http://europa.eu/rapid/press-release_IP-14-85_en.htm)

That proposal shall *“apply only to the largest and most complex EU banks with significant trading activities. It will:*

1. *Ban proprietary trading in financial instruments and commodities, i.e. trading on own account for the sole purpose of making profit for the bank. This activity entails many risks but no tangible benefits for the bank's clients or the wider economy.*
2. *Grant supervisors the power and, in certain instances, the obligation to require the transfer of other high-risk trading activities (such as market-making, complex derivatives and securitisation operations) to separate legal trading entities within the group (“subsidiarisation”). This aims to avoid the risk that banks would get around the ban on the prohibition of certain trading activities by engaging in hidden proprietary trading activities which become too significant or highly leveraged and potentially put the whole bank and wider financial system at risk. Banks will have the possibility of not separating activities if they can show to the satisfaction of their supervisor that the risks generated are mitigated by other means.*

3. *Provide rules on the economic, legal, governance, and operational links between the separated trading entity and the rest of the banking group.”*

(http://europa.eu/rapid/press-release_IP-14-85_en.htm)

In late 2014, the European Central Bank will take over full responsibility for banking supervision in Europe under the Single Supervisory Mechanism, following extensive review of big banks' balance sheets (Asset Quality Review, AQR) and systematic stress tests.

The Basel Committee on Banking Supervision established rules on risk data aggregation and internal risk reporting for banks and supervisory authorities in 2013 which refer to governance and infrastructure, risk data aggregation, and risk reporting. Its rules will be fully compulsory for global systemic relevant banks from 2016 onwards.

The Financial Stability Board (FSB) formed the Enhanced Disclosure Task Force in 2012 in order to improve risk disclosures in all areas of risk management. (http://www.financialstabilityboard.org/press/pr_130821.pdf)

It is apparent that regulatory and accounting requirements for banks have become ever more intense. This is so much so that some see the biggest danger in over-regulation rather than in economic changes: *“Changes in regulatory requirements and accounting standards, which have grown increasingly frequent and material in recent years, may have lasting implications for – and even threaten the survival of – the financial industry in general and Commerzbank’s business model in particular.”* (Commerzbank AR 2013:105)

3.3.2.2 KonTraG

The Law for Control and Transparency in Companies (*Gesetz zur Kontrolle und Transparenz im Unternehmensbereich – KonTraG*, of 1998) establishes several rules to include corporate governance and risk management as legal requirements and part of strategic planning. The law implies personal responsibility for managers, thus somewhat easing the principal-agent-conflict by imposing personal consequences on managers for the mismanagement of a corporation.

It also introduced Art. 91 par. 2 AktG (cfr. 3.2.3.1 oben) and auditors are required to check the risk management systems in the companies they audit. As part of the rating systems

required under the Basel frameworks, company-wide risk management systems are part of the review performed by banks on their customers (e.g. Management Risk Controlling (MRC)).

3.3.2.3 MaRisk

On December 14, 2012, German banking supervision authority BaFin published the fourth version of the Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement – MaRisk*)⁴⁷ which came into effect on January 1, 2013 and had conformance periods generally until December 31, 2013. Its purpose is mainly to detail the requirements of section 25a of the German Banking Act (KWG) with regards to the risk management of credit institutions, given that the referred section does not define them.

The minimum canon of material risks is defined in section AT 2.2 of MaRisk:

- (a) “counterparty and credit risk (including country risk),
- (b) market risk,
- (c) liquidity risk, and
- (d) operational risk.”

It further clarifies that apart from the size of an individual risk, there can be “*risk concentrations from a co-movement of risk positions within a risk type (“intra-risk concentrations”) and from a co-movement of risk positions across different risk types (due to common risk factors or interactions between various risk factors of different risk types – “inter-risk concentrations”)*”. (BaFin⁴⁸)

Once again, the complexity of risk identification and assessment does not end at the first level. Regarding counterparty risk, for instance, Jorion (2009:929) observes: “*It is not enough to know your counterparty. You need to know your counterparty’s counterparties, too.*”

3.3.2.4 German Solvency Regulation (*Solvabilitätsverordnung – SolvV*)

Just as MaRisk, the German Solvency Regulation dd. 06/12/2013 is one of the main outflows of the German Banking Act (KWG). It establishes requirements for adequate capital provision and defines rules for the application of the Internal Ratings-Based (IRB), calculation of capital buffer requirements (sec. 33 ff.), and relevant risk positions (sec. 36). It also makes special reference to operational risk as the risk of losses resulting from inadequate or failed

⁴⁷ English translation published on 15/08/2014:

⁴⁸ http://www.bafin.de/SharedDocs/Downloads/EN/Rundschreiben/dl_rs_1210_ba_marisk.pdf?__blob=publicationFile

internal processes, systems, human error or external events and defines capital quotas (sec. 24 ff.).

Conglomerate-wide risk management system have to comply with the statutory requirements specified in section 25 (1) of the German Supervision of Financial Conglomerates Act (FKAG) in conjunction with section 25a KWG.

3.4 Brazilian banks under analysis

Basis for our analysis of the five major banks in Brazil is the Brazilian Central Bank's ranking of banks by assets as of 31st December, 2013:

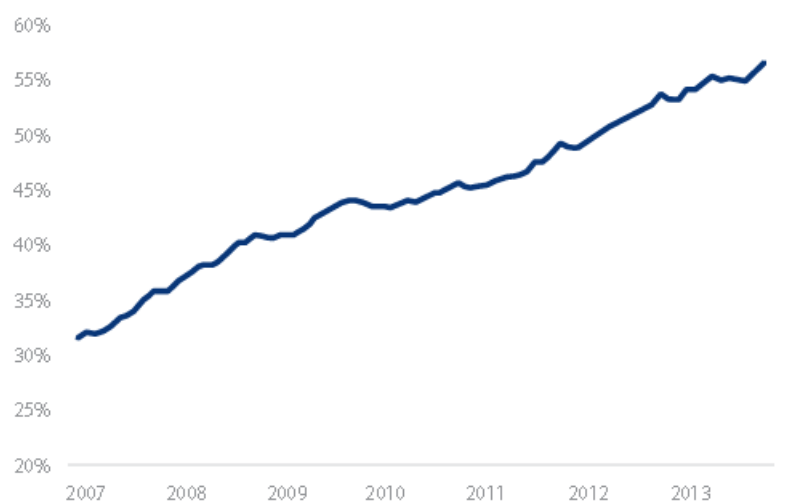
Table 18: Five largest Brazilian banks

31.12.2013		BRL/EUR: 3,2582			
Country	Bank	Total Assets TBRL	Total TEUR	Employees	Branches
BR	Banco do Brasil	1.218.525.361	373.987.282	124.744	5.451
BR	Itaú Unibanco	1.027.324.008	315.304.158	118.251	3.924
BR	CAIXA ECONOMICA FEDERAL	858.475.356	263.481.479	126.098	3.289
BR	BRADESCO	776.724.294	238.390.613	97.413	4.684
BR	BNDES	762.953.109	234.163.989	2.896	1
Totals	5	4.644.002.128	1.425.327.521	469.402	17.349
Source:	Banco Central do Brasil	31.12.2013	BRL/EUR: 3,2582		(ECB)

In general, banking – and bank lending in particular – has become much more important as a share of Brazilian GDP over the past six years, i.e. since the beginning of the financial crisis, than it had been in previous eras, as exemplified by the following graph:

Figure 42: Bank Lending in Brazil (as % of GDP)

Bank Lending (as % of GDP)



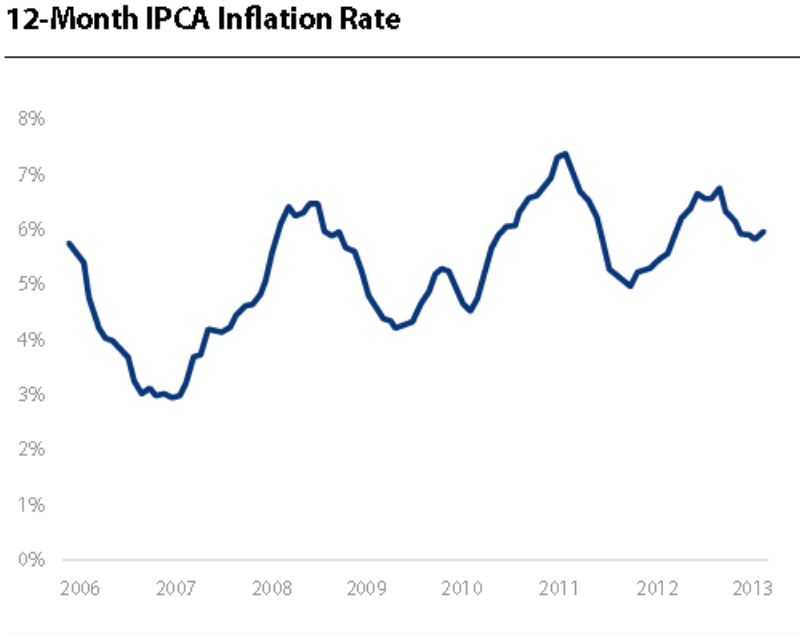
Source: Itaú Unibanco Holding, Central Bank.

Source: Itaú AR 2013:A-6.

Among the loan types, long-term loans, particularly for real estate, gain share against short-term lending. (Itaú AR 2013:A-10)

One main factor has been the relatively low and stable inflation rate in this traditionally high-inflation market, moving between 3% and 7% during the period under analysis:

Figure 43: 12-Months IPCA Inflation Rate (Brazil)



Source: Itaú Unibanco Holding, Central Bank.

Source: Itaú AR 2013:A-7.

The recovery of the US economy strengthened the US dollar and led to lower asset prices in emerging markets. Accordingly, the Brazilian GDP growth in 2013 was below expectations, while unemployment maintained record-low levels. (Itaú AR 2013:A-10)

The following section is intended to give a brief description of the Brazilian banks under analysis with a special focus on their corporate governance and risk management systems.

3.4.1 Banco do Brasil

Banco do Brasil (BB) was created by the Portuguese Prince Regent Dom João, following Dom João VI, shortly after he arrived in Brazil in 1808. In 1817, Banco do Brasil carried out its first public offering of shares in the Brazilian capital markets.

Today, BB is the largest financial institution in Latin America, with 58.6 million customers, 37.4 million checking accounts and 114,000 employees.

The bank provides solutions, services and products in the banking, investment, asset management, insurance, social security, premium bonds, payment systems, and others.

It has the largest service network in Brazil with 5,362 branches and 44,393 automated teller machines and operates a network of banking correspondents under the brand “*Mais BB*”, thus covering 5,425 Brazilian municipalities (97% of the total).

Outside of Brazil, Banco do Brasil operates in 24 countries – including Germany – through 49 branches and representative offices which can be found in four continents. Through 1,124 correspondent financial institutions, BB covers another 139 countries. “*As a result, the organization is considered the Brazilian bank with the largest abroad service network, with its operations dedicated to existing Brazilian communities, the internationalization of Brazilian companies and the expansion of Brazil’s trade relations with the world.*” (BB AR 2012:2)

The company enjoys a strong brand and a strategic relationship with the Brazilian government at federal, state and local level, for example as the financial agent of the National Treasury, 16 states and 16 capital cities. (BB AR 2012:4)

The bank was awarded the ISO 20000 certification in technology and operates the BB-Caixa Datacenter Complex together with Caixa Econômica Federal to ensure capacity for further growth and the reduction of operational risks.

Furthermore, the bank highlights its dedication to corporate governance and sustainability, having adhered – in 2002 – to the corporate governance practices required by the *Novo Mercado* segment of BM&FBovespa, of which it is part since 2006. (BB AR 2012:5)

3.4.1.1 Corporate Governance

Regarding Corporate governance, the bank states that “*Governance at Banco do Brasil (BB) defines an extensive view of the principles and practices that contribute to strengthening the transparency of its management process while enhancing its institutional value.*”

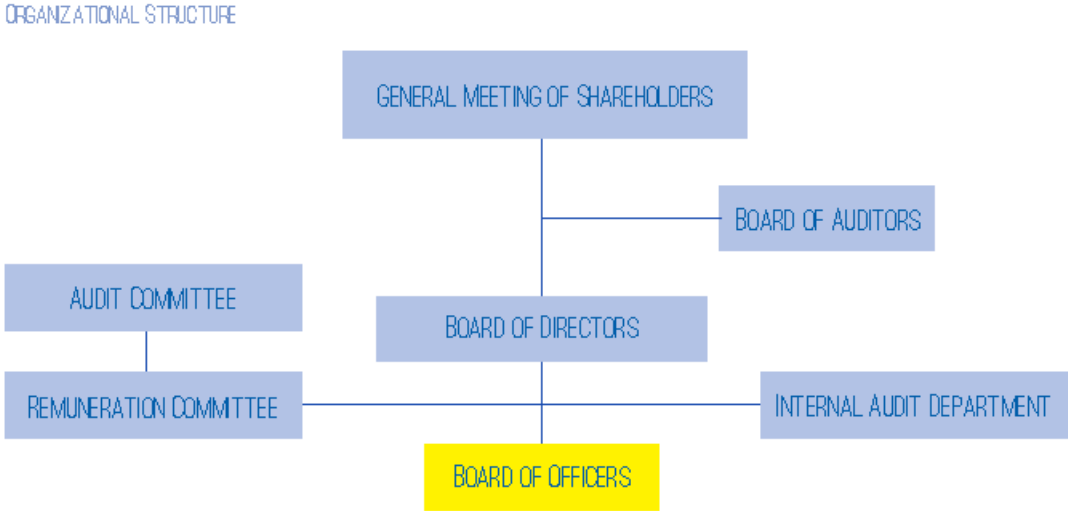
In 2012, a Remuneration Committee was established and the number of members of the Board of Directors increased by one to eight. (BB AR 2012:17)

Through the General Meeting, the global compensation amount of the bank’s management is defined. For the Board of Directors, the remuneration is fixed in line with Law No. 9,292/96 and as such not linked to economic, social or environmental performance, while the Executive

Board’s remuneration consists of a fixed and a variable part, being the latter tied to the Bank’s results. (BB AR 2012:19)

The organizational structure of BB is shown below:

Figure 44: Banco do Brasil Organizational Structure



Source: BB AR 2012:18

In 2006, the shares of BB had been listed for 100 years on the stock exchange, and the bank became part of the São Paulo Stock Exchange (Bovespa) “*Novo Mercado*”, undertaking to raise its free-float to 25%.

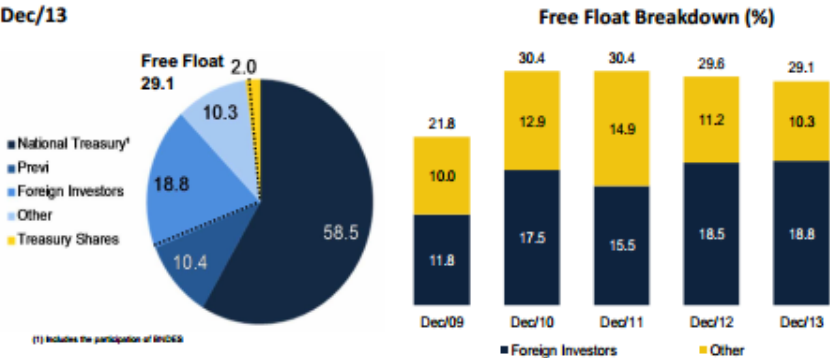
The result has been an improved performance of the shares, according to Mário Pierry, Director of Financial Sector Research for the Deutsche Bank as quoted in BB’s Annual Report 2008: “*The market has made a better valuation on the Banco do Brasil shares over the past two years, due to many reasons. One of them is the fact that the bank’s shares started being listed on the New Market, which increased the number of circulating shares and improved corporate governance. Another reason is the fact that BB has greatly improved its profitability, which now is comparable to the one from private competitors.*” (BB AR 2008:42)

In 2008, in the middle of the global financial crisis, Banco do Brasil started to incorporate other entities, namely Banco do Estado de Santa Catarina (Besc), Banco do Estado do Piauí (Bep) and Banco Nossa Caixa. In the following year, Banco do Brasil absorbed Banco Nossa Caixa and acquired 50% of the shares of Banco Votorantim and 51% of the shares of Banco Patagonia, in Argentina. (BB AR 2010:7)

Today, Banco do Brasil is in essence still a state bank, with a free float of 29.1%, of which the majority is held by foreign investors:

Figure 45: Banco do Brazil ownership structure

Ownership Structure



Source: <http://www.bb.com.br/portalbb/page3,136,3595,0,0,2,8.bb?codigoMenu=1308&codigoNoticia=11382&codigoRet=3322&bread=5>

Of the eight members of the Board of Directors, five are indicated by the State directly (by the Minister of Finance and the Minister of Planning, Budget and Management), including the CEO, one as their representative by the employees of Banco do Brasil S.A., and two get elected by the minority shareholders.

The Board of officers consists of the CEO and seven Vice-Presidents.

The bank has a strong focus on sustainable development which, jointly with human resources, constitutes one of the seven Vice-Presidencies of the Board of Directors, and “has been cited, for the third year running, as one of the most sustainable financial institutions in the world, in *The Sustainability Yearbook 2012*, published by SAM – Sustainable Asset Management – the organization responsible for the selection process of the Dow Jones Sustainability Index on the New York Stock Exchange.” (BB AR 2011:11)

3.4.1.2 Risk Management

According to the following figure, Banco do Brasil understands risk management and corporate controls as a part of corporate governance:

Figure 46: Banco do Brasil Corporate Governance structure



Source: BB AR 2012:6

As principal risks, Banco do Brasil identifies market risk, credit risk, operational as well as liquidity risk, but also strategy risk, reputational risk and social-environmental risk. For each of these, specific policies, objectives, strategies, processes and systems are in place. (BB AR 2012:25 ff.)

The Board of Directors defines the risk and credit policies, while risk governance is centralized within the Global Risk Committee (GRCo). The latter is made up by the Board of Officers, *“with responsibility for setting out the risk management strategies, the global risk exposure limits and the levels of compliance and capital allocation, depending on the risks”*. (BB AR 2012:25)

3.4.2 BNDES – Banco Nacional do Desenvolvimento

The BNDES is a public bank, owned by the Federal Government and governed by private law. The bank depends on the Ministry of Development, Industry and Foreign Trade with the aim of implementing the Federal Government’s investment policy by providing funding and support to projects which stimulate innovation, local and regional as well as socio-environmental development.

At the end of 2012, it had 2,853 employees and as per 31/12/2013 held assets of R\$ 763 billion (c. € 234 billion).

BNDES is active in the whole of the Brazilian territory, trying to stimulate demand for financing in less-developed regions, in order to boost the economy and benefit society as a whole.

It finances all sectors of the economy, small to medium-large private companies, the public sector and the third sector (including NGOs) in areas such as infrastructure, agribusiness, the environment, social inclusion, culture, local and regional development, to name but a few.

The bank’s financing operations are either direct or indirect. Indirect operations are realized through accredited financial institutions which forward them to the final client, while direct operations take place directly with the latter. (BNDES AR 2012:18)

A list of products and services is shown below:

Table 19: BNDES products and services

PRODUCTS AND SERVICES OFFERED		
TYPE OF OPERATION	PRODUCT	DESCRIPTION
Direct	BNDES Finem	Financing undertakings with a minimum amount of R\$ 10 million
	BNDES Credit Limit	Credit for clients in compliance with their obligations
	Subscription of securities	Purchasing minority shares or convertible debentures of a temporary nature, or investments through closed funds
	Project Finance	Financing with the support of a project's cash flow
	BNDES Guarantees	Rendering guarantees to reduce the level of participation in the projects. Used in large-scale projects
	BNDES Bridge Loan	Financing a project, granted in special cases to speed up investments via resources at the structuring stage of a long-term operation
Indirect	BNDES Exim Post-Shipment	Financing the commercialization of national goods and services abroad
	BNDES Automatic	Financing undertakings of up to R\$ 20 million for micro, small, medium-sized, and medium-large companies, or up to R\$ 10 million, if the client is a large company
	BNDES Finame	Financing production and commercialization of machinery and equipment
	BNDES Finame Agriculture	Financing production and commercialization of agricultural machinery and equipment
	BNDES Finame Leasing	Merchant leasing of machinery and equipment
	BNDES Exim Pre-Shipment	Financing national production of goods and services aimed at exports
	BNDES Exim	Financing national production aimed at exporting and commercializing goods and services abroad
	BNDES Card	Revolving pre-approved credit to acquire products, inputs and services

Source: BNDES AR 2012:19.

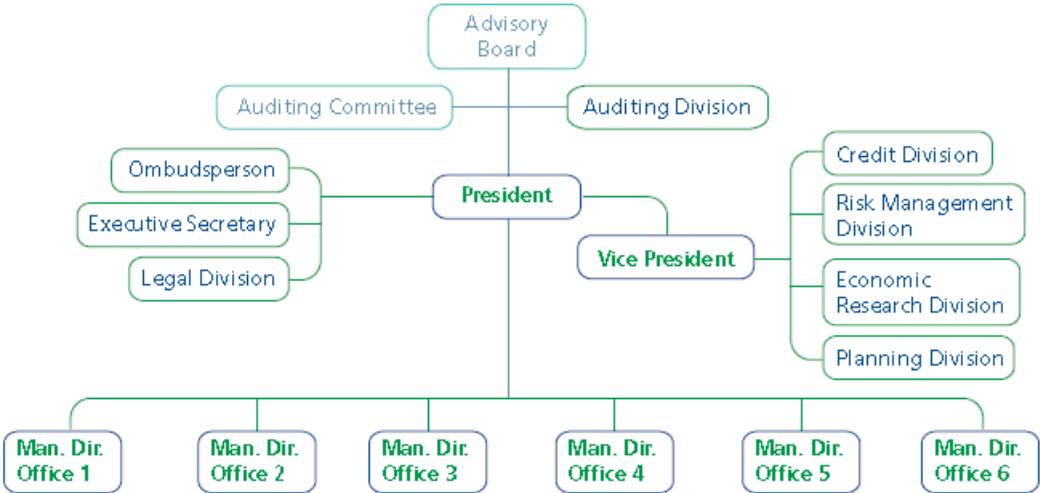
3.4.2.1 Corporate Governance

Also BNDES’s Board of Directors is composed of eight members, including the president and the vice-president as well as six managing directors, all of whom are appointed by the President of the Republic. Specific decisions or general resolutions are taken in weekly meetings. The Board of Directors is being supported by the Advisory Board and the Internal Auditing Committee. The latter mediates dialog with external control and supervision entities, accompanies the independent auditor’s activities as well as the compliance with internal and external regulation. (BNDES AR 2012:19)

In 2007, a Risk Management Division was created: “Control of activities and risk management were expanded and divided into the new Risk Management Area (Área de Gestão de Riscos).” (BNDES AR 2007:8)

The Risk Management Division, along with the Credit, Economic Research, and Planning Divisions report to the Vice President as per the following chart:

Table 20: BNDES organizational structure



Source: BNDES AR 2012:20.

BNDES stresses “*managing ethics*” in a specific chapter at the same level as risk management, for instance, but consisting of only one paragraph. A “*BNDES System’s Ethics Committee (CET/BNDES)*” exists and its Executive Secretariat is directly linked to the BNDES’ president’s office, as established in the Code of Ethics for the BNDES System and in line with the applicable legislation, especially in Decree N°. 6,029/2007 and Resolution N°. 010/2008, of the Public Ethics Committee (CEP). Thus, while corporate governance does not seem to be a main topic at BNDES, ethics do occupy a prominent position in the organization. This appears to be due to its public nature and respective legislation and it remains unclear if this attitude goes beyond mere compliance with specific legislation.

3.4.2.2 Risk Management

Regarding risk management, BNDES states that “*One of the main goals in risk management at the BNDES is to contribute to the institution’s financial sustainability, monitoring potential financial losses from credit risks, markets, liquidity and operational, from calculation of capital to take on risks, and assessment of adjustments in the institution’s internal controls.*” This passage shows a strong focus on financial risks and the only non-financial risk identified is operational risk. (BNDES AR 2012:24)

3.4.3 Bradesco

Bradesco celebrated its 70th anniversary on March 10, 2013, and had 59,307 points of sale for 26.4 million account holders at the end of that year. Its profits increased by 5.5% to over R\$ 12 billion, including its insurance business “*Bradesco Seguros*”.

It has been a listed stock company since 1946 and serves over 74 million clients in total.

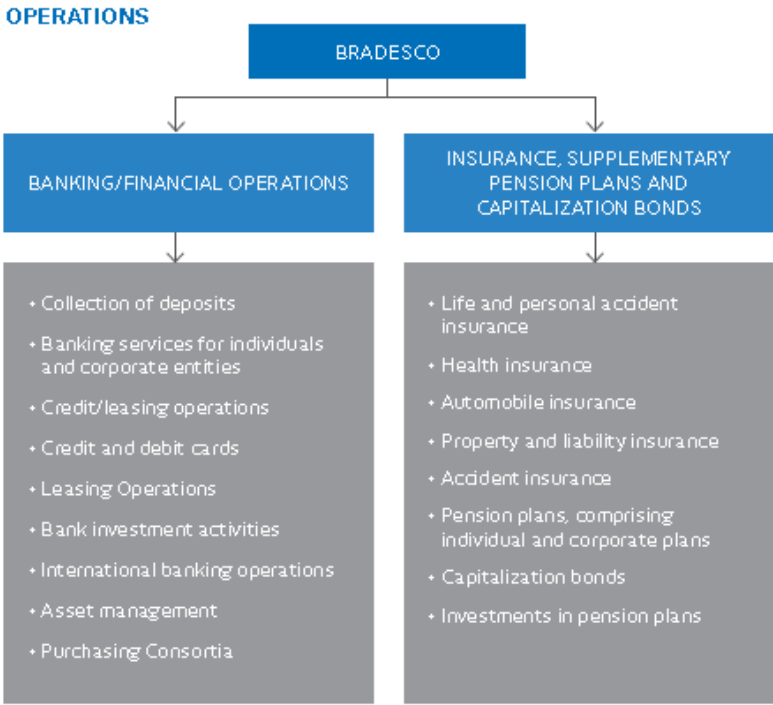
The bank runs a foundation, “*Fundação Bradesco*”, which also provides 40 schools to over 100,000 pupils, granting quality education for free. (Bradesco AR 2013:2)

It is part of the Dow Jones Sustainability Index and the Sustainability Index (ISE) of BM&FBovespa. Bradesco is a signatory of the UN Global Compact which is active in the areas of human rights, labor, the environment and anti-corruption (www.unglobalcompact.org) and in 2013 the strategic planning procedures for sustainability which had been adopted in 2011, entered the strategic planning process of the organization. (Bradesco AR 2013:2).

“The Bank currently holds an AA+ rating (Excellent Corporate Governance Practices) from Austin Rating. Bradesco voluntarily adhered to the Code of Self-Regulation and Best Practices of Publicly-Held Companies (ABRASCA), adopting the “apply or explain” procedure, as part of its constant drive to improve its governance.” (Bradesco AR 2012:36)

Bradesco offers the full range of an integrated banking services provider as shown by below graph:

Figure 47: Bradesco Product Portfolio

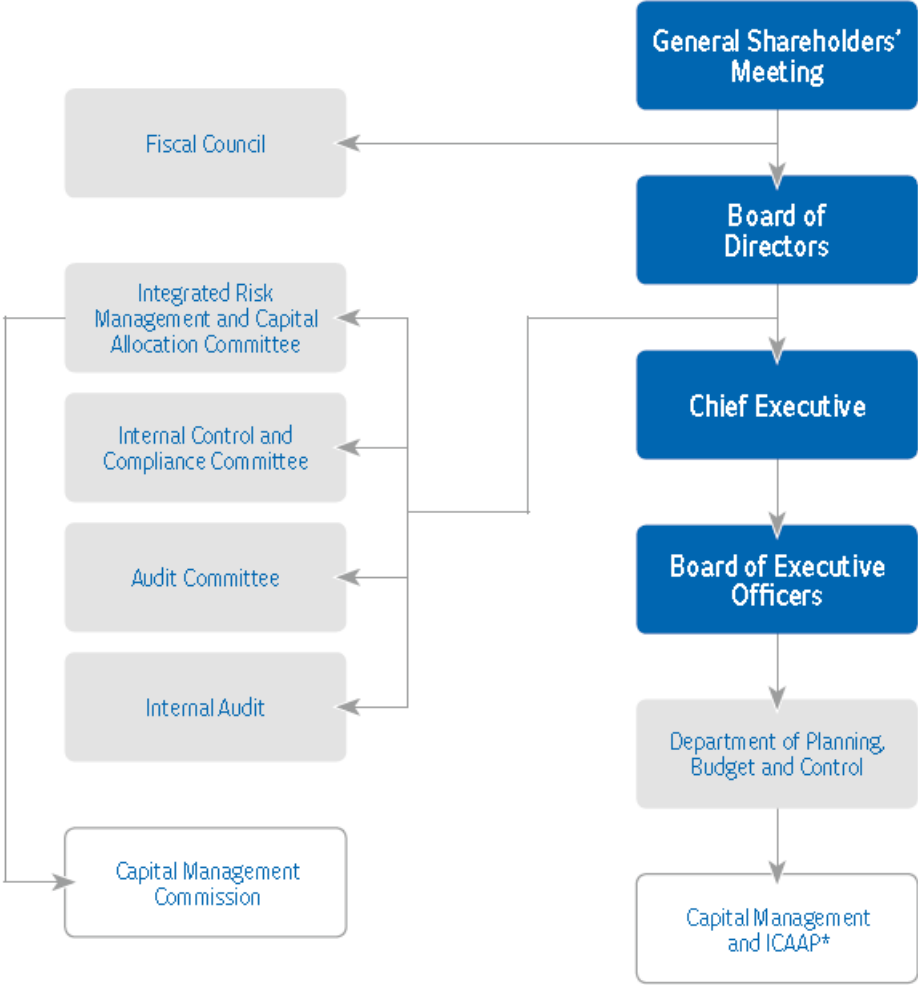


Source: Bradesco AR 2013:4.

Its sustainability goals for 2013 included opening another 600,000 bank accounts for class D and E customers, as defined by Fundação Getúlio Vargas (FGV), being the two lower-income classes. This goal has been reduced to 400,000 for 2014 (Bradesco AR 2013:17).

Figure 48: Bradesco Capital Structure and Management

Capital Structure and Management



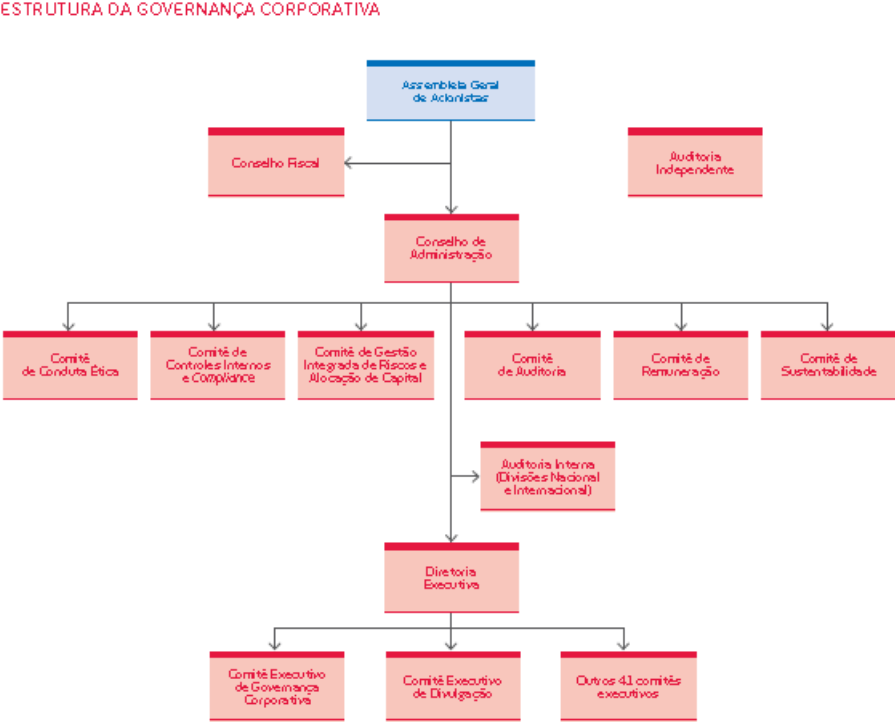
* Works together with the Integrated Risk Control department, affiliate companies, business areas and various support departments within the Organization.

Source: Bradesco AR 2012:18.

3.4.3.1 Corporate Governance

According to its Annual Report, Bradesco’s Management Board adheres to the best practices of *Instituto Brasileiro de Governança Corporativa (IBGC)* e da Securities and Exchange Commission (SEC). The board defines the responsibilities of top managers, thus improving the bank’s accountability and transparency regarding information relevant to its stakeholders. The following chart shows its corporate governance structure, by which the Corporate Governance Committee depends on the Board of Executive Officers (“Diretoria Executiva”) rather than on the Board of Directors (“Conselho de Administração”) directly, where the Committee on Integrated Risk Management and Capital Allocation can be found:

Figure 49: Bradesco Corporate Governance Structure



Source: Bradesco AR 2013:54

The bank also offers investment funds with socio-environmental criteria, including its “*FIC FIA Governança Corporativa*” which invests at least 67% of its net assets in companies belonging to the Corporate Governance Index (IGC, *Índice de Governança Corporativa*) of BM&FBovespa. (Bradesco AR 2013:48)

3.4.3.2 Risk Management

As per below graph, Bradesco seems to understand corporate governance as part of risk management:

Figure 50: Bradesco Risk Management



Source: Bradesco Risk Management Report Q4/2013:9

As mentioned before (3.4.3.1) however, corporate governance and risk management are organizationally ranking on the same level.

3.4.4 Caixa Econômica Federal

At the end of 2013, Caixa Econômica Federal (“Caixa”), the federal savings bank, had over R\$ 1.5 trillion of assets under management (+20.8% in 2013), of which R\$ 858.3 billion were its own assets. Net profits increased by 19.2% in 2013 to R\$ 6.7 billion, with a medium return on average equity of 26.2%.

Caixa has been particularly strong in housing credits, which increased by 31.4% in 2013 to R\$ 270.4 billion. This represents almost 55% of its R\$ 494.2 billion loan portfolio and a 68.5% share of the Brazilian home loan market.

Its R\$ 209.6 billion saving balance increased by 18.9% in 2013, representing a market share of 35%. Its branch network serves 71.7 million clients (+9.9% in 2013) and consists of over 4,000 branches and a total of around 67,500 service points, including the lottery network Caixa manages, 1 riverboat and 18 truck units. The bank plans to open another 2,500 branches until 2015. Its client base consists mainly of individual clients; while only 1.9 million of its customers are corporate, their number grew by 17.5% in 2013, i.e. at a stronger pace than that of private clients, which increased by 9.7%. (Caixa MR 2013:3 f.)

Caixa pays out social benefits, Family Allowance (“*bolsa família*”), social inclusion and financial emancipation support etc. and thus sees its role as one of “*financial institution and*

public policies agent” (Caixa MR 2013:3), being also responsible for the “*minha casa, minha vida*” (My House, My Life) program.

Table 21: Caixa Financial Ratios and Items 2013



Ratios (%)	2011	2012	2013
Return on Average Assets	1.1	0.9	0.9
Return on Average Equity	29.6	25.9	26.2
BIS Ratio (or Basel II Index)	13.3	13.0	15.1
Public Sector Debt	31.0	29.0	24.7
Fee Income / Administrative Expenses (acum. 12m)	66.8	64.7	64.0
Fee Income / Personnel Expenses (acum. 12m)	108.6	105.6	102.6
Operating Efficiency Ratio (acum. 12m)	59.0	61.2	60.3

Items (R\$ billion)	2011	2012	2013
Caixa's Asset	511	703	858
Amplified Loan Portfolio	253	361	494
Saving Deposits	150	176	210
managed assets (Third party)	484	557	664

Source: Caixa MR 2013:6.

While Caixa’s own and third party assets, its loan portfolio, and saving deposits have grown constantly over the past years, its return on assets and equity have decreased somewhat. At the same time, its BIS ratio increased to over 15%.

Through its insurance arm, Caixa Seguros Group, the company provides life, real estate and vehicle insurances. Its international presence however is limited to three representative offices in the US, Japan, and Venezuela. Yet it maintains a network of correspondent banks to allow international withdrawals and remittances. (Caixa MR 2013:13 f.)

3.4.4.1 Corporate Governance

Regarding corporate governance, the entity states that “CAIXA has a historic commitment and a contemporary corporate management, in line with the provisions of Decree No. 6.021/07” (http://www14.caixa.gov.br/portal/idiomas/english/about_caixa/corporate_governance/governance) and continues to elaborate on the subject as follows: “The year 2013 brought important advances related to corporate governance practices adopted by the Institution. A major milestone was the publication of Decree No. 7,973, of March 28, 2013, which approved the new Caixa Statute, bringing significant changes to the Company. The adjustments allowed the strengthening of Caixa's corporate government system, as well as providing the Board of Directors and the Board of Executive better management and monitoring of the implementation of the strategy Caixa.” (Caixa MR 2013:15)

Caixa first introduced a corporate governance section in its annual report in 2012.

3.4.4.2 Risk Management

Caixa's risk management is being described in its Management Report as compliant with the BCB-standards issued by the Central Bank of Brazil regarding the “management of credit, operational, market, liquidity and other risks”. (Caixa MR 2013:17) The further description of its risk management organization is however quite generic, apart from the reference to a Capital Plan on normal and stress scenarios with a minimum three year time horizon. (Caixa MR 2013:17)

3.4.5 Itaú

Itaú Unibanco (“Itaú”) is the largest Brazilian private bank with a full-service spectrum and the highest brand value in Brazil with an estimated brand value of R\$ 19.3 billion, boasting the highest number of facebook-fans (6.5 million) among banks worldwide (Itaú AR 2013:A-43)⁴⁹. It is the result of a merger between Unibanco, which started to operate in 1924 as Casa Bancária Moreira Salles, and Itaú which was established as Banco central de Crédito S.A. in 1944. The merger was announced on November 3rd, 2008 and followed by further acquisitions, mainly those of Redecard and Credicard in 2012 and 2013 respectively.

⁴⁹ Compare Commerzbank's mobile/online banking record under 3.5.1.

In 2013, Itaú issued its first consolidated annual report. In a note to the author dated 16/05/2014, Itaú's investor relations department stated as follows: *“Regarding the Consolidated Annual Report 2013, we launched this initiative – which is a first in Brazil – in order to provide for even more transparency and to facilitate communication with the different stakeholders, merging the annual report (with sustainability indicators following GRI), Form 20-F⁵⁰, and the prospectus for the issue of debt in just one document [...] being this a tendency of unification of our communication which we shall adopt over the coming years”*.

As its objective, Itaú mentions *“to be the leading bank in sustainable performance and client satisfaction”*. (Itaú AR 2013:A-40)

Itaú expresses its corporate culture by a set of ten principles called *“Nosso Jeito de Fazer (‘Our Way of Making it Happen’)*” which are:

- *“All for the client;*
- *Passion for performance;*
- *Ethical, responsible leadership;*
- *All-Stars who are team players;*
- *Focus on innovation and focused innovation;*
- *Processes serving people;*
- *Nimble and uncomplicated;*
- *Leave your stripes at the door;*
- *A sparkle in one's eyes; and*
- *Dream big.” (Itaú AR 2013:A-41)*

3.4.5.1 Corporate Governance

Pedro Moreira Salles, Chairman of the Board of Directors, reports on corporate governance, while President and CEO, Roberto Setubal, covers risk management. (Itaú AR 2012:8)

“Ethics, transparency and a focus on efficiency ensure the value of our bank and the creation of value for shareholders and society” (Itaú AR 2012:38)

Unibanco Asset Management began adopting the Principles for Responsible Investment (PRI) in July 2008, becoming the first major investment fund manager in Brazil to do so. Since

⁵⁰ As to be filed with the US Securities and Exchange Commission pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934..

2006, “the initiative seeks to incorporate social, environmental and corporate governance aspects in investment decision-making”. (Itaú AR 2008:85).

Table 22: Itaú measures of CSR

6 – Selected Measures of Corporate Social Responsibility		2008	Goals 2009
Ratio of highest to lowest salary		n/a	n/a
Work-related accidents		n/a	n/a
Social and environmental projects were established by:		Executive Directors and Managers	Executive Directors and Managers
Standards of occupational safety and health were set by:		Executive Directors and Managers	Executive Directors and Managers
Regarding freedom to unionize, collective bargaining and internal worker representation among workers, the Company:		Follows ILO rules	Follows ILO rules
Private pension plans for:		All employees	All employees
Profit-sharing plans for:		All employees	All employees
Requirement that suppliers share Itaú's ethical and social/environmental responsibility standards:		Mandatory	Mandatory
For staff members to perform volunteer work, the company:		Organizes and encourages	Organizes and encourages
Value-added statement (DVA)			2008
Value added to be distributed (in R\$ thousands)			25,191,808
		%	in R\$ thousands
Distribution of value-added	Taxes	34.43%	8,672,917
	Payroll	31.52%	7,941,480
	Stockholders	12.72%	3,205,181
	Reinvested Profits	19.31%	4,908,302
	Third Parties	2.02%	507,539

Source: Itaú AR 2008:155

3.4.5.2 Risk Management

Itaú identifies main risk types as well as “other risks” as per below table:

- Credit risk;
- Market risk;
- Operational risk;
- Liquidity risk;
- Other risks:
 - Insurance risk;
 - Strategic risk;
 - Social and Environmental risk;
 - Reputational risk;
 - Model risk;
 - Regulatory risk.

Source: Itaú RMR 2014T1:2 ff.

In order to align incentives to its enterprise risk management, Itaú practices risk-adjusted compensation by “attracting, retaining and compensating on merit its collaborators, encouraging prudent risk exposure levels in short-, medium- and long-term strategies, in line with the interests of its shareholders, regulatory authorities and the organization’s culture.

The governance structure of compensation and incentive to the prudent risk taking has been consolidating in line with the best international compensation and governance practices”.
(Itaú RMR 2014T1:44)

3.4.6 Summary

The Brazilian banks under analysis are quite heterogeneous, given their private and public backgrounds as well as different objectives and business models. As we shall see however, the same can be said about the five major banks in Germany.

Most of the banks mentioned above await a court ruling on their handling of account adjustments made under anti-inflation laws enacted between 1987 and 1991. Depositors are suing several banks for a total which may reach R\$150 billion (US\$62 billion), a move opposed not only by banks but also by politicians.⁵¹ (*The Economist*, February 8th, 2014:61)

⁵¹ In this context, Pedro Malan, a former finance minister has been quoted as saying that “*In Brazil, even the past is unpredictable*”. (*The Economist*, February 8th, 2014:61)

3.5 German banks under analysis

Given that the German Central Bank (“*Bundesbank*”) does not issue figures for individual institutions, there is no ranking comparable to that of the Brazilian Central Bank. We therefore compiled data from the Annual Reviews as per 31st December 2013. The resulting ranking is also based on total assets, and as such comparable to that of BCB:

Table 23: Five largest German banks

Country	Bank	Total TEUR	Employees	Branches
DE	Deutsche Bank	1.611.400.000	98.254	2.907
DE	Commerzbank	549.661.000	52.944	0
DE	KfW	464.800.000	5.374	1
DE	DZ Bank	386.978.000	28.962	15
DE	Unicredit	290.018.000	19.092	933
Totals	5	3.302.857.000	204.626	3.856
Source:	Banks' Annual Reports		31.12.2013	

3.5.1 Commerzbank

Commerzbank was founded in 1870 as Commerz- und Disconto-Bank in Hamburg. Until the 1930s, it grew through a number of acquisitions. During the German Banking Crisis of 1931, also Commerzbank ran into difficulties and was finally merged by the German government in 1932 with the Barmer Bankverein. As a consequence of a related share issuance, the German state held a majority in the bank until 1937 when the issues were sold to private investors. Following the Second World War, the institution was split and only reunited in 1958. In 1990, Commerzbank moved its headquarters back from Düsseldorf to Frankfurt and acquired, in 2006 the remaining shares in specialized real estate lender Eurohypo from Allianz and Deutsche Bank. In its current form and logo, Commerzbank is the product of the acquisition of Dresdner Bank in 2009. This deal went through a number of changes as it was agreed prior to the Lehman Brothers collapse and then subject to subsequent changes to prices and timing. The integration process was concluded in May 2011, and the repayment of the tranches of state aid directly repayable by Commerzbank occurred in 2013 (Commerzbank AR 2013:9), however the Federal State, represented by SoFFin, still held 13% of Commerzbank’s stock as of 31/12/2013.

During the financial crisis, and due also to uncovered risks in relation to Dresdner Bank business, Commerzbank had to tap the state fund for financial market stabilization (Sonderfonds Finanzmarktstabilisierung - SoFFin). The conditions of that financial support had to be re-negotiated in order to be acceptable to the European Commission and included a reduction of management salaries, exclusions or special conditions for dividends and an obligation to grant additional loans to the German “*Mittelstand*”, i.e. medium-sized enterprises regarded as the backbone of the German economy. Over 40% of German companies are clients of Commerzbank (Commerzbank AR 2013:4).

Today, its main markets are Germany and Poland. Relative to its size it is thus a very ‘local’ bank, although 14% of Eurozone’s international trade are being processed through Commerzbank (Commerzbank AR 2013:4).

Still owing to the financial crisis are the three strategic focus areas, (i) “*investment into the profitability of the core business*”, (ii) “*consistent cost management*”, and (iii) “*optimization of capital endowment*” (Commerzbank AR 2013:8). These clearly point towards a strategy of consolidation rather than growth, even following a stronger financial year 2012. This includes the value-conscious (“*wertschonend*”) wind-down of (international) commercial real estate finance and ship finance activities, as well as a reduction of personnel by 5,200 until 2016 and even translated into the reduction from nine to seven members of the board of directors.

In stark contrast stands the 2007 Commerzbank’s annual report title which read “*Focus on growth and efficiency*”, despite of the subprime crisis (cfr. Commerzbank AR 2007:98 ff.) while the main facts and figures consisted of the following:

- “*Group net income reached a record €1.92bn, roughly one fifth more than in 2006*”
- *A proposal will be put to the AGM to raise the dividend per share one third to €1.00*
- *Commerzbank Group’s balance-sheet total rose moderately by 1.3% to €616.5bn*
- *Capital ratios are within the defined range and thus at a sound level”*

In 2013, Commerzbank’s Polish operations have been re-branded as mBank and received several distinctions as world leader in mobile and online banking (Commerzbank AR 2013:9)⁵².

⁵² Compare Itau’s facebook-record under 3.4.5.

3.5.1.1 Corporate Governance

Commerzbank's stock is included in the ECPI Ethical Indices, which select the 150 top capitalized companies in the European and EMU markets respectively which are eligible investments under the ECPI SRI Screening Methodology and Controversial Sectors Screening (http://www.ecpigroup.com/wp-content/uploads/2014/05/ECPI_EMU_ETHICAL_EQUITY.pdf).

Figure 51: Indices including Commerzbank

Indizes, die die Commerzbank enthalten
Blue-Chip-Indizes
DAX
EURO STOXX Banken
Nachhaltigkeitsindizes
ECPI Ethical EMU Equity
ECPI Ethical Euro Equity

Commerzbank's Annual Report (2013) attributes one section to "*corporate responsibility*" (p. 23-46) and another one covers the group risk report (p. 97-132).

Corporate governance is described as "*responsible and transparent management and its control aiming at sustainable creation of value*" with reference to and support of the German Corporate Governance Code (Commerzbank AR 2013:25). Commerzbank's responsible person for corporate governance is the board member heading the legal area.

In line with the GCGC, Commerzbank reports on the recommendations of the GCGC it does not comply with ("*comply or explain*"). These refer to section 4.2.1 GCGC, given that the attribution of board members' responsibilities is done by the managing board itself rather than the supervisory board. Other topics are executive compensation and women in management positions. (Commerzbank AR 2013:25-27)

The compensation report (Commerzbank AR 2013:28 ff.) reports on the fixed salary which was approved by the general assembly in line with section 120 par. 4 AktG, as well as short- and long term incentives (STI/LTI), with a term of one and four years, respectively.

3.5.1.2 Risk Management

The Group Risk Report (Commerzbank AR 2013:97 ff.) shows and categorizes Commerzbank's risks and risk management structures.

Figure 52: Commerzbank's risk management structure



Figure 53: Commerzbank's Risk Committee



The 2013 focus had been on the reduction of non-core assets particularly in ship and commercial real estate finance. (Commerzbank AR 2013:111)

3.5.2 Deutsche Bank

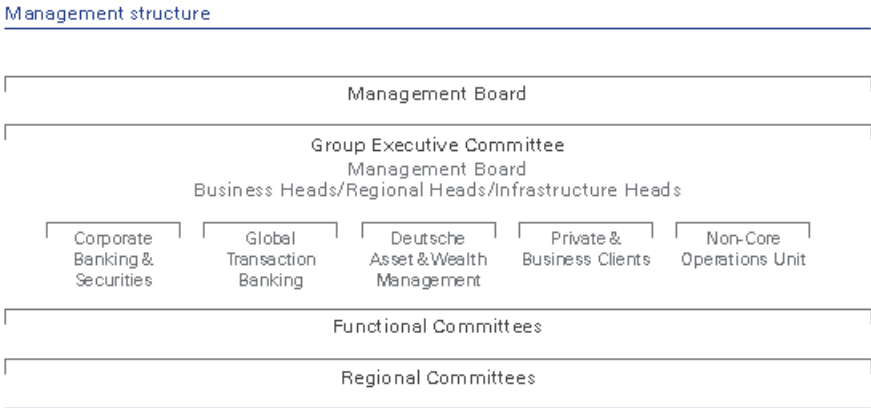
Deutsche Bank (DB) is still by far the biggest bank in Germany by total assets, although those have decreased from EUR 2,022 billion to EUR 1,611 billion between the end of 2012 and 31/12/2013. Its total assets are thus almost three times those of its closest rival, Commerzbank, and 4.3 times of Brazilian’s largest, Banco do Brasil.

Internationally, Deutsche Bank describes itself as one of the leading global universal banks with a wide variety of business segments ranging from capital markets to private and corporate clients and asset management. Apart from its top position in Germany, Deutsche Bank has a strong position in Europe, North America and important emerging markets, especially in Asia. This is reflected by its main hubs which are Frankfurt am Main, London, New York, São Paulo, Dubai, Singapore, and Hong Kong. (DB AR 2013:22)

Following the retirement of DB’s longstanding CEO, Josef Ackermann, two Co-CEOs with equal rights, Jürgen Fitschen and Anshu Jain have been heading Deutsche Bank since June 1st, 2012. The Executive Board is responsible for controlling the group, strategic steering, the allocation of resources, financial reporting and risk management. It is noteworthy that the control of the group is expressly noted as part of the Management Board’s duties. Due to the

size and complexity of the organization, a wider, additional body of management has been in place: The board members as well as senior managers from DB’s regions, sections and infrastructure functions make up the Group Executive Committee (GEC) which has the role of coordination and steering global business sections and regions. Its tasks include the continuous information of the Board about business development and significant transactions, as well as advising the Board on strategic questions and the preparation of board decisions. (DB AR 2013:19 f.)

Figure 54: Deutsche Bank Management Structure



Source: DB AR 2013:20.

Deutsche Bank continues to practice and support the “universal banking model” (“Universalbankmodell”) which according to its AR 2013 “best meets the increasingly complex requirements of its clients” (DB AR 2013:21). This stands in contrast to the separate banking system (“Trennbankensystem”) being promoted by several supervisory authorities, particularly in the United States of America⁵³.

In September 2012, Deutsche Bank launched a program called Strategy 2015+ “to address the current challenges and to successfully position itself in a changed environment characterized by macroeconomic uncertainties, increasing regulation, historically low interest rates, growing margin pressure and, not least, a critical public perception of the

⁵³ The US Banking Act of 1933 – also known as Glass-Steagall Act – limited commercial bank activities, also by restrictions on affiliations between commercial banks and securities firms. These restrictions were repealed in 1999 by the Gramm-Leach-Bliley Act which was later blamed for contributing to the 2007-2009 financial crisis, while others argued that the ability of commercial banks to acquire securities firms as well as the latter’s ability to convert into bank holding companies helped mitigate the crisis.

financial industry". (DB AR 2013:21) This program is also meant to save costs of € 4.5 billion per year. (DB AR 2013:19 ff.)

3.5.2.1 Corporate governance

DB's system of corporate governance is based on the German Stock Corporation Act and the German Corporate Governance Code, and consists of five key elements:

- effective decision-making on the basis of appropriate information;
- good relations with shareholders;
- effective cooperation between the Management Board and Supervisory Board;
- a performance-based compensation system with a sustainable and long-term focus;
- transparent and timely reporting.

(DB AR 2013:24)

In 2013, Deutsche Bank established a "*Compensation Control Committee*" as well as an "*Integrity Committee*" to monitor compliance with acceptable business conduct. Thus the total number of Supervisory Board Committees increased to seven.

In April 2013, Management Board compensation at Deutsche Bank was reformed "*following the completion of an independent review of the bank's compensation systems commissioned by the Supervisory Board*", placing a stronger focus on qualitative aspects "*so that variable compensation is determined not just on the basis of financial targets, but also on "how" performance is achieved*". (DB AR 2013:25) Determination of annual variable compensation depends on Group-wide and individual performances which are linked to a "*sustainable development of earnings*"; the relevant components consist of a "*Culture and Client Factor*" and at least 50% of variable compensation is equity-based and most of the bonus is deferred.

In its annual declaration of conformity pursuant to section 161 of the German Stock Corporation Act, DB confirmed its compliance with the German Corporate Governance Code with two exceptions regarding the targeted pension level and the nomination committee.

As for the definition of its stakeholders, Deutsche Bank puts its shareholders – 50% of which are German, while 79% are institutional investors including banks – first, followed by clients, staff, and society.

Figure 55: Deutsche Bank Shareholder Structure

Structural Data		2013	2012	2011
Number of shareholders		566,979	610,964	660,389
Shareholders by type in % of share capital ¹				
	Institutional (including banks)	79	75	74
	Private	21	25	26
Regional breakdown in % of share capital ¹				
	Germany	50	45	52
	European Union (excluding Germany)	26	33	26
	Switzerland	6	6	6
	USA	15	13	13
	Other	4	2	3

Source: DB AR 2013:30.

Also its Non-Core Operations Unit (NCOU) is listed as a stakeholder, following clients. While it does not become clear in which way this unit acts as a stakeholder, its purpose is rather important for the bank's risk management strategy and shall therefore be briefly discussed here, too.

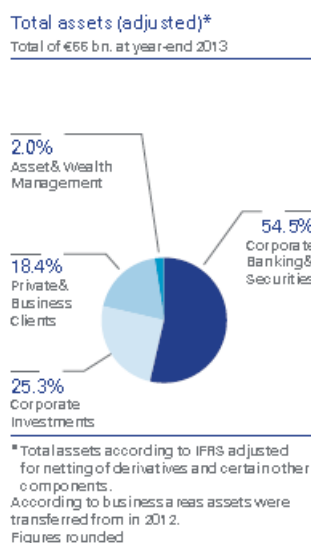
The NCOU was established in the fourth quarter of 2012 in order to reduce risks from non-core assets and business activities, apparently a "bad bank" within DB. Its initial risk-weighted asset (RWA, pro-forma Basel III) amounted to € 141 billion and total adjusted assets (TAAs) to € 120 billion.

Figure 56: DB-NCOU reporting 2013 (excerpt)

in € m.	2013	2012
Net revenues	867	1,054
Total provision for credit losses	818	634
Noninterest expenses	3,358	3,312
Income before income taxes	(3,306)	(2,923)
Risk-weighted assets	48,483	80,317
Assets	54,224	97,451

Source: DB AR 2013:60

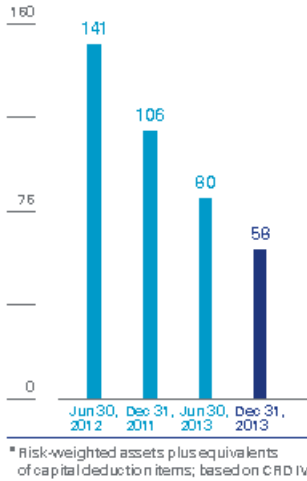
Figure 57: DB-NCOU asset breakdown



Source: DB AR 2013:60

Figure 58: DB RWA 2012-2013

Accelerated de-risking
Risk-weighted asset equivalents in € bn.*



Source: DB AR 2013:61

Most of the assets in the NCOU relate to Corporate Banking & Securities, followed by Corporate Investments. Provisions for credit losses increased by 29% in 2013 “*mainly due to specific credit events across portfolios including exposure to European commercial real estate*”. (DB AR 2013:60)

The aim of the NCOU is to reduce the balance sheet by selling assets to third-party investors, “*unwinding complex structures by working with multiple parties including other dealers, investors and financial institutions.*” (DB AR 2013:60)

As the NCOU business wind down proceeded, DB reallocated economic capital for operational risk in an amount of € 892 million to its Core Bank in the third quarter of 2013. (DB MR 2013:60 [148])

3.5.2.2 Risk management

In general, DB’s risk profile is characterized by a high diversity dictated by its broad spectrum of products and markets. Key risks are being measured by DB using the “*undiversified Total Economic Capital metric*”, thus showing each business division’s risk profile individually, before taking cross-risk effects on Group level into account. The high level of diversification leads to a significant benefit in all five business divisions:

Table 24: Deutsche Bank Risk Profile 2013

Risk profile of our corporate divisions as measured by total economic capital

							Dec 31, 2013	
in % (unless stated otherwise)	Corporate Banking & Securities	Global Transaction Banking	Deutsche Asset & Wealth Management	Private & Business Clients	Non-Core Operations Unit	Consolidation & Adjustments	Total in € m.	Total
Credit Risk	17	7	1	14	5	0	12,013	44
Market Risk	18	1	6	11	5	7	12,738	47
Operational Risk	9	0	2	3	5	0	5,253	19
Diversification Benefit	(7)	(1)	(2)	(3)	(3)	0	(4,515)	(17)
Business Risk	5	0	0	0	1	0	1,682	6
Total EC in € m.	11,398	2,033	2,010	6,671	3,349	1,710	27,171	100
in %	42	7	7	25	12	6	100	0

							Dec 31, 2012	
in % (unless stated otherwise)	Corporate Banking & Securities	Global Transaction Banking	Deutsche Asset & Wealth Management	Private & Business Clients	Non-Core Operations Unit	Consolidation & Adjustments	Total in € m.	Total
Credit Risk	16	6	1	13	8	0	12,574	44
Market Risk	14	1	5	11	10	5	13,185	46
Operational Risk	7	0	2	1	7	0	5,018	17
Diversification Benefit	(5)	0	(2)	(2)	(6)	0	(4,435)	(15)
Business Risk	7	0	0	0	1	0	2,399	8
Total EC in € m.	11,118	1,781	2,009	6,720	5,782	1,331	28,741	100
in %	39	6	7	23	20	5	100	0

Source: DB MR 2013:59 [147]

Between end-2012 and end-2013, Deutsche Bank's loan book decreased by 5% to € 382 billion – mainly due to NCOU –while maximum exposure to credit risk decreased by 20% to € 1.6 trillion. Regional credit risk exposure was evenly spread over DB's key markets but provisions for credit losses increased by 20% to € 2.1 billion. The single largest industry category loan book was residential mortgages with € 148 billion, of which 78% are attributable to the solid German market.

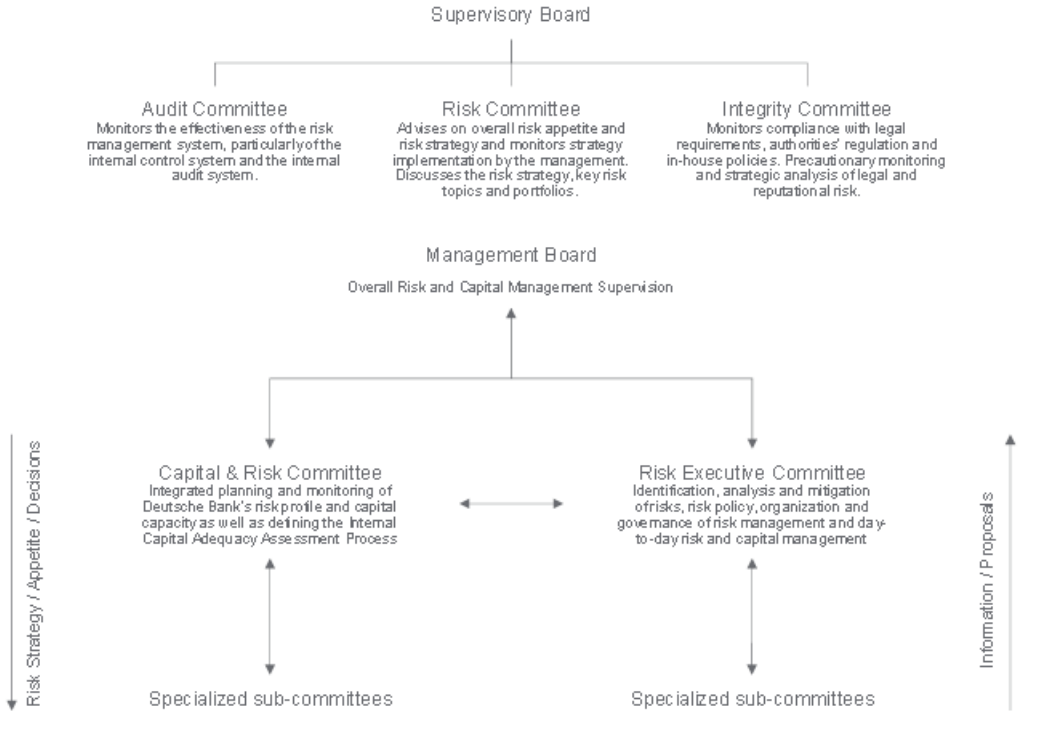
Market risk decreased, generally speaking, for DB during 2013, while its operational risk profile increased as measured by economic capital usage.

Liquidity reserves as of end-2013 amounted to € 196 billion and the Common Equity Tier 1 capital ratio (formerly: Core Tier 1 capital) increased from 11.4% to 12.8% under Basel 2.5. (DB MR 2013:60 ff. [148 ff.])

Below figure shows the structure of Deutsche Bank Group's Risk Management Governance Structure:

Figure 59: DB Risk Management Governance Structure

Risk Management Governance Structure of the Deutsche Bank Group

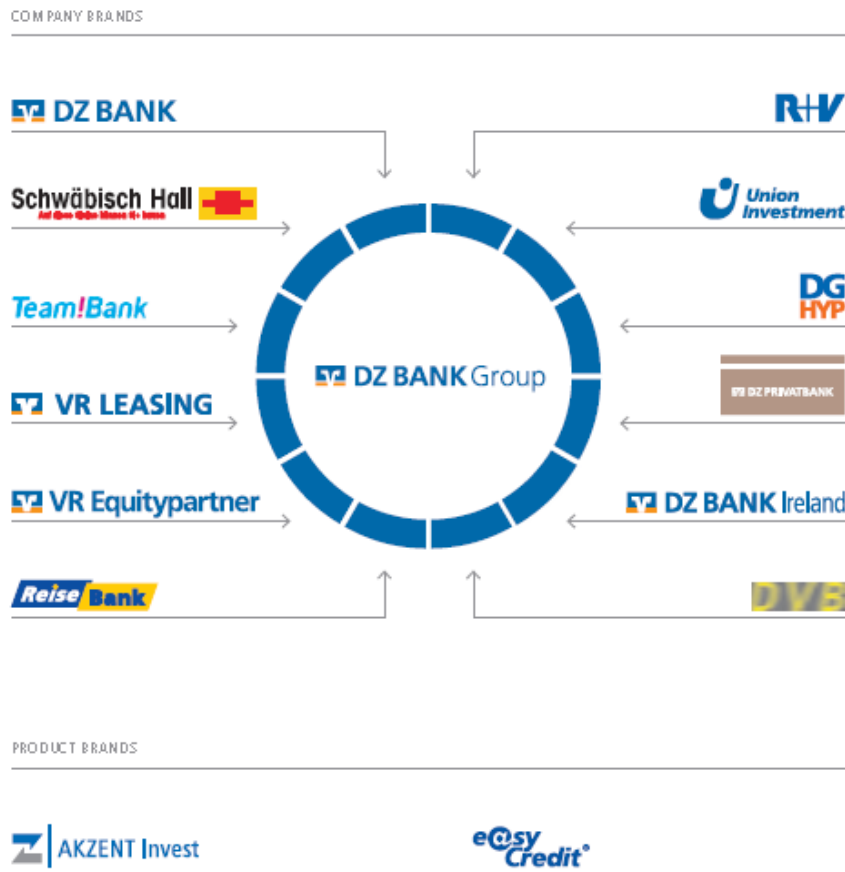


Source: DB MR 2013:64 [152]

3.5.3 DZ Bank

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DZ BANK - DZB), as the parent company in the DZ BANK Group, acts on the one hand as a central institution for over 900 cooperative banks and their c. 12,000 branch offices and on the other hand as a corporate bank. DZ Bank Group is an integral part of the German Volksbanken Raiffeisenbanken cooperative financial network, which includes around 1,100 local cooperative banks. The group comprises a number of specialized institutions as shown in the following figure:

Figure 60: DZ Bank Group



Source: DZB AR 2013:3 (cover)

3.5.3.1 Risk Management

Contrary to the habit of most of its peers, DZ Bank calls its risk report “*opportunity and risk report*”, thus adopting the “*Yin & Yang*” approach described above under 2.2.1.

DZ BANK Group defines “*opportunities as unexpected positive variances from the forecast financial performance for the coming year*”. Accordingly, risks are understood to be “*adverse developments affecting financial position or financial performance, and essentially comprise the risk of future losses or insolvency*”. The annual report continues to expand that “[*t*]he risk management system is more detailed than the system for the management of opportunities because risk management is subject to comprehensive statutory requirements and is also of critical importance to the continued existence of the DZ BANK Group as a going concern. The management of opportunities is based on a qualitative approach and is tightly integrated into the strategic planning process.” (DZB AR 2013:74). The definition for risk used by this entity clearly stresses the financial aspects of business, seemingly neglecting non-financial risks. This impression is largely confirmed by the typology of risks used with two of the three

main types covering financial risks and only the third, “*business-performance*” risk being a non-financial risk group, including operational, business, and reputational risk as shown in more detail by below table:

Table 25: DZ Bank Risk Typology

	Risk type	Definition	Risk factors
Core financial sector risks	Credit risk - Traditional credit risk - Counter risk - Replacement risk	Risk of losses arising from the default of counterparties (borrowers, issuers, other counterparties)	- Concentration of loans with a long or term to maturity and a non-investment grade credit rating - Deterioration in the credit quality of public sector bonds - Increased requirement for allowances for loans on losses and advances
	Equity risk	Risk of losses arising from negative change in the fair value of that portion of the long-term equity investments portfolio in which the risks are not included in other type of risk	Increased requirement for the recognition of impairment losses on the carrying amounts of investments
	Market risk - Interest rate risk - Spread risk - Equity price risk - Currency risk - Commodity risk - Market liquidity risk	- Risk of losses on financial instruments or other assets arising from changes in market prices or in the parameters that influence prices (market risk in the narrow sense of the term) - Risk of losses arising from adverse changes in market liquidity (market liquidity risk)	- Widening of credit spreads on European government bonds - Shortage of market liquidity
	Liquidity risk	Risk that cash and cash equivalents will not be available in sufficient amounts to secure that payment obligations can be met (involuntary)	- Funding structure for lending business - Uncertainty surrounding tied-up liquidity - Change in the volume of deposits and loans - Funding potential in money markets and capital markets - Fluctuations in fair value, marketability of securities, and the eligibility of such securities for use in collateralized funding arrangements - Exercise of liquidity options - An obligation on the DZ BANK Group to pledge its own collateral
Specialist financial sector risks	Technical risks of a home savings and loan company ¹ - New business risk - Collective risk	- Risk of a negative impact for possible variance compared with the planned new business volume (new business risk) - Risk of a negative impact that could arise from variance between the actual and forecast performance of the collective building society business caused by significant long-term changes in customer behavior unrelated to changes in interest rates (collective risk)	- Decline in new business - Change of customer behavior (unrelated to changes in interest rates)
	Actuarial risk - Demographic risk - Interest rate guarantee risk - Premium and claim risk - Reserve risk - Cost risk - Lapse risk	Risk that the actual cost of claims and benefits deviates from the expected cost as a result of changes, error or change	- In the case of products with long-term guarantee, calculation assumptions vary over the term of the contracts compared with the assumptions at the time the contracts were signed - The actual impact of losses exceeds the forecast impact
Business performance risk	Operational risk	Risk of losses from human behavior, technological failure, weaknesses in process or project management, or external events	- Business interruption - Insufficient availability of employees - Malfunction or breakdown in data processing systems - Disruption to outsourced processes and services - Inaccurate external financial reporting - Impact of market manipulation and accounting or tax fraud - Failure to recognize violations of legal provisions
	Business risk	Risk of losses arising from earnings volatility which, for a given business strategy, is caused by changes in external conditions or parameters	- Harsh competition based on pricing and terms - Insufficiently competitive electronic trading platforms
	Reputational risk	Risk of losses from events that damage the confidence of customers, investors, the labor market, or the general public in DZ BANK Group entities or in the products and services they offer	Worsening of the reputation of the banking sector as a result of the financial crisis and the sovereign debt crisis

1 Apart from spread risk, migration risk on securities, and migration risk on traditional loans, which are covered by the capital buffer

2 Including the business risk and reputational risk of BSH

3 Included in the risk capital requirement for business risk at BSH, included in the risk capital requirement for the technical risks of a home savings and loan company

Source: DZB AR 2013:76.

DZB management units have to take “*conscious decisions*” regarding the assumption or avoidance of risks, observing “*guidelines and risk limits specified by the head office*”. Furthermore, “*divisions responsible for risk management are separated both in terms of organization and function from downstream divisions*”. (DZB AR 2013:79)

3.5.3.2 Corporate Governance

Not much can be found in its annual report about corporate governance but the plan “to enhance corporate governance in the DZ BANK Group with the aim of integrating the local cooperative banks even more closely.” (DZB AR 2013:88)

As a matter of fact, corporate governance is being dealt with inside the opportunities and risks report under the sub-title “risk-oriented corporate governance” and described as a system “based on three pillars that are interlinked and well established in the monitoring and control environment. The DZ BANK Group thereby has a governance structure that complies with MaRisk requirements, sets out the operational framework for risk management, and fosters the development of an appropriate group-wide risk culture”. (DZB AR 2013:88)

The “governance structure of risk management” of DZ Bank Group is pictured below:

Figure 61: DZ Bank's Risk Management Governance Structure

FIG. 10 – GOVERNANCE STRUCTURE OF RISK MANAGEMENT IN THE DZ BANK GROUP



Source: DZB AR 2013:79.

3.5.4 KfW

Among the three largest financial institutions in Germany, DZ Bank is the only public entity. According to section 2 par. 1 Nr. 2 KWG it does not qualify as financial institution under that law, but has nonetheless been applying its main rules (KfW AR 2013:152). Its name “Kreditanstalt für Wiederaufbau” (Credit Entity for Reconstruction) is somewhat outdated as it refers to the post-World War II era. Its main purpose has however remained much the same

given that it nowadays finances change by supporting public, corporate and private investors in the areas of employment, education, energy, environment, and health as well as internationalization and developing countries. The bank was also a strong contributor to the reunification of Germany over the past 25 years.

In the public interest, KfW promotes developments in line with three mega-trends:

- Use of natural resources (environmental protection and climate change), which accounts for approx. 40% of KfW's financing;
- Demographic development (both in developed and developing countries);
- Globalization (including ensuring the competitiveness of the national economy).

KfW defines sustainability, the “*aim of our daily work*” (KfW AR 2013:7), as targeting an ecologically sound, socially just, and economically powerful development.

3.5.4.1 Risk management

The risk management section in KfW's 2013 Annual Report is quite brief, only defining it as a central task of overall bank steering and referring to an “*adequate risk profile*” to allow the bank to “*perform its tasks sustainably and over the long term*”. The board of directors is informed about the risk profile of the bank on a monthly basis, the supervisory board at least quarterly. (KfW AR 2013:152)

As a case in point, KfW transferred EUR 319 million to Lehman Brothers on September 15, 2008, despite of previous signs of bankruptcy and thus found itself unexpectedly in the center of a scandal as Lehman filed for Chapter 11 bankruptcy protection a few hours after the transfer was made by KfW. A subsequent PwC-report identified a number of issues regarding the internal organization of KfW and reportedly identified seven recommendations as to how procedures at KfW should be improved in order to avoid another error as this one. Of particular public concern was the fact that the German Central Bank had halted the transaction for lack of funding on the relevant KfW account, but notwithstanding information about the difficult situation of Lehman Brothers gathered by KfW staff and discussed in an emergency meeting, KfW transferred funds to that account in order to enable the transfer still on that Monday morning. (SZ 17/05/2010, <http://www.sueddeutsche.de/geld/nach-lehman-ueberweisung-peinliche-details-zur-kfw-panne-1.537637>)

In its 2008 Annual Report, KfW also referred to this mishap in the following way:

“*During the course of the financial crisis, and after the payment mistakenly made to Lehman Brothers, KfW systematically reviewed its risk management and control workflows to assess*

whether structural action was required. This process focused on further developing group-wide control processes (e.g. for securities and operational risks), and expanding the real-time decision-orientated reporting system. In addition, the Group is working on increasing its investment control and further developing its early risk warning system. It is also reviewing methods of valuing structured products. Activities with regard to these topics started as projects during the reporting year, and will be continued and implemented in 2009.” (KfW AR 2008:18)

3.5.4.2 Corporate governance

Due to its nature as a public entity which reports directly to the Ministry of Finance, KfW is bound to the Federal Public Corporate Governance Code (*Public Corporate Governance Kodex – PCGK*), the corporate governance code of the federal republic. A declaration of conformity was first signed by KfW on 06/04/2011. (KfW AR 2013:150) In 2008, the Supervisory Board and the Managing Board of KfW had issued a declaration of intent regarding the *PCGK* in which they recognize the principles of the code and seek to implement them at KfW as soon as possible. For the financial year 2010 a corporate governance section was first introduced and the Managing Board and the Board of Supervisory Directors for the first time issued a declaration of compliance with the recommendations which shall be renewed annually, and disclose and detail any deviations for the code principles in a corporate governance report, according to KfW’s 2009 Annual Report. (KfW AR 2009:19)

Regarding executive remuneration, two points appear noteworthy:

1. None of the board members except for the CEO received a variable compensation for the years 2012 and 2013, while in 2012, they received bonuses (“*recognition premiums*”) for the financial year 2011 of only EUR 20,000 (in one case, EUR 5,000 *pro rata*).
2. Base salary was reduced between 2012 and 2013 from an already moderate c. EUR 600,000 to c. EUR 500,000, by which all board members but the CEO suffered partly severe salary cuts.

Table 26: Reumeration Table for KfW 2013

Jahresvergütung des Vorstands und Zuführung zu den Pensionsrückstellungen in den Jahren 2013 und 2012 in TEUR

	Gehalt		Variable Vergütung		Sonstige Bezüge		Gesamt		Zuführung zu den Pensionsrückstellungen	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Dr. Ulrich Schröder (Vorstandsvorsitzender)	698,6	680,3	260,0	250,0	81,9	97,9	1.040,5	1.028,2	421,7	794,2
Dr. Günther Bräunig	518,8	632,6	0,0	0,0	30,2	31,3	549,0	663,9	477,7	1.026,9
Dr. Norbert Kloppenburg	518,8	668,4	0,0	0,0	42,3	52,7	561,1	721,1	479,8	1.032,7
Dr. Edeltraud Leibrock	518,8	510,2	0,0	0,0	51,4	50,4	570,2	560,6	293,2	276,5
Bernd Loewen	508,1	514,8	0,0	0,0	46,0	46,0	554,1	560,8	392,0	382,6
Dr. Axel Nawrath	491,5	498,3	0,0	0,0	100,4	107,0	591,9	605,3	553,8	678,5
Gesamt	3.254,6	3.504,6	260,0	250,0	352,2	385,3	3.866,8	4.139,9	2.618,2	4.191,4

¹ Aus rechnerischen Gründen können in der Tabelle Rundungsdifferenzen auftreten.

² Die Gehälter von Dr. Günther Bräunig, Dr. Norbert Kloppenburg, Bernd Loewen und Dr. Axel Nawrath enthielten 2012 eine Anerkennungsprämie für das Geschäftsjahr 2011 in Höhe von 20 TEUR, bei Dr. Edeltraud Leibrock anteilig 5 TEUR.

Source: KfW AR 2013:153

The Annual Report does not give an explicit explanation for the reduction of base salary, the abolition of bonuses for ordinary board members from 2011 onwards, or the increase of base salary of the CEO, but mentions that the CEO's remuneration is linked to his performance. (KfW AR 2013:153 ff.)

3.5.5 HypoVereinsbank – UniCredit Bank AG

In 1998 the two big Bavarian banks, Bayerische Hypotheken- und Wechsel-Bank and Bayerische Vereinsbank merged and became Bayerische Hypo- und Vereinsbank Aktiengesellschaft (HVB). Its eldest predecessor, Hochfürstlich-Brandenburg-Anspach-Bayreuthische Hofbanco, had been founded in 1780 by Margrave Karl Alexander von Brandenburg-Ansbach.

Following the 1998 merger, the bank pursued various acquisitions to expand its international business – particularly in the CEE region – while practicing a regional approach in Germany. In 2003, HVB's commercial real estate financing division was spun off and listed as Hypo Real Estate. This specialized real estate lender was nationalized following an unsuccessful merger with Depfa bank and re-branded as pbb Deutsche Pfandbriefbank in 2009.

HVB itself was acquired in 2005 by the Italian bank Unicredit S.p.A. and subsequently continued its strategy of growth via an M&A strategy by merging with Vereins- und Westbank Hamburg, acquiring a corporate loan portfolio from Westfalenbank AG, etc. At the same time however, some participations were divested, including that in Bank Austria which

was sold in 2006 without a tender process to HVB's parent company Unicredit, leading to a number of shareholder claims.

Since 2008, HVB has been using the corporate design of UniCredit Group, but continues to use the name HypoVereinsbank, while the name UniCredit is becoming more and more commonly used, internally and externally.

As announced in the 2012 annual report, HVB introduced a new business model and reorganized the structure of HVB Group, consisting since the beginning of 2013 of the following sections:

- Commercial Banking (CB);
- Corporate & Investment Banking (CIB);
- Asset Gathering;
- Other/consolidation.

Profits in 2013 decreased significantly, particularly in HVB's commercial banking section, while the corporate & investment banking section, despite generating almost the same income as commercial banking, proved much more profitable.

HVB's Annual Report has remained much the same since 2007 both in size and structure, however the risk report section has increased in volume and thus its relative weight over that period, while the corporate governance chapter kept its length although its structure changed, including now a "*Women's Council*" section. (HVB AR 2013:3 ff., 215 ff.; HVB AR 2007:251 ff.)

3.5.5.1 Risk Management

"In the course of our business activities, risks are identified, quantified, assessed, monitored and actively managed. We therefore regard it as one of our core objectives to apply these considerations in order to integrate risk management, risk-controlling and risk-monitoring processes in all segments and functions." (HVB AR 2013:52)

HVB Group companies included in its consolidated financial statements are part of the risk management program of HVB Group. Various criteria, e.g. size, portfolio structure, and risk content are applied to classify them according to the Internal Capital Adequacy Assessment Process (ICAAP). Measurement of the economic capital is performed differently for the individual risk types. All other companies are subject to a simplified approach to calculate economic capital.

HVB's risk typology is as follows:

Table 27: HVB Risk Typology

- Credit risk;
- Market risk;
- Liquidity risk;
- Operational risk;
- Other risks:
 - Business risk;
 - Strategic risk;
 - Reputational risk;
 - Real estate risk;
 - Financial investment risk;
 - Pension risk.

Source: HVB AR 2013:52 f.

Operational risk is understood by HVB as *“the risk of losses resulting from inadequate or failed internal processes, systems, human error or external events. This definition includes legal risk but not strategic risk or reputational risk. Legal risk includes, but is not limited to, fines, penalties and damages resulting from regulatory measures and settlements paid to private individuals.”*

HVB's risk management program is *“built around the business strategy adopted by the Management Board, the Bank's risk appetite and the corresponding risk strategy. Implementation of the risk strategy is a task for the Bank as a whole, with key support from the Chief Risk Officer (CRO) organisation.”* (HVB AR 2013:53)

3.5.5.2 Corporate Governance

In relation to its de-listing in 2008, HVB's Management and Supervisory Boards decided that the bank would voluntarily comply with the rules of the German Corporate Governance Code *“to the extent that these provisions can be applied to an unlisted Company with just one shareholder”*. (HVB AR 2013:260)

HVB's Management Board consists of eight members which have, since January 2013, responsibilities according to the new organizational structure of the bank.

Members of the management board receive a base salary paid monthly plus a variable, performance-related compensation which also takes into account *“the changed economic environment and the requirements of the regulators and strengthens the importance of sustainable company success”* (HVB AR 2013:271) and includes a bonus paid out over a five year period according to the following plan (HVB AR 2013:271):

- Year 1: 20% of the bonus disbursed in cash
- Year 2: 20% of the bonus disbursed in cash
- Year 3: 20% of the bonus disbursed in UniCredit S.p.A. stock
- Year 4: 20% of the bonus disbursed in UniCredit S.p.A. stock and 10% in cash
- Year 5: 10 % of the bonus disbursed in UniCredit S.p.A. stock

The corporate governance report provides a summary of the five supervisory board meetings which took place in 2013 and describes the work of the two supervisory board committees: the remuneration & nomination committee and the audit committee.

HVB was the first bank in Germany to form its own Women’s Council in December 2009, *“with which it has a new tone in the German banking world ever since. Besides dealing with feedback and comments and regularly discussing economic and social issues relating to women, the Council looks at ways of improving the position of women in the financial sector [...]”*. The Council, consisting of around 30 *“outstanding entrepreneurs and managers”* meets for plenary sessions at least twice a year and is specifically empowered by HVB’s Management Board to make recommendations and launch its own initiatives. (HVB AR 2013:255)

3.6 Summary

3.6.1 Banking regulation

Given that banks in Brazil and Germany adhere to the rules of the Basel Committee, rules are in the end quite comparable. Local differences remain however, especially due to the unequal structure of its financial (supervisory) system as well as cultural aspects.

3.6.2 Corporate governance frameworks

The corporate governance frameworks, mainly consisting of the corporate governance codes, are different in appearance and detail, but quite comparable in terms of practical implementation. Compensation committees are becoming the norm, and Family Councils and/or Advisory Boards on a larger scale, and in both countries, would be welcome.

3.6.3 Risk management regulation

Risk management regulation in general is still quite different, and a further approximation between the countries, and internationally might be wished for. Notwithstanding, particularly banks do historically have a strong risk management mentality, thus do not differ much between the entities under analysis.

3.6.4 Banks under analysis

The Brazilian and German banks under analysis are quite different, both in a national comparison and individually. Notwithstanding, they are, respectively, the five largest banks in their home economies while globally, only Germany's Deutsche Bank is among the ten largest in the world (rank 10 by total assets). Commerzbank holds position 40 worldwide, and Banco do Brasil ranks 54th (<http://www.relbanks.com/worlds-top-banks/assets-2013>).

The comparison was helped by the fact that for all banks, the financial year corresponds to the calendar year, all publish their accounts online in English, while this had not occurred for the year 2013 for all institutions as of cut-off date for our analysis.

Both countries show a high proportion of public banks in their top-5 and based on the above analysis, the following "*pairs*" of comparable banks can be identified:

Banco do Brasil – Deutsche Bank (e.g. for their dominant size)

Itaú – Commerzbank (i.a. for their online record)

Bradesco – Unicredit HVB (e.g. for its strong consumer brand)

BNDES – KfW (both development banks)

Caixa – DZ Bank (comparable not least for their (quasi-)public nature)

Interestingly, most banks understand risk management as part of corporate governance (bank names), while some see them as separate topics, and only in one instance (Bradesco) corporate governance appears to be a part of risk management.

Regarding the grouping of countries into market-based, bank-based and “*other*” countries (cfr. 2.1.22 above), we may conclude that Brazil falls into the third category, together with countries such as France and Italy (which may also, and independently, be considered culturally close to each other), given their relatively independent position regarding corporations and as such may also be able to exercise an active role in the further development and implementation of corporate governance best practices in Brazilian companies of different sizes and industries.

4 Research Design

4.1 Introduction

“Theorists, policy-makers, and practitioners share the intuition that corporate governance reflects national culture.” (Licht et al., 2005:231; cfr. Bebchuk and Roe, 1999:168)

It is difficult however to employ culture in economic studies for its “soft” characteristics which do not easily fit into the usual framework of economic analysis. Therefore, culture was often dealt with in an anecdotal way or as a “black box”. One possible proxy for culture used in order to circumvent this difficulty in assessing or categorizing national culture is religion (Stulz and Williamson (2003); Beck et al. (2003); cfr. Landes (2000)). While religion has indeed been shaping national culture over the past ca. 2,000 years, it is difficult to operationalize it to this end, given the differences, lack of comparability and different denominations on both a national and international level. Particularly in our case, comparing Brazil and Germany, one would be faced with one culture still dominated by Roman Catholicism (although, over the past 40 years, its share in the population has dropped from well over 90% to ‘only’ 64,6% in 2010 (IBGE, 2010:92)) and another almost evenly split between the latter (30,15%), Protestantism (29,23%) and those unaffiliated with any religion (33,06%) (BPB, 2013). This significant difference is certainly not eased by the fact that “Brazilian Catholicism” is in fact strongly influenced by local customs and mixed with earlier religions and/or customs, as well as many different denominations of Christian belief. Licht et al. (2005:231) therefore reformulate the question into „*in what way do the laws on the books in different societies reflect the culture that prevails in those societies? Put another way: are meaningful, measurable elements of the culture found in different countries manifest in the statutory legal rules of those countries?*”

La Porta et al. (1998; 2002) introduced an integrated approach to law and finance and thus redefined the analytical framework for comparative research on corporate governance. By the operationalization of investors’ legal rights and legal origins they provide statistical tools which correlate with several important economic factors, leading to the desire to enhance investors’ rights through legislative reforms. The “legal approach” later presented became “the preferred way to understand corporate governance” (Licht et al., 2005:230). Based on a classification of legal origins, this system has also been used as a proxy for colonial impact on

social institutions, leading to the notion that in general, common law origin predicts a better economic performance.

At the same time, failures in the attempt to implement “*western*” legal systems in formerly soviet states lead to the view that the simple codification of investor rights is insufficient to achieve the desired aims, such as transparency and accountability.

Therefore, Pistor et al. (2000) stressed the the importance of legality understood as law enforcement and the mode of legal transplanted. (Licht et al., 2005:230)

Another approach is to test the perception of professionals working in the area to evaluate their understanding of changes. This is the approach to be adopted in what follows.

4.2 Methodology

To test the first 10 hypotheses, self-completion questionnaires (Bryman and Bell, 2011:230 ff.) have been used in order to obtain data on the sentiment of respondents vis-à-vis the questions.

Regarding the last two hypotheses, a content analysis (Bryman and Bell, 2011:288 ff.) was carried out regarding the contents of annual reports of the five largest banks in each of the two countries under analysis.

This study is a “*bounded system*” that is limited by a defined time frame and a certain number of institutions (2x5) and countries (2) (cfr. Creswell, 1998:37). The research took place in a time period of five months, starting in January 2014 and ending in May 2014. During this period, document analysis and the survey were performed. The survey was completed predominantly by respondents from Brazil and Germany.

Content analysis shall be carried out to obtain a solid and clear background about the studied banks and their specific attitude towards corporate governance and risk management topics.

4.3 Data

Due to the nature of the hypothesis to be tested this study, qualitative data – such as risk management quality or corporate governance importance – have been used, as for example individual thoughts on corporate governance developments. These were then translated into numerical values for statistical evaluation. Whenever possible, quantitative data – such as word counts – were used to analyse and confirm hypotheses on a more objective basis.

The relevant units of analysis shall be:

1. Corporate governance in the selected jurisdictions;
2. Risk management in the selected jurisdictions;
3. Selected financial institutions in the selected jurisdictions.

4.4 Identification of Variables

4.4.1 Independent variables

Independent variables used in this study are:

- a. Country;
- b. Year;
- c. Financial Institutions;
- d. Non-Financial Institutions

4.4.2 Dependent variables

Dependent variables used in this study are:

- a. Risk management quality;
- b. Risk management regulation;
- c. Risk management importance;
- d. Corporate governance quality;
- e. Corporate governance regulation;
- f. Corporate governance importance.

With regards to Brazill and Germany:

- g. Comparability of corporate governance;
- h. Comparability of risk management;
- i. Comparability of financial institutions;
- j. Executive remuneration.

With regards to Annual Reports:

- k. Word count;
- l. Topic highlights;
- m. Introduction of specific sections.

4.5 Overview of Research Design

In order to receive comparable and meaningful data against which the hypotheses could be tested, two main sources have been identified:

1. A specific online survey carried out mainly amongst financial professionals in Germany and Brazil;
2. The Annual Reports of the five largest banks in each country.

We assume that there is a strong difference between Brazil and Germany regarding corporate governance and risk management. Furthermore we assume that significant changes have occurred since the beginning of the latest financial crisis regarding corporate governance and risk management, both in Brazil and Germany. In order to analyse the obtained data objectively, statistical analysis shall be applied to establish whether there is any correlation between the variables:

- Significance of difference between variables;
- General applicability of obtained conclusions.

4.6 Sample and Data Collection Procedures

4.6.1 Survey

The survey was prepared and tested using the survey tools of “*surveymonkey.com*”. The questionnaire was prepared in English and translated into German and Portuguese to allow respondents (mainly from Brazil and Germany, but also from Portugal, Austria and Switzerland) to answer in their mother tongue. The different language versions have been available following below-mentioned links since February 2014 and responses for this study were collected until end of March, 2014:

- English: <http://surveymonkey.com/s/CGRMEN>
- German: <http://surveymonkey.com/s/CGRMDE>
- Portuguese: <http://surveymonkey.com/s/CGRMPT>

Those links (or any combination of them or individually, according to the receiver(s)) were then distributed among several institutions, companies, lawfirms, individuals and organizations linked to corporate governance and risk management by email. Those addressees either responded themselves and/or forwarded the link(s) to their members, partners, colleagues, acquaintances or friends. Among the addressees were:

- Direct contacts from the personal address book of the author, including lawfirms and consultancies in Europe and Brazil;
- LinkedIn contacts;
- Several universities in Brazil, Germany, and Portugal (UAL, Nova School of Business and Economics, USP, University of Frankfurt; etc.);
- Surveymonkey Audience;
- The Brazilian Corporate Governance Institute (IBGC);
- The Commission of the German Corporate Governance Code;
- The German foundation Hans Böckler Stiftung;
- The Global Association of Risk Professionals (GARP);
- The International Corporate Governance Network (ICGN);
- The Portuguese Corporate Governance Institute (IPCG/cgov);
- Xing contacts.

The full survey in its three language versions is attached as Annex I-III to this document. It is split into the following parts:

4.6.1.1 Questions on the respondent

Questions 1 to 4 deal with the professional situation and experience of the respondent, including their job function, industry, permanence in the current line of work and the country they have been working for. Questions 5 and 6 regard specific experience of the participant in the survey regarding risk management and corporate governance.

The reason for this is to establish the qualification of respondents to answer the subsequent, specific questions related to corporate governance, risk management, and financial institutions in both, Brazil and Germany.

4.6.1.2 Question regarding Corporate Governance and Risk Management changes

Questions 7 and 8 regard the perceived changes of corporate governance and risk management. In line with the subjective nature of the topic and structure of the survey, questions for the respondents' opinion were asked ("*How would you say...*"). The questions were sub-divided into nine specific areas for each by combining sets of three topics (quality, regulation and importance of risk management or corporate governance) with three area-specific questions (the respondent's organization, their region(s), and the topic in general).

4.6.1.3 Questions on the comparability of Corporate Governance and Risk Management in Brazil and Germany

Questions 9 and 10 inquire about the respondent's opinion ("*Do you think...*") regarding comparability of Brazil and Germany when it comes to corporate governance and risk management with nominally scaled multiple choice options (*yes / no / don't know*⁵⁴).

The reason behind these binary response format questions is to be able to establish whether respondents think that the countries are comparable with regards to the general topics, before going into detail. This allows determining later, based on answers to specific questions, whether there is a difference between the perceived general comparability and specific comparison of individual, specific aspects of those general topics.

⁵⁴ For a discussion on whether or not to offer „don't know" answers, cfr. Bryman and Bell, 2011:260.

4.6.1.4 Questions regarding Corporate Governance & Risk Management differences and similarities between the two countries

Questions 11 to 16 request a comparison between Brazil and Germany for differences and similarities regarding risk management, corporate governance and financial institutions, giving the ordinarily scaled choices of *major similarity* / *minor similarity* / *no similarity* for the following six categories:

- Institutional background;
- Regulatory background;
- Business environment;
- Political environment;
- Economic environment;
- Social environment;
- Other (please specify).

4.6.1.5 Questions regarding remuneration in (non-)financial institutions

The last three questions of the survey do not regard differences between Brazil and Germany, but are rather covering specific aspects of risk management and corporate governance regarding financial institutions, non-financial companies, and in general. They are structured as closed questions with responses in the form of a modified Likert scale (Bryman and Bell, 2011:239 f.)

Questions 17 and 18 ask respondents in six (sub-)questions regarding financial institutions (question 17) and non-financial institutions (question 18) whether they *strongly agree* / *somewhat agree* / *somewhat disagree* / *strongly disagree* with the following statements on executive remuneration, with the option to select “*no opinion*”:

- Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis;
- This is particularly true for bonuses;
- This is particularly true for share options;
- This is particularly true for other benefits;
- Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.

4.6.1.6 Questions on the importance and interrelation of Corporate Governance and Risk Management

On a metrical scale, question 19 allows the respondent to *strongly agree* / *somewhat agree* / *somewhat disagree* / *strongly disagree* with the following statements on the importance and interrelation of corporate governance and risk management, with the option to select “*no opinion*”:

- Risk management has become more important since the beginning of the financial crisis;
- Corporate governance has become more important since the beginning of the financial crisis;
- Risk management is more important in financial institutions than in other businesses.
- Risk management is part of corporate governance;
- Corporate governance is more important in financial institutions than in other businesses.

4.6.1.7 Summary

In total, the 19 questions with their sub-questions add up to 135 questions asking respondents to give information about themselves, the geographic areas they work in as well as their opinion on corporate governance, risk management, and financial institutions-related topics in Brazil and Germany. The high number of (partly similar) detailed questions and cross-checks against opposite questions (e.g. similarities/differences) imply an intrinsic test of validity and allow for a detailed comparative analysis.

4.6.2 Annual Reports

In order to analyze the development of corporate governance and risk management within the reporting in banks, and thus the influence the latest financial crisis has had on them, we analyzed the annual reports as the main reporting tool of corporations and the ultimate summary of their activities and performance over the respective year, for the five largest banks by assets for Brazil and Germany.

Those were collected in their English .pdf-versions for the period 2007 until 2013, if available. Whenever those were not available, the local language version was used (in seven instances), and in three cases (Banco do Brasil, BNDES, and Caixa) the respective 2013

annual reports were not yet available as of the date of analysis (April 2014) and therefore couldn't be considered for this study. Consequently, the overall comparability within the year 2013 and with respect to the preceding years is limited, particularly among the Brazilian banks under analysis.

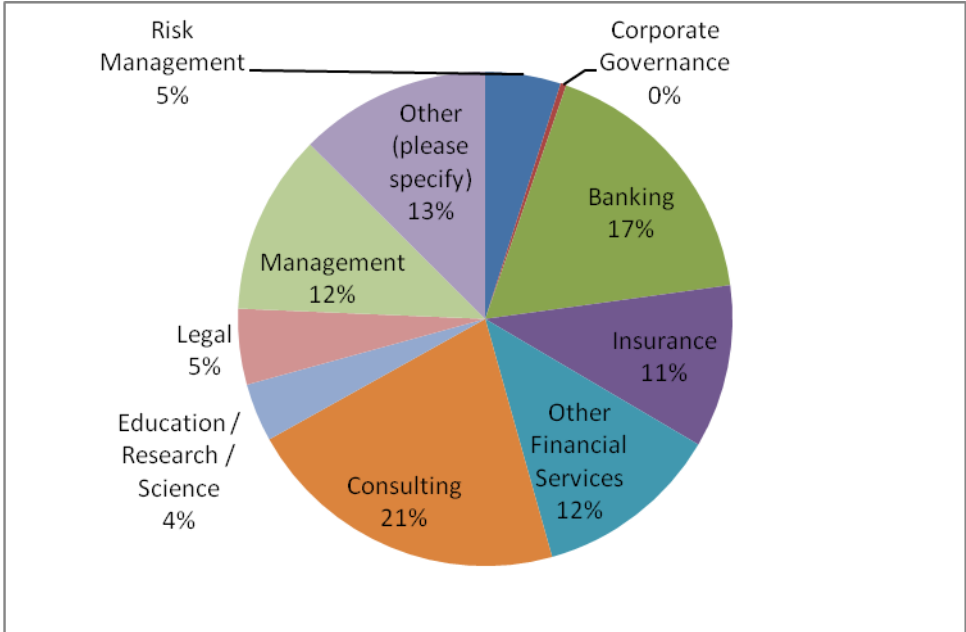
4.7 Analysis Procedures

4.7.1 Survey

A total of 282 surveys were filled by respondents online until cut-off, of which 47 were excluded from the analysis for not having responded to 30 or more of the 135 questions. Of the remaining sample of 235, 104 showed relevant professional experience in Germany, 103 in Brazil, four in both afore-mentioned countries and 24 in other countries. Given the low number of respondents which were not experienced in either Brazil or Germany (including those with professional experience in both countries), their answers were not taken into account when it came to the comparison of those two countries, but did count regarding hypotheses which do not include such direct comparison.

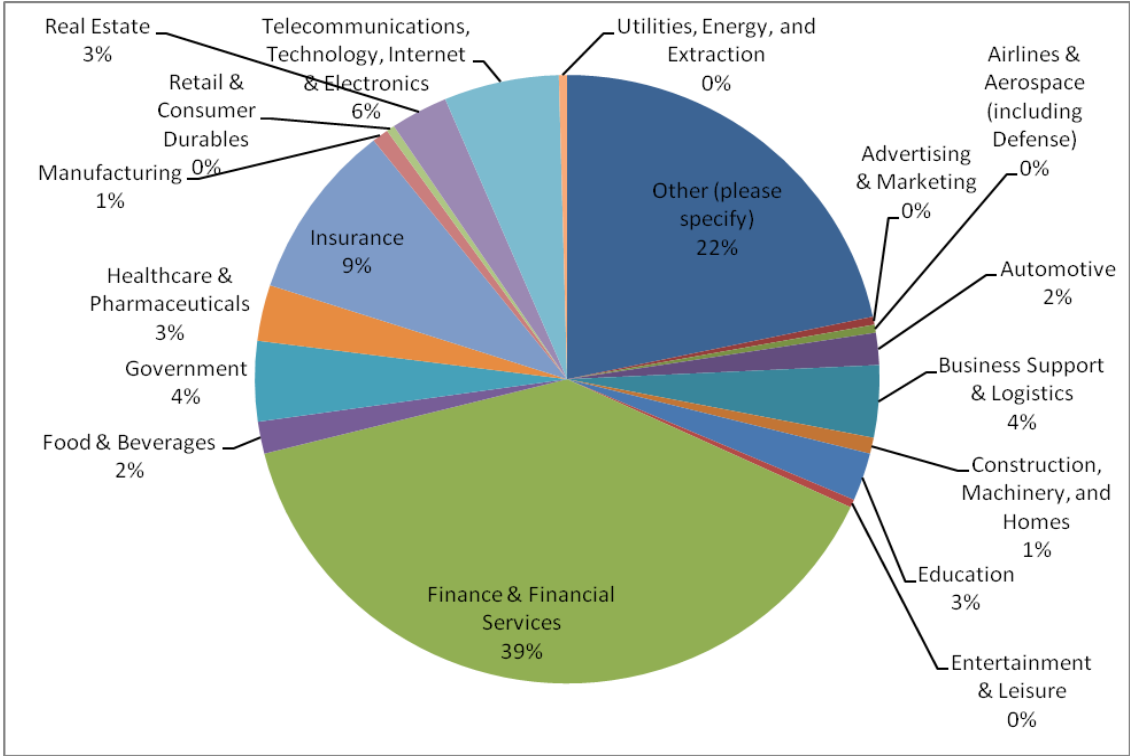
Question 1 asked respondents to select the area which best describes their job function. The result shows that 45.6% of respondents work directly with risk management, corporate governance or financial services. The remainder includes Consulting, Management, and Research. The distribution of activities is presented in the following figure:

Figure 62: Participants by job function



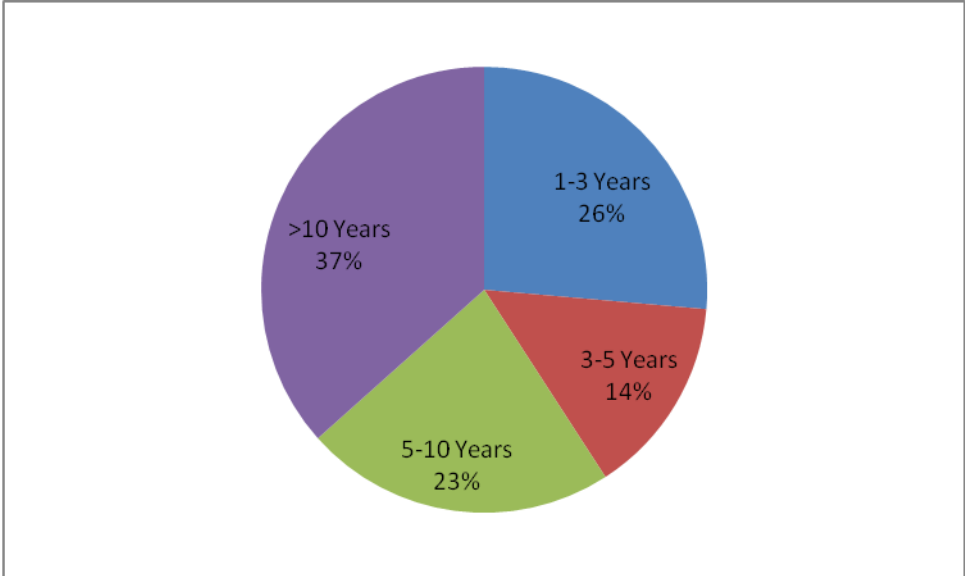
The principal industries of participant’s organizations (Question 3) are more diverse than their field of work – as one may expect – but still over 60% work in the finance industry including insurance. These are distributed as follows:

Figure 63: Participants' industries



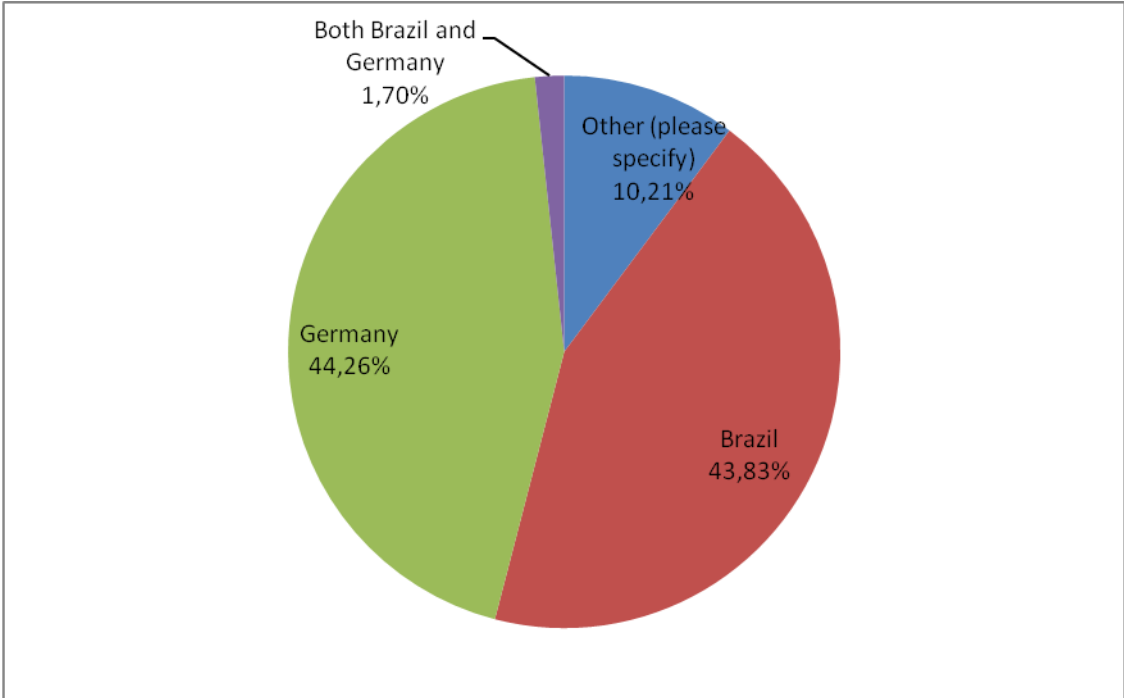
Almost 60% of respondents have been in their current line of work for over five years (Question 2), indicating a high level of seniority and work experience, thus granting an enhanced level of quality for responses:

Figure 64: Respondents' work experience in years



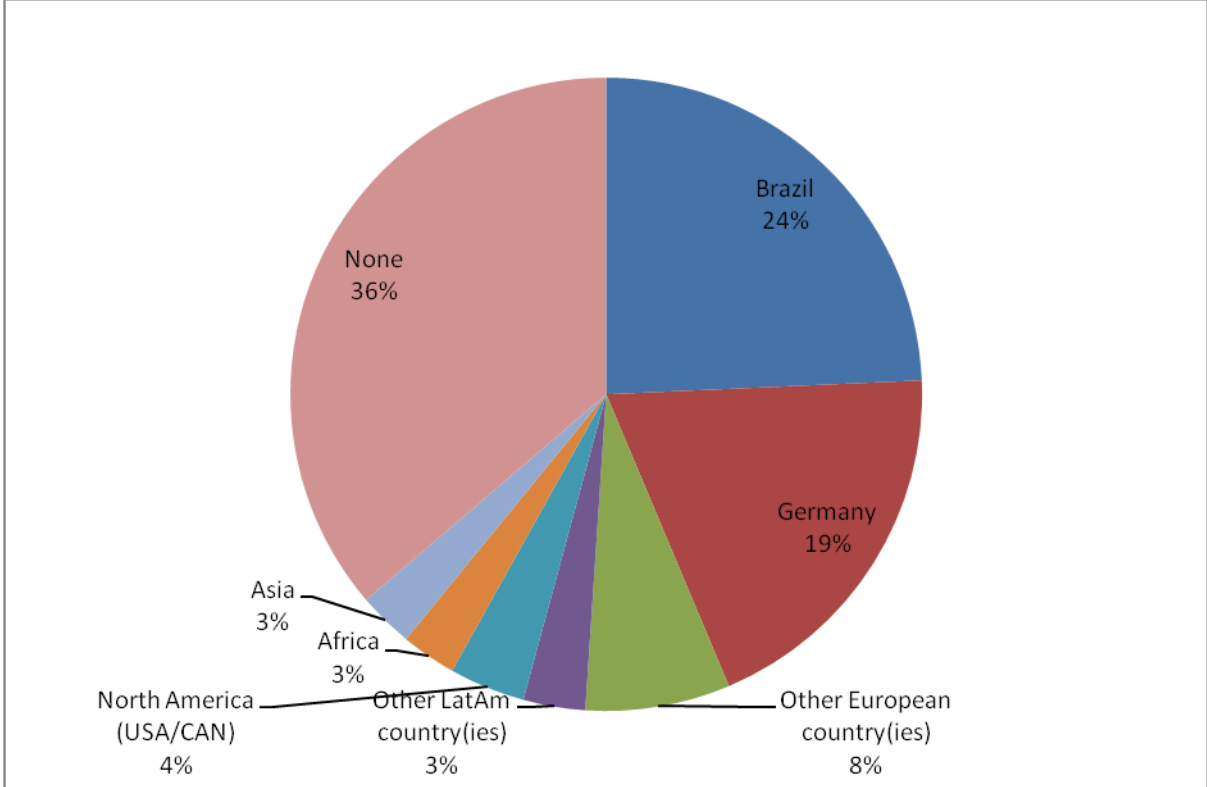
Regarding geography, almost 90% of participants in our survey are or were working for the Brazilian or German market (Question 4), warranting a deep regional knowledge and cultural understanding:

Figure 65: Respondents' geography of activity



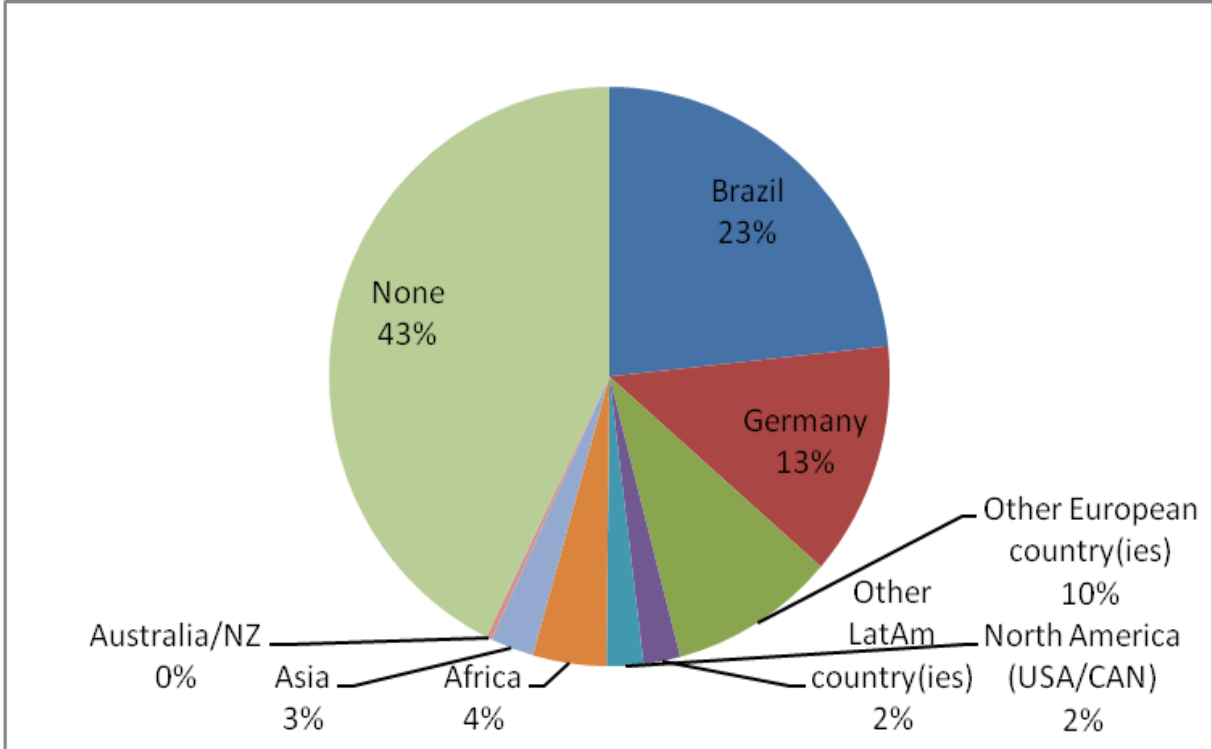
Asked specifically about the countries covered by respondents with regards to risk management (Question 5), the distribution looks as follows:

Figure 66: Respondents' risk management jurisdictions



The same question regarding corporate governance (Question 6) produced the following outcome:

Figure 67: Respondents' corporate governance jurisdictions



The two figures on jurisdictions for specific activity in the areas of risk management and corporate governance show that more than half (64%/57%) of the respondents do work directly with those topics or have done so before and are as such particularly knowledgeable. This shows once more the high level of insight of respondents into the topics at hand. The higher granularity of the structure of answers as compared to Figure 65 would make grouping of answers for analysis by this measure more complex and the results less focused, thus leading us to use the answers from respondents who identified themselves with Brazil or Germany under question 4 as basis for our comparative analysis, as described under 4.7.1 oben.

The results of the surveys have been transferred from the surveymonkey.com site and converted into SPSS format. SPSS has been used to analyze the data in order to receive dependable results for the testing of the hypotheses. To this end, variance testing using the Levene’s test for equality of variances and t-tests for equality of means were applied to ordinal variables. For questions 17 and 18 of our survey, for instance, a modified Likert scale was used from “*I strongly agree*” to “*I strongly disagree*” with the alternative option “*I have no opinion*” instead of the usual “*Undecided*” as an opt-out option. (Cfr. Bryman and Bell, 2011:254)

For categorical variables, chi-square tests were performed, as for example in questions 9 ff. where the answer options consisted of “YES”, “NO”, and “DON’T KNOW” or else “Major difference”, “Minor difference”, and “No difference”.

4.7.2 Annual Reports

Given the lack of three documents within the scope of 10 entities over a period of 7 years, 67 annual reports were analyzed with a total of over 16,000 pages (cfr. Annex IV). Each report was tested for the existence of an own section for corporate governance and a separate one for risk management. Whenever this was the case, the value “1” was attributed. In cases where one of the topics constitutes a sub-section of the report, the value “0.5” was given. All other cases were coded with value “0”.

Subsequently, we checked whether or not risk management was part of corporate governance within the structure of each report. In all confirmative cases, value “1” was given, “-1” for cases in which corporate governance was described as part of risk management and “0” in all other cases.

Furthermore, the documents were submitted to a word count regarding the following key words, using the search function in different pdf-viewers:

- Crisis/crises;
- Corporate Governance;
- Risk Management;
- Risk; and
- Corporate Social Responsibility.

Depending on the language version of the report, the following expressions were used:

- Crisis, crise(s), Krise(n) for crisis;
- Corporate Governance, governança corporativa for corporate governance;
- Risk management, gestão de risco(s), gerenciamento de risco(s), gestão integrada de risco(s), Risikomanagement for risk management;
- Risk, risco, Risiko for risk; and
- (corporate) social responsibility, CSR, (corporate) social governance, sustainability, socio(-)environmental responsibility, responsabilidade social, responsabilidade socio(-)ambiental, RSC, sustentabilidade; (soziale) Verantwortung for corporate social responsibility.

Those counts were then manually checked and corrected for cases in which they had been used outside of the context of this study. The numerical result of those counts was entered into a list.

Finally, the initial pages of each report were manually searched for highlighted topics which appear on the following list:

- Corporate Governance;
- Risk Management;
- Corporate Social Responsibility; and
- Crisis.

Whenever one of the above topics was highlighted, the value “1” was attributed, else “0”, unless in a case where the reference was stressed but not really highlighted in comparison to those which received value “1”. For the latter, the value “0.5” was attributed.

This way, a list of over 54,000 scores was obtained which were then analyzed over time and between countries.

The 67 annual reports have been analyzed by country of origin of the financial institutions as well as by year. Even when corrected for the three missing reports, the Brazilian reports account only for 34.8% of the volume as expressed in pages, while reports from German banks make up 65.2% of the pages.

The analysis shows that only 46.2% of the analyzed reports from Brazil include corporate governance as a main section. Regarding risk management / risk control / risk report, only 47.8% show these topics as a main section. For Germany, the equivalent figures stand at 53.8% and 52.2%, respectively, and thus significantly higher.

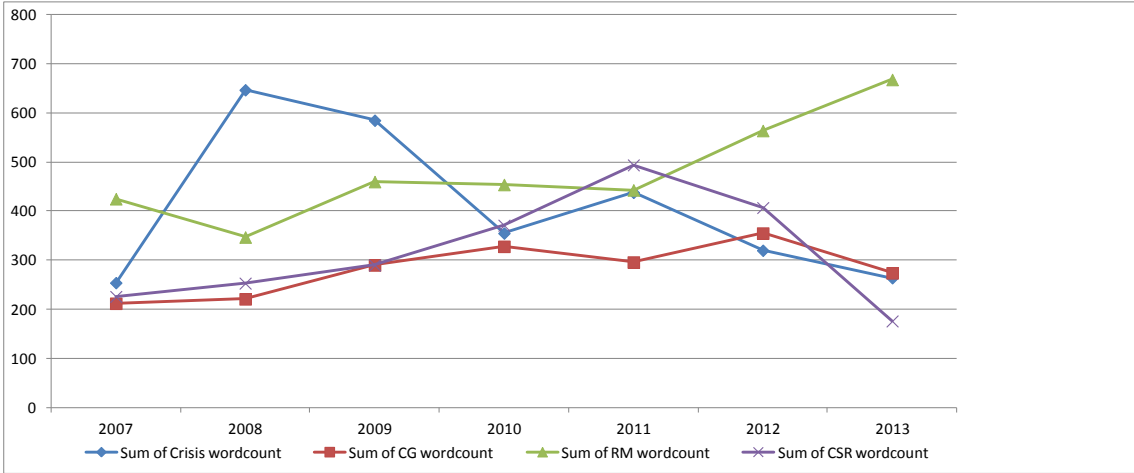
In contrast to this, 6 Brazilian reports (75%) highlight corporate governance and 88.2% do so for corporate social responsibility, while the German values amount to a mere 2 (25%) and 11.8% respectively.

Risk management and the financial crisis received even less attention: the former was highlighted once in Brazil and twice in Germany, while only one report in Germany paid special attention to the crisis (none in Brazil).

Interestingly, 70% of the Brazilian reports include risk management as part of corporate governance in their structure, while in Germany, only 30% do so.

The evolution of references (i.e. times, key words were mentioned) to our focus key words crisis, corporate governance (CG), risk management (RM) and corporate social responsibility (CSR) can be illustrated as follows:

Figure 68: Word count evolution, Brazil and Germany



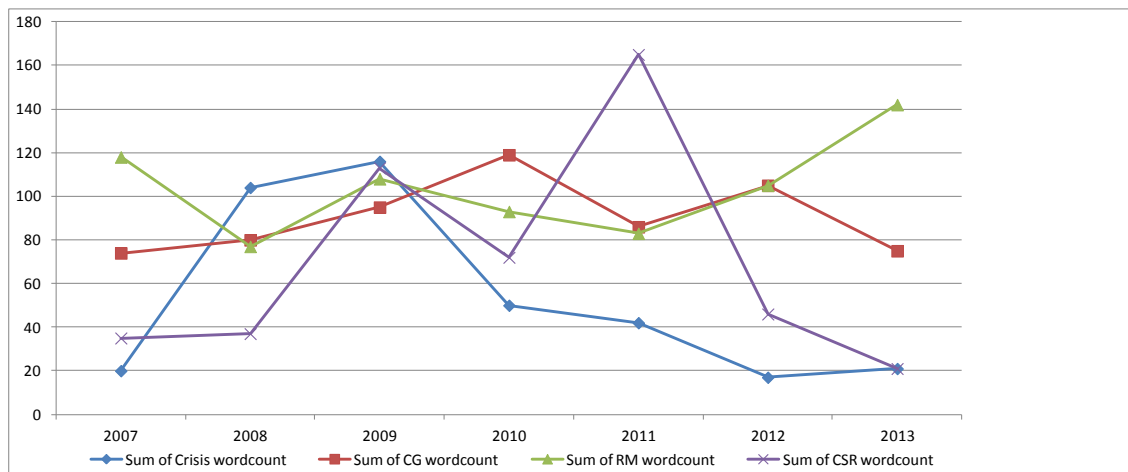
When analyzing the numbers from both, Brazil and Germany, “*crisis*” had a peak of references in 2008 reports and while still high in 2009, the numbers decreased over time, with another upswing in 2011.

“*Corporate governance*” has seen a stable evolution on a relatively low level, while “*risk management*”’s rate of increase between 2007 and 2011 went almost in parallel, albeit on a higher level, but has been increasing significantly from 2011 to 2013.

In contrast to this, “*CSR*” figures increased constantly until 2011 but then were the only ones to contract to a level below that of 2007.

Generally, it should be noted that those four indices move all in a relatively close range between c. 200 and 700 words in total and are thus comparable.

Figure 69: Word count evolution, Brazil



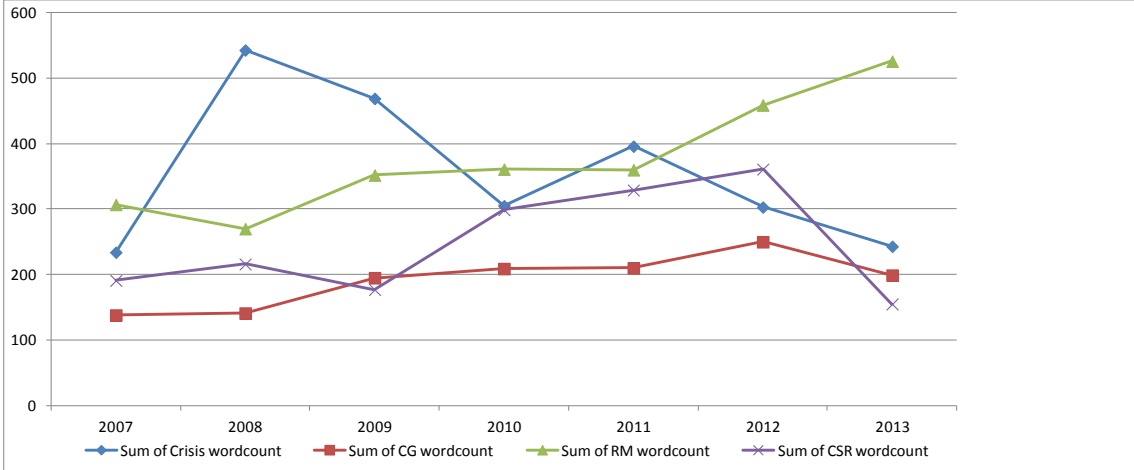
In the case of Brazil, the word count for “*crisis*” reached its highest value in 2009, rather than 2008, after it had already increased roughly fivefold from 2007 to 2008. After 2009, however, the decline has been uninterrupted.

“*Corporate governance*” figures have been stable, although on a much higher level than in Germany, relative to the other sets of data for Brazil. Similarly, “*risk management*” has been increasing notably since 2011.

Regarding “*CSR*” word count figures, we find a steep increase between 2010 and 2011, followed by a sharp decline. As with the other numbers for Brazil, the higher variance compared to the German sample can be explained by the relatively low totals, in a range between c. 20 and 165 words.

The case of Brazil stresses the “*decoupling*” of “*corporate governance*” and “*risk management*” which have been very close to one another between 2008 and 2012, before moving in opposite directions in 2013. It remains to be seen whether this is a real trend or if they will merge again as has happened in 2008 when they came from different directions.

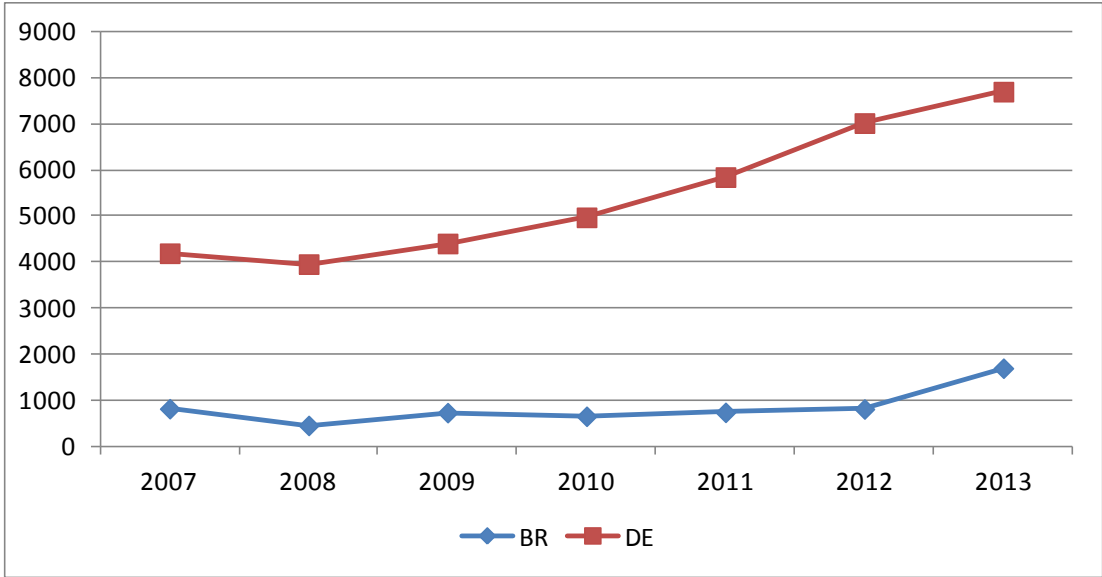
Figure 70: Word count evolution, Germany



In general, the German figures show a lower level of variance than the Brazilian results. The absolute numbers are much higher, in a range of c. 140 to 540 words per data set. This is still disproportional compared to Brazilian numbers when corrected for the volume of reports (as measured in number of pages), which is roughly twice as high in Germany as in Brazil.

The same is true with regards to the “risk” word count – which includes combinations such as “risk management” – as exemplified by the following graph:

Figure 71: Word count evolution “risk”, Brazil and Germany



The absolute numbers for Germany are on average and corrected for the higher volume of German reports, 3.3 times higher than the Brazilian ones.

Regarding the question under scrutiny, the results show that the evolution of times the word “*risk*” was used in Brazilian annual reports was basically flat over the period under analysis until they increased in 2013.

In a stark contrast to the Brazilian case, the use of the word “*risk*” has increased constantly in Germany over the period under review, from around 4,000 in 2007/2008 to almost exactly 7,000, which represents a growth of 83.8% over the period.

The increase in Brazil from 815 in 2007 to 1,694 in 2013 – and which was actually even lower than the effective increase between 2012 and 2013 (109.7%) – stood at 107.9%. As noted before, the year 2013 figures in the Brazilian case are disturbed by the fact that three of the five reports were not available. This would lead to a decrease of the total figure, if those were not over-compensated by the fact that Itaú for the first time issued a consolidated annual report in 2013 with 3.5 times as many pages and 4.1 times as many references to “*risk*”.

4.8 Summary

4.8.1 Survey

The questionnaires were answered by a relatively high number of respondents, given the limited population dealing with the topics under analysis in two specific jurisdictions. The answering and evaluation of questions was relatively straight-forward as mostly closed questions were used, partly in the format of a modified Likert scale and coded accordingly, thus being directly comparable and easy for respondents to understand. (Cfr. Bryman and Bell, 2011:250 ff.) In order to mitigate the disadvantage of this method, namely to exclude exhaustive and detailed answers, almost each answer had a Comment/Other section. The possibility to comment was however barely ever used and thus disregarded completely, as were answers from those who did not answer 30 or more of the 135 questions. The respondent's professional background and field of expertise warrant a deep understanding of the issues at hand.

As such, the overall quality of questionnaire responses may be considered as high.

4.8.2 Annual Reports

The content analysis (Bryman and Bell, 2011:288 ff.) performed on the annual reports of the years 2007-2013 from the ten banks under analysis was logically limited by the relatively small amount of documents, given the limited number of institutions and the restricted time frame (which, however, could only have been extended into the past and thus into a period before the onset of the financial crisis). Still, and more in the word count section than with regards to highlighting, for instance, high individual and total values allow for some comparison of development over time and between countries.

In line with recent history, the numbers from both countries, Brazil and Germany, indicate that the term "*crisis*" had a peak of references in 2008 (primarily in Germany) and 2009 (particularly in Brazil) after which the numbers decreased over time, with another upswing in 2011 in the German data set which can be explained by the European sovereign debt crisis. The peak in the same year of Brazilian CSR figures is much more difficult to explain, it might have to be related to political factors such as the change in the presidency and social unrest.

“Corporate governance” and *“risk management”* have both seen a relatively stable evolution until 2011, when *“risk management”* word count increased from an already higher level in comparison to *“corporate governance”*.

In contrast to this, *“CSR”* figures increased constantly until 2011 but then were the only ones to contract to a level below that of 2007.

Towards the end of our time line, all variables / indices decrease back to 2007 levels, except for *“risk”* (including *“risk management”*), which has almost doubled since its low point in 2008.

5 Empirical Analysis of Results

5.1 Hypothesis Testing

The analysis of the above-mentioned data leads us to the following comparison against the stipulated hypotheses:

5.1.1 There have been major changes in risk management since the beginning of the latest financial crisis both in Brazil and Germany (H1)

From the questionnaire, questions 7 and 19 have been used to test this hypothesis. T-Tests and boxplots have been used to analyze the data obtained. T-Tests were used for independent samples, given that Brazil and Germany are being compared to each other relative to changes in risk management. Results for the dependent variable are metrically scaled, running from 1 (*increased a lot*) to 5 (*decreased a lot*), 6 meaning “*no opinion*”. It should be noted that responses with value “*no opinion*” (6) were excluded from the analysis in order to avoid a misleading influence on the mean value.

In order to test Hypothesis 1, a set of three sub-Hypotheses, H1a-H1c, shall be tested as follows:

5.1.1.1 Risk management quality increased since the beginning of the latest financial crisis both in Brazil and Germany (H1a)

Regarding questions 7a-c, *risk management quality in general (Q7a)*, *risk management quality in my organization (Q7b)*, and *risk management quality in the region(s) covered by me (Q7c)*, no significant differences were noted between the countries under a 2-tailed significance test using a t-test for equality of means. Actually, respondents for both Brazil and Germany answered with mean values between 2.0 and 2.4, indicating a slight increase in perceived risk management quality, particularly for general risk management quality as perceived by Brazilian respondents. Given that the significance level is greater than 5%, there is no significant difference between the countries regarding this question. Both countries achieve similar values regarding *Risk management quality in general*, *Risk management quality in my organization*, and *Risk management quality in the region(s) covered by me*,

between 2.0 and 2.2, where 2 means “increased somewhat” and 3 stands for “remained unchanged”.

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Risk management quality in general	Equal variances assumed	1,366	,244	-1,319	173	,189	-,18308	,13882	-,45708	,09092
	Equal variances not assumed			-1,316	169,731	,190	-,18308	,13908	-,45762	,09146
Risk management quality in my organization	Equal variances assumed	3,321	,070	,100	171	,921	,01430	,14376	-,26947	,29808
	Equal variances not assumed			,100	167,731	,921	,01430	,14332	-,26865	,29726
Risk management quality in the region(s) covered by me	Equal variances assumed	,826	,365	-1,163	166	,247	-,16250	,13977	-,43845	,11345
	Equal variances not assumed			-1,172	165,120	,243	-,16250	,13865	-,43625	,11125

Group Statistics

In / for which country are / were you mainly working so far?		N	Mean	Std. Deviation	Std. Error Mean
Risk management quality in general	Brazil	92	2,0217	,90150	,09399
	Germany	83	2,2048	,93390	,10251
Risk management quality in my organization	Brazil	88	2,2614	1,02267	,10902
	Germany	85	2,2471	,85782	,09304
Risk management quality in the region(s) covered by me	Brazil	88	2,2500	,97379	,10381
	Germany	80	2,4125	,82207	,09191

For Brazil, a total of 92 respondents answered with a mean value of 2,0217 and a standard deviation of .90150, implying a standard error of .09399. The mean value indicates a moderate increase in risk management quality in general, being close to the base value of 2.0 for “increased somewhat”.

For Germany, a total of 83 counted votes achieved a mean value of 2.2048, equally meaning that risk management quality has “*increased somewhat*”. The standard deviation was .93390 and the standard error stood at .10251.

With a two-tailed significance of .189 (>.05), the t-test for equality of shows that there is no significant difference between the two countries.

This means in summary, that general risk management quality in Brazil and Germany increased somewhat since the beginning of the financial crisis.

Interestingly, the values move towards the perception of unchanged quality with respect to risk management in the respondent’s organization and region:

Regarding risk management quality in the respondents’ organizations, the mean value for Brazil stood at 2.2614 and for Germany at 2.2471 with standard errors of .11 and .09 respectively, implying slightly increased risk management quality in both countries, given a .070 significance under the Levene’s test and a two-tailed significance of .921 under the t-test for equality of means.

Asked about the evolution of their region’s risk management quality, respondents for Brazil (N=88) answered with a mean value of 2.25 and a standard error of .10, while for Germany the figures stand at 2.4125 and .09, respectively. The results are less uniform than in the previous sub-questions, but still constitute no significant difference under a 95%-threshold with a Levene’s test significance of .365 and a two-tailed significance of .247.

As a result, we may conclude that by perception, risk management quality in both countries has somewhat increased since the beginning of the latest financial crisis.

Therefore, Hypothesis 1a can be confirmed.

5.1.1.2 Risk management regulation increased since the beginning of the latest financial crisis both in Brazil and Germany (H1b)

Questions (Q) 7d-f regarding *risk management regulation in general (Q7d)*, *risk management regulation for my organization (Q7e)*, and *risk management regulation for the region(s) covered by me (Q7f)*, equally provided no statistically significant differences between the countries. For both countries, values oscillated between 2.1 and 2.3, equally indicating that respondents perceived a moderate increase in risk management regulation, particularly regarding regulation in general.

Independent Samples Test

	Levene's Test for Equality of Variances	t-test for Equality of Means
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	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Risk management regulation in general	2,454	,119	-1,174	171	,242	-,16202	,13803	-,43448	,11044
Equal variances assumed									
Equal variances not assumed			-1,171	167,490	,243	-,16202	,13832	-,43509	,11105
Risk management regulation for my organization	,269	,605	-,535	170	,593	-,07649	,14284	-,35846	,20549
Equal variances assumed									
Equal variances not assumed			-,537	169,979	,592	-,07649	,14255	-,35788	,20491
Risk management regulation for the region(s) covered by me	,653	,420	,222	166	,825	,03186	,14362	-,25169	,31541
Equal variances assumed									
Equal variances not assumed			,223	165,998	,824	,03186	,14262	-,24972	,31344

In / for which country are / were you mainly working so far?	N	Mean	Std. Deviation	Std. Error Mean
Risk management regulation in general				
Brazil	91	2,1429	,88909	,09320
Germany	82	2,3049	,92548	,10220
Risk management regulation for my organization				
Brazil	89	2,2247	,96239	,10201
Germany	83	2,3012	,90709	,09957
Risk management regulation for the region(s) covered by me				
Brazil	89	2,3483	,97818	,10369
Germany	79	2,3165	,87037	,09792

Accordingly, Hypothesis 1b has been confirmed.

5.1.1.3 Risk management importance increased since the beginning of the latest financial crisis both in Brazil and Germany (H1c)

As for the importance of risk management, response values vary between 1.5 and 2.4, indicating a moderate to strong increase for both countries. Particularly the sub-hypothesis

- “Risk management has become more important since the beginning of the latest financial crisis” (Q19a)

found approval, especially among respondents from Brazil. The differences between the countries were significant even under a 99% confidence level, as was the case with the sub-hypothesis

- “Risk management importance for the region(s) covered by me increased” (Q7i), which received approval ratios of 2.0 in Brazil and 2.4 for Germany, equally showing a significantly stronger approval from Brazilian respondents than from those in Germany. An increase was also confirmed more strongly by Brazilians (1.9) than Germans (2.2) for “risk management importance for my organization” (Q7h), with a statistical significance (2-tailed) of 0.039. The same is true for “Risk management importance for the region(s) covered by me” where responses for Brazil (2.0) were significantly more positive than those for Germany (2.4) with a two-tailed significance of .006.

Risk management importance in general (Q7g) increased somewhat with a value of around 2.0 in both countries, i.e. there is no notable difference between Brazil and Germany for this sub-question.

Equally no difference between countries could be found regarding the question whether or not “risk management is more important in financial institutions than in other businesses” (Q19c), while the approval values of approximately 2.0 in both states also confirm a moderate increase of risk management’s importance.

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Risk management importance in general	,346	,557	-,904	173	,368	-,12664	,14016	-,40328	,15001
Equal variances assumed			-,899	166,290	,370	-,12664	,14087	-,40477	,15149
Risk management importance for my organization	1,813	,180	-	173	,039	-,29997	,14402	-,58424	-,01571
Equal variances assumed			-	170,789	,039	-,29997	,14422	-,58465	-,01529
Risk management importance for the region(s) covered by me	,121	,729	-	166	,006	-,38409	,13728	-,65513	-,11305
Equal variances assumed			-	166,000	,006	-,38409	,13666	-,65390	-,11428
Risk management has become more important since the beginning of the latest	,530	,467	-	178	,000	-,42222	,11677	-,65266	-,19179
Equal variances assumed			-	163,458	,000	-,42222	,11677	-,65280	-,19165

financial crisis. Corporate governance has become more important since the beginning of the latest financial crisis.	Equal variances assumed	1,862	,174	-4,246	171	,000	-,52100	,12271	-,76322	-,27879
financial crisis. Risk management is more important in financial institutions than in other businesses.	Equal variances assumed	1,115	,292	-,882	175	,379	-,12452	,14118	-,40316	,15412
	Equal variances not assumed			-,880	170,632	,380	-,12452	,14149	-,40381	,15477
	Equal variances not assumed			4,222	161,062	,000	-,52100	,12339	-,76467	-,27733

Group Statistics

In / for which country are / were you mainly working so far?	N	Mean	Std. Deviation	Std. Error Mean
Risk management importance in general	92	1,9457	,88161	,09191
	83	2,0723	,97259	,10676
Risk management importance for my organization	89	1,9326	,91450	,09694
	86	2,2326	,99024	,10678
Risk management importance for the region(s) covered by me	88	1,9659	,92784	,09891
	80	2,3500	,84344	,09430
Risk management has become more important since the beginning of the latest financial crisis.	90	1,5444	,65619	,06917
	90	1,9667	,89254	,09408
Corporate governance has become more important since the beginning of the latest financial crisis.	89	1,7528	,72740	,07710
	84	2,2738	,88292	,09633
Risk management is more important in financial institutions than in other businesses.	90	1,9444	,87873	,09263
	87	2,0690	,99759	,10695

Therefore, also Hypothesis 1c can be confirmed, however with some significant differences between the two countries.

Hypothesis 1 is just as the following hypotheses 2-5 two-fold, divided into the actual question and the assumption that the hypothesis is true for both Brazil and Germany. In summary, we find few statistically significant differences between those two countries, but only a moderate increase in risk management quality, regulation, and importance could be verified for the period since the latest financial crisis, especially for Brazil. Thus, this hypothesis can only partly be confirmed as changes have been verified for both countries; however, they have not been 'major'.

5.1.2 There have been major changes in corporate governance since the beginning of the latest financial crisis both in Brazil and Germany (H2)

In order to analyze the results relating to this hypothesis, t-tests and boxplots have been performed over the data derived from answers to questions 8a-i and 19b and 19d against question 4 (country).

5.1.2.1 Corporate governance quality increased since the beginning of the latest financial crisis both in Brazil and Germany (H2a)

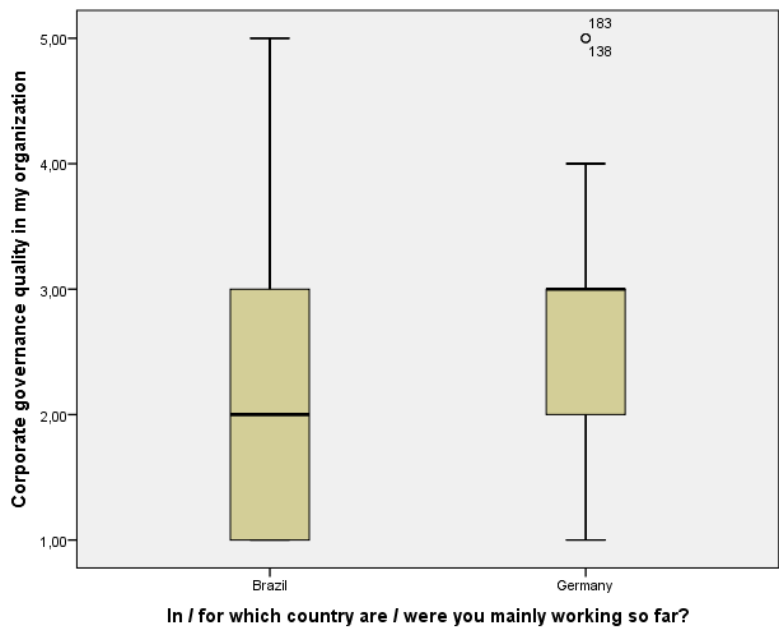
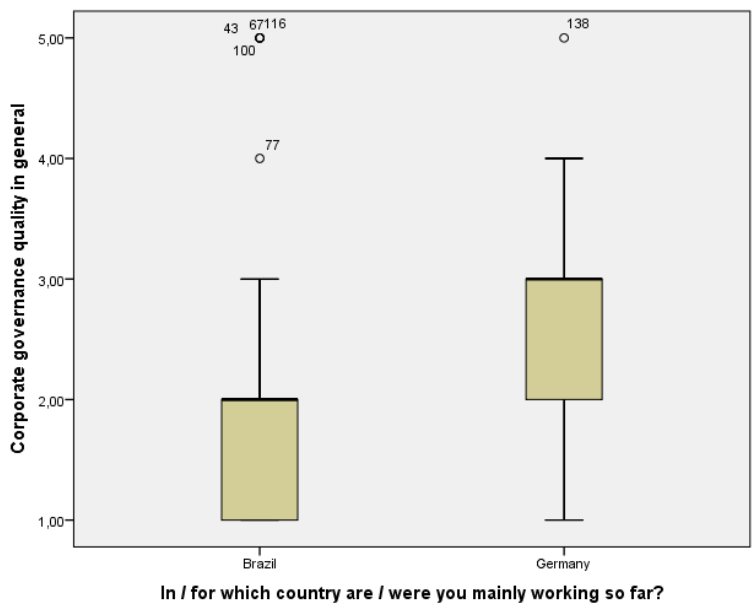
With regards to questions 8a to 8c, Brazil and Germany show significant differences: “Corporate governance quality in general” and “Corporate governance quality in the region(s) covered by me” increased moderately as per Brazilian respondents (with values of 2.1 and 2.2, respectively), while the perception of change, particularly regarding the latter, was more restrained and tended towards “remained unchanged” (2.5/2.7). The difference for those two met a 99% confidence level, while the significance level regarding “Corporate governance quality in my organization” is 21%, i.e. well above the 5% threshold, with a moderate improvement of corporate governance quality for Brazilian organizations (2.2) and less so for Germany (2.5).

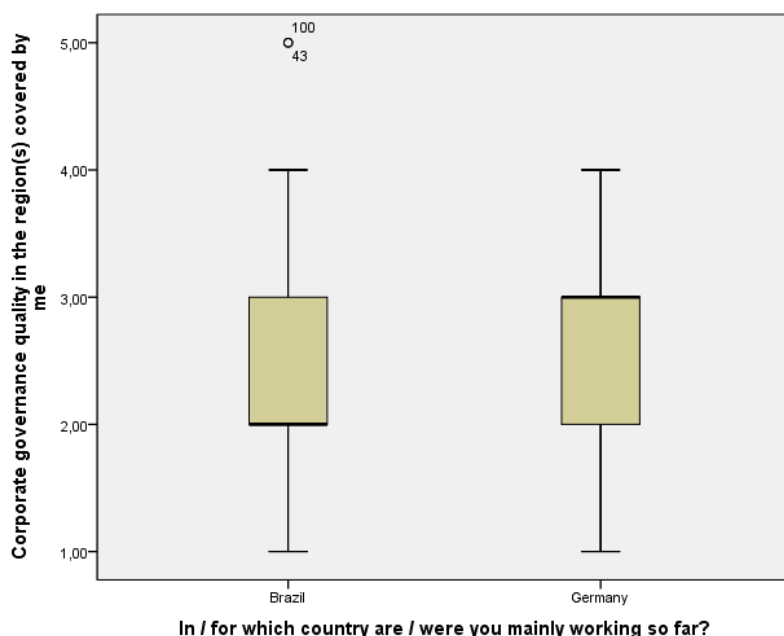
Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Corporate governance quality in general	Equal variances assumed	,269	,605	3,275	159	,001	,49788	,15203	,19763	,79814
	Equal variances not assumed			3,326	136,221	,001	,49788	,14968	,20189	,79387
Corporate governance quality in my organization	Equal variances assumed	,003	,960	2,339	161	,021	,35401	,15137	,05508	,65294
	Equal variances not assumed			2,340	134,800	,021	,35401	,15131	,05476	,65326
Corporate governance quality in the region(s) covered by	Equal variances assumed	1,307	,255	3,583	159	,000	,50567	,14115	,22690	,78443
	Equal variances not			3,652	140,621	,000	,50567	,13848	,23191	,77943

me	assumed								
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Datensatz		N	Mean	Std. Deviation	Std. Error Mean
Corporate governance quality in general	DE	62	2,5484	,89950	,11424
	PT	99	2,0505	,96229	,09671
Corporate governance quality in my organization	DE	64	2,5156	,94268	,11783
	PT	99	2,1616	,94445	,09492
Corporate governance quality in the region(s) covered by me	DE	63	2,7302	,82709	,10420
	PT	98	2,2245	,90281	,09120





As a result, Hypothesis 2a cannot be confirmed as increased corporate governance quality was only perceived by Brazilian respondents.

5.1.2.2 Corporate governance regulation increased since the beginning of the latest financial crisis both in Brazil and Germany (H2b)

The T-Test was applied as corporate governance regulation shall be compared between Germany and Brazil. The two countries differ significantly, on a 95% confidence interval of the difference as below table shows:

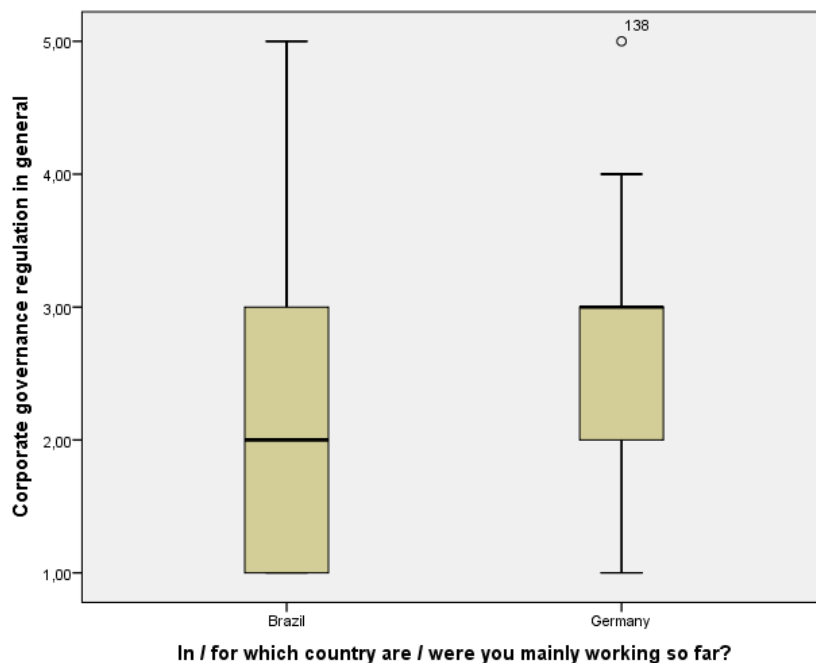
		Independent Samples Test									
		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
Corporate governance regulation in general	Equal variances assumed	,026	,872	2,606	159	,010	,40486	,15534	,09806	,71165	
	Equal variances not assumed			2,635	134,231	,009	,40486	,15367	,10093	,70878	
Corporate governance regulation for my organization	Equal variances assumed	1,065	,304	2,718	163	,007	,44462	,16358	,12160	,76763	
	Equal variances not assumed			2,805	150,464	,006	,44462	,15853	,13139	,75784	

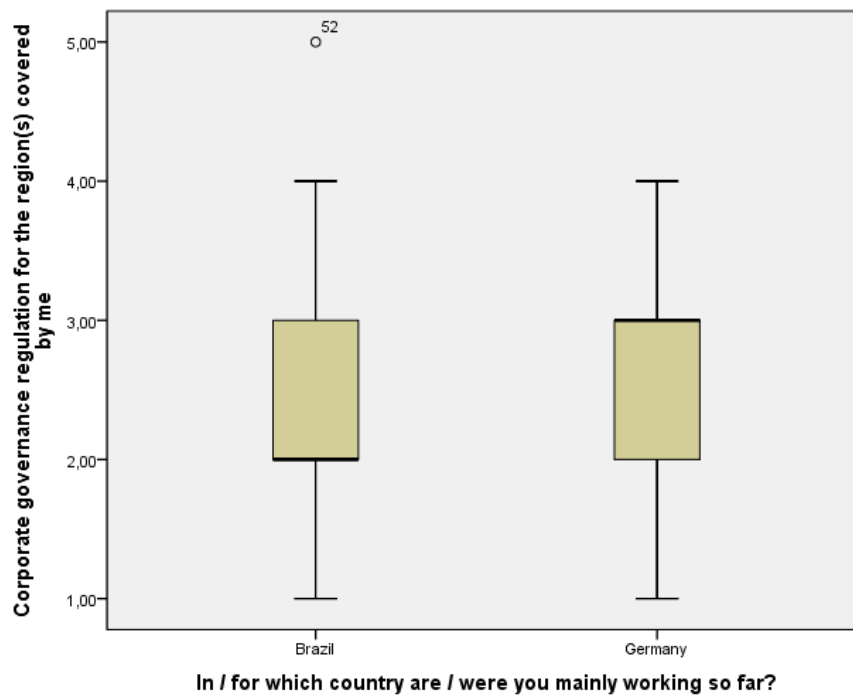
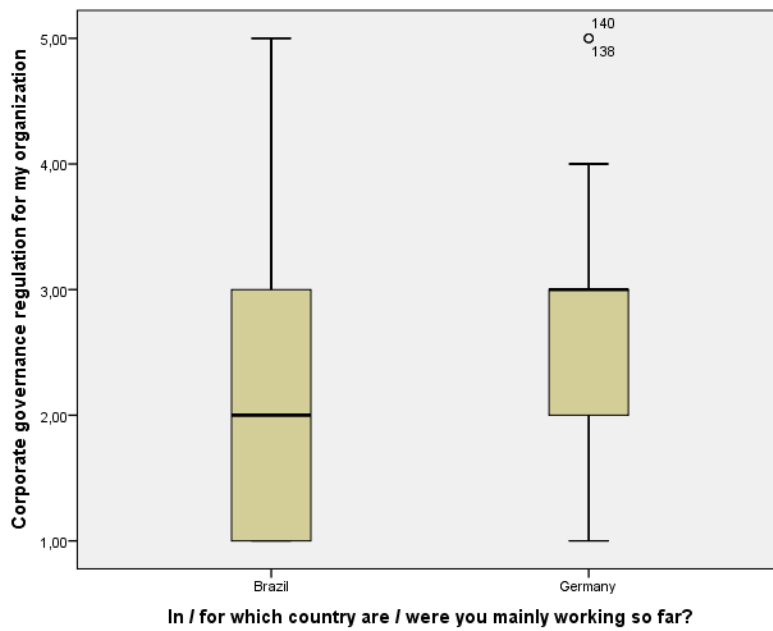
	assumed									
Corporate governance regulation for the region(s) covered by me	Equal variances assumed	,528	,468	2,731	157	,007	,37401	,13697	,10347	,64455
	Equal variances not assumed			2,701	127,801	,008	,37401	,13848	,10000	,64801

German respondents generated mean values of around 2.6, tending towards “*remained unchanged*”, while Brazilian values came in at 2.1-2.2, meaning that corporate governance regulation in general increased somewhat:

Group Statistics

Datensatz		N	Mean	Std. Deviation	Std. Error Mean
Corporate governance regulation in general	DE	62	2,5968	,93141	,11829
	PT	99	2,1919	,97601	,09809
Corporate governance regulation for my organization	DE	65	2,5846	,93361	,11580
	PT	100	2,1400	1,08265	,10826
Corporate governance regulation for the region(s) covered by me	DE	63	2,6032	,87140	,10979
	PT	96	2,2292	,82691	,08440





Also Hypothesis 2b cannot be confirmed as increases in corporate governance regulation only were perceived by respondents regarding Brazil.

5.1.2.3 Corporate governance importance increased since the beginning of the latest financial crisis both in Brazil and Germany (H2c)

In order to test this proposition, questions 8g to 8i as well as 19b and 19d have been subject to t-testing relative to Brazil and Germany. For “*Corporate governance importance in general*”

(Q8g), the 2-tailed significance was 0.040, while the differences between the two countries with regards to questions 8i and 19b even met a higher confidence level ($p < 0.01$). Differences between the responses to questions 8h and 19d are not significant ($p > 0.05$):

Independent Samples Test

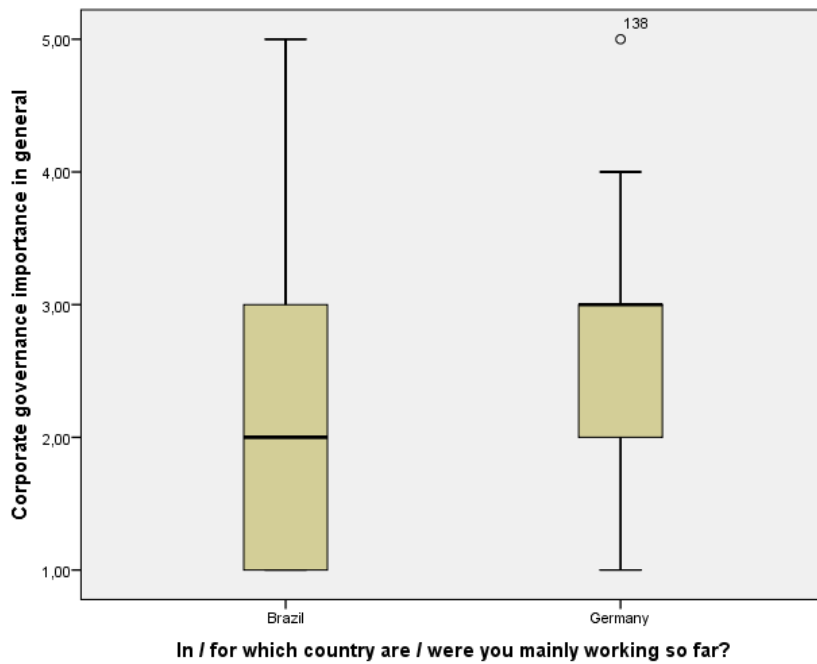
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Corporate governance importance in general	Equal variances assumed	,161	,689	2,066	160	,040	,31569	,15281	,01391	,61747
	Equal variances not assumed			2,060	133,442	,041	,31569	,15327	,01254	,61883
Corporate governance importance for my organization	Equal variances assumed	,108	,742	1,623	163	,107	,25253	,15562	-,05477	,55982
	Equal variances not assumed			1,640	144,495	,103	,25253	,15395	-,05176	,55682
Corporate governance importance for the region(s) covered by me	Equal variances assumed	,470	,494	2,949	159	,004	,42630	,14454	,14084	,71176
	Equal variances not assumed			3,031	143,946	,003	,42630	,14065	,14830	,70431
Corporate governance has become more important since the beginning of the latest financial crisis.	Equal variances assumed	5,012	,026	4,357	184	,000	,50680	,11632	,27732	,73629
	Equal variances not assumed			4,241	151,955	,000	,50680	,11950	,27070	,74290
Corporate governance is more important in financial institutions than in other businesses.	Equal variances assumed	1,726	,191	1,337	180	,183	,17586	,13158	-,08377	,43550
	Equal variances not assumed			1,321	159,776	,188	,17586	,13316	-,08711	,43884

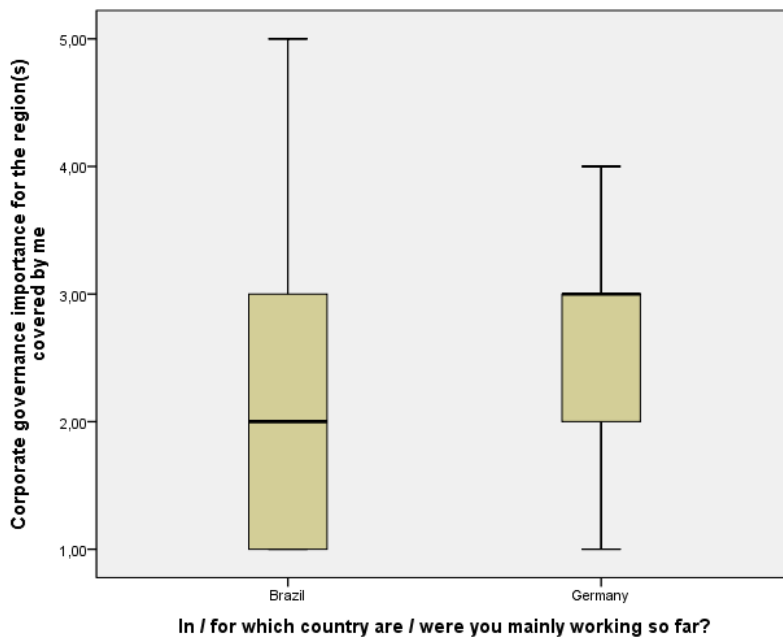
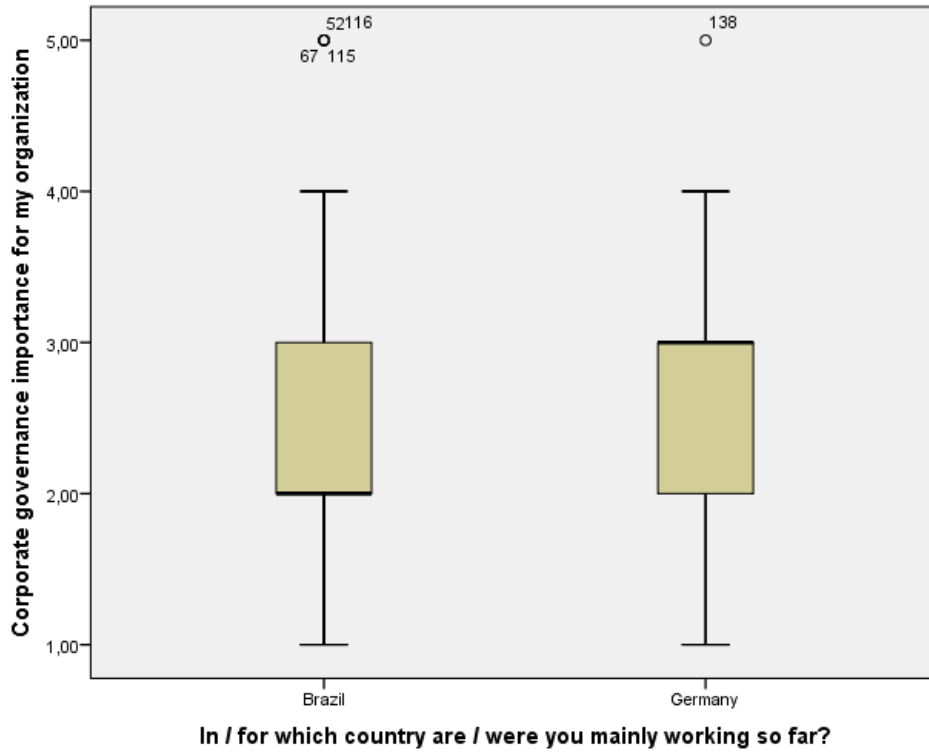
German values are consequently higher at between 2.3 and 2.7 (increased somewhat/remained unchanged) than those for Brazil at 1.8-2.2 (increased somewhat):

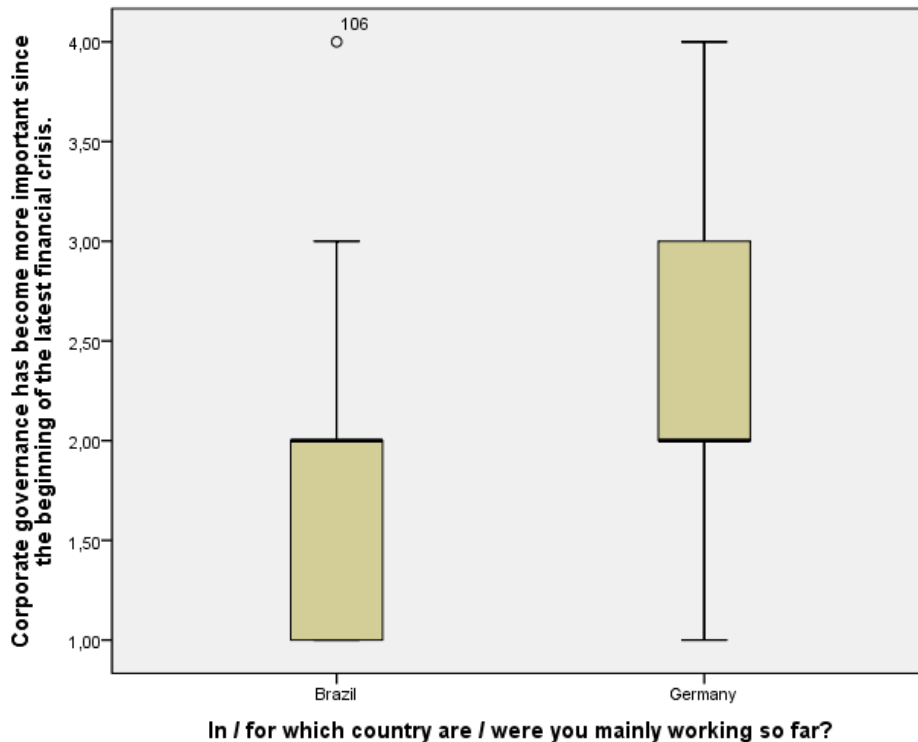
Group Statistics

Datensatz	N	Mean	Std. Deviation	Std. Error Mean

Corporate governance importance in general	DE	64	2,4688	,95898	,11987
	PT	98	2,1531	,94544	,09550
Corporate governance importance for my organization	DE	66	2,4545	,94758	,11664
	PT	99	2,2020	,99979	,10048
Corporate governance importance for the region(s) covered by me	DE	63	2,6508	,82616	,10409
	PT	98	2,2245	,93644	,09459
Corporate governance has become more important since the beginning of the latest financial crisis.	DE	82	2,3049	,88456	,09768
	PT	104	1,7981	,70201	,06884
Corporate governance is more important in financial institutions than in other businesses.	DE	79	2,3797	,92409	,10397
	PT	103	2,2039	,84435	,08320







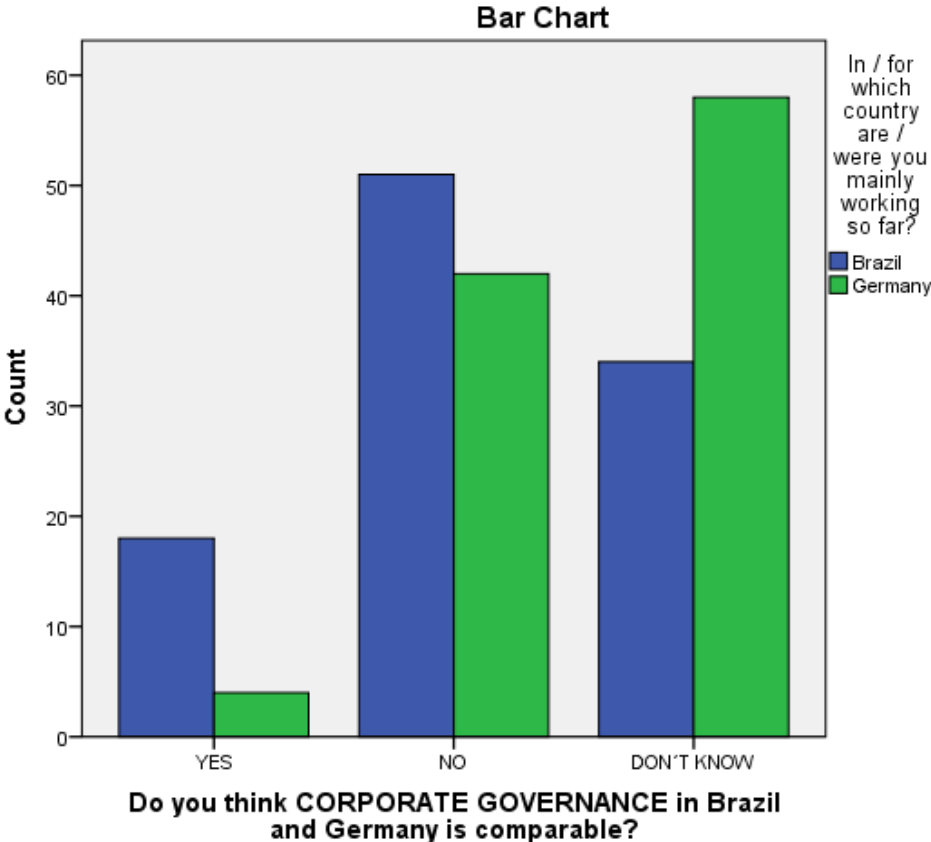
Hypothesis 2c can be confirmed as corporate governance importance has increased, in the opinion of respondents, since the financial crisis, with the exception of the importance for the German market, one of the significant differences between countries.

Overall, Hypothesis 2 cannot be confirmed, as no ‘major’ changes have occurred. The moderate increases noted across the board were more prevalent in Brazil than in Germany with several instances of significant differences between the two countries.

5.1.3 Corporate governance is significantly different between Brazil and Germany (H3)

Asked whether the participants thought that corporate governance in Brazil and Germany is comparable (Q9, Q13, Q14), the clear majority answered that this was not the case, while an almost evenly high number of respondents gave no opinion. Interestingly, though, for Brazil, the number of respondents who did confirm comparability was 4.5 times higher than for those respondents mainly working in Germany and they were much more likely to give an opinion than those with a German professional background, of which the majority gave no opinion at all:

Figure 72: Comparability of CG in Brazil and Germany



Crosstabulations were used as the variables were nominally (Q4) and ordinally (Q9, 13, 14) scaled. If significance levels of the Pearson Chi-Square are below 0.05, frequencies within variables are not equally distributed, meaning there are values which are over- or under-represented. The analysis of the frequency distribution for Q13 however shows $p > 0.05$, i.e. an equal distribution of values.

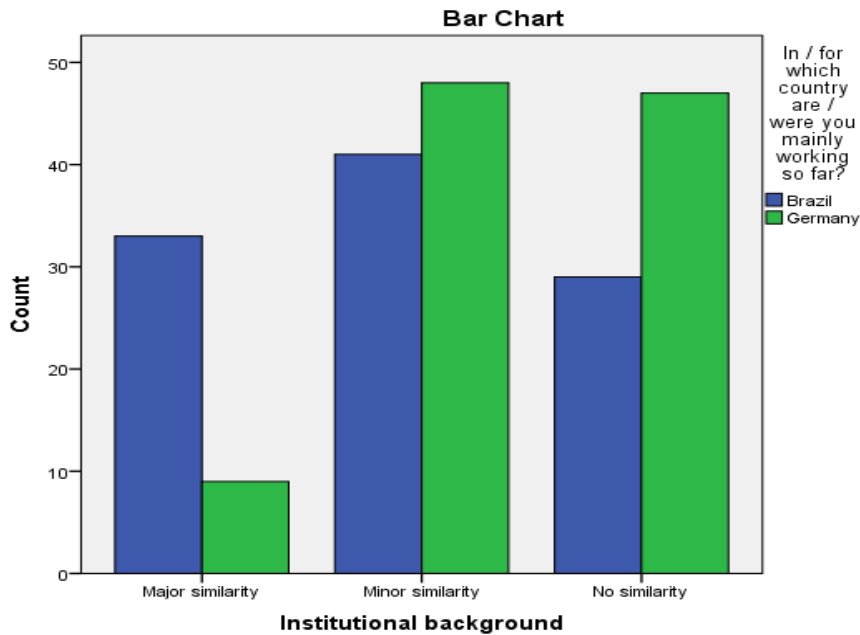
Major differences were identified by respondents regarding social, political and economic environment, less so for business environment, regulatory and institutional background (Q13). Question 14, by contrast and as a means of control, asks for similarities rather than differences between corporate governance in Brazil and Germany. Chi-Square tests here show values well below 0.05, i.e. significant differences in the perception between Brazilians and Germans.

Crosstab

	In / for which country are / were you mainly working so far?		Total
	Brazil	Germany	

Institutional background	Major similarity	Count	33	9	42
		% within Institutional background	78,6%	21,4%	100,0%
		% within In / for which country are / were you mainly working so far?	32,0%	8,7%	20,3%
		% of Total	15,9%	4,3%	20,3%
	Minor similarity	Count	41	48	89
		% within Institutional background	46,1%	53,9%	100,0%
		% within In / for which country are / were you mainly working so far?	39,8%	46,2%	43,0%
		% of Total	19,8%	23,2%	43,0%
	No similarity	Count	29	47	76
		% within Institutional background	38,2%	61,8%	100,0%
		% within In / for which country are / were you mainly working so far?	28,2%	45,2%	36,7%
		% of Total	14,0%	22,7%	36,7%
Total	Count	103	104	207	
	% within Institutional background	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

Major differences could be found regarding the institutional background when comparing those two countries, where major similarities were found by roughly four times more Brazilians than Germans. The same is true for business, political, social and economic environment, but less strongly so for the regulatory background.

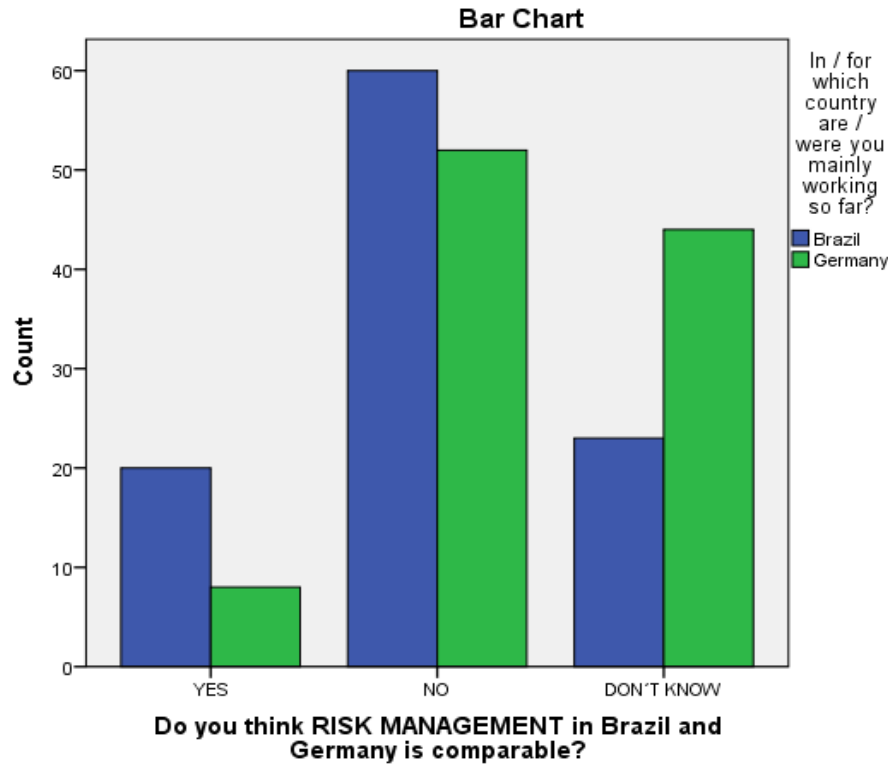


In conclusion, major differences were noted for both, Germany and Brazil. When asked about similarities, Brazilian respondents found major similarities whereas Germans saw more often “no similarity”. The distribution for “minor similarity” was relatively equal, though.

Therefore, this hypothesis (H3) can be confirmed, as differences between the corporate governance systems and background were confirmed, the verification by questions for similarities produced a higher consistency for German respondents.

5.1.4 Risk management is significantly different between Brazil and Germany (H4)

Questions 10, 11, and 12 were analyzed by crosstabulation in order to verify this hypothesis. As with corporate governance, the majority answered that there is no comparability, again with a high number of abstainers (“don’t know”). With a Pearson Chi-Square value of 0.002, there is a significant difference between the countries, with Brazil in majority answering “yes” and “no”, while German respondents had the majority among “don’t know” responses:

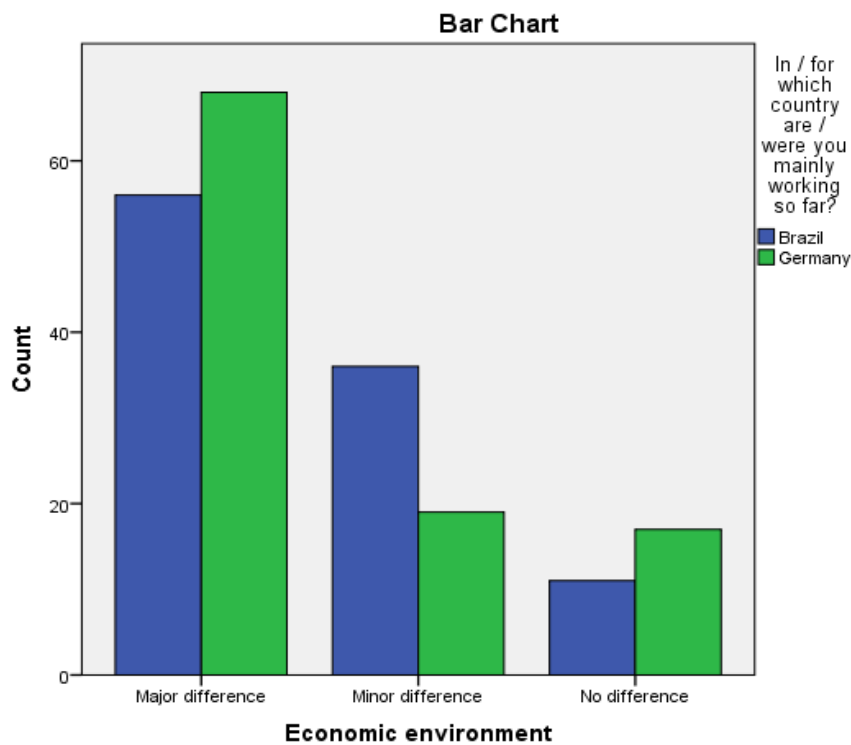


Do you think RISK MANAGEMENT in Brazil and Germany is comparable? * In / for which country are / were you mainly working so far? Crosstabulation

		In / for which country are / were you mainly working so far?		Total	
		Brazil	Germany		
Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	YES	Count	20	8	28
		% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	71,4%	28,6%	100,0%
		% within In / for which country are / were you mainly working so far?	19,4%	7,7%	13,5%
		% of Total	9,7%	3,9%	13,5%
NO		Count	60	52	112
		% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	53,6%	46,4%	100,0%
		% within In / for which country are / were you mainly working so far?	58,3%	50,0%	54,1%
		% of Total	29,0%	25,1%	54,1%
DON'T KNOW		Count	23	44	67
		% within Do you think RISK MANAGEMENT in Brazil and Germany is	34,3%	65,7%	100,0%

	comparable?			
	% within In / for which country are / were you mainly working so far?	22,3%	42,3%	32,4%
	% of Total	11,1%	21,3%	32,4%
Total	Count	103	104	207
	% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	49,8%	50,2%	100,0%
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
	% of Total	49,8%	50,2%	100,0%

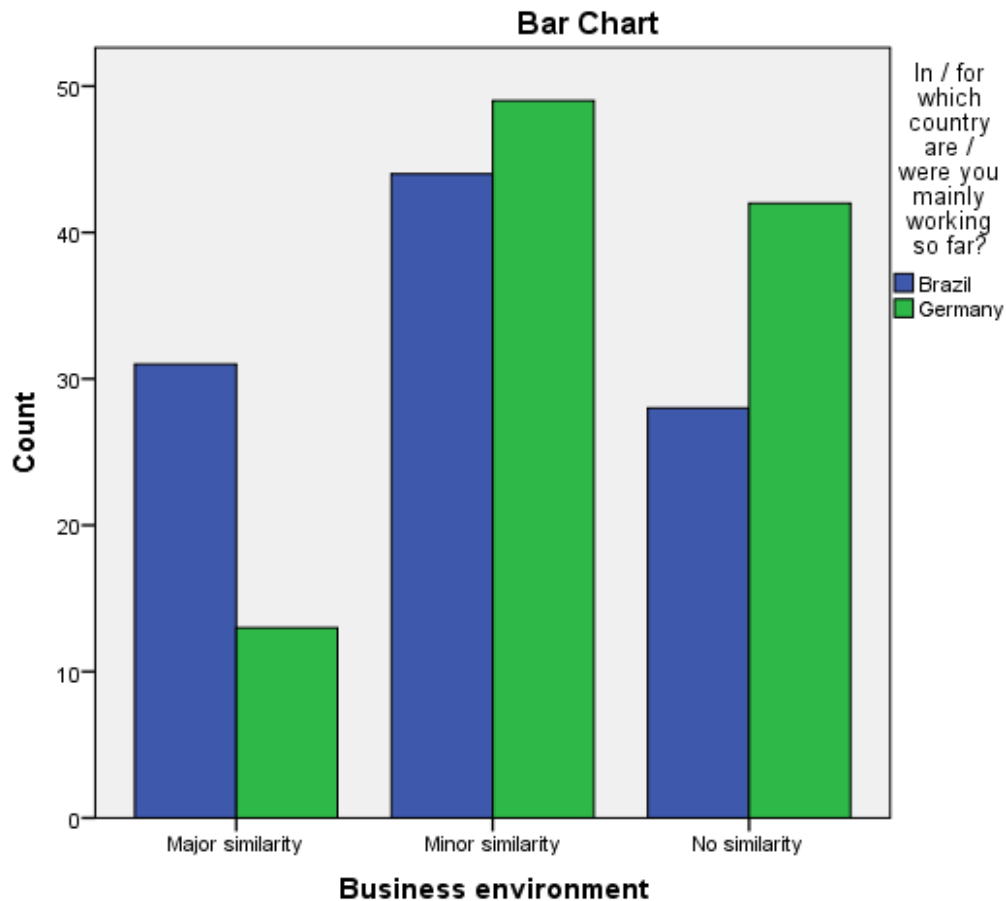
For all but one criterion of question 11 regarding the differences between risk management in Brazil and Germany, there was no significant difference between the countries ($p > 0.05$). The one exception was the economic environment, where Germany showed a “*major difference*” but Brazil qualified this aspect as a “*minor difference*”.



Crosstab

			In / for which country are / were you mainly working so far?			
			Brazil	Germany	Total	
Economic environment	Major difference	Count	56	68	124	
		% within Economic environment	45,2%	54,8%	100,0%	
		% within In / for which country are / were you mainly working so far?	54,4%	65,4%	59,9%	
			% of Total	27,1%	32,9%	59,9%
	Minor difference	Count	36	19	55	
		% within Economic environment	65,5%	34,5%	100,0%	
		% within In / for which country are / were you mainly working so far?	35,0%	18,3%	26,6%	
			% of Total	17,4%	9,2%	26,6%
	No difference	Count	11	17	28	
		% within Economic environment	39,3%	60,7%	100,0%	
		% within In / for which country are / were you mainly working so far?	10,7%	16,3%	13,5%	
			% of Total	5,3%	8,2%	13,5%
Total		Count	103	104	207	
		% within Economic environment	49,8%	50,2%	100,0%	
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
		% of Total	49,8%	50,2%	100,0%	

When asked for the main similarities between risk management in Germany and Brazil, again a majority saw no or only minor similarities. However, there were statistically significant differences between the countries with respondents from Brazil opting far more often for major similarities than Germans, as the example of risk management similarities regarding the business environment shows:



Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13,969 ^a	2	,001
Likelihood Ratio	14,426	2	,001
Linear-by-Linear Association	10,479	1	,001
N of Valid Cases	207		

As a result, strong differences regarding risk management between the two countries have been perceived by respondents, mainly from Germany, who found many major differences under question 15 and more minor or no similarities under question 16.

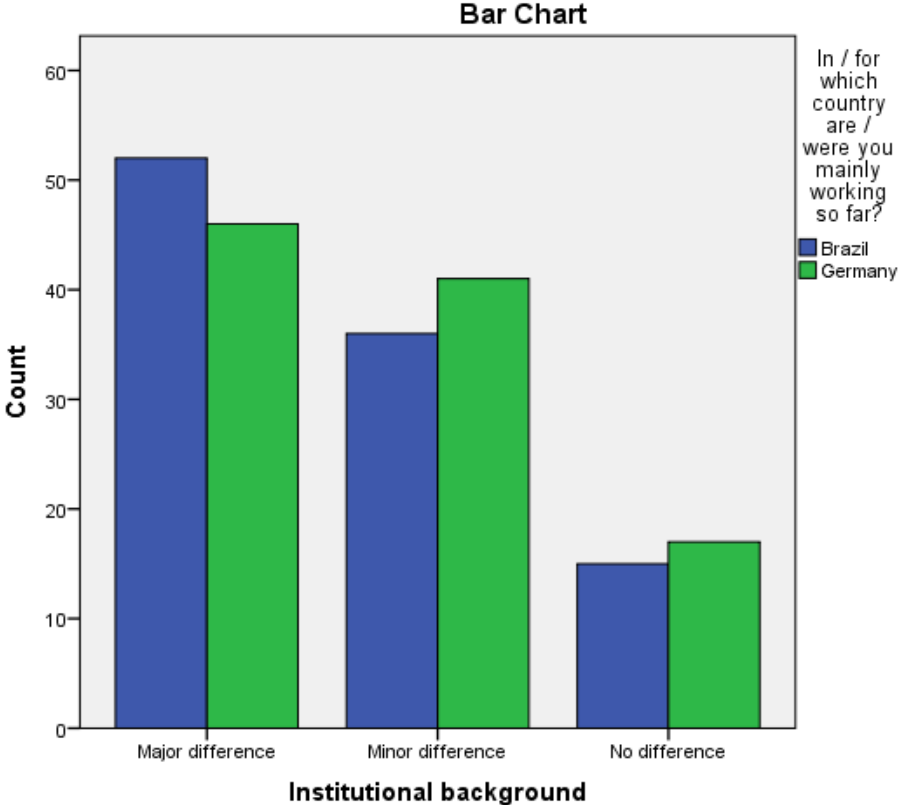
Consequently, Hypothesis 4 – according to which risk management is significantly different between Brazil and Germany – can be conformed based on the observations of this survey's respondents.

5.1.5 Financial institutions differ significantly between Brazil and Germany (H5)

Questions 15 and 16 of the survey asked about the main differences and similarities between financial institutions in Brazil and Germany. This was also the main subject of the Annual Reviews’ analysis.

5.1.5.1 Survey

Answers to the various sub-sets of question 15 reveal no significant difference between respondents with backgrounds from Brazil and Germany regarding the identification of differences between financial institutions in those two countries, as the example of the institutional background illustrates:



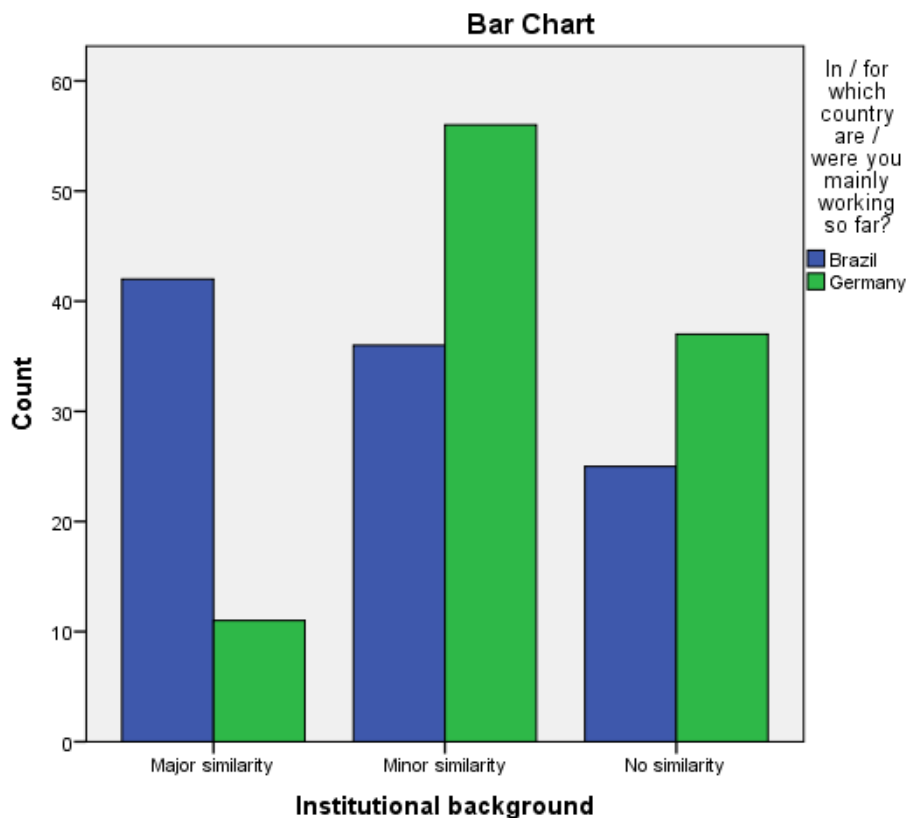
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,812 ^a	2	,666
Likelihood Ratio	,813	2	,666

Linear-by-Linear Association	,632	1	,427
N of Valid Cases	207		

A strong majority found major and minor differences between financial institutions in Brazil and Germany.

Answers to the various sub-sets of question 16, however, reveal a significant difference between respondents with backgrounds from Brazil and Germany regarding the identification of similarities between financial institutions in those two countries, as the following example of the institutional background shows:



Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24,798 ^a	2	,000
Likelihood Ratio	26,056	2	,000
Linear-by-Linear Association	16,023	1	,000
N of Valid Cases	207		

In summary, German respondents identify more minor similarities, while Brazilians opted far more often for major similarities – as evidenced by above example of the institutional background, where only a minority of Brazilian respondents see no similarity between financial institutions in those two countries, thus confirming the results obtained by analyzing responses to the opposite question (Q 15). In line with the strong approval of minor similarities, relatively more German respondents opted for “no similarity” and vice versa.

5.1.5.2 Summary

In summary, strong differences have been perceived by respondents, mainly from Germany, who found many major differences under question 15 and more minor or no similarities under question 16.

Overall, therefore, Brazil and Germany differ significantly when it comes to the identification of similarities, while there is no significant difference regarding the identification of differences between the countries.

As a consequence, Hypothesis 5 regarding the differences between financial institutions in Brazil and Germany can be confirmed.

5.1.6 Remuneration is now more closely linked to risk management / capped than before the latest financial crisis (H6)

Question 17, relating to financial institutions, and question 18 for non-financial institutions, dealt with a number of elements of executive compensation – bonuses, share options, other benefits, base salary, and caps – in order to get respondents’ perception of these issues, both individually by type of institution and comparing both.

The results were again analysed by t-tests for dependent variables, given that the sub-questions were the same in both sets.

The comparison for the complete sample is shown in the following table:

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			

Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	-,07576	,83046	,05902	-,19215	,04063	-1,284	197	,201
Pair 2	This is particularly true for bonuses. - This is particularly true for bonuses.	0,00000	,95831	,06828	-,13465	,13465	0,000	196	1,000
Pair 3	This is particularly true for share options. - This is particularly true for share options.	-,12500	,84692	,06112	-,24556	-,00444	-2,045	191	,042
Pair 4	This is particularly true for other benefits. - This is particularly true for other benefits.	-,03093	,78791	,05657	-,14250	,08064	-,547	193	,585
Pair 5	This is particularly true for the base salary. - This is particularly true for the base salary.	,08163	,83725	,05980	-,03631	,19958	1,365	195	,174

Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	-,16327	,90235	,06445	-,29038	-,03615	-2,533	195	,012
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Interestingly, one third of the answers to the questions showed significant differences between financial and non-financial institutions, while the remainder was not significantly different. The scale used went from “*I strongly agree*” (value 1) to “*I strongly disagree*” (4) plus (disregarded) “*I have no opinion*” (5).

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,2222	198	,97747	,06947

	Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,2980	198	,92187	,06551
Pair 2	This is particularly true for bonuses.	2,3858	197	1,00173	,07137
	This is particularly true for bonuses.	2,3858	197	,91663	,06531
Pair 3	This is particularly true for share options.	2,3281	192	,96082	,06934
	This is particularly true for share options.	2,4531	192	,90252	,06513
Pair 4	This is particularly true for other benefits.	2,5464	194	1,04332	,07491
	This is particularly true for other benefits.	2,5773	194	,93115	,06685
Pair 5	This is particularly true for the base salary.	2,6582	196	1,00281	,07163
	This is particularly true for the base salary.	2,5765	196	,97099	,06936
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,3061	196	,99649	,07118

Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,4694	196	,98921	,07066
--	--------	-----	--------	--------

Values range from 2.2 to 2.7 taking the answers from all respondents, with four (modest) approvals of the propositions and two disapprovals, namely regarding base salary and other benefits.

When analysing these data by country, we find that German values range from 2.5 to 2.9, thus reflecting moderate disagreement, while Brazilian responses reach mean values of 1.8 to 2.3, affirming agreement with the thesis *“Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis”* (1.8), but also for other businesses (1.9), while agreeing with the remaining theses less strongly.

In summary, this hypothesis can also be confirmed, taking into account the overall results. Figures from respondents covering Germany indicate their perception of unchanged conditions regarding executive remuneration since the latest financial crisis. Overall, this applies also to the sub-theses related to base salary and other benefits.

5.1.7 Risk management is being perceived as more important in financial institutions than in other businesses (H7)

Question 19c asked whether or not, and to what extent, respondents agreed with the thesis that *risk management is more important in financial institutions than in other businesses*. The results show a confirmation with a value of 2.0 (with 2 corresponding to *“I somewhat agree”*).

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
--	------	---	----------------	-----------------

Pair 1	Risk management is more important in financial institutions than in other businesses.	2,0000	203	,93872	,06588
	Risk management has become more important since the beginning of the latest financial crisis.	1,7192	203	,78031	,05477

If analyzing the origin of responses, we find slightly higher approval rates from Brazil with a mean value of 1.9, while German respondents approved this thesis with a value of 2.0.

Comparing this result to the proposition that “*Risk management has become more important since the beginning of the latest financial crisis*” (Q19a), a t-test of dependent variables shows low differences as per below table:

Paired Samples Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Risk management is more important in financial institutions than in other businesses. - Risk management has become more important since the beginning of the latest financial crisis.	,28079	,88159	,06188	,15878	,40279	4,538	202	,000

As a result, this Hypothesis 7 can be confirmed. Only minor differences were noted between countries.

5.1.8 Corporate Governance is being perceived as more important in financial institutions than in other businesses (H8)

Question 19d asked whether or not, and to what extent, respondents agreed with the thesis that “*corporate governance is more important in financial institutions than in other businesses*”. The results show a (weak) agreement with a value of 2.3 (with 2 corresponding to “*I somewhat agree*”).

Comparing this result to the proposition that “*corporate governance has become more important since the beginning of the latest financial crisis*” (Q19b, overall result of 2.0) via a t-test of dependent variables shows a significant correlation as per below table:

Paired Samples Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Corporate governance is more important in financial institutions than in other businesses. - Corporate governance has become more important since the beginning of the latest financial crisis.	,35052	,89375	,06417	,22396	,47707	5,463	193	,000

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Corporate governance is more important in financial institutions than in other businesses.	2,3093	194	,90320	,06485
	Corporate governance has become more important since the beginning of the latest financial crisis.	1,9588	194	,79399	,05700

Again, a notable difference can be verified between respondents from Brazil (2.2) and Germany (2.4), but also in this case, the hypothesis is being affirmed by both population groups.

As a result, Hypothesis 8, relating to a higher importance of corporate governance for financial institutions, can be confirmed based on respondents' answers.

5.1.9 Risk management is not generally understood as part of corporate governance (H9)

Question 19e asked if “*risk management is part of corporate governance*”. This positive proposition contrasts with the negative formulation of our hypothesis, i.e. an affirmation of this hypothesis would require a disagreement with the thesis of question 19e.

The mean response value for Q19e is 1.93, confirming the thesis and thus rejecting the (negative) hypothesis.

A closer look into differences between countries shows a high approval from Brazil (1.75), while the German mean value at 2.2 confirms a much weaker approval:

		Mean	N	Std. Deviation	Std. Error Mean
BR	Risk management is part of corporate governance.	1,7500	88	,69893	,07451
DE	Risk management is part of corporate governance.	2,2222	81	,83666	,09296

As a result, this hypothesis cannot be confirmed, as respondents, particularly from Brazil, regard risk management as part of corporate governance. Thus, we may conclude that risk management is generally being perceived as part of corporate governance.

5.1.10 The importance of risk management as part of corporate governance has increased since the latest financial crisis (H10)

As dependent variable, Q19f suggested that *“the importance of risk management as part of corporate governance has increased since the latest financial crisis”*.

T-tests were carried out for dependent variables to compare Q19e with Q19f with the same sample, proving a high correlation and an almost equally high confirmation of these propositions:

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,9433	194	,79629	,05717
	Risk management is part of corporate governance.	1,9330	194	,81479	,05850

The hypothesis that *“the importance of risk management as part of corporate governance has increased since the latest financial crisis”* was strongly confirmed by respondents from Brazil with a mean value of 1.7, the German respondents rate it at 2.2, thus expressing once again more doubt this hypothesis:

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,7159	88	,71033	,07572
	Risk management is part of corporate governance.	1,7500	88	,69893	,07451

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
--	--	------	---	----------------	-----------------

Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	2,2346	81	,82571	,09175
	Risk management is part of corporate governance.	2,2222	81	,83666	,09296

a. In / for which country are / were you mainly working so far? = Germany

In summary, this hypothesis can be confirmed, particularly strongly so for participants covering Brazil.

5.1.11 The importance of corporate governance in financial institutions in Brazil and Germany has increased significantly since the beginning of the latest financial crisis (H11)

In order to determine the accuracy of this hypothesis, the annual reports of the ten German and Brazilian banks described above (chapter 3.4 f. above) were analyzed as described under 4.7.2 oben.

A univariate analysis of variance was performed on hypothesis 11, given that two relevant independent variables, i.e. country (Brazil/Germany) and year (2007-2013), are being put in relation to the dependent variable which was metrically scaled and therefore suitable for a variance analysis.

For each dependent variable, a separate variance analysis was performed on the individual questions (a to e), measuring different dependent variables.

The analysis of those sub-hypotheses produced the following results, as a consequence of the investigation into banks' annual reports for the years 2007-2013.

5.1.11.1 Corporate governance introduced as an own section (H11a)

To establish whether or not the assumption that corporate governance was introduced as a section in its own right in the banks under analysis is true, value 1 was attributed for the bank and year in which corporate governance appeared as an own section in the annual report, and 0 if it didn't.

In both countries, the 'public' banks didn't have such a section, but one of them introduced it in 2010 in Germany (cfr. above 3.5.4.2) and another one in 2012 in Brazil (cfr. above 3.4.4.1). Therefore, figures for this test were very constant, producing no significant increase.

Tests of Between-Subjects Effects

Dependent Variable: CorporateGovernanceasownsection

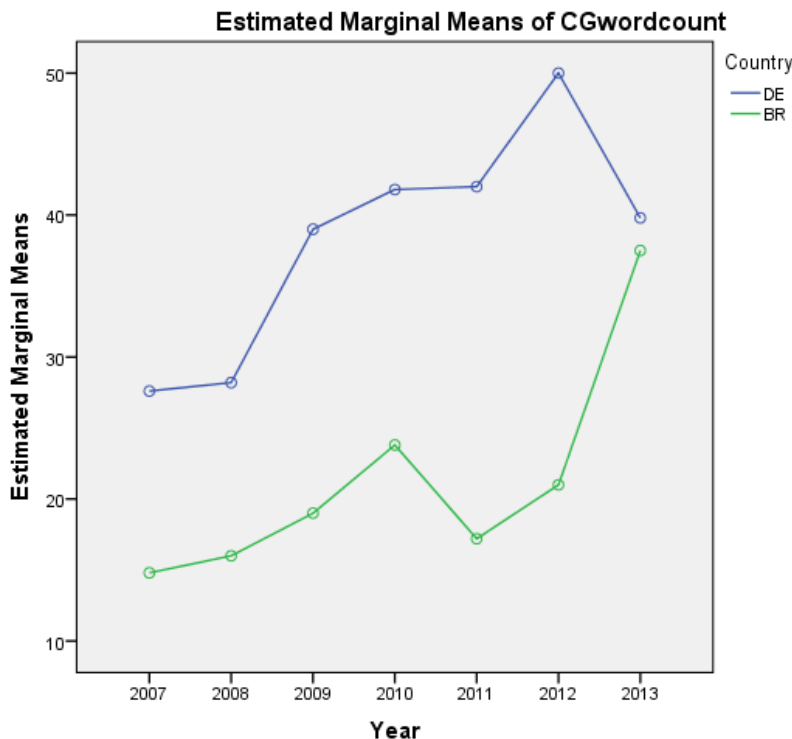
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	,778 ^a	13	,060	,240	,996	,056
Intercept	31,616	1	31,616	126,944	,000	,705
Country	,003	1	,003	,013	,910	,000
Year	,652	6	,109	,436	,851	,047
Country * Year	,169	6	,028	,113	,995	,013
Error	13,200	53	,249			
Total	46,250	67				
Corrected Total	13,978	66				

a. R Squared = ,056 (Adjusted R Squared = -,176)

Hypothesis 11a has not been confirmed, i.e. the increase of corporate governance as an own section was not significant, being all significance values above 0.05 as per the table below, and there have been no significant differences between countries.

5.1.11.2 An increased corporate governance word count (H11b)

Counting the occurrence of the expression “*corporate governance*” in the annual reports of the banks under analysis produced the following results:



While it becomes evident that the word count increased in both countries, strong differences can be noted ($p=0.016$) between them as they started from quite different levels in 2007, ending 2013 with almost the same result. While Brazil experienced a strong increase during the period 2001-2013, numbers in Germany have come down sharply from 2012.

Tests of Between-Subjects Effects

Dependent Variable: CGwordcount

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	8598,246 ^a	13	661,404	,887	,571	,179
Intercept	56281,706	1	56281,706	75,482	,000	,587
Country	4575,745	1	4575,745	6,137	,016	,104
Year	2182,657	6	363,776	,488	,814	,052
Country * Year	931,917	6	155,320	,208	,973	,023
Error	39518,500	53	745,632			
Total	106394,000	67				
Corrected Total	48116,746	66				

a. R Squared = ,179 (Adjusted R Squared = -,023)

In total, the countries differ significantly ($p=0.016$). Germany has higher average values ($M=38,343$) than Brazil ($M=21,329$):

Estimates

Dependent Variable: CGwordcount

Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	38,343	4,616	29,085	47,601
BR	21,329	5,086	11,127	31,530

Hypothesis 11b can be confirmed as Corporate Governance word count increased between 2007 and 2013 in both countries, albeit differently.

5.1.11.3 An increased crisis word count (H11c)

Similar to CG word count, crisis word count was analyzed for the banks under analysis over the period 2007-2013. Despite significant effects for country and year, no increase of crisis word count can be found:

Tests of Between-Subjects Effects

Dependent Variable: Crisiswordcount

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
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Corrected Model	77778,664 ^a	13	5982,974	14,251	,000	,778
Intercept	108104,906	1	108104,906	257,503	,000	,829
Country	56443,513	1	56443,513	134,447	,000	,717
Year	12970,689	6	2161,782	5,149	,000	,368
Country * Year	4128,985	6	688,164	1,639	,155	,157
Error	22250,500	53	419,821			
Total	222369,000	67				
Corrected Total	100029,164	66				

a. R Squared = ,778 (Adjusted R Squared = ,723)

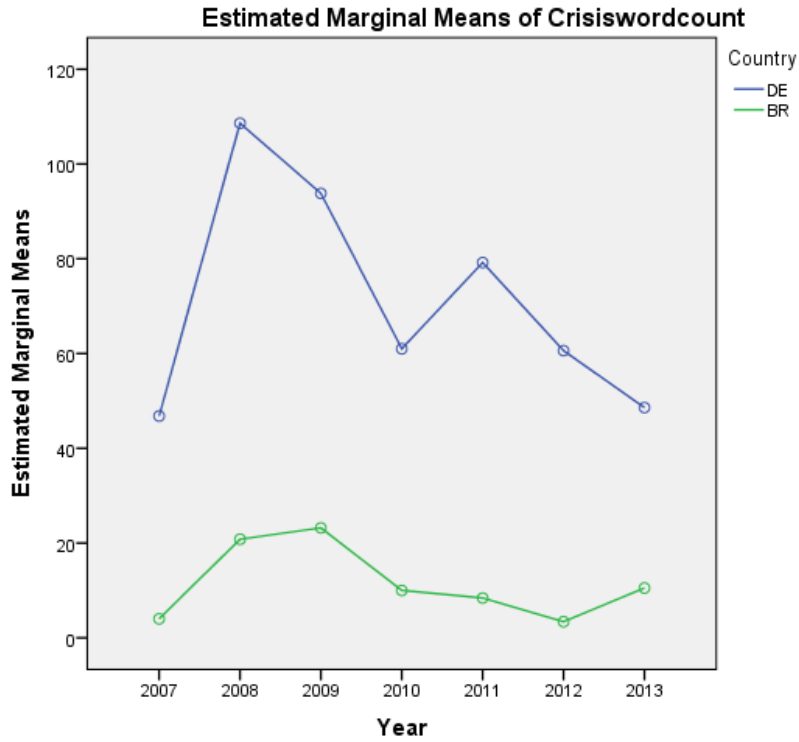
Overall, average values for the crisis word count only slightly increased for both countries between 2007 and 2013, from a peak in 2008, as per below table:

Estimates

Dependent Variable: Crisiswordcount

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2007	25,400	6,479	12,404	38,396
2008	64,700	6,479	51,704	77,696
2009	58,500	6,479	45,504	71,496
2010	35,500	6,479	22,504	48,496
2011	43,800	6,479	30,804	56,796
2012	32,000	6,479	19,004	44,996
2013	29,550	8,571	12,358	46,742

In total, Germany shows a higher crisis word count than Brazil, where the word count remains mainly constant with few outward movements. In Germany, by contrast, the figures increased sharply in 2008, falling back over time to reach in 2013 almost the same the level they started from in 2007:



Country * Year

Dependent Variable: Crisiswordcount

Country	Year	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	46,800	9,163	28,421	65,179
	2008	108,600	9,163	90,221	126,979
	2009	93,800	9,163	75,421	112,179
	2010	61,000	9,163	42,621	79,379
	2011	79,200	9,163	60,821	97,579
	2012	60,600	9,163	42,221	78,979
	2013	48,600	9,163	30,221	66,979
BR	2007	4,000	9,163	-14,379	22,379
	2008	20,800	9,163	2,421	39,179
	2009	23,200	9,163	4,821	41,579
	2010	10,000	9,163	-8,379	28,379
	2011	8,400	9,163	-9,979	26,779
	2012	3,400	9,163	-14,979	21,779
	2013	10,500	14,488	-18,560	39,560

As a result, a slight increase in crisis word count over the whole period and significant increases during the main periods have materialized.

Consequently, this hypothesis can be confirmed.

5.1.11.4 An increase in corporate governance highlighted (H11d)

No evidence has been found for increased highlighting of corporate governance in the annual reports under analysis, neither for year nor country, and no interdependency effects could be identified.

Tests of Between-Subjects Effects

Dependent Variable: CGhighlighted

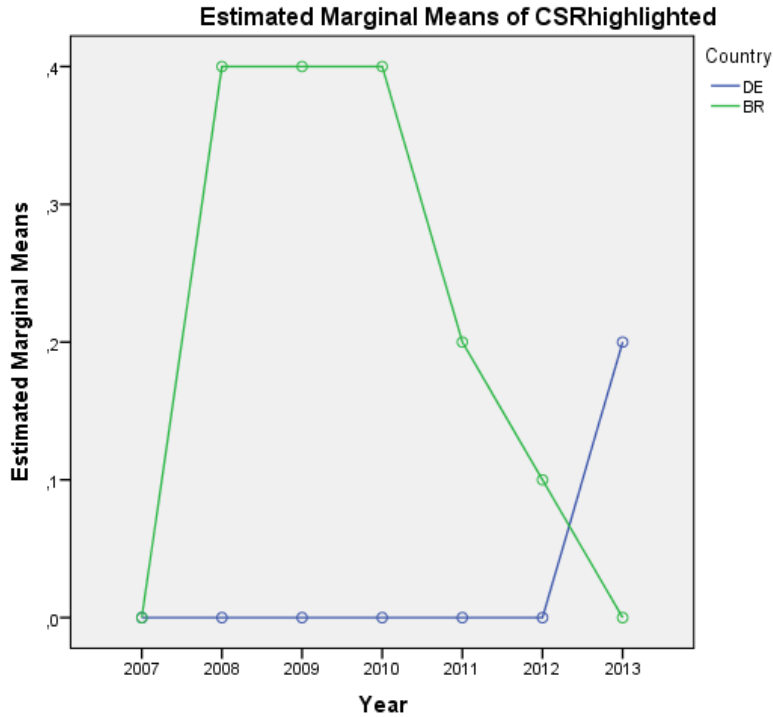
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	1,045 ^a	13	,080	,710	,745	,148
Intercept	,826	1	,826	7,295	,009	,121
Country	,206	1	,206	1,824	,183	,033
Year	,485	6	,081	,714	,640	,075
Country * Year	,259	6	,043	,381	,888	,041
Error	6,000	53	,113			
Total	8,000	67				
Corrected Total	7,045	66				

a. R Squared = ,148 (Adjusted R Squared = -,061)

As such, this hypothesis cannot be confirmed.

5.1.11.5 An increase in CSR highlighted (H11e)

In Germany, CSR topics have been highlighted in annual reports between 2008 and 2010, while decreasing to pre-crisis levels thereafter. In Brazil, however, highlighting of CSR issues was basically non-existent until it slightly increased over the past two years. Thus, a significant difference with regards to CSR-highlighting can be confirmed (p=0.025).



Tests of Between-Subjects Effects

Dependent Variable: CSRhighlighted

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	1,772 ^a	13	,136	1,338	,222	,247
Intercept	,932	1	,932	9,150	,004	,147
Country	,545	1	,545	5,351	,025	,092
Year	,391	6	,065	,639	,698	,067
Country * Year	,652	6	,109	1,066	,395	,108
Error	5,400	53	,102			
Total	8,250	67				
Corrected Total	7,172	66				

a. R Squared = ,247 (Adjusted R Squared = ,062)

While both countries differ significantly, increases of CSR highlighting could be confirmed in both countries, albeit differently: German values increased strongly over time but retracted to their initial level; Brazilian values increased only between 2012 and 2013.

Consequently, this hypothesis can be confirmed.

In summary for Hypothesis 11 we may conclude that word count for *corporate governance* indeed increased, while no increase of *crisis* word count, *corporate governance* or *CSR* highlightings or the introduction of a *corporate governance* section could be verified.

5.1.12 The importance of risk management in financial institutions in Brazil and Germany has increased significantly since the beginning of the latest financial crisis (H12)

Also for this hypothesis, the annual reports of the banks under analysis have been analyzed. Tested indicators in banks' annual reports since 2007 have been the following:

5.1.12.1 Risk management introduced as an own section (H12a)

Regarding the introduction of *risk management* as an own section, no significant effects could be found:

Tests of Between-Subjects Effects

Dependent Variable: RiskManagementControlRiskReportasownsection

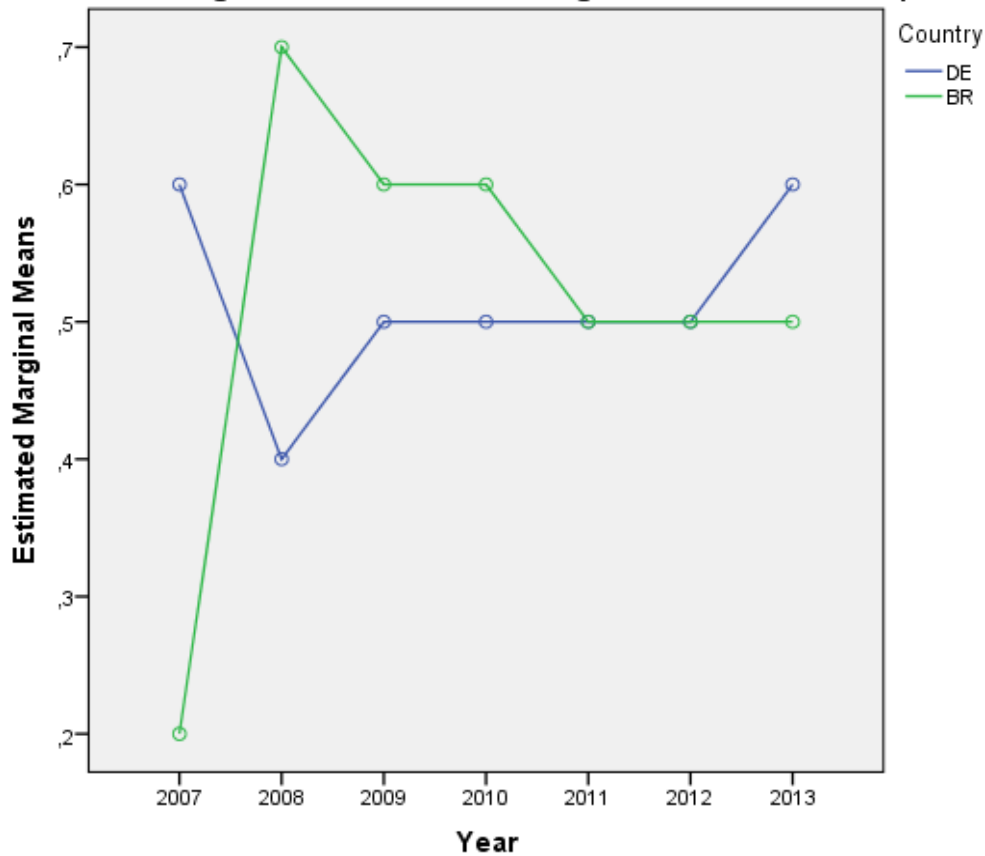
Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	,885 ^a	13	,068	,325	,985	,074
Intercept	16,723	1	16,723	79,847	,000	,601
Country	,000	1	,000	,000	1,000	,000
Year	,180	6	,030	,143	,990	,016
Country * Year	,689	6	,115	,548	,769	,058
Error	11,100	53	,209			
Total	29,750	67				
Corrected Total	11,985	66				

a. R Squared = ,074 (Adjusted R Squared = -,153)

Indeed, almost all banks feature risk management sections from the start, being a compulsory element of their reports.

The following graph shows that there are no significant differences between countries, nor over time. Equally, there is no relevant reciprocal effect between country and year:

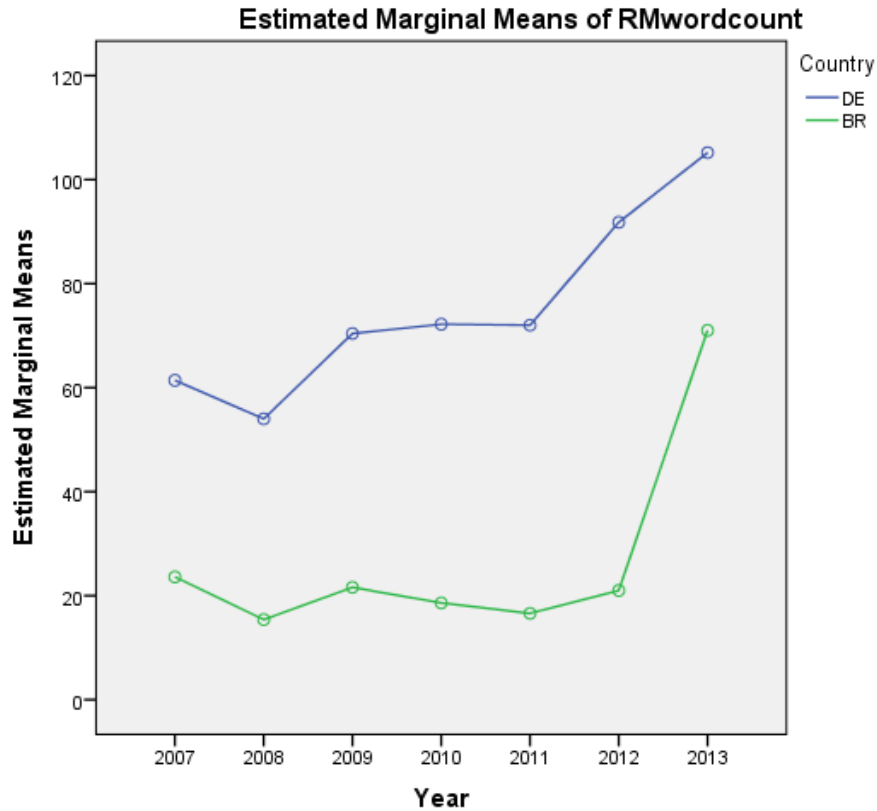
Estimated Marginal Means of RiskManagementControlRiskReportasownsection



As a result, this hypothesis cannot be confirmed.

5.1.12.2 An increased risk management word count (H12b)

The number of times *risk management* was mentioned in the annual reports under analysis increased in both countries, however differently:



Whereas for German banks, the increase has been almost constant, the annual reports of Brazilian banks showed a flat development until a sharp increase between 2012 and 2013.

Tests of Between-Subjects Effects

Dependent Variable: RMwordcount

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	60762,394 ^a	13	4674,030	2,247	,020	,355
Intercept	164819,045	1	164819,045	79,221	,000	,599
Country	37115,045	1	37115,045	17,839	,000	,252
Year	12183,102	6	2030,517	,976	,451	,099
Country * Year	2237,954	6	372,992	,179	,981	,020
Error	110266,800	53	2080,506			
Total	339631,000	67				
Corrected Total	171029,194	66				

a. R Squared = ,355 (Adjusted R Squared = ,197)

While the difference diminishes, Germany still has higher *risk management* word count values than Brazil:

Estimates

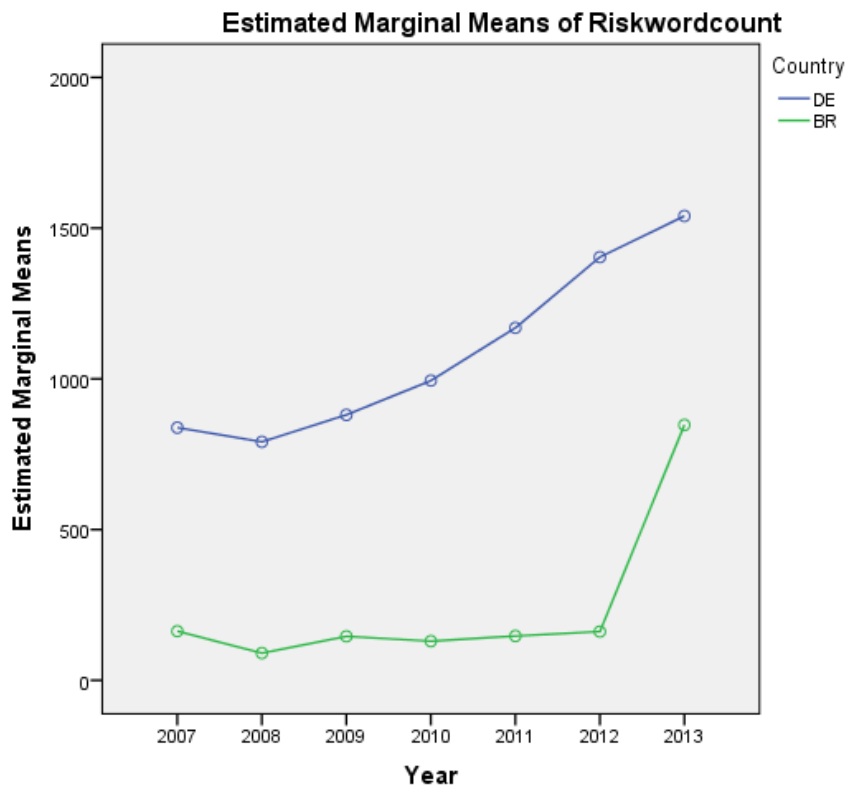
Dependent Variable: RMwordcount

Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	75,286	7,710	59,822	90,750
BR	26,829	8,496	9,788	43,869

In summary, especially between 2012 and 2013 *risk management* word count increased both in Brazil and Germany, thus confirming this hypothesis.

5.1.12.3 An increased risk word count (H12c)

Word count of „*risk*” increased in Germany already from a relatively high level, while it remained mostly flat in Brazil, leading to a significant difference between those two countries in this regard.



Tests of Between-Subjects Effects

Dependent Variable: Riskwordcount

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	17194488,179 ^a	13	1322652,937	4,696	,000	,535
Intercept	27910801,045	1	27910801,045	99,097	,000	,652
Country	11353465,406	1	11353465,406	40,311	,000	,432

Year	2764876,128	6	460812,688	1,636	,155	,156
Country * Year	658584,807	6	109764,134	,390	,882	,042
Error	14927464,000	53	281650,264			
Total	60975460,000	67				
Corrected Total	32121952,179	66				

a. R Squared = ,535 (Adjusted R Squared = ,421)

Still, Germany has much higher values than Brazil:

Estimates

Dependent Variable: Riskwordcount

Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	1088,171	89,706	908,244	1268,099
BR	240,657	98,851	42,387	438,927

As a result, word count increased in both countries, however differently. The hypothesis of an increased word count for *risk* can therefore be confirmed.

5.1.12.4 An increase in risk management highlighted (H12d)

Almost none of the annual reports analyzed highlighted *risk management* as a topic, thus not allowing for a meaningful analysis of development of this variable.

Tests of Between-Subjects Effects

Dependent Variable: RMhighlighted

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	,466 ^a	13	,036	,791	,666	,163
Intercept	,116	1	,116	2,565	,115	,046
Country	,013	1	,013	,285	,596	,005
Year	,163	6	,027	,600	,729	,064
Country * Year	,285	6	,047	1,048	,405	,106
Error	2,400	53	,045			
Total	3,000	67				
Corrected Total	2,866	66				

a. R Squared = ,163 (Adjusted R Squared = -,043)

As a result, this hypothesis cannot be confirmed.

In summary for hypothesis 12 we may conclude that word counts for *risk* and *risk management* indeed increased, while no increase of *risk management* highlightings or the introduction of a *risk management* section could be verified.

5.2 Summary of Results

A detailed summary of the findings of above statistical analysis is presented on the first page of Annex IV.

In general, however, the following conclusions can be drawn as a result of that analysis:

1. Significant differences could be identified between Brazil and Germany with regards to individual aspects of risk management, corporate governance, and financial institutions.
2. These differences are, however, not as strong as generally assumed, according to the survey carried out and annual reports analyzed for this study; in many aspects, similarities outweigh the differences. Particularly respondents covering Brazil found more similarities between the two countries than those covering Germany.
3. For the period 2007-2013, mostly only moderate increases could be identified regarding the quality, regulation, and importance of risk management and corporate governance, based on the analysis of surveys and annual results.

6 Discussion and Conclusion

Germany and Brazil are clearly different in many aspects, but surprisingly similar when it comes to certain aspects of corporate governance and risk management in financial institutions. On a macro-economic level, they are indeed comparable. Both are among the biggest countries in terms of their economies, and Brazil at times shows stronger data. For instance, market capitalization reaches only 43.4% of GDP in Germany, but 54.6% in Brazil, while these ratios in countries such as the US (114.9%) and the UK (122.0%) are more than twice as high. (Worldbank.org, 2012 data)

Given that this study has focused on the period since 2007, and thus on the global financial and European debt crises, many of the similarities found herein might be attributed to the fact that both countries have fared relatively well during that period, which on the other hand makes them rather comparable despite their obvious differences.

Those differences reside in per-head output, (in)equality of income distribution, an almost opposite socio-regional environment and, obviously, different cultures. All of those are certainly factors which made most respondents to our questionnaires state that the objects of analysis were not comparable for both countries.

The fact that yet most corporate governance and risk management indicators as perceived by the same respondents yielded similar results for Brazil and Germany may be attributable to a relative cultural proximity when it comes to finance, and to banking in particular.

Where significant differences between those two countries could be verified, especially with regards to corporate governance (including remuneration), these occurred mainly in Brazil which may be explained by the fact that Brazil had more potential for improvement in this area, while risk management has been on a relatively high level in (large) financial institutions of both countries for quite some time now.

As such, it shall be interesting to see to what extent these tendencies continue to materialize going forward or whether they separate, possibly due to a higher risk appetite by lenders in Brazil than in Germany and/or the consequences of a lack of experience some – and particularly the first-time – borrowers have in Brazil.

Both, the Brazilian and German Corporate Governance Codes should in our view include a section on the meaning and place of risk management within the corporate governance structure, as does, for example the Portuguese Corporate Governance Code (PCGC).

6.1 Conclusions

In this monograph, we have discussed various aspects of corporate governance and risk management from an international viewpoint and with a special focus on Brazil and Germany as well as banking, taking into account the developments since the beginning of the latest financial crisis in 2007/2008.

Clearly, Brazil and Germany are quite different countries – culturally and economically. Still, there are some similarities, for example regarding total market capitalization or the Open Budget Index.

In terms of corporate governance we could confirm that the general impression is still that of very clear differences, but when looking deeper into the different topics, we found that differences are diminishing as Brazil is improving in these areas, while Germany appears to progress quite slowly.

With regards to risk management, differences are perceived to be strong overall, but appear to be muted in the area of financial services, certainly due to strict and similar or even identical regulation (e.g. Basel III).

Our analysis of data from surveys used for this study shows that there have been moderate increases in quality, regulation and perceived importance of both, risk management and corporate governance. This is largely true for both countries, still we found that especially regarding corporate governance, such increases have been lower or even non-existent in Germany as compared to Brazil.

The hypotheses that corporate governance and risk management had become more important over the 2007-2013 period could however not be fully confirmed as results of the analysis of annual reports did not produce consistent results.

The reason might be that the Brazilian society feels a stronger necessity to improve in those areas than that of Germany, which might have started from a higher level. Still, the crises (financial and European sovereign) have had more impact – although still moderate – on Germany than on Brazil, which only showed a very weak performance in 2009.

Agreement existed amongst participants in the survey that risk management is a part of corporate governance, although also here, affirmation from participants covering Germany was weaker than that from respondents working in Brazil.

Consequently, we believe that risk management should be included as a section in its own right in corporate governance codes, given that, still today, “risk management is typically not

covered, or is insufficiently covered, by existing corporate governance standards or codes” (OECD 2009:9). This would also help to further strengthen the conceptual integration of risk management as part of corporate governance and might support the advancement of both.

Furthermore, the establishment of risk-, advisory- and remuneration-committees (where not already in place) and Family Councils for family-owned businesses might be helpful to instill more discipline and achieve a higher internal independence.

In summary, no major changes have been perceived to have taken place in the areas of risk management and corporate governance, while it is evident that a number of (regulatory) developments have occurred during that period. They may however have been relatively constant and were therefore, subjectively, less noted, or expectations were higher so that the actions taken appear weaker in the perception of our respondents.

6.2 Limitations

This study is clearly limited by its scope of investigation. As such, all the restrictions used to define its limits are at the same time limiting its results.

Such factors include firstly the restriction on ten banks. The study of banks other than the top five, different types of financial institutions, or other types of companies – including smaller entities – would certainly yield different results – which would then be interesting to compare to the conclusions drawn in this paper.

Another limitation is the time window chosen. Although it ends at a very recent point in time – and therefore cannot immediately be pushed out into following periods – the starting point in 2007 only allows to study recent developments, rather than those over decades, for instance.

Yet another limitation is the regional one. While some comparison has been made to other jurisdictions, Brazil and Germany have been – in line with its purpose – the immediate focus of this study.

This work is further limited by the concept, basis, and realization of its empirical analysis: Whilst a relatively high and comparable number of respondents from both focus countries participated, respondents from other areas were too few to provide for significant insight into differences between the “*inside*” and an “*outside*” perspective.

6.3 Suggestions for further investigation

In order to fill the gaps left by this study, further investigation could be carried out on the evolution of corporate governance and risk management in other sectors, other financial institutions, and other countries. Particularly those geographies should be subject to a comparable analysis which have suffered more during the financial crisis than the two focus countries in this study actually have.

Furthermore, the time horizon of analysis could be extended both forward as time passes, and backward to get a long-term perspective, while due to the emergence of corporate governance in the 1990's, a time extension into the past beyond that period would hardly generate meaningful results.

Finally, other aspects of governance, such as equity and debt governance⁵⁵ could be analysed in conjunction with questions dealt with in this study.

⁵⁵ Cfr. Foos, 2012

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Annex I: Survey in English

Corporate Governance and Risk Management CGRMEN

Thank you for taking part in the survey for academic research. This should not take much longer than 10 minutes.

* **1. Which of the following best describe your job function?**

Risk Management

Corporate Governance

Banking

Insurance

Other Financial Services

Consulting

Education / Research / Science

Legal

Management

Other (please specify)

* **2. About how long have you been in your current line of work?**

Years _____

Months _____

* **3. Which of the following best describes the principal industry of your organization?**

* **4. In / for which country are / were you mainly working so far?**

Brazil

Germany

Both Brazil and Germany

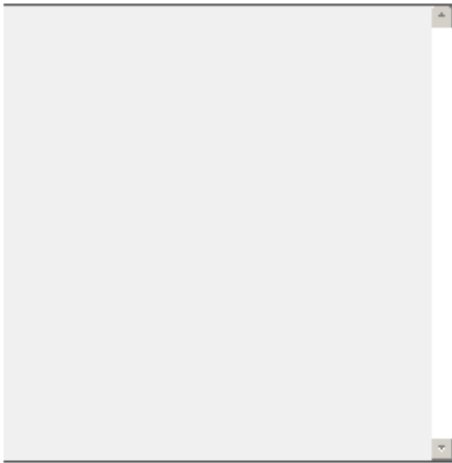
Other (please specify)

Corporate Governance and Risk Management CGRMEN

* 5. In / for which region(s) have you been dealing with RISK MANAGEMENT?

- Brazil
- Germany
- Other European country(ies)
- Other LatAm country(ies)
- North America (US/CA/MX)
- Africa
- Asia
- Australia/NZ
- None - I have never been actively involved with RISK MANAGEMENT

Comment

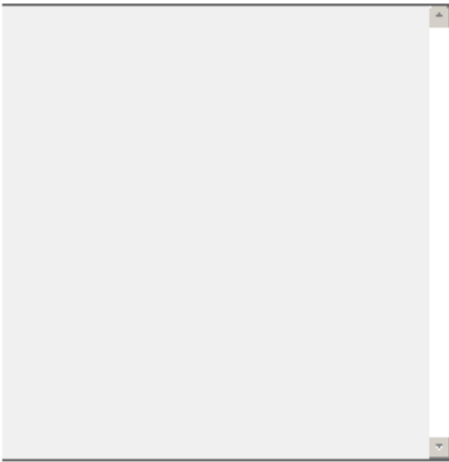


Corporate Governance and Risk Management CGRMEN

* 6. In / for which region(s) have you been dealing with CORPORATE GOVERNANCE?

- Brazil
- Germany
- Other European country(ies)
- Other LatAm country(ies)
- North America (US/CA/MX)
- Africa
- Asia
- Australasia
- None - I have never been actively involved with CORPORATE GOVERNANCE

Comment



Corporate Governance and Risk Management CGRMEN

* 7. How would you say RISK MANAGEMENT has changed since the beginning of the latest financial crisis (2008)?

	increased a lot	increased somewhat	remained unchanged	decreased somewhat	decreased a lot	no opinion
Risk management quality in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management quality in my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management quality in the region(s) covered by me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management regulation in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management regulation for my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management regulation for the region(s) covered by me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management importance in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management importance for my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management importance for the region(s) covered by me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment

Corporate Governance and Risk Management CGRMEN

* 8. How would you say **CORPORATE GOVERNANCE** has changed since the beginning of the latest financial crisis (2008)?

	increased a lot	increased somewhat	remained unchanged	decreased somewhat	decreased a lot	no opinion
Corporate governance quality in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance quality in my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance quality in the region(s) covered by me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance regulation in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance regulation for my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance regulation for the region(s) covered by me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance importance in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance importance for my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance importance for the region(s) covered by me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment

Corporate Governance and Risk Management CGRMEN

* 9. Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable?

- YES
 NO
 DON'T KNOW

Comment

* 10. Do you think RISK MANAGEMENT in Brazil and Germany is comparable?

- YES
 NO
 DON'T KNOW

Comment

* 11. What do you think are the main DIFFERENCES between RISK MANAGEMENT in Brazil and Germany?

	Major difference	Minor difference	No difference
Institutional background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Corporate Governance and Risk Management CGRMEN

* 12. What do you think are the main **SIMILARITIES** between **RISK MANAGEMENT** in **Brazil and Germany?**

	Major similarity	Minor similarity	No similarity
Institutional background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="text"/>		

* 13. What do you think are the main **DIFFERENCES** between **CORPORATE GOVERNANCE** in **Brazil and Germany?**

	Major difference	Minor difference	No difference
Institutional background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="text"/>		

* 14. What do you think are the main **SIMILARITIES** between **CORPORATE GOVERNANCE** in **Brazil and Germany?**

	Major similarity	Minor similarity	No similarity
Institutional background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="text"/>		

*** 15. What do you think are the main DIFFERENCES between FINANCIAL INSTITUTIONS in Brazil and Germany?**

	Major difference	Minor difference	No difference
Institutional background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

*** 16. What do you think are the main SIMILARITIES between FINANCIAL INSTITUTIONS in Brazil and Germany?**

	Major similarity	Minor similarity	No similarity
Institutional background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory background	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Corporate Governance and Risk Management CGRMEN

* 17. To what extent do you agree with the following statements? (re: Financial Institutions)

	I strongly agree	I somewhat agree	I somewhat disagree	I strongly disagree	I have no opinion
Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for bonuses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for share options.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for other benefits.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for the base salary.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment

Corporate Governance and Risk Management CGRMEN

* **18 To what extent do you agree with the following statements? (re: Non-Financial Institutions)**

	I strongly agree	I somewhat agree	I somewhat disagree	I strongly disagree	I have no opinion
Executive remuneration in other businesses (job package) is now more closely linked to a prudent risk management than before the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for bonuses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for share options.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for other benefits.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This is particularly true for the base salary.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Executive remuneration in other businesses (job package) is now more often subject to a cap/limit than before the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment

Corporate Governance and Risk Management CGRMEN

* 19. To what extent do you agree with the following statements?

	I strongly agree	I somewhat agree	I somewhat disagree	I strongly disagree	I have no opinion
Risk management has become more important since the beginning of the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance has become more important since the beginning of the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management is more important in financial institutions than in other businesses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance is more important in financial institutions than in other businesses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management is part of corporate governance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The importance of risk management as part of corporate governance has increased since the latest financial crisis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment

Thank you for your time!

Annex II: Survey in Portuguese

Governança Corporativa e Gestão de Riscos

Obrigado pela sua participação neste questionário para uma pesquisa académica. Isso não vai demorar muito mais que 10 minutos.

***1. Quais/quais das seguintes opções descreve melhor o seu trabalho?**

Gestão de Riscos

Governança Corporativa

Banca

Seguradora

Outros Serviços Financeiros

Consultoria

Educação | Pesquisa | Ciências

Direito

Gestão

Outro (especificar)

***2. Durante quanto tempo vem exercendo o seu trabalho?**

Ano: _____

Mes: _____

***3. Qual das seguintes opções melhor descreve o setor principal da sua organização?**

***4. Em para que país(es) você trabalhou principalmente até hoje?**

Brasil

Alemanha

Brasil e Alemanha

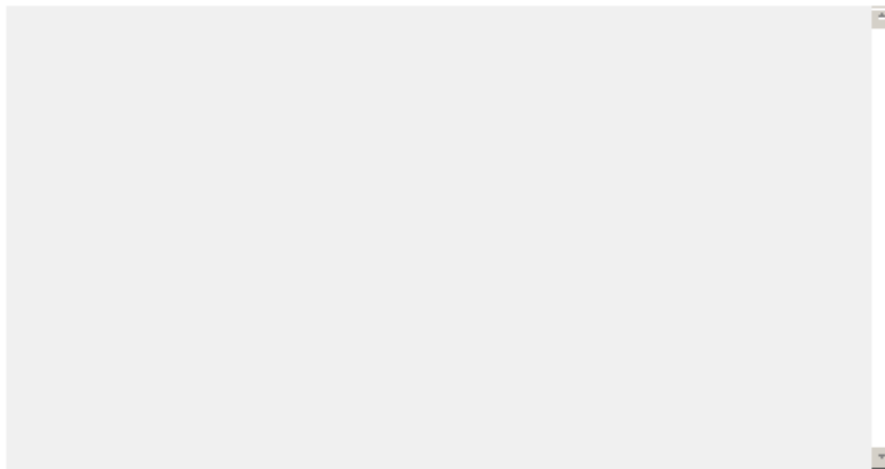
Outro (especificar)

Governança Corporativa e Gestão de Riscos

*5. Em para que região/ões já trabalhou com GESTÃO DE RISCOS?

- Brasil
- Alemanha
- Outros (países) Europeus
- Outros (países) da América Latina
- América do Norte (USA/CAN)
- África
- Ásia
- Australásia/NZ
- Nenhum - Eu nunca trabalhei com GESTÃO DE RISCOS

Comentário

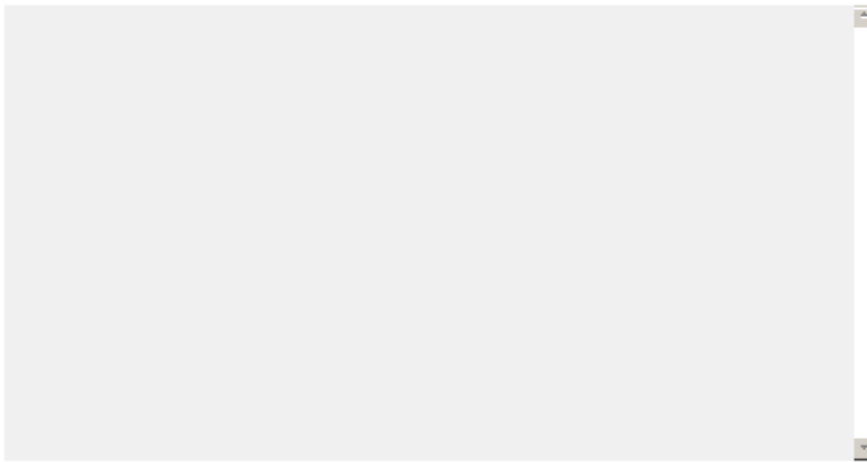


Governança Corporativa e Gestão de Riscos

*6. Em para que região/ões já trabalhou com GOVERNANÇA CORPORATIVA?

- Brasil
- Alemanha
- Outros (países) Europeus
- Outros (países) da América Latina
- América do Norte (USA/CAN)
- África
- Ásia
- Australásia
- Nenhuma - Eu nunca trabalhei com GOVERNANÇA CORPORATIVA

Comentário



Governança Corporativa e Gestão de Riscos

*7. Como diria que a **GESTÃO DE RISCOS** tem mudado desde o início da última crise financeira (2008)?

	aumentou muito	aumentou algo	se mantém inalterada	baixou algo	baixou muito	sem opinião
A qualidade de gestão de risco em geral	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A qualidade de gestão de risco na minha organização	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A qualidade de gestão de risco na(s) minha(s) região(ões)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A regulamentação de gestão de risco em geral	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A regulamentação de gestão de risco na minha organização	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A regulamentação de gestão de risco na(s) minha(s) região(ões)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância de gestão de risco em geral	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância de gestão de risco na minha organização	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância de gestão de risco na(s) minha(s) região(ões)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comentário

Governança Corporativa e Gestão de Riscos

*8. Como diria que a **GOVERNANÇA CORPORATIVA** tem mudado desde o início da última crise financeira (2008)?

	aumentou muito	aumentou algo	se mantém inalterada	baixou algo	baixou muito	sem opinião
A qualidade de governança corporativa em geral	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A qualidade de governança corporativa na minha organização	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A qualidade de governança corporativa na (x) minha(s) região(es)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A regulamentação de governança corporativa em geral	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A regulamentação de governança corporativa na minha organização	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A regulamentação de governança corporativa na (x) minha(s) região(es)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância de governança corporativa em geral	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância de governança corporativa na minha organização	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância de governança corporativa na (x) minha(s) região(es)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comentário

Governança Corporativa e Gestão de Riscos

*9. Acha que a **GOVERNANÇA CORPORATIVA** no Brasil e na Alemanha são comparáveis?

- SIM
 NÃO
 NÃO SEI

Comentário

*10. Acha que a **GESTÃO DE RISCOS** no Brasil e na Alemanha são comparáveis?

- SIM
 NÃO
 NÃO SEI

Comentário

*11. Na sua opinião, quais são as principais **DIFERENÇAS** entre **GESTÃO DE RISCOS** no Brasil e na Alemanha?

	Diferença principal	Diferença menor	Nenhuma diferença
Contexto institucional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto regulatório	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto empresarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto político	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto econômico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Outro (especifique)

Governança Corporativa e Gestão de Riscos

*12. Na sua opinião, quais são as principais SEMELHANÇAS entre GESTÃO DE RISCOS no Brasil e na Alemanha?

	Semelhança principal	Semelhança menor	Nenhuma semelhança
Contexto institucional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto regulatório	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto empresarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto político	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto econômico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Outro (especifique)

*13. Na sua opinião, quais são as DIFERENÇAS principais entre GOVERNANÇA CORPORATIVA no Brasil e na Alemanha?

	Diferença principal	Diferença menor	Nenhuma diferença
Contexto institucional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto regulatório	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto empresarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto político	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto econômico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Outro (especifique)

*14. Na sua opinião, quais são as principais SEMELHANÇAS entre GOVERNANÇA CORPORATIVA no Brasil e na Alemanha?

	Semelhança principal	Semelhança menor	Nenhuma semelhança
Contexto institucional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto regulatório	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto empresarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto político	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto econômico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Outro (especifique)

Governança Corporativa e Gestão de Riscos

***15. Na sua opinião, quais são as principais DIFERENÇAS entre INSTITUIÇÕES FINANCEIRAS no Brasil e na Alemanha?**

	Diferença principal	Diferença menor	Nenhuma diferença
Contexto institucional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto regulatório	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto empresarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto político	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto econômico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Outro (especifique)

***16. Na sua opinião, quais são as principais SEMELHANÇAS entre INSTITUIÇÕES FINANCEIRAS no Brasil e na Alemanha?**

	Semelhança principal	Semelhança menor	Nenhuma semelhança
Contexto institucional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto regulatório	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto empresarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto político	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto econômico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contexto social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Outro (especifique)

Governança Corporativa e Gestão de Riscos

*17. Em que medida concorda com as seguintes afirmações? (em relação a instituições financeiras)

	Concordo plenamente	Concordo parcialmente	Discordo parcialmente	Discordo plenamente	Não tenho opinião
A remuneração executiva em instituições financeiras (públicas globais) está mais estreitamente ligada agora a uma gestão de risco prudente do que antes da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Isso é especialmente verdade para o prémio anual.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Isso é especialmente verdade para o preço de ações.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Isso é especialmente verdade para outros benefícios.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Isso é especialmente verdade para o salário base.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A remuneração executiva em instituições financeiras (públicas globais) está mais vezes sujeita agora a um limite ("cap") do que antes da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comentário

Governança Corporativa e Gestão de Riscos

*18. Em que medida concorda com as seguintes afirmações? (em relação a outras entidades)

	Concordo plenamente	Concordo parcialmente	Discordo parcialmente	Discordo plenamente	Não tenho opinião
A remuneração executiva em outras organizações (públicas globais) está mais estreitamente ligada agora a uma gestão de risco prudente do que antes da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
isso é especialmente verdade para o prêmio anual.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
isso é especialmente verdade para opções de ações.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
isso é especialmente verdade para outros benefícios.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
isso é especialmente verdade para o salário base.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A remuneração executiva em outras organizações (públicas globais) está mais vezes sujeita agora a um limite ("cap") do que antes da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comentário

Governança Corporativa e Gestão de Riscos

*19. Em que medida concorda com as seguintes afirmações?

	Concordo plenamente	Concordo parcialmente	Decordo parcialmente	Decordo plenamente	Não tenho opinião
A importância da gestão de riscos aumentou desde o início da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância da governança corporativa aumentou desde o início da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gestão de riscos é mais importante em instituições financeiras do que em outras empresas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governança corporativa é mais importante em instituições financeiras do que em outras empresas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gestão de riscos faz parte da governança corporativa.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A importância da gestão de riscos como parte da governança corporativa aumentou desde o início da última crise financeira.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comentário

Muito obrigado pelo seu tempo!

Annex III: Survey in German

Corporate Governance und Risikomanagement

Danke, dass Sie an dieser Umfrage für eine wissenschaftliche Arbeit teilnehmen. Dies sollte nicht wesentlich länger als 10 Minuten dauern.

* **1. Welche der nachstehenden Bezeichnungen beschreibt Ihren Tätigkeitsbereich am besten?**

Risikomanagement

Corporate Governance

Bank

Versicherung

Andere Finanzdienstleistungen

Beratung

Ausbildung / Forschung / Wissenschaft

Recht

Management

Sonstiges (bitte definieren)

* **2. Wie lange arbeiten Sie schon in diesem Bereich?**

Jahre _____

Monate _____

* **3. Welche der nachstehenden Bezeichnungen beschreibt den Hauptsektor Ihres Unternehmens am besten?**

* **4. In für welches Land bzw. welche Länder haben Sie bisher gearbeitet?**

Brasilien

Deutschland

Brasilien und Deutschland

Sonstiges (bitte auflisten)

Corporate Governance und Risikomanagement

* 5. In / für welche Region (en) haben Sie mit RISIKOMANAGEMENT zu tun gehabt?

- Brasilien
- Deutschland
- Andere europäische Länder
- Andere lateinamerikanische Länder
- Nordamerika (US/CA/MX)
- Afrika
- Asien
- Australien/NZ
- Keine - ich habe mich noch nie mit RISIKOMANAGEMENT befasst

Kommentar:

Corporate Governance und Risikomanagement

* 6. In / für welche Region(en) haben Sie mit CORPORATE GOVERNANCE zu tun gehabt?

- Sizilien
- Deutschland
- Andere europäische Länder
- Andere lateinamerikanische Länder
- Nordamerika (USA/CAN)
- Afrika
- Asien
- Australien/NZ
- Keine - ich habe mich noch nie mit CORPORATE GOVERNANCE befasst

Kommentar:

*** 7. Wie hat sich das RISIKOMANAGEMENT Ihrer Meinung nach seit Beginn der letzten Finanzkrise verändert?**

	hat stark zugenommen	hat ein wenig zugenommen	ist unverändert	hat ein wenig abgenommen	hat stark abgenommen	keine Meinung
Risikomanagementqualität allgemein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagementqualität in meinem Unternehmen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagementqualität in der/in von mir abgedeckten Region(en)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagement- Regulierung allgemein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagement- Regulierung für mein Unternehmen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagement- Regulierung für die von mir abgedeckten Region (en)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Bedeutung des Risikomanagements allgemein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Bedeutung des Risikomanagements für mein Unternehmen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Bedeutung des Risikomanagements für die von mir abgedeckten Region(en)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kommentar:

Corporate Governance und Risikomanagement

* 8. Wie hat sich **CORPORATE GOVERNANCE** Ihrer Meinung nach seit Beginn der letzten Finanzkrise verändert?

	hat stark zugenommen	hat ein wenig zugenommen	ist unverändert	hat ein wenig abgenommen	hat stark abgenommen	keine Meinung
Corporate Governance- Qualität allgemein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance- Qualität in meinem Unternehmen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance- Qualität in der in von mir abgedeckten Region(en)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance- Regulierung allgemein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance- Regulierung für mein Unternehmen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance- Regulierung für die von mir abgedeckten Region (en)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Bedeutung der Corporate Governance allgemein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Bedeutung der Corporate Governance für mein Unternehmen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Bedeutung der Corporate Governance für die von mir abgedeckten Region(en)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kommentar:

* 9. Ist CORPORATE GOVERNANCE in Brasilien und Deutschland Ihrer Meinung nach miteinander vergleichbar?

- JA
- NEIN
- WEISS NICHT

Kommentar:

* 10. Ist RISIKOMANAGEMENT in Brasilien und Deutschland Ihrer Meinung nach miteinander vergleichbar?

- JA
- NEIN
- WEISS NICHT

Kommentar:

*** 11. Welches sind Ihrer Meinung nach die wesentlichen UNTERSCHIEDE zwischen RISIKOMANAGEMENT in Brasilien und in Deutschland?**

	Wesentliche Unterschied	Geinge Unterschied	Kein Unterschied
Institutionelles Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatorisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unternehmerisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Politisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesellschaftliches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Soziales Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sonstiges (bitte auflisten)	<input type="text"/>		

*** 12. Welches sind Ihrer Meinung nach die wesentlichen ÄHNLICHKEITEN zwischen RISIKOMANAGEMENT in Brasilien und in Deutschland?**

	Wesentliche Ähnlichkeit	Geinge Ähnlichkeit	Keine Ähnlichkeit
Institutionelles Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatorisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unternehmerisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Politisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesellschaftliches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Soziales Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sonstiges (bitte auflisten)	<input type="text"/>		

*** 13. Welches sind Ihrer Meinung nach die wesentlichen UNTERSCHIEDE zwischen CORPORATE GOVERNANCE in Brasilien und in Deutschland?**

	Wesentliche Unterschied	Geinge Unterschied	Kein Unterschied
Institutionelles Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatorisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unternehmerisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Politisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesellschaftliches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Soziales Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sonstiges (bitte auflisten)	<input type="text"/>		

*** 14. Welches sind Ihrer Meinung nach die wesentlichen ÄHNLICHKEITEN zwischen CORPORATE GOVERNANCE in Brasilien und in Deutschland?**

	Wesentliche Ähnlichkeit	Geringe Ähnlichkeit	Keine Ähnlichkeit
Institutionelles Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatorisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unternehmerisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Politisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesamtwirtschaftliches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Soziales Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sonstige (bitte auflisten)	<input type="text"/>		

*** 15. Welches sind Ihrer Meinung nach die wesentlichen UNTERSCHIEDE zwischen FINANZINSTITUTEN in Brasilien und in Deutschland?**

	Wesentliche Unterschied	Geringe Unterschied	Kein Unterschied
Institutionelles Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatorisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unternehmerisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Politisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesamtwirtschaftliches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Soziales Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sonstige (bitte auflisten)	<input type="text"/>		

*** 16. Welches sind Ihrer Meinung nach die wesentlichen ÄHNLICHKEITEN zwischen FINANZINSTITUTEN in Brasilien und in Deutschland?**

	Wesentliche Ähnlichkeit	Geringe Ähnlichkeit	Keine Ähnlichkeit
Institutionelles Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatorisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unternehmerisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Politisches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesamtwirtschaftliches Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Soziales Umfeld	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sonstige (bitte auflisten)	<input type="text"/>		

*17. Wie stehen Sie zu den folgenden Behauptungen? (Finanzinstitute)

	Ich stimme voll zu	Ich stimme teilweise zu	Ich bin teilweise anderer Meinung	Ich bin völlig anderer Meinung	Ich habe keine Meinung
Die Vergütung leitender Mitarbeiter in Finanzinstituten (Gesamtevergütung) ist jetzt enger an ein vorzügliches Risikomanagement geknüpft als vor der letzten Finanzkrise.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für Das zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für Aktienoptionen zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für andere Sonderleistungen zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für das Grundgehalt zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Vergütung leitender Mitarbeiter in Finanzinstituten (Gesamtevergütung) ist jetzt eher nach oben begrenzt (Toop) als vor der letzten Finanzkrise.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kommentar:

* 18. Wie stehen Sie zu den folgenden Behauptungen? (Nicht-Finanzinstitute)

	Ich stimme voll zu	Ich stimme teilweise zu	Ich bin teilweise anderer Meinung	Ich bin völlig anderer Meinung	Ich habe keine Meinung
Die Vergütung leitender Mitarbeiter in sonstigen Unternehmen (Gesamivegütung) ist jetzt enger an ein vorichtiges Risikomanagement geknüpft als vor der letzten Finanzkrise.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für Bore zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für Aktienoptionen zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für andere Sonderleistungen zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Das ist mir insbesondere für das Grundgehalt zu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Vergütung leitender Mitarbeiter in sonstigen Unternehmen (Gesamivegütung) ist jetzt eher nach oben begrenzt ("cap") als vor der letzten Finanzkrise.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kommentar:

Corporate Governance und Risikomanagement

* 19. Wie stehen Sie zu den folgenden Behauptungen?

	Ich stimme voll zu	Ich stimme teilweise zu	Ich bin teilweise anderer Meinung	Ich bin völlig anderer Meinung	Ich habe keine Meinung
Risikomanagement hat seit Beginn der letzten Finanzkrisen an Bedeutung gewonnen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance hat seit Beginn der letzten Finanzkrisen an Bedeutung gewonnen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagement hat in Finanzinstituten mehr Bedeutung als in sonstigen Unternehmen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Governance hat in Finanzinstituten mehr Bedeutung als in sonstigen Unternehmen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagement ist Teil der corporate governance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risikomanagement hat als Teil der corporate governance seit Beginn der letzten Finanzkrisen an Bedeutung gewonnen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kommentar:

Vielen Dank für Ihre Zeit!

Annex IV: Statistical Analysis

Result Summary for Hypotheses 1-12

H	Sub-H	Chapter, Description	Confirmed Main	Confirmed DE=BR	Text summary	Confirmed Overall	Comment
1		6.3.1 There have been major changes in risk management since the beginning of the latest financial crisis both in Brazil and Germany					
	a	6.3.1.1 Risk management quality increased since the beginning of the latest financial crisis both in Brazil and Germany	1		1 moderate increase, no significant difference between countries		0,5 moderate increase (not "major")
	b	6.3.1.2 Risk management regulation increased since the beginning of the latest financial crisis both in Brazil and Germany	1		1 moderate increase, no significant difference between countries		
	c	6.3.1.3 Risk management importance increased since the beginning of the latest financial crisis both in Brazil and Germany	1		1 moderate increase, SOME significant difference between countries		
2		6.3.2 There have been major changes in corporate governance since the beginning of the latest financial crisis both in Brazil and Germany					0,5 moderate increase (not "major")
	a	6.3.2.1 Corporate governance quality increased since the beginning of the latest financial crisis both in Brazil and Germany	0		0 moderate increase BR, none DE; significant difference between countries		
	b	6.3.2.2 Corporate governance regulation increased since the beginning of the latest financial crisis both in Brazil and Germany	0,5		1 moderate increase for BR, almost none for DE		
	c	6.3.2.3 Corporate governance importance increased since the beginning of the latest financial crisis both in Brazil and Germany	1		1 in one case not for DE		
3		6.3.3 Corporate governance is significantly different between Brazil and Germany	1		x		1 Less differences perceived by BR
4		6.3.4 Risk management is significantly different between Brazil and Germany	1		x		1 Less differences perceived by BR
5		6.3.5 Financial institutions differ significantly between Brazil and Germany	1		x		1 Less differences perceived by BR
6		6.3.6 Remuneration is now more closely linked to risk management and/or capped than before the latest financial crisis	1		x		1 No change perceived by DE
7		6.3.7 Risk management is being perceived as more important in financial institutions than in other businesses	1		x		1 No major differences between countries
8		6.3.8 Corporate Governance is being perceived as more important in financial institutions than in other businesses	1		x		1 Less agreement from DE
9		6.3.9 Risk management is not generally understood as part of corporate governance	0		x		0 Stronger for BR
10		6.3.10 The importance of risk management as part of corporate governance has increased since the latest financial crisis	1		x		1 Stronger for BR
11		6.3.11 The importance of corporate governance in financial institutions in Brazil and Germany has increased significantly since the beginning of the latest financial crisis					0,5 Inconsistent results of sub-hypotheses
	a	6.3.11.1 Corporate governance introduced as an own section	0		0		0
	b	6.3.11.2 An increased corporate governance word count	1		1		1 Increase in both countries, albeit differently
	c	6.3.11.3 An increased crisis word count	1		1		1 Increase in both countries, albeit differently
	d	6.3.11.4 An increase in corporate governance highlighted	0		1		0 No increase, countries equal
	e	6.3.11.5 An increase in CSR highlighted	1		0		1 Increase in both countries, albeit differently
12		6.3.12 The importance of risk management in financial institutions in Brazil and Germany has increased significantly since the beginning of the latest financial crisis					0,5
	a	6.3.12.1 Risk management introduced as an own section	0		1		0 No increase, countries similar
	b	6.3.12.2 An increased risk management word count	1		0		1 Increase, countries different
	c	6.3.12.3 An increased risk word count	1		0		1 Increase, countries different
	d	6.3.12.4 An increase in risk management highlighted	0		1		

H1
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Group Statistics					
In / for which country are / were you mainly working so far?		N	Mean	Std. Deviation	Std. Error Mean
Risk management quality in general	Brazil	92	2,0217	,90150	,09399
	Germany	83	2,2048	,93390	,10251
Risk management quality in my organization	Brazil	88	2,2614	1,02267	,10902
	Germany	85	2,2471	,85782	,09304
Risk management quality in the region(s) covered by me	Brazil	88	2,2500	,97379	,10381
	Germany	80	2,4125	,82207	,09181

Independent Samples Test										
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Risk management quality in general	Equal variances assumed	1,366	,244	-1,319	173	,189	-.18308	,13882	-.45708	,09092
	Equal variances not assumed			-1,316	169,731	,190	-.18308	,13908	-.45762	,09146
Risk management quality in my organization	Equal variances assumed	3,321	,070	,100	171	,921	,01430	,14376	-.26947	,29808
	Equal variances not assumed			,100	167,731	,921	,01430	,14332	-.26865	,29726
Risk management quality in the region(s) covered by me	Equal variances assumed	,826	,365	-1,163	166	,247	-.16250	,13977	-.43845	,11345
	Equal variances not assumed			-1,172	165,120	,243	-.16250	,13865	-.43625	,11125

*H3b

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Group Statistics					
In / for which country are / were you mainly working so far?		N	Mean	Std. Deviation	Std. Error Mean
Risk management regulation in general	Brazil	91	2,1429	,88909	,09320
	Germany	82	2,3049	,92548	,10220
Risk management regulation for my organization	Brazil	89	2,2247	,96239	,10201
	Germany	83	2,3012	,90709	,09957
Risk management regulation for the region(s) covered by me	Brazil	89	2,3483	,97818	,10369
	Germany	79	2,3165	,87037	,09782

Independent Samples Test										
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Risk management regulation in general	Equal variances assumed	2,454	,119	-1,174	171	,242	-.16202	,13803	-.43448	,11044
	Equal variances not assumed			-1,171	167,490	,243	-.16202	,13832	-.43509	,11105
Risk management regulation for my organization	Equal variances assumed	,269	,605	-.535	170	,593	-.07649	,14284	-.35846	,20549
	Equal variances not assumed			-.537	169,979	,592	-.07649	,14255	-.35788	,20491
Risk management regulation for the region(s) covered by me	Equal variances assumed	,653	,420	,222	166	,825	,03186	,14362	-.25169	,31541
	Equal variances not assumed			,223	165,998	,824	,03186	,14262	-.24972	,31344

*H3c

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Group Statistics					
In / for which country are / were you mainly working so far?		N	Mean	Std. Deviation	Std. Error Mean
Risk management importance in general	Brazil	92	1,9457	,88161	,09191
	Germany	83	2,0723	,97259	,10676
Risk management importance for my organization	Brazil	89	1,9326	,91450	,09694
	Germany	86	2,2326	,99024	,10678
Risk management importance for the region(s) covered by me	Brazil	88	1,9659	,92794	,09891
	Germany	80	2,3500	,94344	,09430
Risk management has become more important since the beginning of the latest financial crisis.	Brazil	90	1,5444	,65619	,06917
	Germany	90	1,9667	,89254	,09408
Risk management is more important in financial institutions than in other businesses.	Brazil	90	1,9444	,87873	,09263
	Germany	87	2,0690	,99759	,10695

Independent Samples Test											
		Levene's Test for Equality of Variances		t-Test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
Risk management importance in general	Equal variances assumed	,346	,557	-.904	173	,368	-.12664	,14016	-.40328	,15001	
	Equal variances not assumed			-.899	166,290	,370	-.12664	,14087	-.40477	,15149	
Risk management importance for my organization	Equal variances assumed	1,813	,180	-2,083	173	,039	-.29997	,14402	-.58424	-.01571	
	Equal variances not assumed			-2,080	170,789	,039	-.29997	,14422	-.58465	-.01529	
Risk management importance for the region(s) covered by me	Equal variances assumed	,121	,729	-2,798	166	,006	-.38409	,13728	-.65513	-.11305	
	Equal variances not assumed			-2,811	166,000	,006	-.38409	,13666	-.65390	-.11428	
Risk management has become more important since the beginning of the latest financial crisis.	Equal variances assumed	,530	,467	-3,616	178	,000	-.42222	,11677	-.65266	-.19179	
	Equal variances not assumed			-3,616	163,458	,000	-.42222	,11677	-.65280	-.19165	
Risk management is more important in financial institutions than in other businesses.	Equal variances assumed	1,115	,292	-.882	175	,379	-.12452	,14118	-.40316	,15412	
	Equal variances not assumed			-.880	170,632	,380	-.12452	,14149	-.40381	,15477	

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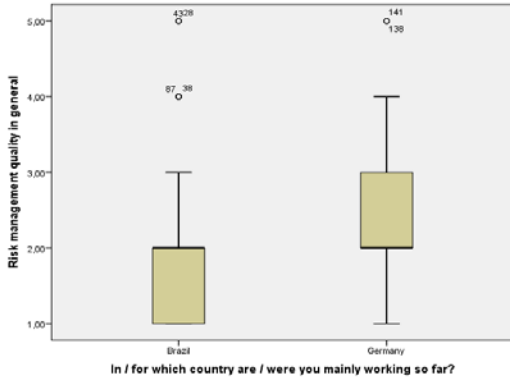
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In / for which country are / were you mainly working so far?

Case Processing Summary							
		Cases				Total	
		Valid	Missing	Percent	Percent	N	Percent
		N					
In / for which country are / were you mainly working so far?							
Risk management quality in general	Brazil	92	11	89,3%	10,7%	103	100,0%
	Germany	83	21	79,8%	20,2%	104	100,0%

Risk management quality in general



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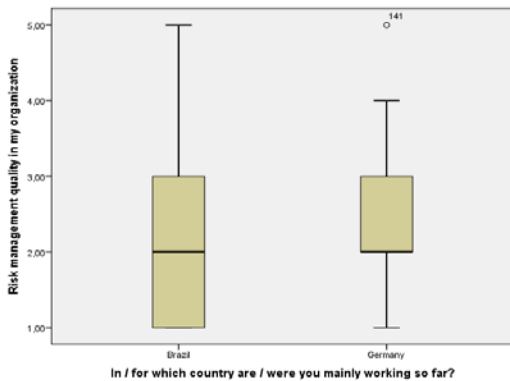
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In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
In / for which country are / were you mainly working so far?							
Risk management quality in my organization	Brazil	88	85.4%	15	14.6%	103	100.0%
	Germany	85	81.7%	19	18.3%	104	100.0%

Risk management quality in my organization



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Explore

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Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.

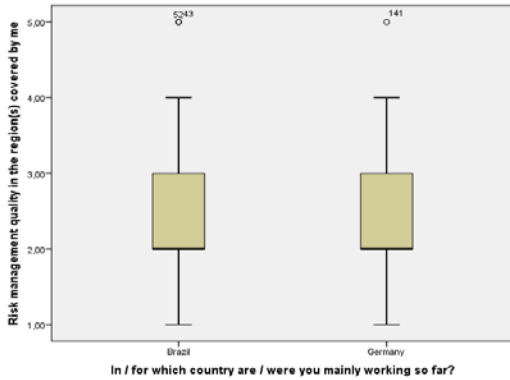
Syntax	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used. EXAMINE VARIABLES=q0007_0003 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time Elapsed Time	00:00:00,33 00:00:00,36

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Risk management quality in the region(s) covered by me	Brazil	88	85,4%	15	14,6%	103	100,0%
	Germany	80	76,9%	24	23,1%	104	100,0%

Risk management quality in the region(s) covered by me



```
EXAMINE VARIABLES=q0007_0004 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

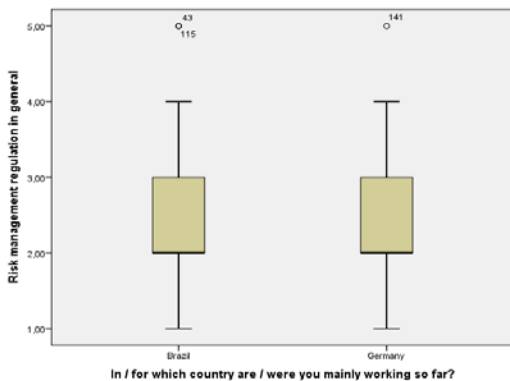
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	Filter:Country = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0007_0004 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time Elapsed Time	00:00:00,34 00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Risk management regulation in general	Brazil	91	88,3%	12	11,7%	103	100,0%
	Germany	82	78,8%	22	21,2%	104	100,0%

Risk management regulation in general



```
EXAMINE VARIABLES=q0007_0005 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

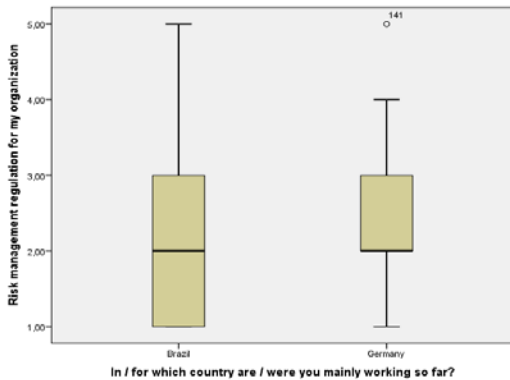
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	Filter=Country = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0007_0005 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00.33
	Elapsed Time	00:00:00.33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?	Case Processing Summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Risk management regulation for my organization	89	86.4%	14	13.6%	103	100.0%
Germany	83	79.8%	21	20.2%	104	100.0%

Risk management regulation for my organization



```
EXAMINE VARIABLES=q0007_0006 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

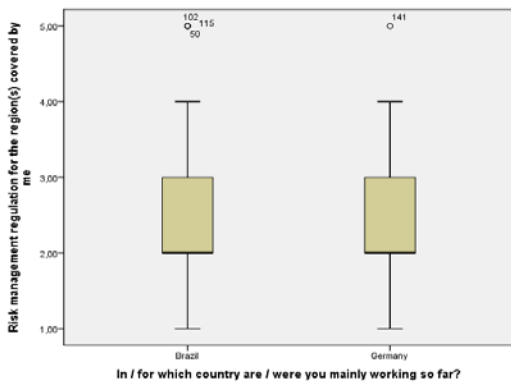
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	Filter=Country = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0007_0006 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00.33
	Elapsed Time	00:00:00.33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?	Case Processing Summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Risk management regulation for the region(s) covered by me	89	86.4%	14	13.6%	103	100.0%
Germany	79	76.0%	25	24.0%	104	100.0%

Risk management regulation for the region(s) covered by me



```
EXAMINE VARIABLES=q0007_0007 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	Filter:Country = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0007_0007 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00,33
	Elapsed Time	00:00:00,32

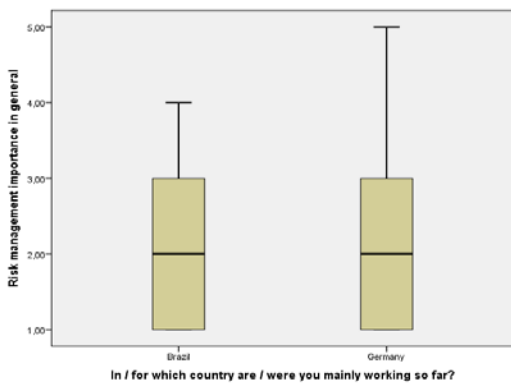
[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

Case Processing Summary

		Cases				Total	
		N	Valid	Percent	N	Missing	Percent
In / for which country are / were you mainly working so far?							
Risk management importance in general	Brazil	92	89.3%		11	10.7%	103
	Germany	83	79.8%		21	20.2%	104

Risk management importance in general



```
EXAMINE VARIABLES=q0007_0008 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	Filter:Country = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.

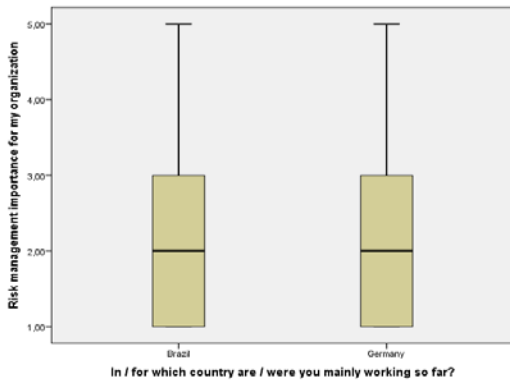
Syntax	EXAMINE VARIABLES=q007_0008 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time 00:00:00,36 Elapsed Time 00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Cases					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Risk management importance for my organization	Brazil	89	86,4%	14	13,6%	103	100,0%
	Germany	86	82,7%	18	17,3%	104	100,0%

Risk management importance for my organization



EXAMINE VARIABLES=q0007_0009 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.

Explore

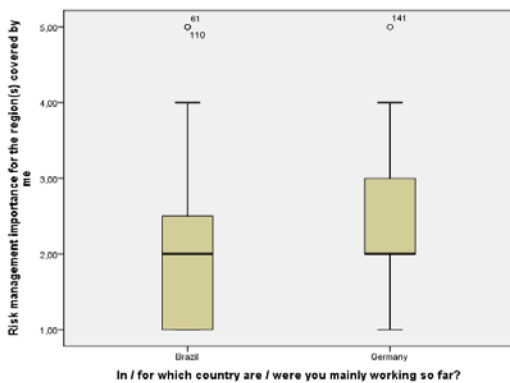
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0007_0009 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00,34
	Elapsed Time	00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Cases					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Risk management importance for the region(s) covered by me	Brazil	88	85,4%	15	14,6%	103	100,0%
	Germany	80	76,9%	24	23,1%	104	100,0%

Risk management importance for the region(s) covered by me



EXAMINE VARIABLES=q0019_0001 BY q0004

```

/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.

```

Explore

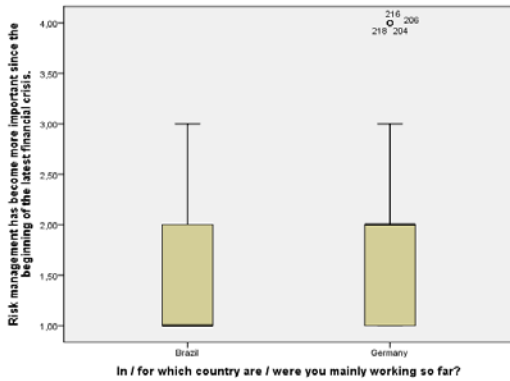
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0019_0001 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00,31
	Elapsed Time	00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

	Case Processing Summary						
	Valid		Missing		Total		
	N	Percent	N	Percent	N	Percent	
In / for which country are / were you mainly working so far?							
Risk management has become more important since the beginning of the latest financial crisis.	Brazil	90	87,4%	13	12,6%	103	100,0%
	Germany	90	86,5%	14	13,5%	104	100,0%

Risk management has become more important since the beginning of the latest financial crisis.



```

EXAMINE VARIABLES=q0019_0002 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.

```

Explore

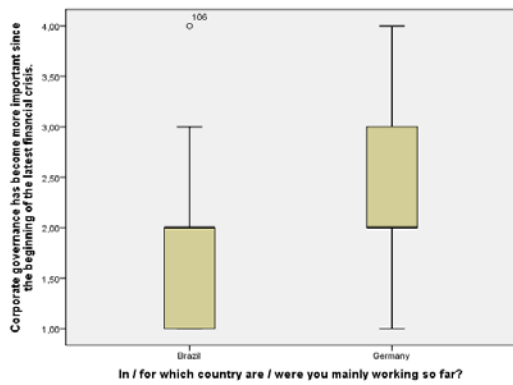
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0019_0002 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00,34
	Elapsed Time	00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

	Case Processing Summary						
	Valid		Missing		Total		
	N	Percent	N	Percent	N	Percent	
In / for which country are / were you mainly working so far?							
Corporate governance has become more important since the beginning of the latest financial crisis.	Brazil	89	86,4%	14	13,6%	103	100,0%
	Germany	84	80,8%	20	19,2%	104	100,0%

Corporate governance has become more important since the beginning of the latest financial crisis.



```
EXAMINE VARIABLES=q0019_0003 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

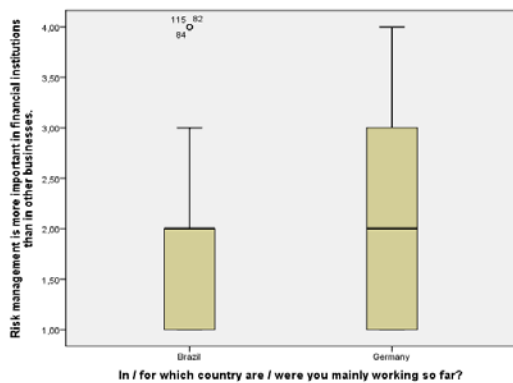
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values for dependent variables are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any dependent variable or factor used.
Syntax		EXAMINE VARIABLES=q0019_0003 BY q0004 /PLOT=BOXPLOT /STATISTICS=NONE /NOTOTAL.
Resources	Processor Time	00:00:00,38
	Elapsed Time	00:00:00,38

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
In / for which country are / were you mainly working so far?							
Risk management is more important in financial institutions than in other businesses.	Brazil	90	87,4%	13	12,6%	103	100,0%
	Germany	87	83,7%	17	16,3%	104	100,0%

Risk management is more important in financial institutions than in other businesses.



H2

FILTER OFF.
USE ALL.
EXECUTE.

```
T-TEST GROUPS=Datensatz(1 2)
/MISSING=ANALYSIS
/VARIABLES=q0008_0001 q0008_0002 q0008_0003
/CRITERIA=CI(.95).
```

T-Test

		Notes	
Comments			
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav	
	Active	ANALYSE	
	Filter	NIKOSTE	
	Weight	DatenSet1	
	Split File	<none>	
	N of Rows in Case	<none>	
	Missing Value Handling	<none>	235
	Definition of Missing Cases Used	User defined statistics for each analysis are based on the	
Syntax		T-TEST GROUPS=Datensatz(1 2)	
Resources	Processor	MISSING=	
	Elapsed	00:00:00,22	

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

Datensatz		N	Mean	Std. Deviation	Std. Error Mean
Corporate governance quality in general	DE	62	2,5484	,89950	,11424
	PT	99	2,0505	,96229	,09671
Corporate governance quality in my organization	DE	64	2,5156	,94268	,11783
	PT	99	2,1616	,94445	,09492
Corporate governance quality in the region(s) covered by me	DE	63	2,7302	,82709	,10420
	PT	98	2,2245	,90281	,09120

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Corporate governance quality in general	Equal variances assumed	,269	,605	3,275	159	,001	,49788	,15203	,19763	,79814
	Not assumed			3,326	136,221	,001	,49788	,14968	,20189	,79387
Corporate governance quality in my organization	Equal variances assumed	,003	,960	2,339	161	,021	,35401	,15137	,05508	,65294
	Not assumed			2,340	134,800	,021	,35401	,15131	,05476	,65326
Corporate governance quality in the region(s) covered by me	Equal variances assumed	1,307	,255	3,583	159	,000	,50567	,14115	,22690	,78443
	Not assumed			3,652	140,621	,000	,50567	,13848	,23191	,77943

*H4b

```
T-TEST GROUPS=Datensatz(1 2)
/MISSING=ANALYSIS
/VARIABLES=q0008_0004 q0008_0005 q0008_0006
/CRITERIA=CI(.95).
```

T-Test

		Notes	
Comments			
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav	
	Active	ANALYSE	
	Filter	NIKOSTE	
	Weight	DatenSet1	
	Split File	<none>	
	N of Rows in Case	<none>	
	Missing Value Handling	<none>	235
	Definition of Missing Cases Used	User defined statistics for each analysis are based on the	
Syntax		T-TEST GROUPS=Datensatz(1 2)	
Resources	Processor	MISSING=	
	Elapsed	00:00:00,19	

Group Statistics					
Datensatz		N	Mean	Std. Deviation	Std. Error Mean
Corporate governance regulation in general	DE	62	2,5968	,93141	,11829
	PT	99	2,1919	,97601	,09809
Corporate governance regulation for my organization	DE	65	2,5846	,93361	,11580
	PT	100	2,1400	1,08265	,10826
Corporate governance regulation for the region(s) covered by me	DE	63	2,6032	,87140	,10979
	PT	96	2,2292	,82691	,08440

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Corporate governance regulation in general	Equal variances assumed	,026	,872	2,606	159	,010	,40486	,15534	,09806	,71165
	Equal variances not assumed			2,635	134,231	,009	,40486	,15367	,10093	,70878
Corporate governance regulation for my organization	Equal variances assumed	1,065	,304	2,718	163	,007	,44462	,16358	,12160	,76763
	Equal variances not assumed			2,805	150,464	,006	,44462	,15853	,13139	,75784
Corporate governance regulation for the region(s) covered by me	Equal variances assumed	,528	,468	2,731	157	,007	,37401	,13697	,10347	,64455
	Equal variances not assumed			2,701	127,801	,008	,37401	,13848	,10000	,64801

*H4c

```
T-TEST GROUPS=Datensatz(1 2)
/MISSING=ANALYSIS
/VARIABLES=q0008_0007 q0008_0008 q0008_0009 q0019_0002 q0019_0004
/CRITERIA=CI(.95).
```

T-Test

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSE\KOSTEN\DataSet1
	Active Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Selection	235
Missing Value Handling	Definition of Missing Cases Used	User defined Statistics for each analysis are based on the T-TEST GROUPS=Datensatz(1 2)
Syntax		
Resources	Processor Elapsed	00:00:00,19 00:00:00,18

Group Statistics					
Datensatz		N	Mean	Std. Deviation	Std. Error Mean
Corporate governance importance in general	DE	64	2,4688	,95898	,11987
	PT	98	2,1531	,94544	,09550
Corporate governance importance for my organization	DE	66	2,4545	,94758	,11664
	PT	99	2,2020	,99979	,10048
Corporate governance importance for the region(s) covered by me	DE	63	2,6508	,82616	,10409
	PT	98	2,2245	,93644	,09459
Corporate governance has become more important since the beginning of the latest financial crisis.	DE	82	2,3049	,88456	,09768
	PT	104	1,7981	,70201	,06884
Corporate governance is more important in financial institutions than in other businesses.	DE	79	2,3797	,92409	,10397
	PT	103	2,2039	,84435	,08320

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Corporate governance importance in general	Equal variances assumed	,161	,689	2,066	160	,040	,31569	,15281	,01391	,61747
	Equal variances not assumed			2,060	133,442	,041	,31569	,15327	,01254	,61883
Corporate governance importance for my organization	Equal variances assumed	,108	,742	1,623	163	,107	,25253	,15562	-,05477	,55982
	Equal variances not assumed			1,640	144,495	,103	,25253	,15395	-,05176	,55682
Corporate governance importance for the region(s) covered by me	Equal variances assumed	,470	,494	2,949	159	,004	,42630	,14454	,14084	,71176

	Equal variances assumed			3,031	143,946	,003	,42630	,14065	,14830	,70431
Corporate governance has become more important since the beginning of the latest financial crisis.	Equal variances not assumed	5,012	,026	4,357	184	,000	,50680	,11632	,27732	,73629
	Equal variances assumed			4,241	151,955	,000	,50680	,11950	,27070	,74290
Corporate governance is more important in financial institutions than in other businesses.	Equal variances not assumed	1,726	,191	1,337	180	,183	,17586	,13158	-,08377	-,43550
	Equal variances assumed			1,321	159,776	,188	,17586	,13316	-,08711	-,43884

```
EXAMINE VARIABLES=q0008_0001 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

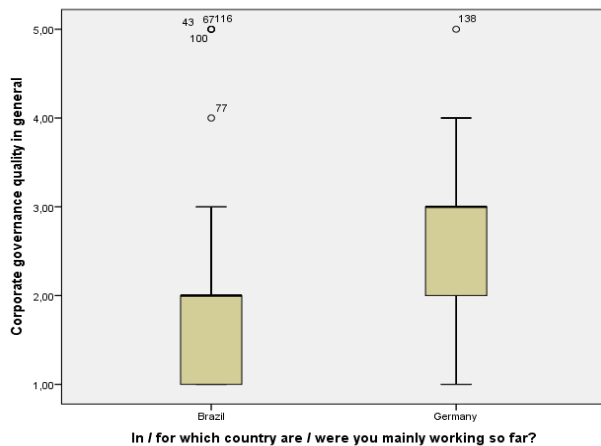
Notes	
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE
	Active Filter DatenSet1 Filter Count 1
	Weight <none>
	Split File <none>
	N of Rows in Dataset 207
Missing Value Handling	Definition of Missing Values User-defined missing values for Statistics are based on cases with no missing values
Syntax	EXAMINE VARIABLE S=q0008_0001 BY q0004
Resources	Processor 00:00:00,36 Elapsed 00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
Corporate governance quality in general	Brazil	87	84,5%	16	15,5%	103	100,0%
	Germany	65	62,5%	39	37,5%	104	100,0%

Corporate governance quality in general



```
EXAMINE VARIABLES=q0008_0002 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

Notes	
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE
	Active Filter DatenSet1 Filter Count 1
	Weight <none>
	Split File <none>
	N of Rows in Dataset 207

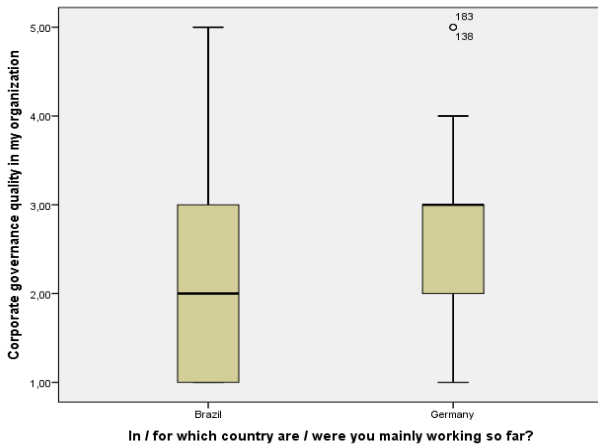
Missing Value Handling	Definition of Missing	User-defined missing
Syntax	Cases Used	includes for Statistics are based on cases with no EXAMINE VARIABLE S=q0008_0002 BY q0004
Resources	Processor Elapsed	00:00:00,33 00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Corporate governance quality in my organization	Brazil	86	83,5%	17	16,5%	103	100,0%
	Germany	67	64,4%	37	35,6%	104	100,0%

Corporate governance quality in my organization



```
EXAMINE VARIABLES=q0008_0003 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

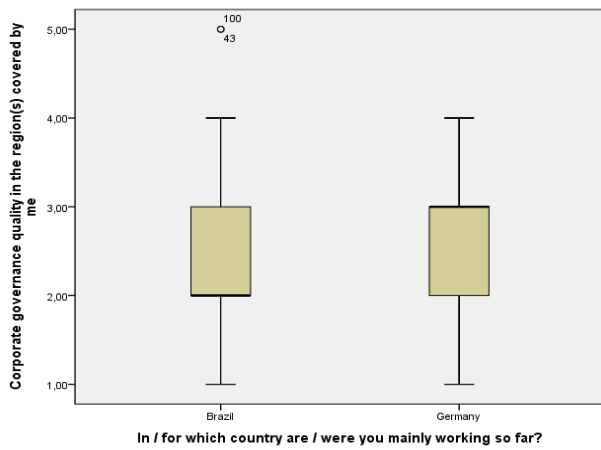
Notes		
Comments	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
Input	Active Filter	DatenSet1 Filtercount = 4
	Weight	<none>
	Split File	<none>
	N of Rows in Dataset	207
Missing Value Handling	Definition of Missing	User-defined missing
Syntax	Cases Used	includes for Statistics are based on cases with no EXAMINE VARIABLE S=q0008_0003 BY q0004
Resources	Processor Elapsed	00:00:00,34 00:00:00,34

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Corporate governance quality in the region(s) covered by me	Brazil	85	82,5%	18	17,5%	103	100,0%
	Germany	66	63,5%	38	36,5%	104	100,0%

Corporate governance quality in the region(s) covered by me



```
EXAMINE VARIABLES=q0008_0004 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

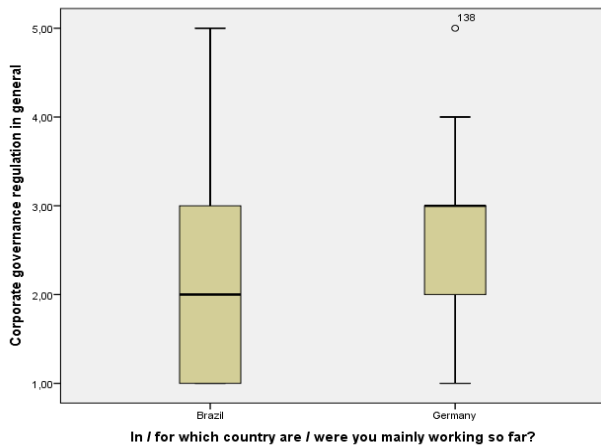
Notes		
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSE\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active Filter	
	Weight	<none>
	Split File	<none>
	N of Rows in Dataset	207
Missing Value Handling	Definition of Missing	User-defined missing values for Statistics are based on cases with no missing values.
Syntax	Cases Used	EXAMINE VARIABLE S=q0008_0004 BY q0004
Resources	Processor	00:00:00,33
	Elapsed	00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Corporate governance regulation in general	Brazil	86	83,5%	17	16,5%	103	100,0%
	Germany	65	62,5%	39	37,5%	104	100,0%

Corporate governance regulation in general



```
EXAMINE VARIABLES=q0008_0005 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSE\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active	DatenSet1
	Filter	FilterCount
	Weight	1
	Split File	<none>
	N of Rows in	207
Missing Value Handling	Definition of Missing	User-defined missing values for Statistics are based on cases with no EXAMINE VARIABLE S=q0008_0006 BY q0004
Syntax	Cases Used	
Resources	Processor	00:00:00,33
	Elapsed	00:00:00,32

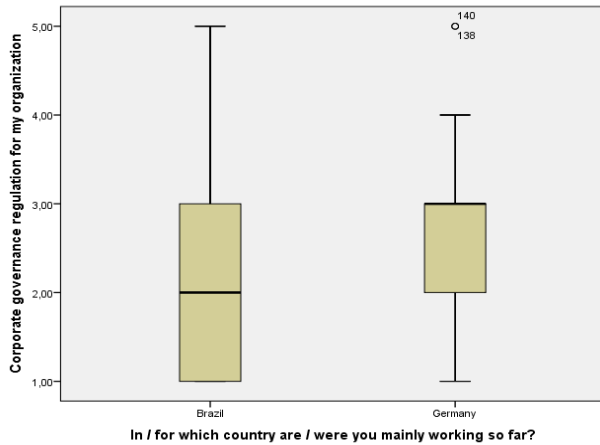
[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

Case Processing Summary

In / for which country are / were you mainly working so far?		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
Corporate governance regulation for my organization	Brazil	87	84,5%	16	15,5%	103	100,0%
	Germany	68	65,4%	36	34,6%	104	100,0%

Corporate governance regulation for my organization



```
EXAMINE VARIABLES=q0008_0006 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

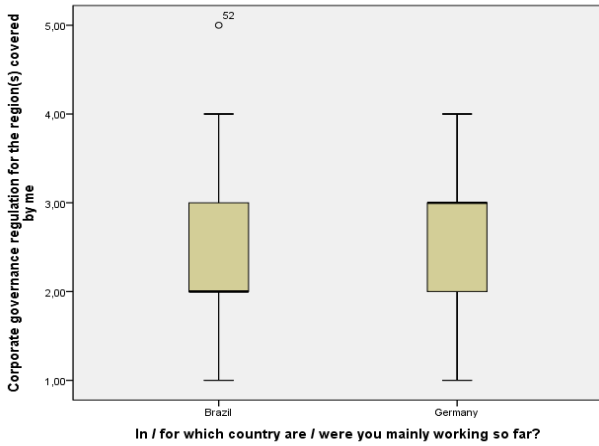
		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSE\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
	Active	DatenSet1
	Filter	FilterCount
	Weight	1
	Split File	<none>
	N of Rows in	207
Missing Value Handling	Definition of Missing	User-defined missing values for Statistics are based on cases with no EXAMINE VARIABLE S=q0008_0006 BY q0004
Syntax	Cases Used	
Resources	Processor	00:00:00,33
	Elapsed	00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?		Case Processing Summary					
		Cases					
		Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent	
Corporate governance regulation for the region(s) covered by me	Brazil	83	80,6%	20	19,4%	103	100,0%
	Germany	66	63,5%	38	36,5%	104	100,0%

Corporate governance regulation for the region(s) covered by me



```
EXAMINE VARIABLES=q0008_0007 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

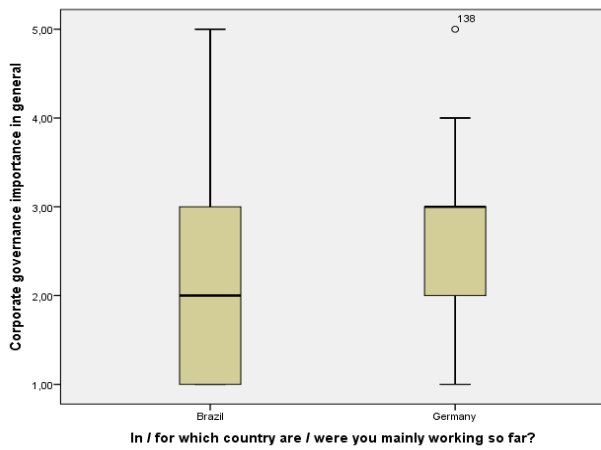
Notes	
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE
	Active DatenSet1
	Filter Filter-count
	Weight <none>
	Split File <none>
	N of Rows in 207
Missing Value Handling	Definition of Missing User-defined missing
	Cases Used Exclude the Statistics are based on cases
Syntax	EXAMINE VARIABLE S=q0008_0007 BY q0004
Resources	Processor 00:00:00,33
	Elapsed 00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?		Case Processing Summary					
		Cases					
		Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent	
Corporate governance importance in general	Brazil	85	82,5%	18	17,5%	103	100,0%
	Germany	67	64,4%	37	35,6%	104	100,0%

Corporate governance importance in general



```
EXAMINE VARIABLES=q0008_0008 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

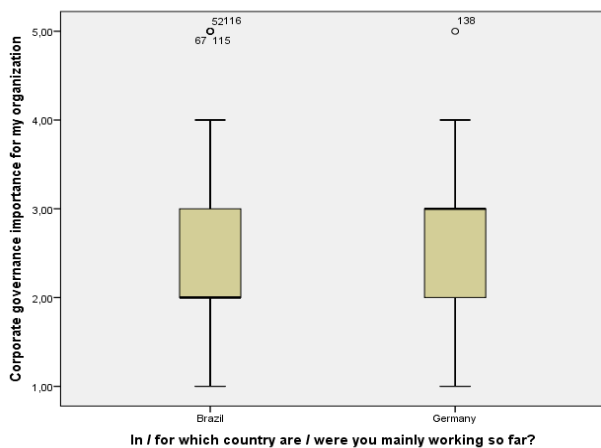
Notes		
Comments	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSE\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav
Input	Active Filter	DatenSet1
	Weight	<none>
	Split File	<none>
	N of Rows in Dataset	207
Missing Value Handling	Definition of Missing	User-defined missing values for Statistics are based on cases with no missing values for EXAMINE VARIABLE S=q0008_0008 BY q0004
Syntax	Cases Used	207
Resources	Processor Elapsed	00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

		Case Processing Summary					
		Valid		Missing		Total	
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Corporate governance importance for my organization	Brazil	86	83,5%	17	16,5%	103	100,0%
	Germany	69	66,3%	35	33,7%	104	100,0%

Corporate governance importance for my organization



```
EXAMINE VARIABLES=q0008_0009 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

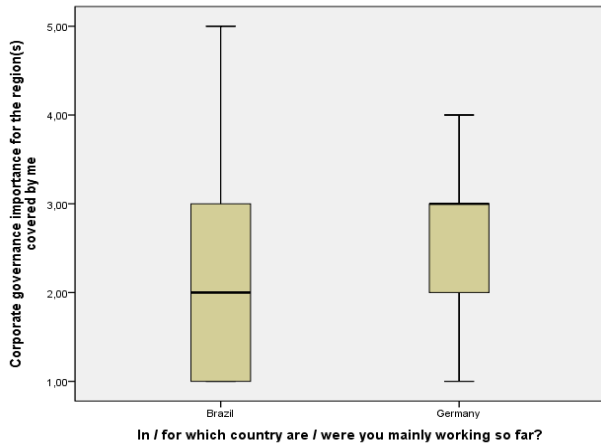
Notes	
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE
	Active DatenSet1
	Filter FilterCount
	Weight
	Split File
	N of Rows in 207
Missing Value Handling	User-defined missing
	Cases Used
Syntax	EXAMINE VARIABLE S=q0008_0009 BY q0004
Resources	Processor 00:00:00,33
	Elapsed 00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

Case Processing Summary							
		Cases				Total	
		Valid		Missing			
In / for which country are / were you mainly working so far?		N	Percent	N	Percent	N	Percent
Corporate governance importance for the region(s) covered by me	Brazil	85	82,5%	18	17,5%	103	100,0%
	Germany	66	63,5%	38	36,5%	104	100,0%

Corporate governance importance for the region(s) covered by me



```
EXAMINE VARIABLES=q0019_0002 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

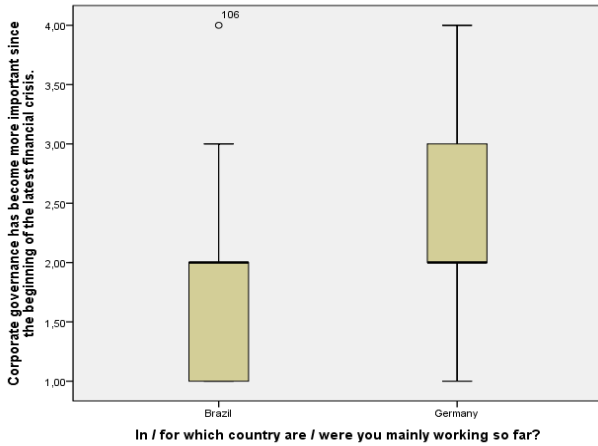
Notes	
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE
	Active DatenSet1
	Filter FilterCount
	Weight
	Split File
	N of Rows in 207
Missing Value Handling	User-defined missing
	Cases Used
Syntax	EXAMINE VARIABLE S=q0019_0002 BY q0004
Resources	Processor 00:00:00,37
	Elapsed 00:00:00,37

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?		Case Processing Summary					
		Cases					
		Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent	
Corporate governance has become more important since the beginning of the latest financial crisis.	Brazil	89	86,4%	14	13,6%	103	100,0%
	Germany	84	80,8%	20	19,2%	104	100,0%

Corporate governance has become more important since the beginning of the latest financial crisis.



```
EXAMINE VARIABLES=q0019_0004 BY q0004
/PLOT=BOXPLOT
/STATISTICS=NONE
/NOTOTAL.
```

Explore

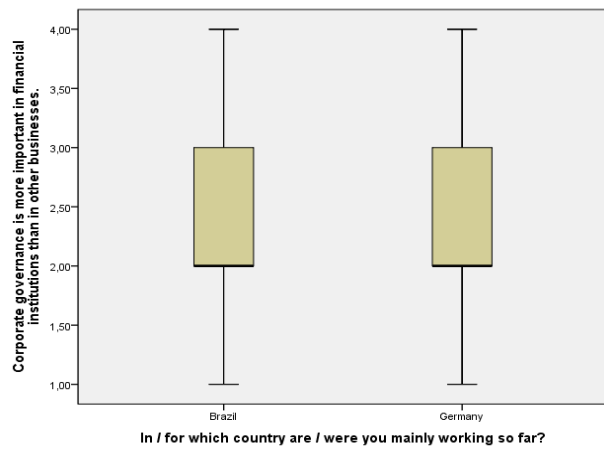
Notes	
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSE\NIKOSTE
	Active Filter DatenSet1 Filter-Count 1-4
	Weight <none>
	Split File <none>
	N of Rows in Definition of Missing 207
Missing Value Handling	User-defined missing
	Cases for Statistics are based on cases with no EXAMINE VARIABLE S=q0019_0004 BY q0004
Syntax	
Resources	Processor 00:00:00,34 Elapsed 00:00:00,34

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte und ohne no opinion Fr 7 Fr 8.sav

In / for which country are / were you mainly working so far?

In / for which country are / were you mainly working so far?		Case Processing Summary					
		Cases					
		Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent	
Corporate governance is more important in financial institutions than in other businesses.	Brazil	88	85,4%	15	14,6%	103	100,0%
	Germany	81	77,9%	23	22,1%	104	100,0%

Corporate governance is more important in financial institutions than in other businesses.



```

H3
USE ALL.
COMPUTE filter_$=(FilterCountry = 1).
VARIABLE LABELS filter_$ 'FilterCountry = 1 (FILTER)'.
VALUE LABELS filter_$ 0 'Not Selected' 1 'Selected'.
FORMATS filter_$ (f1.0).
FILTER BY filter_$.
EXECUTE.

```

```

CROSSTABS
/TABLES=q0009 BY q0004
/FORMAT=AVALUE TABLES
/STATISTICS=CHISQ CC PHI
/CELLS=COUNT ROW COLUMN TOTAL
/COUNT ROUND CELL
/BARCHART.

```

Crosstabs

Notes		19-MAY-2014 21:56:36
Output Created		
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=q0009 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART.
Resources	Processor Time	00:00:00,37
	Elapsed Time	00:00:00,37
	Dimensions Requested	2
	Cells Available	174734

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable? * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable? * In / for which country are / were you mainly working so far? Crosstabulation

Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable?		Count	In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
			YES	18	
	% within Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable?	81,8%	18,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	17,5%	3,8%	10,6%	
	% of Total	8,7%	1,9%	10,6%	
NO	Count	51	42	93	
	% within Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable?	54,8%	45,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	49,5%	40,4%	44,9%	
	% of Total	24,6%	20,3%	44,9%	
DON'T KNOW	Count	34	58	92	
	% within Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable?	37,0%	63,0%	100,0%	
	% within In / for which country are / were you mainly working so far?	33,0%	55,8%	44,4%	
	% of Total	16,4%	28,0%	44,4%	
Total	Count	103	104	207	

% within Do you think CORPORATE GOVERNANCE in Brazil and Germany is comparable?	49,8%	50,2%	100,0%
% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
% of Total	49,8%	50,2%	100,0%

Chi-Square Tests

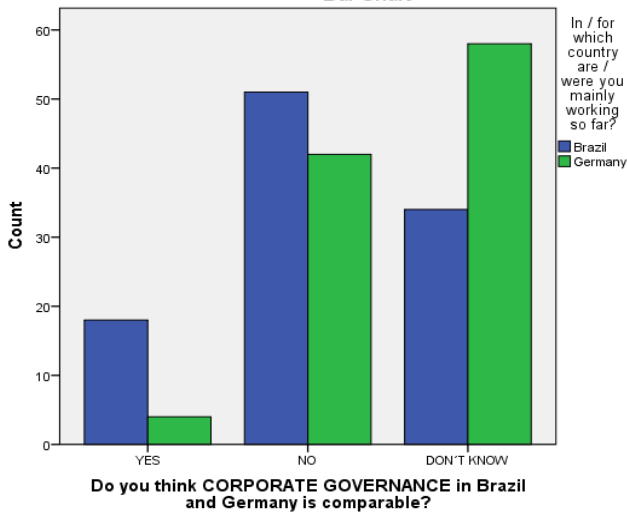
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16,036 ^a	2	,000
Likelihood Ratio	16,838	2	,000
Linear-by-Linear Association	15,627	1	,000
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10,95.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,278
	Cramer's V	,278
	Contingency Coefficient	,268
N of Valid Cases	207	

Bar Chart



CROSSTABS

```

/TABLES=q0013_0001 q0013_0002 q0013_0003 q0013_0004 q0013_0005 q0013_0006 BY q0004
/FORMAT=AVALUE TABLES
/STATISTICS=CHISQ CC PHI
/CELLS=COUNT ROW COLUMN TOTAL
/COUNT ROUND CELL
/BARCHART.

```

Crosstabs

Notes

Output Created	19-MAY-2014 21:56:37
Comments	
Input	Data C:\Users\magda\Desktop\Statistik SPSS ANALYSENKOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset DatenSet1
	Filter FilterCountry = 1 (FILTER)
	Weight <none>
	Split File <none>
	N of Rows in Working Data File 207
Missing Value Handling	Definition of Missing User-defined missing values are treated as missing.
	Cases Used Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.

Syntax	CROSSTABS /TABLES=q0013_0001 q0013_0002 q0013_0003 q0013_0004 q0013_0005 q0013_0006 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART.		
Resources	Processor Time		00:00:00,98
	Elapsed Time		00:00:00,95
	Dimensions Requested		2
	Cells Available		174734

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav

Case Processing Summary							
	Cases						
	Valid		Missing		Total		Percent
	N	Percent	N	Percent	N	Percent	
Institutional background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%	
Regulatory background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%	
Business environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%	
Political environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%	
Economic environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%	
Social environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%	

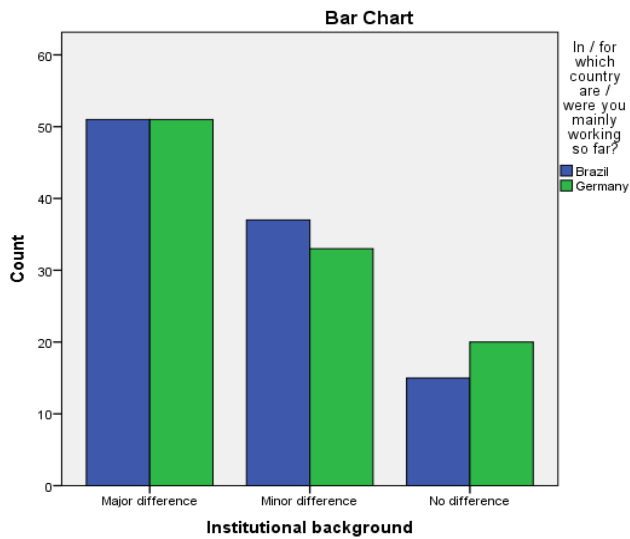
Institutional background * In / for which country are / were you mainly working so far?

Crosstab				In / for which country are / were you mainly working so far?		Total
			Brazil	Germany		
Institutional background	Major difference	Count	51	51	102	
		% within Institutional background	50,0%	50,0%	100,0%	
		% within In / for which country are / were you mainly working so far?	49,5%	49,0%	49,3%	
		% of Total	24,6%	24,6%	49,3%	
	Minor difference	Count	37	33	70	
		% within Institutional background	52,9%	47,1%	100,0%	
		% within In / for which country are / were you mainly working so far?	35,9%	31,7%	33,8%	
		% of Total	17,9%	15,9%	33,8%	
	No difference	Count	15	20	35	
		% within Institutional background	42,9%	57,1%	100,0%	
		% within In / for which country are / were you mainly working so far?	14,6%	19,2%	16,9%	
		% of Total	7,2%	9,7%	16,9%	
Total	Count	103	104	207		
	% within Institutional background	49,8%	50,2%	100,0%		
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%		
	% of Total	49,8%	50,2%	100,0%		

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,938 ^a	2	,626
Likelihood Ratio	,941	2	,625
Linear-by-Linear Association	,245	1	,621
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17,42.

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	,067	,626
	Cramer's V	,067	,626
	Contingency Coefficient	,067	,626
N of Valid Cases		207	



Regulatory background * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Regulatory background	Major difference	Count	43	52	95	
		% within Regulatory background	45,3%	54,7%	100,0%	
		% within In / for which country are / were you mainly working so far?	41,7%	50,0%	45,9%	
	Minor difference	% of Total	20,8%	25,1%	45,9%	
		Count	44	30	74	
		% within Regulatory background	59,5%	40,5%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	42,7%	28,8%	35,7%	
		% of Total	21,3%	14,5%	35,7%	
		Count	16	22	38	
Total	% within Regulatory background	42,1%	57,9%	100,0%		
	% within In / for which country are / were you mainly working so far?	15,5%	21,2%	18,4%		
	% of Total	7,7%	10,6%	18,4%		
	Count	103	104	207		
	% within Regulatory background	49,8%	50,2%	100,0%		
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

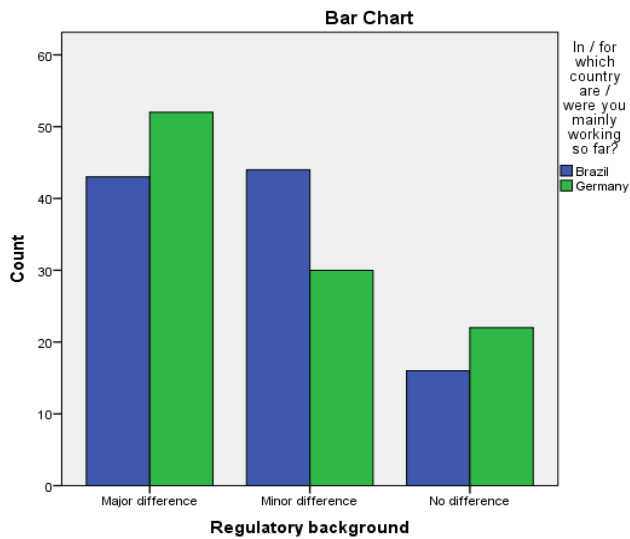
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,444 ^a	2	,108
Likelihood Ratio	4,465	2	,107
Linear-by-Linear Association	,063	1	,802
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18,91.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,147
	Cramer's V	,147
	Contingency Coefficient	,145
N of Valid Cases	207	



Business environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Business environment	Major difference	Count	49	46	95	
		% within Business environment	51,6%	48,4%	100,0%	
		% within In / for which country are / were you mainly working so far?	47,6%	44,2%	45,9%	
	Minor difference	% of Total	23,7%	22,2%	45,9%	
		Count	38	35	73	
		% within Business environment	52,1%	47,9%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	36,9%	33,7%	35,3%	
		% of Total	18,4%	16,9%	35,3%	
		Count	16	23	39	
Total	% within Business environment	41,0%	59,0%	100,0%		
	% within In / for which country are / were you mainly working so far?	15,5%	22,1%	18,8%		
	% of Total	7,7%	11,1%	18,8%		
	Count	103	104	207		
			% within Business environment	49,8%	50,2%	100,0%
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

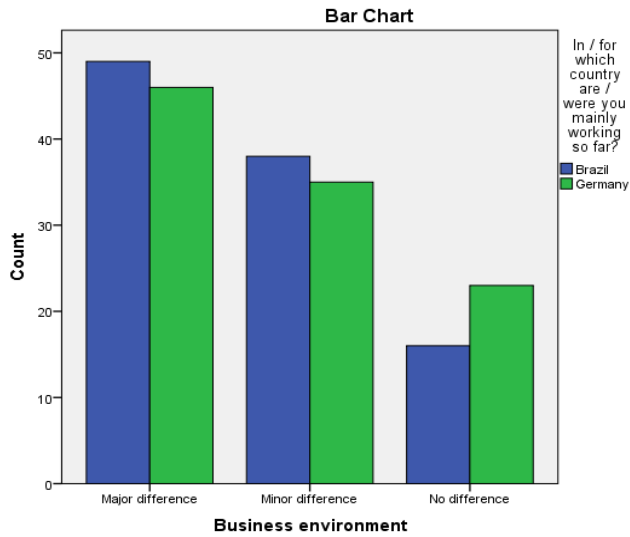
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,470 ^a	2	,480
Likelihood Ratio	1,476	2	,478
Linear-by-Linear Association	,883	1	,347
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 19,41.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,084
	Cramer's V	,084
	Contingency Coefficient	,084
N of Valid Cases	207	



Political environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Political environment	Major difference	Count	60	61	121
		% within Political environment	49,6%	50,4%	100,0%
		% within In / for which country are / were you mainly working so far?	58,3%	58,7%	58,5%
	Minor difference	% of Total	29,0%	29,5%	58,5%
		Count	25	20	45
		% within Political environment	55,6%	44,4%	100,0%
	No difference	% within In / for which country are / were you mainly working so far?	24,3%	19,2%	21,7%
		% of Total	12,1%	9,7%	21,7%
		Count	18	23	41
Total	% within Political environment	43,9%	56,1%	100,0%	
	% within In / for which country are / were you mainly working so far?	17,5%	22,1%	19,8%	
	% of Total	8,7%	11,1%	19,8%	
	Count	103	104	207	
	% within Political environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

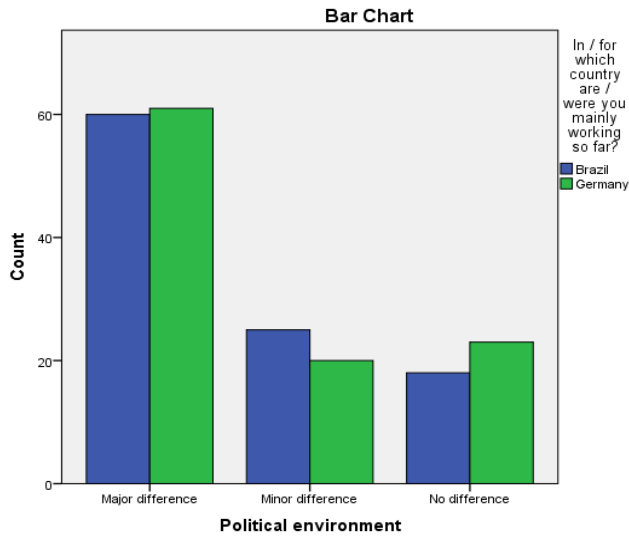
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,169 ^a	2	,557
Likelihood Ratio	1,171	2	,557
Linear-by-Linear Association	,146	1	,702
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20,40.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,075
	Cramer's V	,075
	Contingency Coefficient	,075
N of Valid Cases	207	



Economic environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Economic environment	Major difference	Count	59	59	118	
		% within Economic environment	50,0%	50,0%	100,0%	
		% within In / for which country are / were you mainly working so far?	57,3%	56,7%	57,0%	
	Minor difference	% of Total	28,5%	28,5%	57,0%	
		Count	27	24	51	
		% within Economic environment	52,9%	47,1%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	26,2%	23,1%	24,6%	
		% of Total	13,0%	11,6%	24,6%	
		Count	17	21	38	
Total	% within Economic environment	44,7%	55,3%	100,0%		
	% within In / for which country are / were you mainly working so far?	16,5%	20,2%	18,4%		
	% of Total	8,2%	10,1%	18,4%		
Total			Count	103	104	207
			% within Economic environment	49,8%	50,2%	100,0%
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

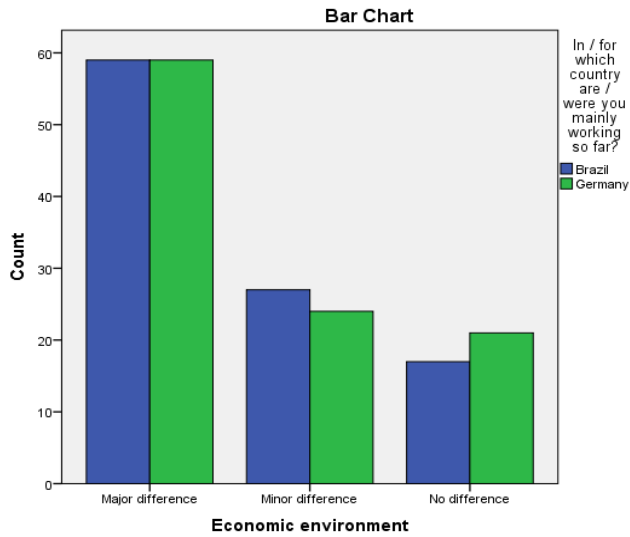
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,593 ^a	2	,744
Likelihood Ratio	,594	2	,743
Linear-by-Linear Association	,153	1	,696
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18,91.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,054	,744
	Cramer's V	,054	,744
	Contingency Coefficient	,053	,744
N of Valid Cases		207	



Social environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Social environment	Major difference	Count	60	59	119	
		% within Social environment	50,4%	49,6%	100,0%	
		% within In / for which country are / were you mainly working so far?	58,3%	56,7%	57,5%	
	Minor difference	% of Total	29,0%	28,5%	57,5%	
		Count	28	23	51	
		% within Social environment	54,9%	45,1%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	27,2%	22,1%	24,6%	
		% of Total	13,5%	11,1%	24,6%	
		Count	15	22	37	
Total	% within Social environment	40,5%	59,5%	100,0%		
	% within In / for which country are / were you mainly working so far?	14,6%	21,2%	17,9%		
	% of Total	7,2%	10,6%	17,9%		
	Count	103	104	207		
	% within Social environment	49,8%	50,2%	100,0%		
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

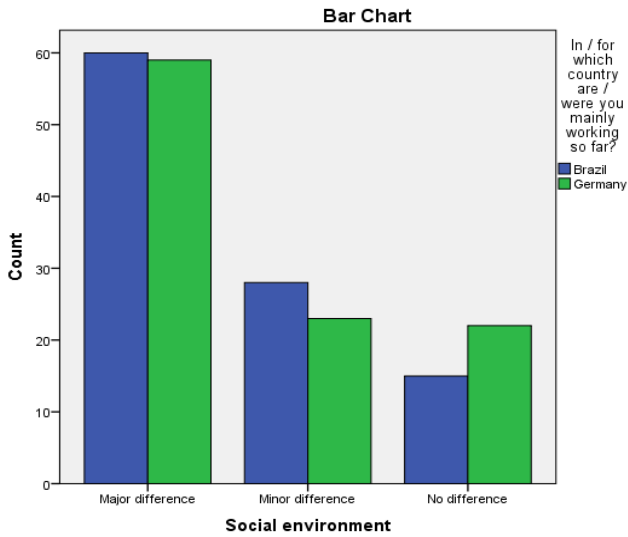
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,818 ^a	2	,403
Likelihood Ratio	1,827	2	,401
Linear-by-Linear Association	,568	1	,451
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18,41.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,094	,403
	Cramer's V	,094	,403
	Contingency Coefficient	,093	,403
N of Valid Cases		207	



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Crosstabs

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Comments		
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	Case Processing Summary					
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Institutional background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Regulatory background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Business environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Political environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Economic environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Social environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
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Institutional background * In / for which country are / were you mainly working so far?

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Institutional background	Major similarity	Count	33	9	42
		% within Institutional background	78,6%	21,4%	100,0%
		% within In / for which country are / were you mainly working so far?	32,0%	8,7%	20,3%
		% of Total	15,9%	4,3%	20,3%
	Minor similarity	Count	41	48	89
		% within Institutional background	46,1%	53,9%	100,0%
		% within In / for which country are / were you mainly working so far?	39,8%	46,2%	43,0%
		% of Total	19,8%	23,2%	43,0%
	No similarity	Count	29	47	76
		% within Institutional background	38,2%	61,8%	100,0%
		% within In / for which country are / were you mainly working so far?	28,2%	45,2%	36,7%
		% of Total	14,0%	22,7%	36,7%
Total	Count	103	104	207	
	% within Institutional background	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

Chi-Square Tests

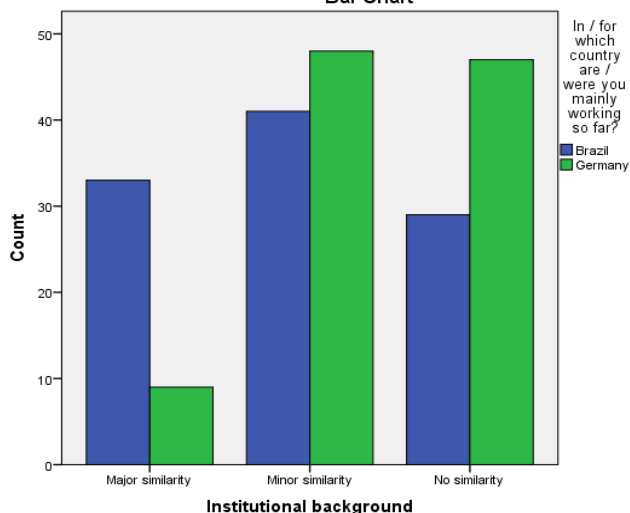
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18,524 ^a	2	,000
Likelihood Ratio	19,430	2	,000
Linear-by-Linear Association	15,494	1	,000
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20,90.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,299	,000
	Cramer's V	,299	,000
	Contingency Coefficient	,287	,000
N of Valid Cases		207	

Bar Chart



Regulatory background * In / for which country are / were you mainly working so far?

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Regulatory background	Major similarity	Count	25	12	37
		% within Regulatory background	67,6%	32,4%	100,0%
		% within In / for which country are / were you mainly working so far?	24,3%	11,5%	17,9%
	Minor similarity	Count	46	45	91
		% within Regulatory background	50,5%	49,5%	100,0%
		% of Total	12,1%	5,8%	17,9%

		% within In / for which country are / were you mainly working so far?	44,7%	43,3%	44,0%
		% of Total	22,2%	21,7%	44,0%
	No similarity	Count	32	47	79
		% within Regulatory background	40,5%	59,5%	100,0%
		% within In / for which country are / were you mainly working so far?	31,1%	45,2%	38,2%
		% of Total	15,5%	22,7%	38,2%
Total		Count	103	104	207
		% within Regulatory background	49,8%	50,2%	100,0%
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
		% of Total	49,8%	50,2%	100,0%

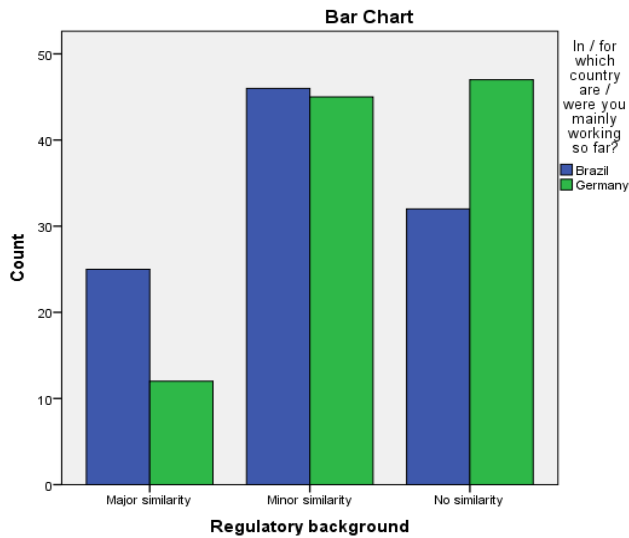
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7,422 ^a	2	,024
Likelihood Ratio	7,538	2	,023
Linear-by-Linear Association	7,155	1	,007
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18,41.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,189	,024
	Cramer's V	,189	,024
	Contingency Coefficient	,186	,024
N of Valid Cases		207	



Business environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Business environment	Major similarity	Count	33	13	46
		% within Business environment	71,7%	28,3%	100,0%
		% within In / for which country are / were you mainly working so far?	32,0%	12,5%	22,2%
		% of Total	15,9%	6,3%	22,2%
	Minor similarity	Count	45	50	95
		% within Business environment	47,4%	52,6%	100,0%
		% within In / for which country are / were you mainly working so far?	43,7%	48,1%	45,9%
		% of Total	21,7%	24,2%	45,9%
	No similarity	Count	25	41	66
		% within Business environment	37,9%	62,1%	100,0%
		% within In / for which country are / were you mainly working so far?	24,3%	39,4%	31,9%
		% of Total	12,1%	19,8%	31,9%
Total	Count	103	104	207	
	% within Business environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

Chi-Square Tests

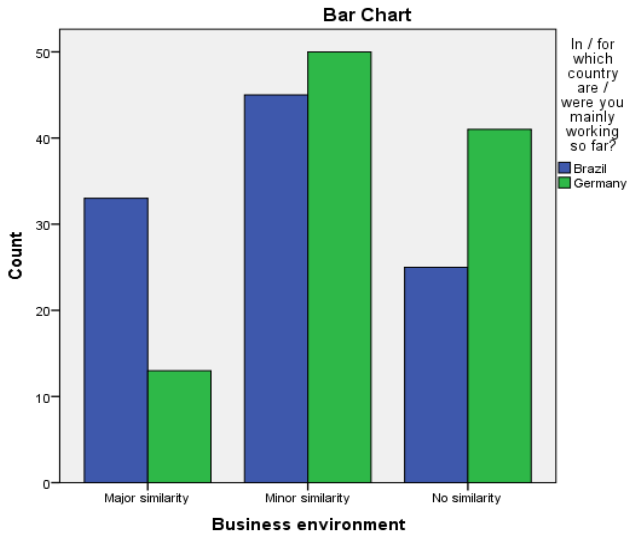
	Value	df	Asymp. Sig. (2-sided)

Pearson Chi-Square	12,833 ^a	2	,002
Likelihood Ratio	13,169	2	,001
Linear-by-Linear Association	11,655	1	,001
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 22,89.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,249	,002
	Cramer's V	,249	,002
	Contingency Coefficient	,242	,002
N of Valid Cases		207	



Political environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Political environment	Major similarity	Count	27	13	40
		% within Political environment	67,5%	32,5%	100,0%
		% within In / for which country are / were you mainly working so far?	26,2%	12,5%	19,3%
	Minor similarity	% of Total	13,0%	6,3%	19,3%
		Count	32	42	74
		% within Political environment	43,2%	56,8%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	31,1%	40,4%	35,7%
		% of Total	15,5%	20,3%	35,7%
		Count	44	49	93
Total	% within Political environment	47,3%	52,7%	100,0%	
	% within In / for which country are / were you mainly working so far?	42,7%	47,1%	44,9%	
	% of Total	21,3%	23,7%	44,9%	
Total		Count	103	104	207
		% within Political environment	49,8%	50,2%	100,0%
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
		% of Total	49,8%	50,2%	100,0%

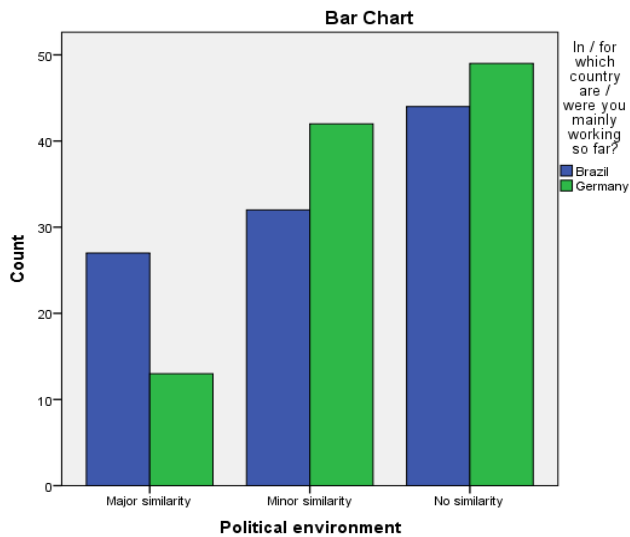
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6,515 ^a	2	,038
Likelihood Ratio	6,625	2	,036
Linear-by-Linear Association	2,928	1	,087
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 19,90.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,177	,038
	Cramer's V	,177	,038
	Contingency Coefficient	,175	,038
N of Valid Cases		207	



Economic environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Economic environment	Major similarity	Count	26	10	36
		% within Economic environment	72,2%	27,8%	100,0%
		% within In / for which country are / were you mainly working so far?	25,2%	9,6%	17,4%
	Minor similarity	% of Total	12,6%	4,8%	17,4%
		Count	33	45	78
		% within Economic environment	42,3%	57,7%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	32,0%	43,3%	37,7%
		% of Total	15,9%	21,7%	37,7%
		Count	44	49	93
Total	% within Economic environment	47,3%	52,7%	100,0%	
	% within In / for which country are / were you mainly working so far?	42,7%	47,1%	44,9%	
	% of Total	21,3%	23,7%	44,9%	
Total	Count	103	104	207	
	% within Economic environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

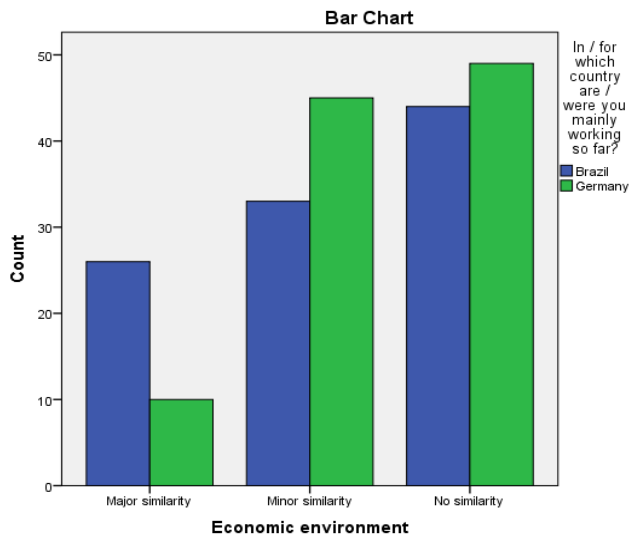
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9,221 ^a	2	,010
Likelihood Ratio	9,484	2	,009
Linear-by-Linear Association	3,773	1	,052
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17,91.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,211	,010
	Cramer's V	,211	,010
	Contingency Coefficient	,207	,010
N of Valid Cases		207	



Social environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Social environment	Major similarity	Count	25	12	37
		% within Social environment	67,6%	32,4%	100,0%
		% within In / for which country are / were you mainly working so far?	24,3%	11,5%	17,9%
	Minor similarity	% of Total	12,1%	5,8%	17,9%
		Count	35	40	75
		% within Social environment	46,7%	53,3%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	34,0%	38,5%	36,2%
		% of Total	16,9%	19,3%	36,2%
		Count	43	52	95
Total	% within Social environment	45,3%	54,7%	100,0%	
	% within In / for which country are / were you mainly working so far?	41,7%	50,0%	45,9%	
	% of Total	20,8%	25,1%	45,9%	
	Count	103	104	207	
	% within Social environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

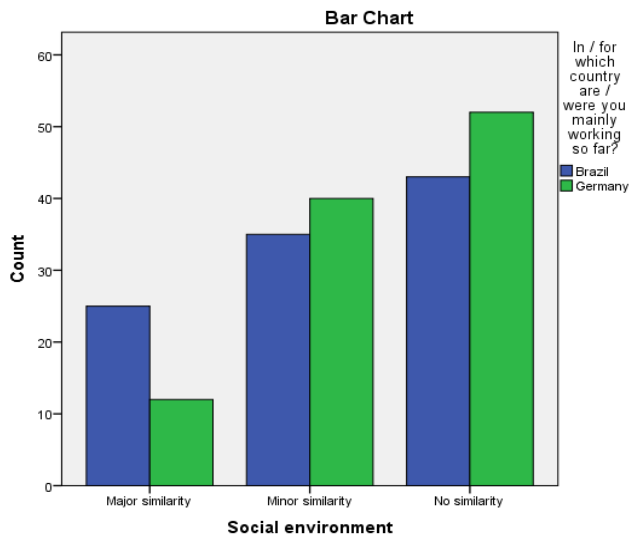
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,749 ^a	2	,056
Likelihood Ratio	5,849	2	,054
Linear-by-Linear Association	4,056	1	,044
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18,41.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,167	,056
	Cramer's V	,167	,056
	Contingency Coefficient	,164	,056
N of Valid Cases		207	



```

H4
USE ALL.
COMPUTE filter_$=(FilterCountry = 1).
VARIABLE LABELS filter_$ 'FilterCountry = 1 (FILTER)'.
VALUE LABELS filter_$ 0 'Not Selected' 1 'Selected'.
FORMATS filter_$ (f1.0).
FILTER BY filter_$.
EXECUTE.

```

```

CROSSTABS
/TABLES=q0010 BY q0004
/FORMAT=AVALUE TABLES
/STATISTICS=CHISQ CC PHI
/CELLS=COUNT ROW COLUMN TOTAL
/COUNT ROUND CELL
/BARCHART.

```

Crosstabs

Notes		19-MAY-2014 21:57:06
Output Created		
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=q0010 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART.
Resources	Processor Time	00:00:00,31
	Elapsed Time	00:00:00,32
	Dimensions Requested	2
	Cells Available	174734

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Do you think RISK MANAGEMENT in Brazil and Germany is comparable? * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Do you think RISK MANAGEMENT in Brazil and Germany is comparable? * In / for which country are / were you mainly working so far? Crosstabulation

Do you think RISK MANAGEMENT in Brazil and Germany is comparable?		Count	In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
			YES	20	
	% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	71,4%	28,6%	100,0%	
	% within In / for which country are / were you mainly working so far?	19,4%	7,7%	13,5%	
	% of Total	9,7%	3,9%	13,5%	
	NO	60	52	112	
	% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	53,6%	46,4%	100,0%	
	% within In / for which country are / were you mainly working so far?	58,3%	50,0%	54,1%	
	% of Total	29,0%	25,1%	54,1%	
	DON'T KNOW	23	44	67	
	% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	34,3%	65,7%	100,0%	
	% within In / for which country are / were you mainly working so far?	22,3%	42,3%	32,4%	
	% of Total	11,1%	21,3%	32,4%	
Total	Count	103	104	207	
	% within Do you think RISK MANAGEMENT in Brazil and Germany is comparable?	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	

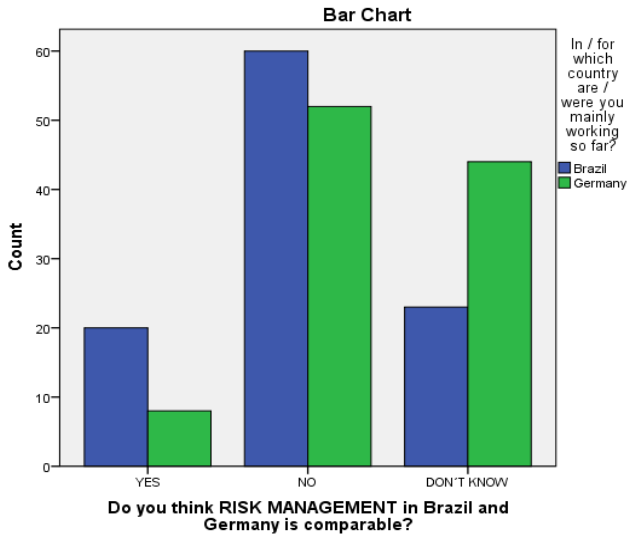
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12,292 ^a	2	,002
Likelihood Ratio	12,575	2	,002
Linear-by-Linear Association	12,224	1	,000
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13,93.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,244
	Cramer's V	,244
	Contingency Coefficient	,237
N of Valid Cases	207	



```

CROSSTABS
  /TABLES=q0011_0001 q0011_0002 q0011_0003 q0011_0004 q0011_0005 q0011_0006 BY q0004
  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ CC PHI
  /CELLS=COUNT ROW COLUMN TOTAL
  /COUNT ROUND CELL
  /BARCHART.
  
```

Crosstabs

Notes

Output Created		19-MAY-2014 21:57:06
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		<pre> CROSSTABS /TABLES=q0011_0001 q0011_0002 q0011_0003 q0011_0004 q0011_0005 q0011_0006 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART. </pre>
Resources	Processor Time	00:00:00,95
	Elapsed Time	00:00:00,97
	Dimensions Requested	2
	Cells Available	174734

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Institutional background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Regulatory background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Business environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Political environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Economic environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Social environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Institutional background * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Institutional background	Major difference	Count	56	51	107
		% within Institutional background	52,3%	47,7%	100,0%
		% within In / for which country are / were you mainly working so far?	54,4%	49,0%	51,7%
	Minor difference	% of Total	27,1%	24,6%	51,7%
		Count	34	37	71
		% within Institutional background	47,9%	52,1%	100,0%
	No difference	% within In / for which country are / were you mainly working so far?	33,0%	35,6%	34,3%
		% of Total	16,4%	17,9%	34,3%
		Count	13	16	29
	Total	% within Institutional background	44,8%	55,2%	100,0%
		% within In / for which country are / were you mainly working so far?	12,6%	15,4%	14,0%
		% of Total	6,3%	7,7%	14,0%
Total	Count	103	104	207	
	% within Institutional background	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
		% of Total	49,8%	50,2%	100,0%

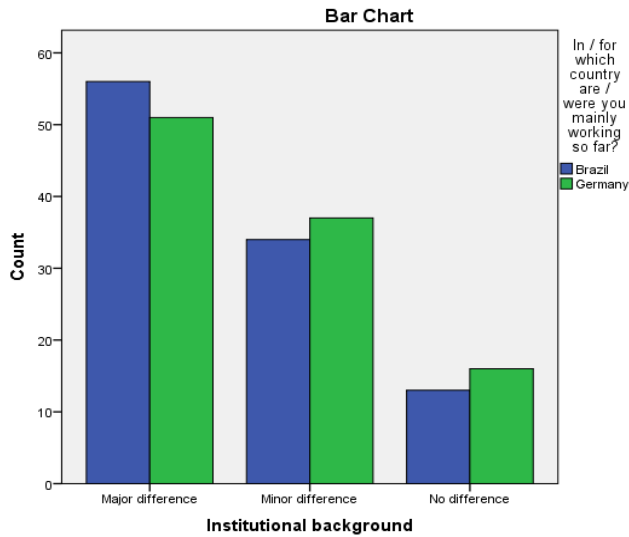
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,666 ^a	2	,717
Likelihood Ratio	,667	2	,717
Linear-by-Linear Association	,655	1	,418
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14,43.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,057	,717
	Cramer's V	,057	,717
	Contingency Coefficient	,057	,717
N of Valid Cases		207	



Regulatory background * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Regulatory background	Major difference	Count	49	60	109	
		% within Regulatory background	45,0%	55,0%	100,0%	
		% within In / for which country are / were you mainly working so far?	47,6%	57,7%	52,7%	
	Minor difference	% of Total	23,7%	29,0%	52,7%	
		Count	38	28	66	
		% within Regulatory background	57,6%	42,4%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	36,9%	26,9%	31,9%	
		% of Total	18,4%	13,5%	31,9%	
		Count	16	16	32	
Total	% within Regulatory background	50,0%	50,0%	100,0%		
	% within In / for which country are / were you mainly working so far?	15,5%	15,4%	15,5%		
	% of Total	7,7%	7,7%	15,5%		
	Count	103	104	207		
	% within Regulatory background	49,8%	50,2%	100,0%		
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

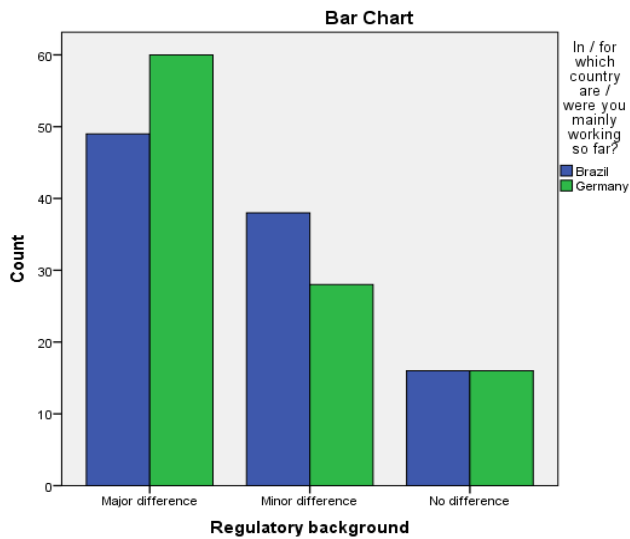
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2,620 ^a	2	,270
Likelihood Ratio	2,628	2	,269
Linear-by-Linear Association	1,000	1	,317
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15,92.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,113
	Cramer's V	,113
	Contingency Coefficient	,112
N of Valid Cases	207	



Business environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Business environment	Major difference	Count	54	54	108	
		% within Business environment	50,0%	50,0%	100,0%	
		% within In / for which country are / were you mainly working so far?	52,4%	51,9%	52,2%	
	Minor difference	% of Total	26,1%	26,1%	52,2%	
		Count	33	35	68	
		% within Business environment	48,5%	51,5%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	32,0%	33,7%	32,9%	
		% of Total	15,9%	16,9%	32,9%	
		Count	16	15	31	
Total	% within Business environment	51,6%	48,4%	100,0%		
	% within In / for which country are / were you mainly working so far?	15,5%	14,4%	15,0%		
	% of Total	7,7%	7,2%	15,0%		
	Count	103	104	207		
			% within Business environment	49,8%	50,2%	100,0%
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

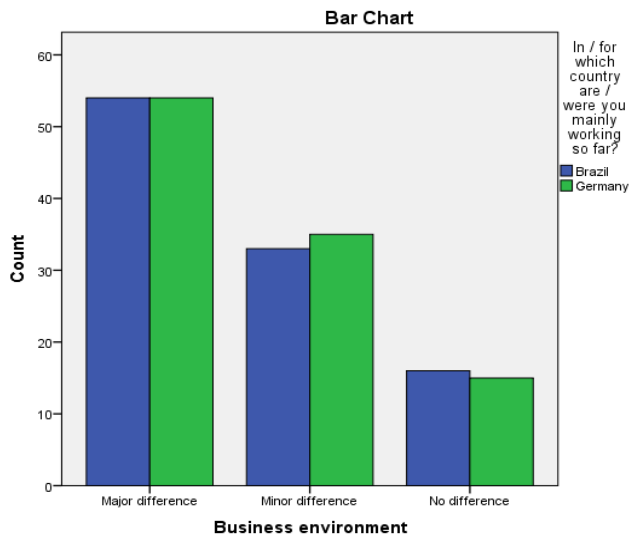
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,086 ^a	2	,958
Likelihood Ratio	,086	2	,958
Linear-by-Linear Association	,004	1	,952
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.43.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,020
	Cramer's V	,020
	Contingency Coefficient	,020
N of Valid Cases	207	



Political environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Political environment	Major difference	Count	61	69	130	
		% within Political environment	46,9%	53,1%	100,0%	
		% within In / for which country are / were you mainly working so far?	59,2%	66,3%	62,8%	
	Minor difference	% of Total	29,5%	33,3%	62,8%	
		Count	27	16	43	
		% within Political environment	62,8%	37,2%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	26,2%	15,4%	20,8%	
		% of Total	13,0%	7,7%	20,8%	
		Count	15	19	34	
Total	% within Political environment	44,1%	55,9%	100,0%		
	% within In / for which country are / were you mainly working so far?	14,6%	18,3%	16,4%		
	% of Total	7,2%	9,2%	16,4%		
	Count	103	104	207		
	% within Political environment	49,8%	50,2%	100,0%		
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

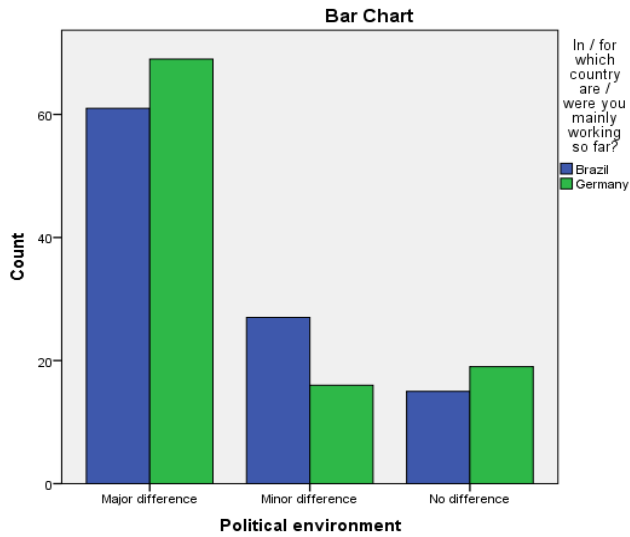
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3,772 ^a	2	,152
Likelihood Ratio	3,805	2	,149
Linear-by-Linear Association	,104	1	,747
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 16,92.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,135	,152
	Cramer's V	,135	,152
	Contingency Coefficient	,134	,152
N of Valid Cases		207	



Economic environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Economic environment	Major difference	Count	56	68	124	
		% within Economic environment	45,2%	54,8%	100,0%	
		% within In / for which country are / were you mainly working so far?	54,4%	65,4%	59,9%	
	Minor difference	% of Total	27,1%	32,9%	59,9%	
		Count	36	19	55	
		% within Economic environment	65,5%	34,5%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	35,0%	18,3%	26,6%	
		% of Total	17,4%	9,2%	26,6%	
		Count	11	17	28	
Total	% within Economic environment	39,3%	60,7%	100,0%		
	% within In / for which country are / were you mainly working so far?	10,7%	16,3%	13,5%		
	% of Total	5,3%	8,2%	13,5%		
	Count	103	104	207		
			% within Economic environment	49,8%	50,2%	100,0%
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

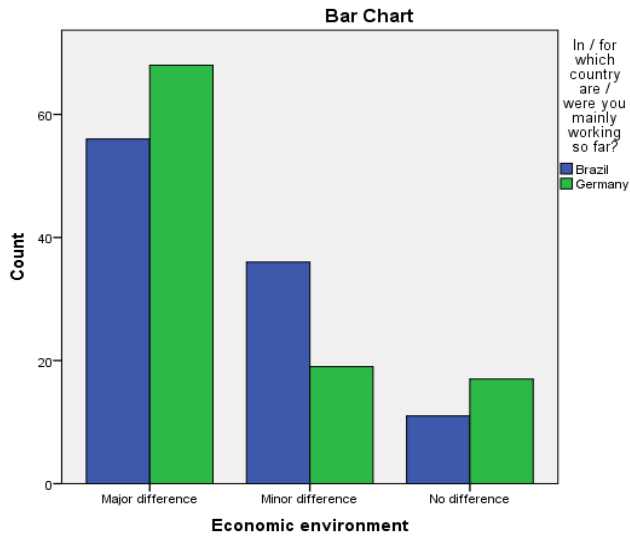
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7,697 ^a	2	,021
Likelihood Ratio	7,796	2	,020
Linear-by-Linear Association	,284	1	,594
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13,93.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,193
	Cramer's V	,193
	Contingency Coefficient	,189
N of Valid Cases	207	



Social environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Social environment	Major difference	Count	62	65	127	
		% within Social environment	48,8%	51,2%	100,0%	
		% within In / for which country are / were you mainly working so far?	60,2%	62,5%	61,4%	
	Minor difference	% of Total	30,0%	31,4%	61,4%	
		Count	30	21	51	
		% within Social environment	58,8%	41,2%	100,0%	
	No difference	% within In / for which country are / were you mainly working so far?	29,1%	20,2%	24,6%	
		% of Total	14,5%	10,1%	24,6%	
		Count	11	18	29	
Total	% within Social environment	37,9%	62,1%	100,0%		
	% within In / for which country are / were you mainly working so far?	10,7%	17,3%	14,0%		
	% of Total	5,3%	8,7%	14,0%		
	Count	103	104	207		
			% within Social environment	49,8%	50,2%	100,0%
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

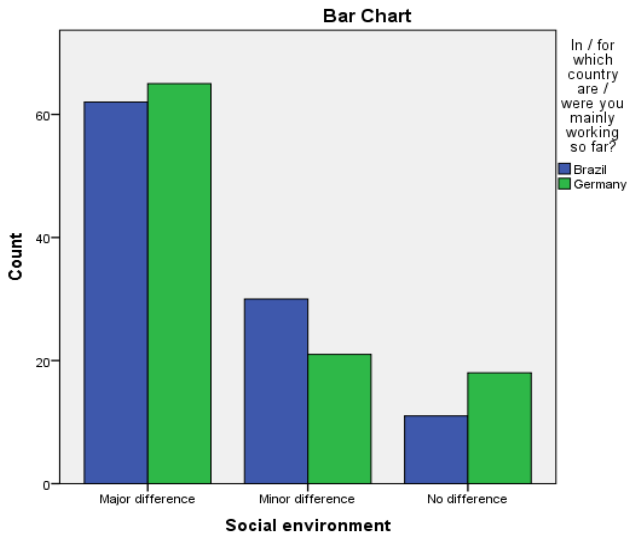
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3,344 ^a	2	,188
Likelihood Ratio	3,369	2	,186
Linear-by-Linear Association	,182	1	,670
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14,43.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,127
	Cramer's V	,127
	Contingency Coefficient	,126
N of Valid Cases	207	



```

CROSSTABS
  /TABLES=q0012_0001 q0012_0002 q0012_0003 q0012_0004 q0012_0005 q0012_0006 BY q0004
  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ CC PHI
  /CELLS=COUNT ROW COLUMN TOTAL
  /COUNT ROUND CELL
  /BARCHART.
  
```

Crosstabs

Notes		19-MAY-2014 21:57:07
Output Created		
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=q0012_0001 q0012_0002 q0012_0003 q0012_0004 q0012_0005 q0012_0006 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART.
Resources	Processor Time	00:00:00,95
	Elapsed Time	00:00:00,99
	Dimensions Requested	2
	Cells Available	174734

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav

	Case Processing Summary					
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Institutional background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Regulatory background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Business environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Political environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Economic environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Social environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
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Institutional background * In / for which country are / were you mainly working so far?

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Institutional background	Major similarity	Count	38	10	48
		% within Institutional background	79,2%	20,8%	100,0%
		% within In / for which country are / were you mainly working so far?	36,9%	9,6%	23,2%
		% of Total	18,4%	4,8%	23,2%
	Minor similarity	Count	36	52	88
		% within Institutional background	40,9%	59,1%	100,0%
		% within In / for which country are / were you mainly working so far?	35,0%	50,0%	42,5%
		% of Total	17,4%	25,1%	42,5%
	No similarity	Count	29	42	71
		% within Institutional background	40,8%	59,2%	100,0%
		% within In / for which country are / were you mainly working so far?	28,2%	40,4%	34,3%
		% of Total	14,0%	20,3%	34,3%
Total	Count	103	104	207	
	% within Institutional background	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

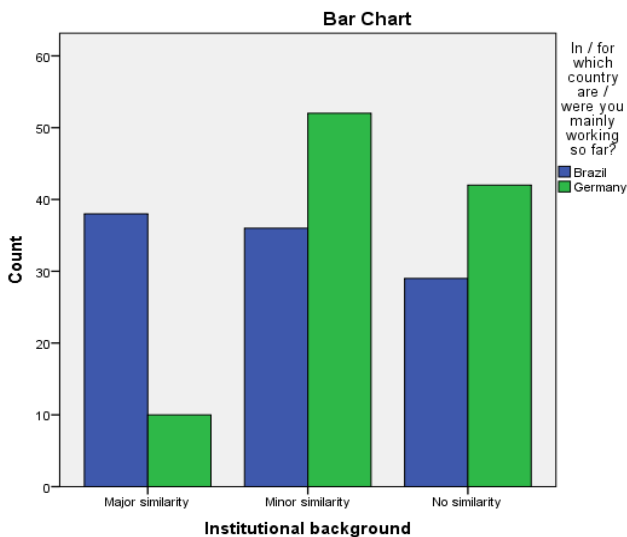
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21,618 ^a	2	,000
Likelihood Ratio	22,729	2	,000
Linear-by-Linear Association	14,289	1	,000
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 23,88.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,323	,000
	Cramer's V	,323	,000
	Contingency Coefficient	,308	,000
N of Valid Cases		207	



Regulatory background * In / for which country are / were you mainly working so far?

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Regulatory background	Major similarity	Count	25	11	36
		% within Regulatory background	69,4%	30,6%	100,0%
		% within In / for which country are / were you mainly working so far?	24,3%	10,6%	17,4%
	% of Total	12,1%	5,3%	17,4%	
	Minor similarity	Count	50	48	98
		% within Regulatory background	51,0%	49,0%	100,0%

		% within In / for which country are / were you mainly working so far?	48,5%	46,2%	47,3%
	No similarity	% of Total	24,2%	23,2%	47,3%
		Count	28	45	73
		% within Regulatory background	38,4%	61,6%	100,0%
		% within In / for which country are / were you mainly working so far?	27,2%	43,3%	35,3%
		% of Total	13,5%	21,7%	35,3%
Total		Count	103	104	207
		% within Regulatory background	49,8%	50,2%	100,0%
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
		% of Total	49,8%	50,2%	100,0%

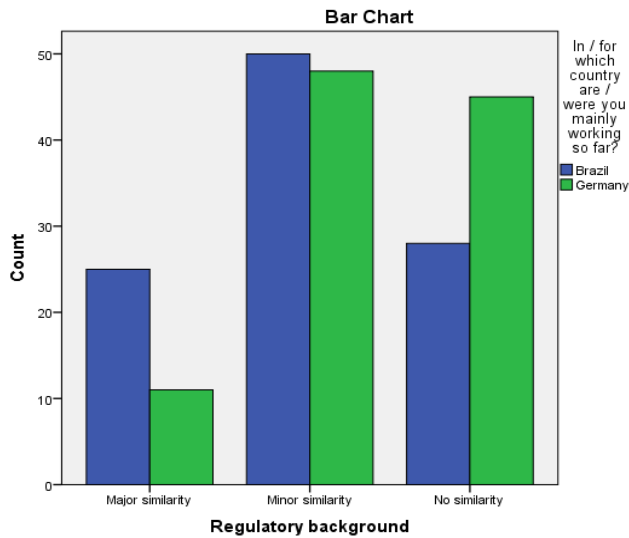
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9,440 ^a	2	,009
Likelihood Ratio	9,622	2	,008
Linear-by-Linear Association	9,233	1	,002
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17,91.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,214	,009
	Cramer's V	,214	,009
	Contingency Coefficient	,209	,009
N of Valid Cases		207	



Business environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Business environment	Major similarity	Count	31	13	44
		% within Business environment	70,5%	29,5%	100,0%
		% within In / for which country are / were you mainly working so far?	30,1%	12,5%	21,3%
	Minor similarity	% of Total	15,0%	6,3%	21,3%
		Count	44	49	93
		% within Business environment	47,3%	52,7%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	42,7%	47,1%	44,9%
		% of Total	21,3%	23,7%	44,9%
		Count	28	42	70
	Total	% within Business environment	40,0%	60,0%	100,0%
		% within In / for which country are / were you mainly working so far?	27,2%	40,4%	33,8%
		% of Total	13,5%	20,3%	33,8%
Count		103	104	207	
% within Business environment		49,8%	50,2%	100,0%	
% within In / for which country are / were you mainly working so far?		100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

Chi-Square Tests

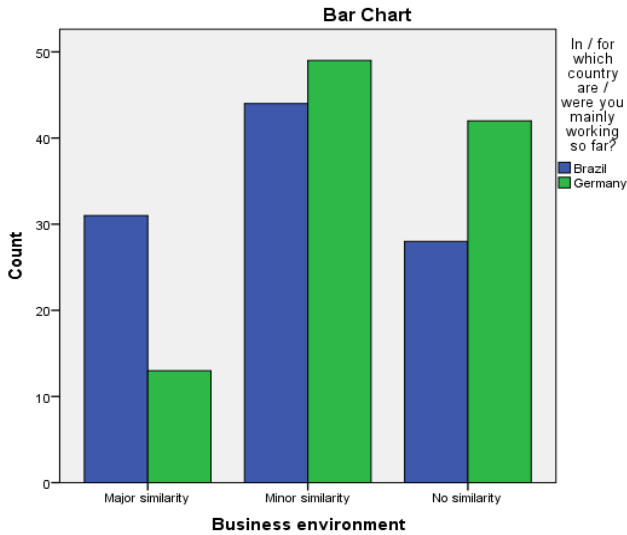
	Value	df	Asymp. Sig. (2-sided)

Pearson Chi-Square	10,428 ^a	2	,005
Likelihood Ratio	10,667	2	,005
Linear-by-Linear Association	9,131	1	,003
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 21,89.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,224	,005
	Cramer's V	,224	,005
	Contingency Coefficient	,219	,005
N of Valid Cases		207	



Political environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Political environment	Major similarity	Count	29	13	42
		% within Political environment	69,0%	31,0%	100,0%
		% within In / for which country are / were you mainly working so far?	28,2%	12,5%	20,3%
	Minor similarity	% of Total	14,0%	6,3%	20,3%
		Count	39	38	77
		% within Political environment	50,6%	49,4%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	37,9%	36,5%	37,2%
		% of Total	18,8%	18,4%	37,2%
		Count	35	53	88
Total	% within Political environment	39,8%	60,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	34,0%	51,0%	42,5%	
	% of Total	16,9%	25,6%	42,5%	
Total		Count	103	104	207
		% within Political environment	49,8%	50,2%	100,0%
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
		% of Total	49,8%	50,2%	100,0%

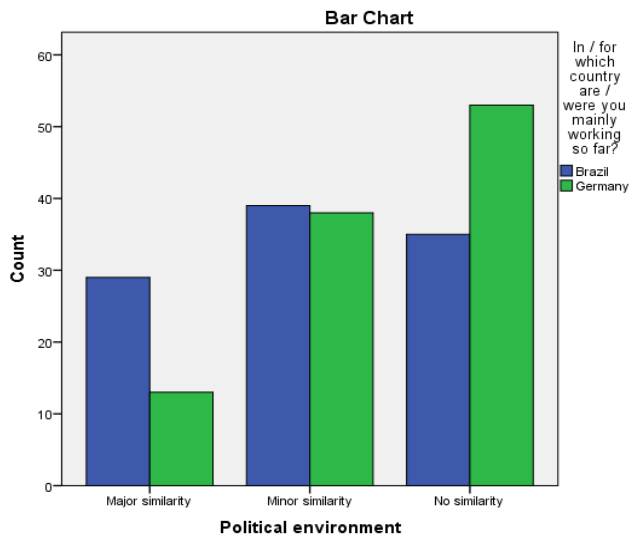
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9,785 ^a	2	,008
Likelihood Ratio	9,968	2	,007
Linear-by-Linear Association	9,480	1	,002
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20,90.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,217	,008
	Cramer's V	,217	,008
	Contingency Coefficient	,212	,008
N of Valid Cases		207	



Economic environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Economic environment	Major similarity	Count	34	14	48
		% within Economic environment	70,8%	29,2%	100,0%
		% within In / for which country are / were you mainly working so far?	33,0%	13,5%	23,2%
	Minor similarity	% of Total	16,4%	6,8%	23,2%
		Count	34	42	76
		% within Economic environment	44,7%	55,3%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	33,0%	40,4%	36,7%
		% of Total	16,4%	20,3%	36,7%
		Count	35	48	83
Total	% within Economic environment	42,2%	57,8%	100,0%	
	% within In / for which country are / were you mainly working so far?	34,0%	46,2%	40,1%	
	% of Total	16,9%	23,2%	40,1%	
Total	Count	103	104	207	
	% within Economic environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

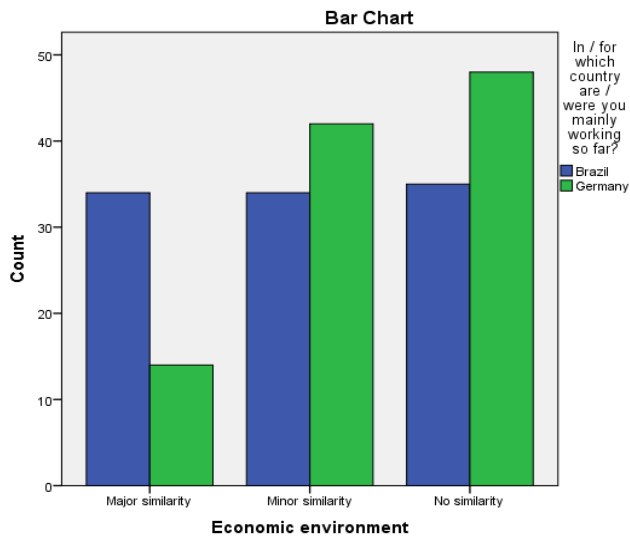
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11,207 ^a	2	,004
Likelihood Ratio	11,476	2	,003
Linear-by-Linear Association	8,576	1	,003
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 23,88.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,233
	Cramer's V	,233
	Contingency Coefficient	,227
N of Valid Cases	207	



Social environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Social environment	Major similarity	Count	25	11	36
		% within Social environment	69,4%	30,6%	100,0%
		% within In / for which country are / were you mainly working so far?	24,3%	10,6%	17,4%
	Minor similarity	% of Total	12,1%	5,3%	17,4%
		Count	42	41	83
		% within Social environment	50,6%	49,4%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	40,8%	39,4%	40,1%
		% of Total	20,3%	19,8%	40,1%
		Count	36	52	88
Total	% within Social environment	40,9%	59,1%	100,0%	
	% within In / for which country are / were you mainly working so far?	35,0%	50,0%	42,5%	
	% of Total	17,4%	25,1%	42,5%	
Total	Count	103	104	207	
	% within Social environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

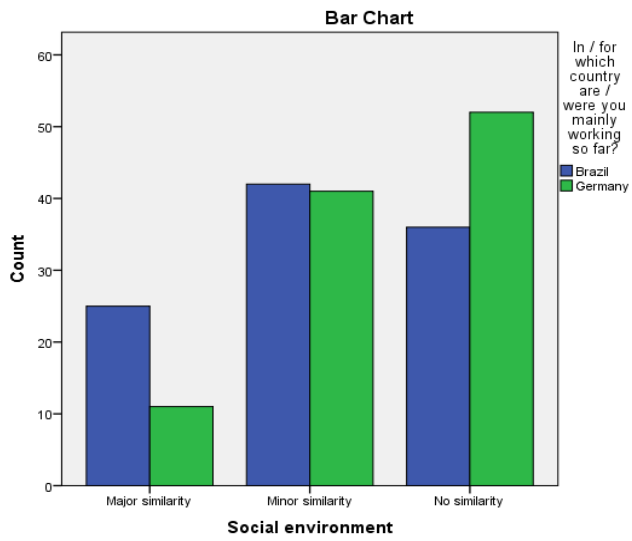
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,361 ^a	2	,015
Likelihood Ratio	8,523	2	,014
Linear-by-Linear Association	7,939	1	,005
N of Valid Cases	207		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17,91.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,201	,015
	Cramer's V	,201	,015
	Contingency Coefficient	,197	,015
N of Valid Cases		207	



H5

```

GET
FILE='C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav'.
DATASET NAME DatenSet1 WINDOW=FRONT.
USE ALL.
COMPUTE filter_$=(FilterCountry = 1).
VARIABLE LABELS filter_$ 'FilterCountry = 1 (FILTER)'.
VALUE LABELS filter_$ 0 'Not Selected' 1 'Selected'.
FORMATS filter_$ (f1.0).
FILTER BY filter_$.
EXECUTE.

CROSSTABS
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/FORMAT=AVALUE TABLES
/STATISTICS=CHISQ CC PHI
/CELLS=COUNT ROW COLUMN TOTAL
/COUNT ROUND CELL
/BARCHART.
    
```

Crosstabs

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=q0015_0001 q0015_0002 q0015_0003 q0015_0004 q0015_0005 q0015_0006 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART.
Resources	Processor Time	00:00:02,42
	Elapsed Time	00:00:01,89
	Dimensions Requested	2
	Cells Available	174734

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Institutional background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Regulatory background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Business environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Political environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Economic environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Social environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Institutional background * In / for which country are / were you mainly working so far?

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Institutional background	Major difference	Count	52	46	98
		% within Institutional background	53,1%	46,9%	100,0%
		% within In / for which country are / were you mainly working so far?	50,5%	44,2%	47,3%
	Minor difference	% of Total	25,1%	22,2%	47,3%
		Count	36	41	77
		% within Institutional background	46,8%	53,2%	100,0%
	No difference	% within In / for which country are / were you mainly working so far?	35,0%	39,4%	37,2%
		% of Total	17,4%	19,8%	37,2%
		Count	15	17	32
Total	% within Institutional background	46,9%	53,1%	100,0%	
	% within In / for which country are / were you mainly working so far?	14,6%	16,3%	15,5%	
	% of Total	7,2%	8,2%	15,5%	
	Count	103	104	207	
	% within Institutional background	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
		% of Total	49,8%	50,2%	100,0%

Chi-Square Tests

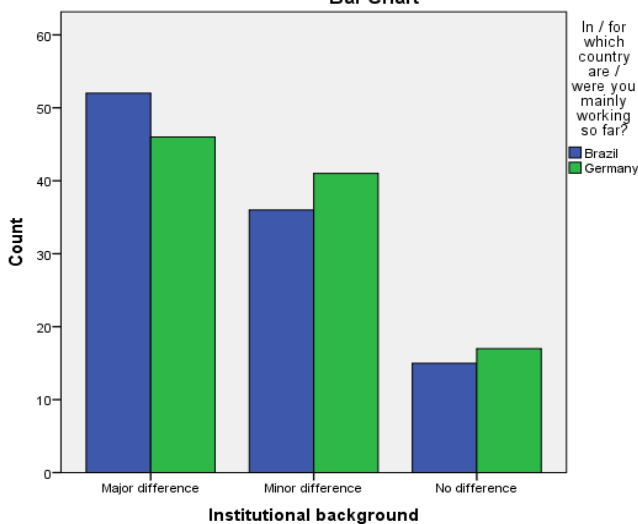
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,812 ^a	2	,666
Likelihood Ratio	,813	2	,666
Linear-by-Linear Association	,632	1	,427
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 15,92.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,063	,666
	Cramer's V	,063	,666
	Contingency Coefficient	,063	,666
N of Valid Cases		207	

Bar Chart



Regulatory background * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	

Regulatory background	Major difference	Count	47	55	102
		% within Regulatory background	46,1%	53,9%	100,0%
		% within In / for which country are / were you mainly working so far?	45,6%	52,9%	49,3%
	Minor difference	% of Total	22,7%	26,6%	49,3%
		Count	43	31	74
		% within Regulatory background	58,1%	41,9%	100,0%
		% within In / for which country are / were you mainly working so far?	41,7%	29,8%	35,7%
	No difference	% of Total	20,8%	15,0%	35,7%
		Count	13	18	31
		% within Regulatory background	41,9%	58,1%	100,0%
		% within In / for which country are / were you mainly working so far?	12,6%	17,3%	15,0%
Total		% of Total	6,3%	8,7%	15,0%
		Count	103	104	207
		% within Regulatory background	49,8%	50,2%	100,0%
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
		% of Total	49,8%	50,2%	100,0%

Chi-Square Tests

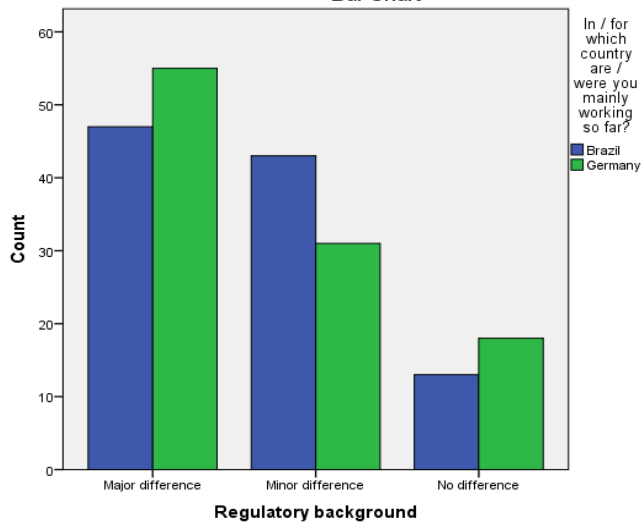
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3,375 ^a	2	,185
Likelihood Ratio	3,388	2	,184
Linear-by-Linear Association	,065	1	,799
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 15,43.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,128	,185
	Cramer's V	,128	,185
	Contingency Coefficient	,127	,185
N of Valid Cases		207	

Bar Chart



Business environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Business environment	Major difference	Count	54	52	106
		% within Business environment	50,9%	49,1%	100,0%
		% within In / for which country are / were you mainly working so far?	52,4%	50,0%	51,2%
		% of Total	26,1%	25,1%	51,2%

Total	Minor difference	Count	29	36	65
		% within Business environment	44,6%	55,4%	100,0%
		% within In / for which country are / were you mainly working so far?	28,2%	34,6%	31,4%
	No difference	% of Total	14,0%	17,4%	31,4%
		Count	20	16	36
		% within Business environment	55,6%	44,4%	100,0%
		% within In / for which country are / were you mainly working so far?	19,4%	15,4%	17,4%
		% of Total	9,7%	7,7%	17,4%
		Count	103	104	207
		% within Business environment	49,8%	50,2%	100,0%
% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%		
% of Total	49,8%	50,2%	100,0%		

Chi-Square Tests

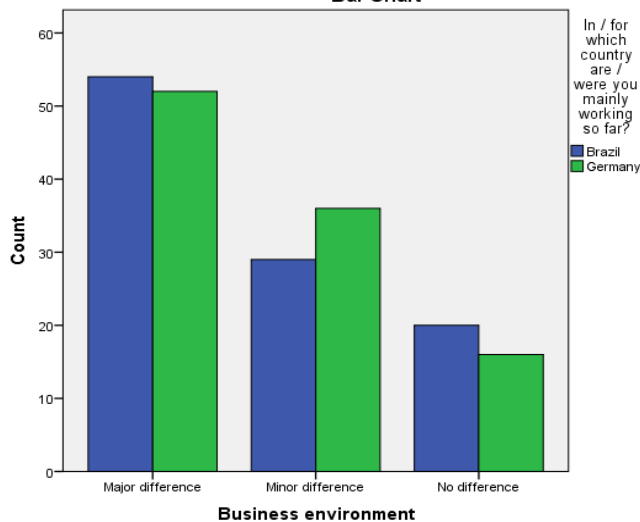
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,231 ^a	2	,540
Likelihood Ratio	1,234	2	,540
Linear-by-Linear Association	,023	1	,879
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 17,91.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,077	,540
	Cramer's V	,077	,540
	Contingency Coefficient	,077	,540
N of Valid Cases		207	

Bar Chart



Political environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Political environment	Major difference	Count	68	63	131
		% within Political environment	51,9%	48,1%	100,0%
		% within In / for which country are / were you mainly working so far?	66,0%	60,6%	63,3%
	Minor difference	% of Total	32,9%	30,4%	63,3%
		Count	21	26	47
		% within Political environment	44,7%	55,3%	100,0%
		% within In / for which country are / were you mainly working so far?	20,4%	25,0%	22,7%
% of Total	10,1%	12,6%	22,7%		

Total	No difference	Count	14	15	29
		% within Political environment	48,3%	51,7%	100,0%
		% within In / for which country are / were you mainly working so far?	13,6%	14,4%	14,0%
		% of Total	6,8%	7,2%	14,0%
		Count	103	104	207
		% within Political environment	49,8%	50,2%	100,0%
		% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
		% of Total	49,8%	50,2%	100,0%

Chi-Square Tests

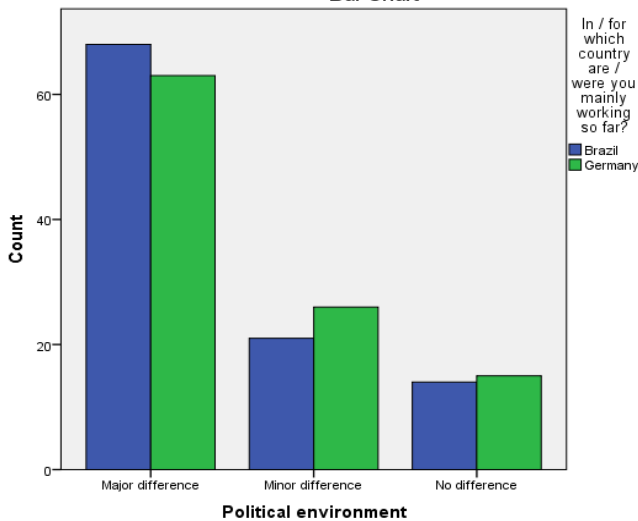
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,752 ^a	2	,686
Likelihood Ratio	,753	2	,686
Linear-by-Linear Association	,382	1	,536
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 14,43.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,060	,686
	Cramer's V	,060	,686
	Contingency Coefficient	,060	,686
N of Valid Cases		207	

Bar Chart



Economic environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Economic environment	Major difference	Count	65	59	124
		% within Economic environment	52,4%	47,6%	100,0%
		% within In / for which country are / were you mainly working so far?	63,1%	56,7%	59,9%
		% of Total	31,4%	28,5%	59,9%
		Count	24	27	51
		% within Economic environment	47,1%	52,9%	100,0%
	Minor difference	% within In / for which country are / were you mainly working so far?	23,3%	26,0%	24,6%
		% of Total	11,6%	13,0%	24,6%
		Count	14	18	32
		% within Economic environment	43,8%	56,3%	100,0%
		% within In / for which country are / were you mainly working so far?	13,6%	17,3%	15,5%
		% of Total	6,8%	8,7%	15,5%

Total	Count	103	104	207
	% within Economic environment	49,8%	50,2%	100,0%
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
	% of Total	49,8%	50,2%	100,0%

Chi-Square Tests

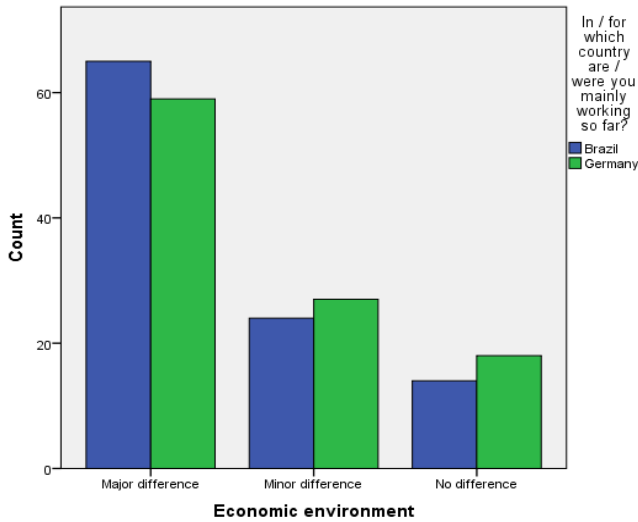
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,962 ^a	2	,618
Likelihood Ratio	,963	2	,618
Linear-by-Linear Association	,943	1	,331
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 15,92.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,068
	Cramer's V	,068
	Contingency Coefficient	,068
N of Valid Cases	207	

Bar Chart



Social environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Social environment	Major difference	Count	66	64	130
		% within Social environment	50,8%	49,2%	100,0%
		% within In / for which country are / were you mainly working so far?	64,1%	61,5%	62,8%
	Minor difference	% of Total	31,9%	30,9%	62,8%
		Count	25	22	47
		% within Social environment	53,2%	46,8%	100,0%
	No difference	% within In / for which country are / were you mainly working so far?	24,3%	21,2%	22,7%
		% of Total	12,1%	10,6%	22,7%
		Count	12	18	30
Total	% within Social environment	40,0%	60,0%	100,0%	
	% within In / for which country are / were you mainly working so far?	11,7%	17,3%	14,5%	
	% of Total	5,8%	8,7%	14,5%	
	Count	103	104	207	
	% within Social environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

Chi-Square Tests

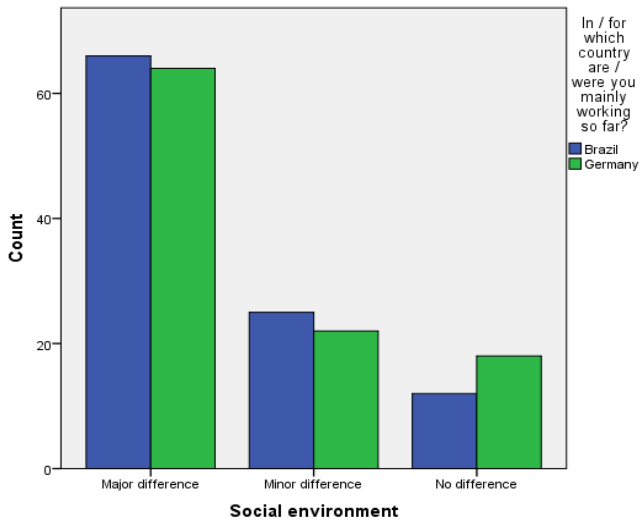
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,417 ^a	2	,492
Likelihood Ratio	1,426	2	,490
Linear-by-Linear Association	,641	1	,423
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 14,93.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal		
Phi	,083	,492
Cramer's V	,083	,492
Contingency Coefficient	,082	,492
N of Valid Cases	207	

Bar Chart



```

CROSSTABS
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  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ CC PHI
  /CELLS=COUNT ROW COLUMN TOTAL
  /COUNT ROUND CELL
  /BARCHART.
  
```

Crosstabs

		Notes
Comments		
Input	Data	C:\Users\magdal\Desktop\Statistik SPSS ANALYSENKOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav
	Active Dataset	DatenSet1
	Filter	FilterCountry = 1 (FILTER)
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		<pre> CROSSTABS /TABLES=q0016_0001 q0016_0002 q0016_0003 q0016_0004 q0016_0005 q0016_0006 BY q0004 /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI /CELLS=COUNT ROW COLUMN TOTAL /COUNT ROUND CELL /BARCHART. </pre>
Resources	Processor Time	00:00:01,25
	Elapsed Time	00:00:01,01

Dimensions Requested	2
Cells Available	174734

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\resultALLE ohne fehlende Werte.sav

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Institutional background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Regulatory background * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Business environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Political environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Economic environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%
Social environment * In / for which country are / were you mainly working so far?	207	100,0%	0	0,0%	207	100,0%

Institutional background * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Institutional background	Major similarity	Count	42	11	53	
		% within Institutional background	79,2%	20,8%	100,0%	
		% within In / for which country are / were you mainly working so far?	40,8%	10,6%	25,6%	
		% of Total	20,3%	5,3%	25,6%	
		Minor similarity	Count	36	56	92
			% within Institutional background	39,1%	60,9%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	35,0%	53,8%	44,4%	
		% of Total	17,4%	27,1%	44,4%	
		Count	25	37	62	
		% within Institutional background	40,3%	59,7%	100,0%	
		% within In / for which country are / were you mainly working so far?	24,3%	35,6%	30,0%	
		% of Total	12,1%	17,9%	30,0%	
Total	Count	103	104	207		
	% within Institutional background	49,8%	50,2%	100,0%		
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%		
	% of Total	49,8%	50,2%	100,0%		

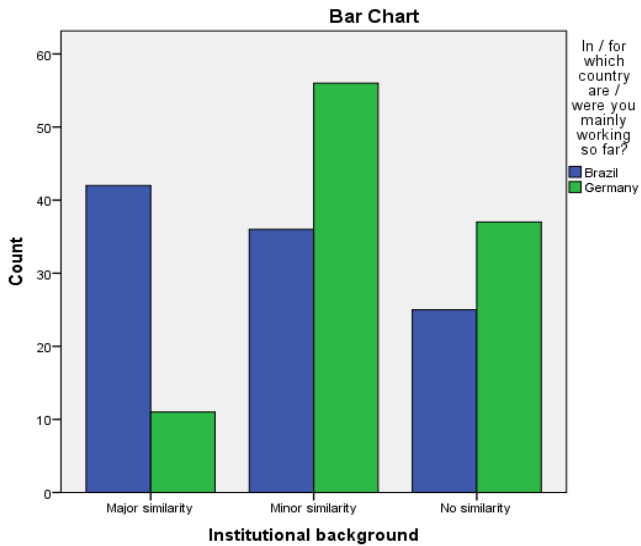
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24,798 ^a	2	,000
Likelihood Ratio	26,056	2	,000
Linear-by-Linear Association	16,023	1	,000
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 26,37.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,346	,000
	Cramer's V	,346	,000
	Contingency Coefficient	,327	,000



Regulatory background * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Regulatory background	Major similarity	Count	31	11	42	
		% within Regulatory background	73,8%	26,2%	100,0%	
		% within In / for which country are / were you mainly working so far?	30,1%	10,6%	20,3%	
		% of Total	15,0%	5,3%	20,3%	
		Minor similarity	Count	44	54	98
			% within Regulatory background	44,9%	55,1%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	42,7%	51,9%	47,3%	
		% of Total	21,3%	26,1%	47,3%	
		Count	28	39	67	
		% within Regulatory background	41,8%	58,2%	100,0%	
		% within In / for which country are / were you mainly working so far?	27,2%	37,5%	32,4%	
		% of Total	13,5%	18,8%	32,4%	
Total	Count	103	104	207		
	% within Regulatory background	49,8%	50,2%	100,0%		
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%		
	% of Total	49,8%	50,2%	100,0%		

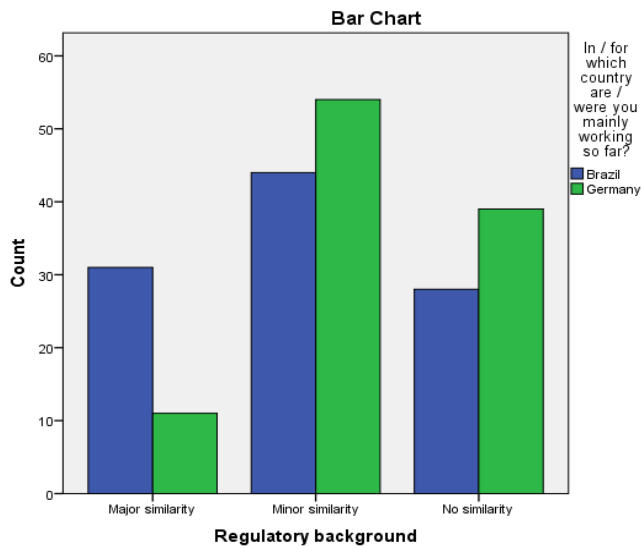
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12,346 ^a	2	,002
Likelihood Ratio	12,753	2	,002
Linear-by-Linear Association	8,954	1	,003
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 20,90.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,244	,002
	Cramer's V	,244	,002
	Contingency Coefficient	,237	,002
N of Valid Cases		207	



Business environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Business environment	Major similarity	Count	34	12	46
		% within Business environment	73,9%	26,1%	100,0%
		% within In / for which country are / were you mainly working so far?	33,0%	11,5%	22,2%
	Minor similarity	% of Total	16,4%	5,8%	22,2%
		Count	39	49	88
		% within Business environment	44,3%	55,7%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	37,9%	47,1%	42,5%
		% of Total	18,8%	23,7%	42,5%
		Count	30	43	73
	Total	% within Business environment	41,1%	58,9%	100,0%
		% within In / for which country are / were you mainly working so far?	29,1%	41,3%	35,3%
		% of Total	14,5%	20,8%	35,3%
Total	Count	103	104	207	
	% within Business environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%	
		% of Total	49,8%	50,2%	100,0%

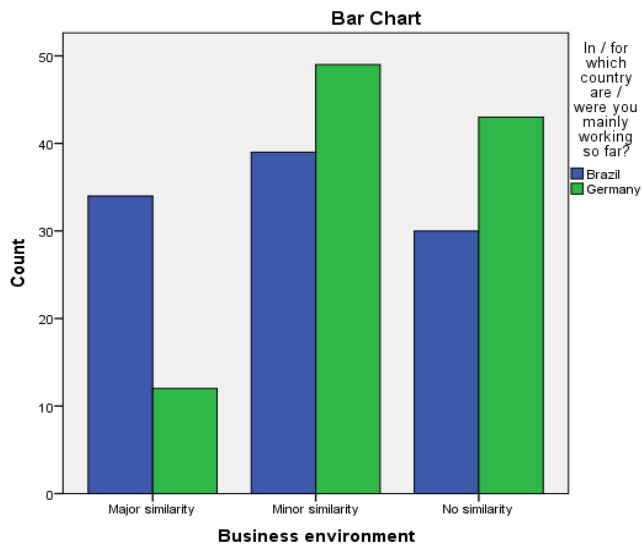
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13,969 ^a	2	,001
Likelihood Ratio	14,426	2	,001
Linear-by-Linear Association	10,479	1	,001
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 22,89.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,260
	Cramer's V	,260
	Contingency Coefficient	,251
N of Valid Cases	207	



Political environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total
			Brazil	Germany	
Political environment	Major similarity	Count	30	13	43
		% within Political environment	69,8%	30,2%	100,0%
		% within In / for which country are / were you mainly working so far?	29,1%	12,5%	20,8%
	Minor similarity	% of Total	14,5%	6,3%	20,8%
		Count	35	40	75
		% within Political environment	46,7%	53,3%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	34,0%	38,5%	36,2%
		% of Total	16,9%	19,3%	36,2%
		Count	38	51	89
	Total	% within Political environment	42,7%	57,3%	100,0%
		% within In / for which country are / were you mainly working so far?	36,9%	49,0%	43,0%
		% of Total	18,4%	24,6%	43,0%
Count		103	104	207	
% within Political environment		49,8%	50,2%	100,0%	
% within In / for which country are / were you mainly working so far?		100,0%	100,0%	100,0%	
	% of Total	49,8%	50,2%	100,0%	

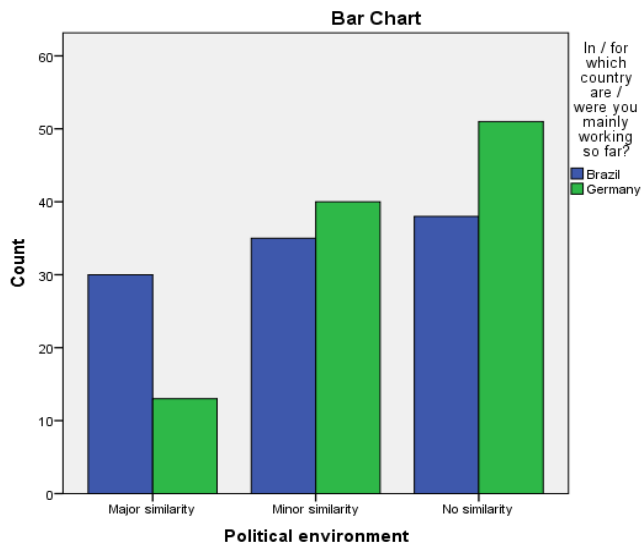
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,949 ^a	2	,011
Likelihood Ratio	9,142	2	,010
Linear-by-Linear Association	7,246	1	,007
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 21,40.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,208
	Cramer's V	,208
	Contingency Coefficient	,204
N of Valid Cases	207	



Economic environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Economic environment	Major similarity	Count	35	12	47	
		% within Economic environment	74,5%	25,5%	100,0%	
		% within In / for which country are / were you mainly working so far?	34,0%	11,5%	22,7%	
		% of Total	16,9%	5,8%	22,7%	
		Minor similarity	Count	28	47	75
			% within Economic environment	37,3%	62,7%	100,0%
	No similarity	% within In / for which country are / were you mainly working so far?	27,2%	45,2%	36,2%	
		% of Total	13,5%	22,7%	36,2%	
		Count	40	45	85	
			% within Economic environment	47,1%	52,9%	100,0%
		% within In / for which country are / were you mainly working so far?	38,8%	43,3%	41,1%	
		% of Total	19,3%	21,7%	41,1%	
Total	Count	103	104	207		
		% within Economic environment	49,8%	50,2%	100,0%	
	% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%		
	% of Total	49,8%	50,2%	100,0%		

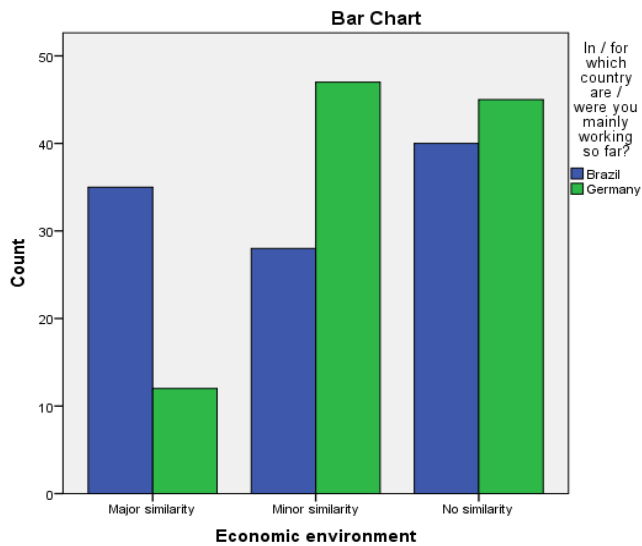
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16,358 ^a	2	,000
Likelihood Ratio	16,910	2	,000
Linear-by-Linear Association	6,159	1	,013
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 23,39.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,281
	Cramer's V	,281
	Contingency Coefficient	,271
N of Valid Cases	207	



Social environment * In / for which country are / were you mainly working so far?

Crosstab

			In / for which country are / were you mainly working so far?		Total	
			Brazil	Germany		
Social environment	Major similarity	Count	28	13	41	
		% within Social environment	68,3%	31,7%	100,0%	
		% within In / for which country are / were you mainly working so far?	27,2%	12,5%	19,8%	
	Minor similarity	% of Total	13,5%	6,3%	19,8%	
		Count	36	40	76	
		% within Social environment	47,4%	52,6%	100,0%	
	No similarity	% within In / for which country are / were you mainly working so far?	35,0%	38,5%	36,7%	
		% of Total	17,4%	19,3%	36,7%	
		Count	39	51	90	
Total	% within Social environment	43,3%	56,7%	100,0%		
	% within In / for which country are / were you mainly working so far?	37,9%	49,0%	43,5%		
	% of Total	18,8%	24,6%	43,5%		
	Count	103	104	207		
			% within Social environment	49,8%	50,2%	100,0%
			% within In / for which country are / were you mainly working so far?	100,0%	100,0%	100,0%
			% of Total	49,8%	50,2%	100,0%

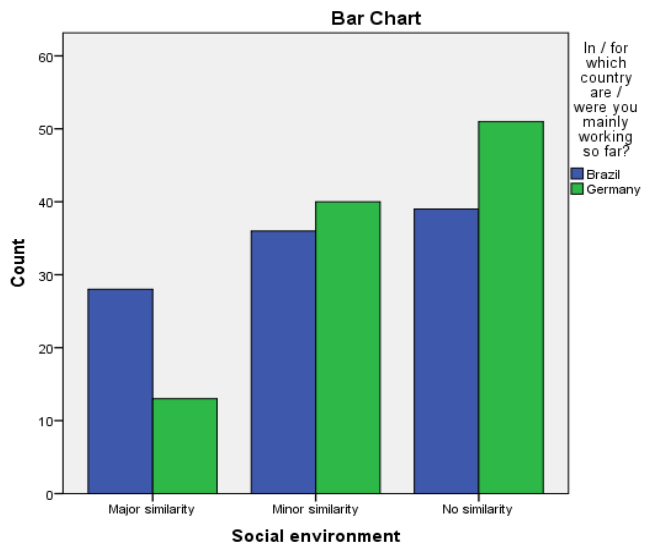
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7,294 ^a	2	,026
Likelihood Ratio	7,428	2	,024
Linear-by-Linear Association	5,970	1	,015
N of Valid Cases	207		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 20,40.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,188
	Cramer's V	,188
	Contingency Coefficient	,184
N of Valid Cases	207	



H6

GET

FILE='C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\resultALLE.sav'.

Warning # 67. Command name: GET FILE

The document is already in use by another user or process. If you make changes to the document they may overwrite changes made by others or your changes may be overwritten by others.

File opened C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\resultALLE.sav

DATASET NAME DatenSet1 WINDOW=FRONT.

Dataset Name

Notes		01-JUL-2014 15:04:51
Output Created		
Comments		
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	Filter	<none>
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Syntax		DATASET NAME DatenSet1 WINDOW=FRONT.
Resources	Processor Time	00:00:00,00
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Warnings

The active dataset will replace the existing dataset named DatenSet1

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DATASET ACTIVATE DatenSet1.
FILTER OFF.
USE ALL.
EXECUTE.
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q0018_0002 q0018_0003 q0018_0004 q0018_0005 q0018_0006 (PAIRED)
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/MISSING=ANALYSIS.
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T-Test

Notes		01-JUL-2014 15:04:51
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Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	282
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=q0017_0001 q0017_0002 q0017_0003 q0017_0004 q0017_0005 q0017_0006 WITH q0018_0001 q0018_0002 q0018_0003 q0018_0004 q0018_0005 q0018_0006 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00,22
	Elapsed Time	00:00:00,22

[DatenSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,2222	198	,97747	,06947
	Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,2980	198	,92187	,06551
Pair 2	This is particularly true for bonuses.	2,3858	197	1,00173	,07137
	This is particularly true for bonuses.	2,3858	197	,91663	,06531
Pair 3	This is particularly true for share options.	2,3281	192	,96082	,06934
	This is particularly true for share options.	2,4531	192	,90252	,06513
Pair 4	This is particularly true for other benefits.	2,5464	194	1,04332	,07491
	This is particularly true for other benefits.	2,5773	194	,93115	,06685
Pair 5	This is particularly true for the base salary.	2,6582	196	1,00281	,07163
	This is particularly true for the base salary.	2,5765	196	,97099	,06936
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,3061	196	,99649	,07118

Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,4694	196	,98921	,07066
--	--------	-----	--------	--------

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	198	,619	,000
Pair 2	This is particularly true for bonuses. & This is particularly true for bonuses.	197	,504	,000
Pair 3	This is particularly true for share options. & This is particularly true for share options.	192	,588	,000
Pair 4	This is particularly true for other benefits. & This is particularly true for other benefits.	194	,687	,000
Pair 5	This is particularly true for the base salary. & This is particularly true for the base salary.	196	,641	,000
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	196	,587	,000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	-.07576	,83046	,05902	-.19215	,04063	-1,284	197	,201
Pair 2	This is particularly true for bonuses. - This is particularly true for bonuses.	0,00000	,95831	,06828	-.13465	,13465	0,000	196	1,000
Pair 3	This is particularly true for share options. - This is particularly true for share options.	-.12500	,84692	,06112	-.24556	-.00444	-2,045	191	,042
Pair 4	This is particularly true for other benefits. - This is particularly true for other benefits.	-.03093	,78791	,05657	-.14250	,08064	-.547	193	,585
Pair 5	This is particularly true for the base salary. - This is particularly true for the base salary.	,08163	,83725	,05980	-.03631	,19958	1,365	195	,174
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	-.16327	,90235	,06445	-.29038	-.03615	-2,533	195	,012

SORT CASES BY q0004.
 SPLIT FILE SEPARATE BY q0004.

T-TEST PAIRS=q0017_0001 q0017_0002 q0017_0003 q0017_0004 q0017_0005 q0017_0006 WITH q0018_0001
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 /CRITERIA=CI(.9500)
 /MISSING=ANALYSIS.

T-Test

Notes

Output Created		01-JUL-2014 15:04:53
Comments		
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	Filter	<none>
	Weight	<none>
	Split File	In / for which country are / were you mainly working so far?
	N of Rows in Working Data File	282

Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=q0017_0001 q0017_0002 q0017_0003 q0017_0004 q0017_0005 q0017_0006 WITH q0018_0001 q0018_0002 q0018_0003 q0018_0004 q0018_0005 q0018_0006 (PAIRED) /CRITERIA=C(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00,23
	Elapsed Time	00:00:00,23

[DatenSet1]

In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Statistics ^a		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,0952	21	,99523	,21718
	Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,3333	21	,96609	,21082
Pair 2	This is particularly true for bonuses.	2,2857	21	,95618	,20866
	This is particularly true for bonuses.	2,2857	21	,90238	,19691
Pair 3	This is particularly true for share options.	2,3500	20	,93330	,20869
	This is particularly true for share options.	2,4000	20	,82078	,18353
Pair 4	This is particularly true for other benefits.	2,5238	21	,92839	,20259
	This is particularly true for other benefits.	2,6190	21	,86465	,18868
Pair 5	This is particularly true for the base salary.	2,9048	21	,88909	,19401
	This is particularly true for the base salary.	2,8571	21	,91026	,19863
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,1429	21	,91026	,19863
	Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,5238	21	1,16701	,25466

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Correlations ^a		N	Correlation	Sig.
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	21	,849	,000
	This is particularly true for bonuses. & This is particularly true for bonuses.	21	,712	,000
Pair 3	This is particularly true for share options. & This is particularly true for share options.	20	,907	,000
	This is particularly true for other benefits. & This is particularly true for other benefits.	21	,635	,002
Pair 5	This is particularly true for the base salary. & This is particularly true for the base salary.	21	,847	,000
	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	21	,773	,000

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Test ^a		Paired Differences		95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
Mean	Std. Deviation	Std. Error Mean	Lower	Upper				

Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	-.23810	.53896	.11761	-.48343	.00724	-2.024	20	.056
Pair 2	This is particularly true for bonuses. - This is particularly true for bonuses.	0.00000	.70711	.15430	-.32187	.32187	0.000	20	1.000
Pair 3	This is particularly true for share options. - This is particularly true for share options.	-.05000	.39403	.08811	-.23441	.13441	-.567	19	.577
Pair 4	This is particularly true for other benefits. - This is particularly true for other benefits.	-.09524	.76842	.16768	-.44502	.25454	-.568	20	.576
Pair 5	This is particularly true for the base salary. - This is particularly true for the base salary.	.04762	.49761	.10859	-.17889	.27413	.439	20	.666
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	-.38095	.74001	.16148	-.71780	-.04410	-2.359	20	.029

a. In / for which country are / were you mainly working so far? = Other (please specify)

In / for which country are / were you mainly working so far? = Brazil

Paired Samples Statistics ^a		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	1.8488	86	.83338	.08987
	Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	1.8721	86	.68250	.07360
Pair 2	This is particularly true for bonuses.	2.2907	86	.96852	.10444
	This is particularly true for bonuses.	2.0465	86	.71795	.07742
Pair 3	This is particularly true for share options.	2.0235	85	.91256	.09898
	This is particularly true for share options.	2.1412	85	.83314	.09037
Pair 4	This is particularly true for other benefits.	2.2353	85	.95925	.10405
	This is particularly true for other benefits.	2.2588	85	.86124	.09341
Pair 5	This is particularly true for the base salary.	2.3294	85	1.01639	.11024
	This is particularly true for the base salary.	2.1647	85	.89771	.09737
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2.0118	85	.95735	.10384
	Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2.0824	85	.87575	.09499

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Correlations ^a		N	Correlation	Sig.
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	86	.524	.000
Pair 2	This is particularly true for bonuses. & This is particularly true for bonuses.	86	.369	.000
Pair 3	This is particularly true for share options. & This is particularly true for share options.	85	.434	.000
Pair 4	This is particularly true for other benefits. & This is particularly true for other benefits.	85	.588	.000
Pair 5	This is particularly true for the base salary. & This is particularly true for the base salary.	85	.449	.000

Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	85	,553	,000
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a. In / for which country are / were you mainly working so far? = Brazil

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	-.02326	,75110	,08099	-.18429	,13778	-.287	85	,775
Pair 2	This is particularly true for bonuses. - This is particularly true for bonuses.	,24419	,96937	,10453	,03635	,45202	2,336	85	,022
Pair 3	This is particularly true for share options. - This is particularly true for share options.	-.11765	,93110	,10099	-.31848	,08319	-1,165	84	,247
Pair 4	This is particularly true for other benefits. - This is particularly true for other benefits.	-.02353	,83061	,09009	-.20269	,15563	-.261	84	,795
Pair 5	This is particularly true for the base salary. - This is particularly true for the base salary.	,16471	1,01003	,10955	-.05315	,38257	1,503	84	,136
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	-.07059	,86998	,09436	-.25824	,11706	-.748	84	,457

a. In / for which country are / were you mainly working so far? = Brazil

In / for which country are / were you mainly working so far? = Germany

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,6322	87	,96587	,10355
	Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,7241	87	,93822	,10037
Pair 2	This is particularly true for bonuses.	2,5349	86	1,03694	,11182
	This is particularly true for bonuses.	2,7791	86	,95056	,10250
Pair 3	This is particularly true for share options.	2,6506	83	,92964	,10204
	This is particularly true for share options.	2,8193	83	,87156	,09567
Pair 4	This is particularly true for other benefits.	2,8810	84	1,06878	,11661
	This is particularly true for other benefits.	2,9167	84	,90791	,09906
Pair 5	This is particularly true for the base salary.	2,9302	86	,94297	,10168
	This is particularly true for the base salary.	2,9419	86	,89908	,09695
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,6512	86	,96732	,10431
	Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,8721	86	,89175	,09616

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Correlations ^a			
	N	Correlation	Sig.

Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	87	,478	,000
Pair 2	This is particularly true for bonuses. & This is particularly true for bonuses.	86	,527	,000
Pair 3	This is particularly true for share options. & This is particularly true for share options.	83	,553	,000
Pair 4	This is particularly true for other benefits. & This is particularly true for other benefits.	84	,710	,000
Pair 5	This is particularly true for the base salary. & This is particularly true for the base salary.	86	,717	,000
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	86	,452	,000

a. In / for which country are / were you mainly working so far? = Germany

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	-.09195	,97208	,10422	-.29913	,11522	-.882	86	,380
Pair 2	This is particularly true for bonuses. - This is particularly true for bonuses.	-.24419	,96937	,10453	-.45202	-.03635	-2.336	85	,022
Pair 3	This is particularly true for share options. - This is particularly true for share options.	-.16867	,85282	,09361	-.35489	,01754	-1.802	82	,075
Pair 4	This is particularly true for other benefits. - This is particularly true for other benefits.	-.03571	,76751	,08374	-.20227	,13085	-.426	83	,671
Pair 5	This is particularly true for the base salary. - This is particularly true for the base salary.	-.01163	,69442	,07488	-.16051	,13726	-.155	85	,877
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	-.22093	,97500	,10514	-.42997	-.01189	-2.101	85	,039

a. In / for which country are / were you mainly working so far? = Germany

In / for which country are / were you mainly working so far? = Both Brazil and Germany

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Executive remuneration in financial institutions (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,0000 ^a	4	,81650	,40825
	Executive remuneration in other businesses (total package) is now more closely linked to a prudent risk management than before the latest financial crisis.	2,0000 ^a	4	,81650	,40825
Pair 2	This is particularly true for bonuses.	1,7500 ^a	4	,95743	,47871
	This is particularly true for bonuses.	1,7500 ^a	4	,95743	,47871
Pair 3	This is particularly true for share options.	2,0000	4	,81650	,40825
	This is particularly true for share options.	1,7500	4	,50000	,25000
Pair 4	This is particularly true for other benefits.	2,2500	4	,95743	,47871
	This is particularly true for other benefits.	2,0000	4	,81650	,40825

Pair 5	This is particularly true for the base salary.	2,5000	4	,57735	,28868
	This is particularly true for the base salary.	2,0000	4	,81650	,40825
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis.	2,0000	4	,81650	,40825
	Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	1,7500	4	,95743	,47871

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany
b. The correlation and t cannot be computed because the standard error of the difference is 0.

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 3	This is particularly true for share options. & This is particularly true for share options.	4	,816	,184
Pair 4	This is particularly true for other benefits. & This is particularly true for other benefits.	4	,853	,147
Pair 5	This is particularly true for the base salary. & This is particularly true for the base salary.	4	,000	1,000
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. & Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	4	,853	,147

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Test^a

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 3	This is particularly true for share options. - This is particularly true for share options.	,25000	,50000	,25000	-.54561	1,04561	1,000	3	,391
Pair 4	This is particularly true for other benefits. - This is particularly true for other benefits.	,25000	,50000	,25000	-.54561	1,04561	1,000	3	,391
Pair 5	This is particularly true for the base salary. - This is particularly true for the base salary.	,50000	1,00000	,50000	-1,09122	2,09122	1,000	3	,391
Pair 6	Executive remuneration in financial institutions (total package) is now more often subject to a cap/limit than before the latest financial crisis. - Executive remuneration in other businesses (total package) is now more often subject to a cap/limit than before the latest financial crisis.	,25000	,50000	,25000	-.54561	1,04561	1,000	3	,391

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

H7

*Alle Länder zusammen

SPLIT FILE OFF.

DATASET ACTIVATE DatenSet1.

FILTER OFF.

USE ALL.

EXECUTE.

T-TEST PAIRS=q0019_0003 WITH q0019_0001 (PAIRED)

/CRITERIA=CI(.9500)

/MISSING=ANALYSIS.

T-Test

Notes

Output Created		01-JUL-2014 15:05:31
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSENKOSTEN\Robert C. Gericke\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	282
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=q0019_0003 WITH q0019_0001 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00,22
	Elapsed Time	00:00:00,22

[DatenSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is more important in financial institutions than in other businesses.	2,0000	203	,93872	,06588
	Risk management has become more important since the beginning of the latest financial crisis.	1,7192	203	,78031	,05477

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Risk management is more important in financial institutions than in other businesses. & Risk management has become more important since the beginning of the latest financial crisis.	203	,487	,000

Paired Samples Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Risk management is more important in financial institutions than in other businesses. - Risk management has become more important since the beginning of the latest financial crisis.	,28079	,88159	,06188	,15878	,40279	4,538	202	,000

*Aufgeteilt nach De, Brazil, Other

USE ALL.

COMPUTE filter_\$=(q0004 <= 3).

VARIABLE LABELS filter_\$ 'q0004 <= 3 (FILTER)'.
 VALUE LABELS filter_\$ 0 'Not Selected' 1 'Selected'.
 FORMATS filter_\$ (f1.0).
 FILTER BY filter_\$.

EXECUTE.

SORT CASES BY q0004.

SPLIT FILE SEPARATE BY q0004.

T-TEST PAIRS=q0019_0003 WITH q0019_0001 (PAIRED)

/CRITERIA=CI(.9500)

/MISSING=ANALYSIS.

T-Test

Notes

Output Created	01-JUL-2014 15:05:32	
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	q0004 <= 3 (FILTER)
	Weight	<none>
	Split File	In / for which country are / were you mainly working so far?
	N of Rows in Working Data File	270
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax	T-TEST PAIRS=q0019_0003 WITH q0019_0001 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.	
Resources	Processor Time	00:00:00,22
	Elapsed Time	00:00:00,22

[DatenSet1]

In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is more important in financial institutions than in other businesses.	1,9545	22	,99892	,21297
	Risk management has become more important since the beginning of the latest financial crisis.	1,5000	22	,67259	,14340

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Risk management is more important in financial institutions than in other businesses. & Risk management has become more important since the beginning of the latest financial crisis.	22	-,177	,430

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Risk management is more important in financial institutions than in other businesses. - Risk management has become more important since the beginning of the latest financial crisis.	,45455	1,29935	,27702	-,12155	1,03065	1,641	21	,116

a. In / for which country are / were you mainly working so far? = Other (please specify)

In / for which country are / were you mainly working so far? = Brazil

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
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Pair 1	Risk management is more important in financial institutions than in other businesses.	1,9444	90	,87873	,09263
		1,5444	90	,65619	,06917

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Risk management is more important in financial institutions than in other businesses. & Risk management has become more important since the beginning of the latest financial crisis.	90	,365	,000

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Risk management is more important in financial institutions than in other businesses. - Risk management has become more important since the beginning of the latest financial crisis.	,40000	,88432	,09322	,21478	,58522	4,291	89	,000

a. In / for which country are / were you mainly working so far? = Brazil

In / for which country are / were you mainly working so far? = Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is more important in financial institutions than in other businesses.	2,0690	87	,99759	,10695
	Risk management has become more important since the beginning of the latest financial crisis.	1,9425	87	,86745	,09300

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Risk management is more important in financial institutions than in other businesses. & Risk management has become more important since the beginning of the latest financial crisis.	87	,690	,000

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Risk management is more important in financial institutions than in other businesses. - Risk management has become more important since the beginning of the latest financial crisis.	,12644	,74404	,07977	-,03214	,28501	1,585	86	,117

a. In / for which country are / were you mainly working so far? = Germany

In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is more important in financial institutions than in other businesses.	2,0000 ^b	4	,81650	,40825

Risk management has become more important since the beginning of the latest financial crisis.	2,0000 ^b	4	,81650	,40825
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a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

b. The correlation and t cannot be computed because the standard error of the difference is 0.

H8

*Alle Länder zusammen

SPLIT FILE OFF.

DATASET ACTIVATE DatenSet1.

FILTER OFF.

USE ALL.

EXECUTE.

T-TEST PAIRS=q0019_0004 WITH q0019_0002 (PAIRED)
 /CRITERIA=CI(.9500)
 /MISSING=ANALYSIS.

T-Test

Notes

Output Created	01-JUL-2014 15:06:00	
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	282
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax	T-TEST PAIRS=q0019_0004 WITH q0019_0002 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.	
Resources	Processor Time	00:00:00,23
	Elapsed Time	00:00:00,24

[DatenSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Corporate governance is more important in financial institutions than in other businesses.	2,3093	194	,90320	,06485
	Corporate governance has become more important since the beginning of the latest financial crisis.	1,9588	194	,79399	,05700

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Corporate governance is more important in financial institutions than in other businesses. & Corporate governance has become more important since the beginning of the latest financial crisis.	194	,451	,000

Paired Samples Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Corporate governance is more important in financial institutions than in other businesses. - Corporate governance has become more important since the beginning of the latest financial crisis.	,35052	,89375	,06417	,22396	,47707	5,463	193	,000

*Aufgeteilt nach De, Brazil, Other

USE ALL.

COMPUTE filter_\$=(q0004 <= 3).

VARIABLE LABELS filter_\$ 'q0004 <= 3 (FILTER)'.
 VALUE LABELS filter_\$ 0 'Not Selected' 1 'Selected'.
 FORMATS filter_\$ (f1.0).
 FILTER BY filter_\$.

EXECUTE.

SORT CASES BY q0004.

SPLIT FILE SEPARATE BY q0004.

T-TEST PAIRS=q0019_0004 WITH q0019_0002 (PAIRED)

/CRITERIA=CI(.9500)

/MISSING=ANALYSIS.

T-Test

Notes

Output Created	01-JUL-2014 15:06:01	
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	q0004 <= 3 (FILTER)
	Weight	<none>
	Split File	In / for which country are / were you mainly working so far?
	N of Rows in Working Data File	270
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax	T-TEST PAIRS=q0019_0004 WITH q0019_0002 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.	
Resources	Processor Time	00:00:00,22
	Elapsed Time	00:00:00,23

[DatenSet1]

In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Corporate governance is more important in financial institutions than in other businesses.	2,4091	22	,95912	,20449
	Corporate governance has become more important since the beginning of the latest financial crisis.	1,8636	22	,56023	,11944

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Corporate governance is more important in financial institutions than in other businesses. & Corporate governance has become more important since the beginning of the latest financial crisis.	22	,197	,379

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Test^a

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Corporate governance is more important in financial institutions than in other businesses. - Corporate governance has become more important since the beginning of the latest financial crisis.	,54545	1,01076	,21550	,09731	,99360	2,531	21	,019

a. In / for which country are / were you mainly working so far? = Other (please specify)

In / for which country are / were you mainly working so far? = Brazil

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean

Pair 1	Corporate governance is more important in financial institutions than in other businesses. Corporate governance has become more important since the beginning of the latest financial crisis.	2,1932	88	,85578	,09123
		1,7500	88	,73108	,07793

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Corporate governance is more important in financial institutions than in other businesses. & Corporate governance has become more important since the beginning of the latest financial crisis.	88	,372	,000

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Corporate governance is more important in financial institutions than in other businesses. - Corporate governance has become more important since the beginning of the latest financial crisis.	,44318	,89517	,09543	,25351	,63285	4,644	87	,000

a. In / for which country are / were you mainly working so far? = Brazil

In / for which country are / were you mainly working so far? = Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Corporate governance is more important in financial institutions than in other businesses.	2,4250	80	,95168	,10640
	Corporate governance has become more important since the beginning of the latest financial crisis.	2,2125	80	,85231	,09529

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Corporate governance is more important in financial institutions than in other businesses. & Corporate governance has become more important since the beginning of the latest financial crisis.	80	,558	,000

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Corporate governance is more important in financial institutions than in other businesses. - Corporate governance has become more important since the beginning of the latest financial crisis.	,21250	,85231	,09529	,02283	,40217	2,230	79	,029

a. In / for which country are / were you mainly working so far? = Germany

In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean

Pair 1	Corporate governance is more important in financial institutions than in other businesses. Corporate governance has become more important since the beginning of the latest financial crisis.	2,0000	4	0,00000	0,00000
		2,0000	4	,81650	,40825

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Corporate governance is more important in financial institutions than in other businesses. & Corporate governance has become more important since the beginning of the latest financial crisis.	4		

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Test^a

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Corporate governance is more important in financial institutions than in other businesses. - Corporate governance has become more important since the beginning of the latest financial crisis.	0,00000	,81650	,40825	-1,29923	1,29923	0,000	3	1,000

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

H9

*Alle Länder zusammen

SPLIT FILE OFF.

DATASET ACTIVATE DatenSet1.

FILTER OFF.

USE ALL.

EXECUTE.

T-TEST PAIRS=q0019_0005 WITH q0019_0006 (PAIRED)

/CRITERIA=CI(.9500)

/MISSING=ANALYSIS.

T-Test

Notes		01-JUL-2014 15:06:27
Output Created		
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSENKOSTEN\Robert C. Gerickel\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	<-none>
	Weight	<-none>
	Split File	<-none>
	N of Rows in Working Data File	282
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=q0019_0005 WITH q0019_0006 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00,23
	Elapsed Time	00:00:00,28

[DatenSet1]

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is part of corporate governance.	1,9330	194	,81479	,05850
	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,9433	194	,79629	,05717

		N	Correlation	Sig.
Pair 1	Risk management is part of corporate governance. & The importance of risk management as part of corporate governance has increased since the latest financial crisis.	194	,657	,000

		Paired Differences				df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower	Upper		
Pair 1	Risk management is part of corporate governance. - The importance of risk management as part of corporate governance has increased since the latest financial crisis.	-,01031	,66745	,04792	-,10482	,08421	193	,830

*Aufgeteilt nach De, Brazil, Other

USE ALL.

COMPUTE filter_\$=(q0004 <= 3).

VARIABLE LABELS filter_\$ 'q0004 <= 3 (FILTER)'.
VALUE LABELS filter_\$ 0 'Not Selected' 1 'Selected'.
FORMATS filter_\$ (f1.0).
FILTER BY filter_\$.
EXECUTE.

SORT CASES BY q0004.

SPLIT FILE SEPARATE BY q0004.

T-TEST PAIRS=q0019_0005 WITH q0019_0006 (PAIRED)

/CRITERIA=CI(.9500)

/MISSING=ANALYSIS.

T-Test

Notes		01-JUL-2014 15:06:29
Output Created		
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSENKOSTEN\Robert C. Gerickel\resultALLE.sav
	Active Dataset	DatenSet1
	Filter	q0004 <= 3 (FILTER)
	Weight	<-none>

Split File	In / for which country are / were you mainly working so far?
N of Rows in Working Data File	270
Missing Value Handling	User defined missing values are treated as missing.
Definition of Missing Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax	T-TEST PAIRS=q0019_0005 WITH q0019_0006 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time 00:00:00,22
	Elapsed Time 00:00:00,22

[DatenSet1]

In / for which country are / were you mainly working so far? = Other (please specify)

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is part of corporate governance.	1,5714	21	,87014	,18988
	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,7619	21	,70034	,15283

a. In / for which country are / were you mainly working so far? = Other (please specify)

		N	Correlation	Sig.
Pair 1	Risk management is part of corporate governance. & The importance of risk management as part of corporate governance has increased since the latest financial crisis.	21	,645	,002

a. In / for which country are / were you mainly working so far? = Other (please specify)

		Paired Differences				df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower			Upper
Pair 1	Risk management is part of corporate governance. - The importance of risk management as part of corporate governance has increased since the latest financial crisis.	-,19048	,67964	,14831	-,49984	,11889	20	,214

a. In / for which country are / were you mainly working so far? = Other (please specify)

In / for which country are / were you mainly working so far? = Brazil

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is part of corporate governance.	1,7500	88	,69893	,07451
	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,7159	88	,71033	,07572

a. In / for which country are / were you mainly working so far? = Brazil

		Mean	N	Std. Deviation	Std. Error Mean
BR	Risk managemen	1,7500	88	,69893	,07451
DE	Risk managemen t is part of corporate governance	2,2222	81	,83666	,09296

		N	Correlation	Sig.
Pair 1	Risk management is part of corporate governance. & The importance of risk management as part of corporate governance has increased since the latest financial crisis.	88	,550	,000

a. In / for which country are / were you mainly working so far? = Brazil

		Paired Differences				df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower			Upper
Pair 1	Risk management is part of corporate governance. - The importance of risk management as part of corporate governance has increased since the latest financial crisis.	,03409	,66866	,07128	-,10758	,17577	87	,634

a. In / for which country are / were you mainly working so far? = Brazil

In / for which country are / were you mainly working so far? = Germany

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is part of corporate governance.	2,2222	81	,83666	,09296

The importance of risk management as part of corporate governance has increased since the latest financial crisis.	2,2346	81	,82571	,09175
--	--------	----	--------	--------

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Risk management is part of corporate governance. & The importance of risk management as part of corporate governance has increased since the latest financial crisis.	81	,684	,000

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Test^a

		Paired Differences				df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower			Upper
Pair 1	Risk management is part of corporate governance. - The importance of risk management as part of corporate governance has increased since the latest financial crisis.	-,01235	,66132	,07348	-,15858	,13388	80	,867

a. In / for which country are / were you mainly working so far? = Germany

In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Risk management is part of corporate governance.	2,0000	4	,81650	,40825
	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	2,0000	4	,81650	,40825

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	Risk management is part of corporate governance. & The importance of risk management as part of corporate governance has increased since the latest financial crisis.	4	,500	,500

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Test^a

		Paired Differences				df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower			Upper
Pair 1	Risk management is part of corporate governance. - The importance of risk management as part of corporate governance has increased since the latest financial crisis.	0,00000	,81650	,40825	-1,29923	1,29923	3	1,000

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

H10

*Alle Länder zusammen

SPLIT FILE OFF.

DATASET ACTIVATE DatenSet1.

FILTER OFF.

USE ALL.

EXECUTE.

T-TEST PAIRS=q0019_0006 WITH q0019_0005 (PAIRED)
 /CRITERIA=CI(.9500)
 /MISSING=ANALYSIS.

T-Test

Notes

Output Created	01-JUL-2014 15:06:54	
Comments		
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	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	282
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax	T-TEST PAIRS=q0019_0006 WITH q0019_0005 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.	
Resources	Processor Time	00:00:00,22
	Elapsed Time	00:00:00,22

[DatenSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,9433	194	,79629	,05717
	Risk management is part of corporate governance.	1,9330	194	,81479	,05850

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. & Risk management is part of corporate governance.	194	,657	,000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. - Risk management is part of corporate governance.	,01031	,66745	,04792	-,08421	,10482	,215	193	,830

*Aufgeteilt nach De, Brazil, Other

USE ALL.
 COMPUTE filter_\$(q0004 <= 3).
 VARIABLE LABELS filter_\$('q0004 <= 3 (FILTER)'.
 VALUE LABELS filter_\$(0 'Not Selected' 1 'Selected'.
 FORMATS filter_\$(f1.0).
 FILTER BY filter_\$.
 EXECUTE.

SORT CASES BY q0004.
 SPLIT FILE SEPARATE BY q0004.

T-TEST PAIRS=q0019_0006 WITH q0019_0005 (PAIRED)
 /CRITERIA=CI(.9500)
 /MISSING=ANALYSIS.

T-Test

Notes		01-JUL-2014 15:06:56
Output Created		
Comments		
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	Active Dataset	DatenSet1
	Filter	q0004 <= 3 (FILTER)
	Weight	<none>
	Split File	In / for which country are / were you mainly working so far?
	N of Rows in Working Data File	270
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=q0019_0006 WITH q0019_0005 (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00,23
	Elapsed Time	00:00:00,22

[DatenSet1]

In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Statistics ^a					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,7619	21	,70034	,15283
	Risk management is part of corporate governance.	1,5714	21	,87014	,18988

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Correlations ^a			
		N	Sig.
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. & Risk management is part of corporate governance.	21	,645

a. In / for which country are / were you mainly working so far? = Other (please specify)

Paired Samples Test ^a									
		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. - Risk management is part of corporate governance.	,19048	,67964	,14831	-,11889	,49984	1,284	20	,214

a. In / for which country are / were you mainly working so far? = Other (please specify)

In / for which country are / were you mainly working so far? = Brazil

Paired Samples Statistics ^a					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	1,7159	88	,71033	,07572
	Risk management is part of corporate governance.	1,7500	88	,69893	,07451

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Correlations ^a			
		N	Sig.

Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. & Risk management is part of corporate governance.	88	,550	,000
--------	---	----	------	------

a. In / for which country are / were you mainly working so far? = Brazil

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. - Risk management is part of corporate governance.	-,03409	,66866	,07128	-,17577	,10758	-,478	87	,634

a. In / for which country are / were you mainly working so far? = Brazil

In / for which country are / were you mainly working so far? = Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	2,2346	81	,82571	,09175
	Risk management is part of corporate governance.	2,2222	81	,83666	,09296

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. & Risk management is part of corporate governance.	81	,684	,000

a. In / for which country are / were you mainly working so far? = Germany

Paired Samples Test^a

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. - Risk management is part of corporate governance.	,01235	,66132	,07348	-,13388	,15858	,168	80	,867

a. In / for which country are / were you mainly working so far? = Germany

In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Statistics^a

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis.	2,0000	4	,81650	,40825
	Risk management is part of corporate governance.	2,0000	4	,81650	,40825

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Correlations^a

		N	Correlation	Sig.
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. & Risk management is part of corporate governance.	4	,500	,500

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

Paired Samples Test^a

		Paired Differences						
--	--	--------------------	--	--	--	--	--	--

		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	The importance of risk management as part of corporate governance has increased since the latest financial crisis. - Risk management is part of corporate governance.	0,00000	,81650	,40825	-1,29923	1,29923	0,000	3	1,000

a. In / for which country are / were you mainly working so far? = Both Brazil and Germany

H11a

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GET DATA /TYPE=XLSX
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  /SHEET=name 'FI Analysis'
  /CELLRANGE=full
  /READNAMES=on
  /ASSUMEDSTRWIDTH=32767.
EXECUTE.
DATASET NAME DatenSet1 WINDOW=FRONT.

SAVE OUTFILE='C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. '+
  'Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav'
  /COMPRESSED.
GET
  FILE='C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Wedekind\Datensatz Alle HB MOS Zusammen.sav'.
DATASET NAME DatenSet2 WINDOW=FRONT.
SORT CASES BY ID(A) zeitpkt(A).
DATASET ACTIVATE DatenSet1.
DATASET ACTIVATE DatenSet1.

SAVE OUTFILE='C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. '+
  'Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav'
  /COMPRESSED.
DATASET ACTIVATE DatenSet2.
DATASET ACTIVATE DatenSet2.

SAVE OUTFILE='C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Wedekind\Datensatz Alle HB '+
  'MOS Zusammen.sav'
  /COMPRESSED.
DATASET ACTIVATE DatenSet1.
DATASET CLOSE DatenSet2.
UNIANOVA CorporateGovernanceasownsection BY Country Year
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /PLOT=PROFILE(Country*Year Year*Country)
  /EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
  /EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
  /EMMEANS=TABLES(Country*Year)
  /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
  /CRITERIA=ALPHA(.05)
  /DESIGN=Country Year Country*Year.

```

Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA CorporateGovernanceasownsection BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,50
	Elapsed Time	00:00:00,48

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: CorporateGovernanceasownsection

Country		Mean	Std. Deviation	N
DE	2007	,600	,5477	5
	2008	,600	,5477	5
	2009	,600	,5477	5
	2010	,800	,4472	5
	2011	,800	,4472	5
	2012	,800	,4472	5
	2013	,800	,4472	5
	Total	,714	,4583	35
BR	2007	,600	,5477	5
	2008	,600	,5477	5
	2009	,600	,5477	5
	2010	,600	,5477	5
	2011	,700	,4472	5
	2012	,800	,4472	5
	2013	1,000	0,0000	2
	Total	,672	,4685	32
Total	2007	,600	,5164	10
	2008	,600	,5164	10
	2009	,600	,5164	10
	2010	,700	,4830	10
	2011	,750	,4249	10
	2012	,800	,4216	10
	2013	,857	,3780	7
	Total	,694	,4602	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: CorporateGovernanceasownsection

F	df1	df2	Sig.
1,504	13	53	,147

^aTests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: CorporateGovernanceasownsection

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	,778 ^a	13	,060	,240	,996	,056
Intercept	31,616	1	31,616	126,944	,000	,705
Country	,003	1	,003	,013	,910	,000
Year	,652	6	,109	,436	,851	,047
Country * Year	,169	6	,028	,113	,995	,013
Error	13,200	53	,249			
Total	46,250	67				
Corrected Total	13,978	66				

a. R Squared = ,056 (Adjusted R Squared = -,176)

Parameter Estimates

Dependent Variable: CorporateGovernanceasownsection

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	1,000	,363	2,834	,006	,292	1,708	,132
[Country=1]	-,200	,418	-,479	,634	-,1037	,637	,004
[Country=2]	0 ^a						
[Year=2007]	-,400	,418	-,958	,342	-,1,237	,437	,017
[Year=2008]	-,400	,418	-,958	,342	-,1,237	,437	,017
[Year=2009]	-,400	,418	-,958	,342	-,1,237	,437	,017
[Year=2010]	-,400	,418	-,958	,342	-,1,237	,437	,017
[Year=2011]	-,300	,418	-,718	,476	-,1,137	,537	,010
[Year=2012]	-,200	,418	-,479	,634	-,1,037	,637	,004
[Year=2013]	0 ^a						
[Country=1] * [Year=2007]	,200	,523	,382	,704	-,850	1,250	,003
[Country=1] * [Year=2008]	,200	,523	,382	,704	-,850	1,250	,003
[Country=1] * [Year=2009]	,200	,523	,382	,704	-,850	1,250	,003
[Country=1] * [Year=2010]	,400	,523	,764	,448	-,650	1,450	,011
[Country=1] * [Year=2011]	,300	,523	,573	,569	-,750	1,350	,006
[Country=1] * [Year=2012]	,200	,523	,382	,704	-,850	1,250	,003
[Country=1] * [Year=2013]	0 ^a						
[Country=2] * [Year=2007]	0 ^a						
[Country=2] * [Year=2008]	0 ^a						
[Country=2] * [Year=2009]	0 ^a						
[Country=2] * [Year=2010]	0 ^a						
[Country=2] * [Year=2011]	0 ^a						
[Country=2] * [Year=2012]	0 ^a						
[Country=2] * [Year=2013]	0 ^a						

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: CorporateGovernanceasownsection

Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	,714	,084	,545	,883

BR	.700	.093	.514	.886
----	------	------	------	------

Pairwise Comparisons

Dependent Variable: CorporateGovernanceasownsection

(I) Country	Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
				Lower Bound	Upper Bound
DE BR	.014	.126	.910	-.237	.266
BR DE	-.014	.126	.910	-.266	.237

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CorporateGovernanceasownsection

Contrast	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Error	13,200	53	.249		.910	.000

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: CorporateGovernanceasownsection

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2007	.600	.158	.283	.917
2008	.600	.158	.283	.917
2009	.600	.158	.283	.917
2010	.700	.158	.383	1,017
2011	.750	.158	.433	1,067
2012	.800	.158	.483	1,117
2013	.900	.209	.481	1,319

Pairwise Comparisons

Dependent Variable: CorporateGovernanceasownsection

(I) Year	Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a		
				Lower Bound	Upper Bound	
2007	2008	6,939E-17	.223	1,000	-.448	.448
	2009	-1,388E-17	.223	1,000	-.448	.448
	2010	-.100	.223	.656	-.548	.348
	2011	-.150	.223	.504	-.598	.298
	2012	-.200	.223	.374	-.648	.248
	2013	-.300	.262	.257	-.825	.225
2008	2007	-6,939E-17	.223	1,000	-.448	.448
	2009	-8,327E-17	.223	1,000	-.448	.448
	2010	-.100	.223	.656	-.548	.348
	2011	-.150	.223	.504	-.598	.298
	2012	-.200	.223	.374	-.648	.248
	2013	-.300	.262	.257	-.825	.225
2009	2007	1,388E-17	.223	1,000	-.448	.448
	2008	8,327E-17	.223	1,000	-.448	.448
	2010	-.100	.223	.656	-.548	.348
	2011	-.150	.223	.504	-.598	.298
	2012	-.200	.223	.374	-.648	.248
	2013	-.300	.262	.257	-.825	.225
2010	2007	.100	.223	.656	-.348	.548
	2008	.100	.223	.656	-.348	.548
	2009	.100	.223	.656	-.348	.548
	2011	-.050	.223	.824	-.498	.398
	2012	-.100	.223	.656	-.548	.348
	2013	-.200	.262	.448	-.725	.325
2011	2007	.150	.223	.504	-.298	.598
	2008	.150	.223	.504	-.298	.598
	2009	.150	.223	.504	-.298	.598
	2010	.050	.223	.824	-.398	.498
	2012	-.050	.223	.824	-.498	.398
	2013	-.150	.262	.569	-.675	.375
2012	2007	.200	.223	.374	-.248	.648
	2008	.200	.223	.374	-.248	.648
	2009	.200	.223	.374	-.248	.648
	2010	.100	.223	.656	-.348	.548
	2011	.050	.223	.824	-.398	.498
	2013	-.100	.262	.704	-.625	.425
2013	2007	.300	.262	.257	-.225	.825
	2008	.300	.262	.257	-.225	.825
	2009	.300	.262	.257	-.225	.825
	2010	.200	.262	.448	-.325	.725
	2011	.150	.262	.569	-.375	.675
	2012	.100	.262	.704	-.425	.625

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CorporateGovernanceasownsection

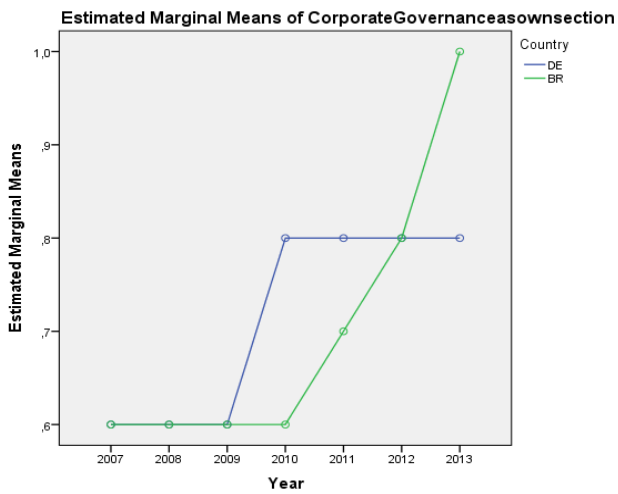
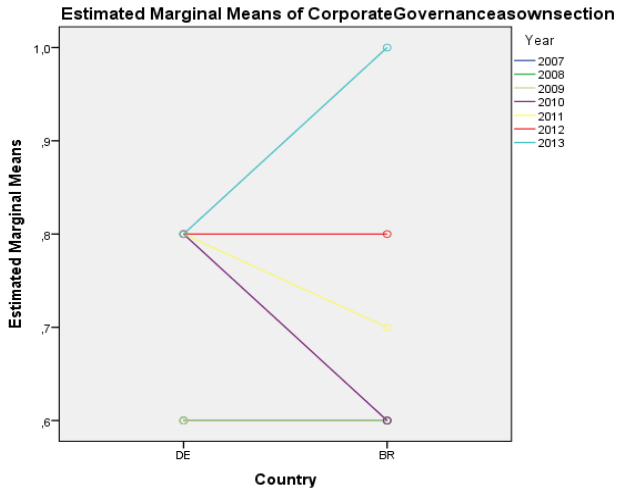
Contrast	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Error	13,200	53	.249		.910	.047

The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: CorporateGovernanceasownsection		Mean	Std. Error	95% Confidence Interval	
Country	Year			Lower Bound	Upper Bound
DE	2007	,600	,223	,152	1,048
	2008	,600	,223	,152	1,048
	2009	,600	,223	,152	1,048
	2010	,800	,223	,352	1,248
	2011	,800	,223	,352	1,248
	2012	,800	,223	,352	1,248
	2013	,800	,223	,352	1,248
BR	2007	,600	,223	,152	1,048
	2008	,600	,223	,152	1,048
	2009	,600	,223	,152	1,048
	2010	,600	,223	,152	1,048
	2011	,700	,223	,252	1,148
	2012	,800	,223	,352	1,248
	2013	1,000	,353	,292	1,708

Profile Plots



H11b

```

UNIANOVA CGwordcount BY Country Year
/METHOD=SSTYPE(3)
/INTERCEPT=INCLUDE
/PLOT=PROFILE(Country*Year Year*Country)
/EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Country*Year)
/PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
/CRITERIA=ALPHA(.05)
/DESIGN=Country Year Country*Year.
    
```

Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA CGwordcount BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,36
	Elapsed Time	00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: CGwordcount		Mean	Std. Deviation	N
Country	DE			
	2007	27,60	24,131	5
	2008	28,20	24,631	5
	2009	39,00	40,614	5
	2010	41,80	32,920	5
	2011	42,00	31,591	5
	2012	50,00	43,949	5
	2013	39,80	36,224	5
	Total	38,34	31,885	35
BR	2007	14,80	13,953	5
	2008	16,00	14,816	5
	2009	19,00	15,732	5
	2010	23,80	22,632	5
	2011	17,20	13,554	5
	2012	21,00	17,407	5
	2013	37,50	14,849	2
		Total	19,81	15,873
Total	2007	21,20	19,770	10
	2008	22,10	20,212	10
	2009	29,00	30,890	10
	2010	32,80	28,272	10
	2011	29,60	26,383	10
	2012	35,50	35,025	10

2013	39,14	30,213	7
Total	29,49	27,001	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: CGwordcount			
F	df1	df2	Sig.
1,180	13	53	,319

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: CGwordcount						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	8598,246 ^a	13	661,404	,887	,571	,179
Intercept	56281,706	1	56281,706	75,482	,000	,587
Country	4575,745	1	4575,745	6,137	,016	,104
Year	2182,657	6	363,776	,488	,814	,052
Country * Year	931,917	6	155,320	,208	,973	,023
Error	39518,500	53	745,632			
Total	106394,000	67				
Corrected Total	48116,746	66				

a. R Squared = ,179 (Adjusted R Squared = -,023)

Parameter Estimates

Dependent Variable: CGwordcount							
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	37,500	19,308	1,942	,057	-1,228	76,228	,066
[Country=1]	2,300	22,846	,101	,920	-43,523	48,123	,000
[Country=2]	0 ^a						
[Year=2007]	-22,700	22,846	-,994	,325	-68,523	23,123	,018
[Year=2008]	-21,500	22,846	-,941	,351	-67,323	24,323	,016
[Year=2009]	-18,500	22,846	-,810	,422	-64,323	27,323	,012
[Year=2010]	-13,700	22,846	-,600	,551	-59,523	32,123	,007
[Year=2011]	-20,300	22,846	-,889	,378	-66,123	25,523	,015
[Year=2012]	-16,500	22,846	-,722	,473	-62,323	29,323	,010
[Year=2013]	0 ^a						
[Country=1] * [Year=2007]	10,500	28,639	,367	,715	-46,943	67,943	,003
[Country=1] * [Year=2008]	9,900	28,639	,346	,731	-47,543	67,343	,002
[Country=1] * [Year=2009]	17,700	28,639	,618	,539	-39,743	75,143	,007
[Country=1] * [Year=2010]	15,700	28,639	,548	,586	-41,743	73,143	,006
[Country=1] * [Year=2011]	22,500	28,639	,786	,436	-34,943	79,943	,012
[Country=1] * [Year=2012]	26,700	28,639	,932	,355	-30,743	84,143	,016
[Country=1] * [Year=2013]	0 ^a						
[Country=2] * [Year=2007]	0 ^a						
[Country=2] * [Year=2008]	0 ^a						
[Country=2] * [Year=2009]	0 ^a						
[Country=2] * [Year=2010]	0 ^a						
[Country=2] * [Year=2011]	0 ^a						
[Country=2] * [Year=2012]	0 ^a						
[Country=2] * [Year=2013]	0 ^a						

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: CGwordcount				
Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	38,343	4,616	29,085	47,601
BR	21,329	5,086	11,127	31,530

Pairwise Comparisons

Dependent Variable: CGwordcount						
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
DE	BR	17,014	6,868	,016	3,238	30,790
BR	DE	-17,014	6,868	,016	-30,790	-3,238

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CGwordcount						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	4575,745	1	4575,745	6,137	,016	,104
Error	39518,500	53	745,632			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: CGwordcount					
Year	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
2007	21,200	8,635	3,880	38,520	
2008	22,100	8,635	4,780	39,420	
2009	29,000	8,635	11,680	46,320	
2010	32,800	8,635	15,480	50,120	
2011	29,600	8,635	12,280	46,920	
2012	35,500	8,635	18,180	52,820	
2013	38,650	11,423	15,738	61,562	

Pairwise Comparisons

Dependent Variable: CGwordcount						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
2007	2008	-.900	12,212	,942	-25,394	23,594
	2009	-7,800	12,212	,526	-32,294	16,694
	2010	-11,600	12,212	,346	-36,094	12,894
	2011	-8,400	12,212	,495	-32,894	16,094
	2012	-14,300	12,212	,247	-38,794	10,194
2008	2013	-17,450	14,320	,228	-46,171	11,271
	2007	,900	12,212	,942	-23,594	25,394
	2009	-6,900	12,212	,574	-31,394	17,594
	2010	-10,700	12,212	,385	-35,194	13,794
	2011	-7,500	12,212	,542	-31,994	16,994
2009	2012	-13,400	12,212	,277	-37,894	11,094
	2013	-16,550	14,320	,253	-45,271	12,171
	2007	7,800	12,212	,526	-16,694	32,294
	2008	6,900	12,212	,574	-17,594	31,394
	2010	-3,800	12,212	,757	-28,294	20,694
2010	2011	-.600	12,212	,961	-25,094	23,894
	2012	-6,500	12,212	,597	-30,994	17,994
	2013	-9,650	14,320	,503	-38,371	19,071
	2007	11,600	12,212	,346	-12,894	36,094
	2008	10,700	12,212	,385	-13,794	35,194
2011	2009	3,800	12,212	,757	-20,694	28,294
	2010	3,200	12,212	,794	-21,294	27,694
	2012	-2,700	12,212	,826	-27,194	21,794
	2013	-5,850	14,320	,685	-34,571	22,871
	2007	8,400	12,212	,495	-16,094	32,894
2012	2008	7,500	12,212	,542	-16,994	31,994
	2009	,600	12,212	,961	-23,894	25,094
	2010	-3,200	12,212	,794	-27,694	21,294
	2011	-5,900	12,212	,631	-30,394	18,594
	2013	-9,050	14,320	,530	-37,771	19,671
2013	2007	14,300	12,212	,247	-10,194	38,794
	2008	13,400	12,212	,277	-11,094	37,894
	2009	6,500	12,212	,597	-17,994	30,994
	2010	2,700	12,212	,826	-21,794	27,194
	2011	5,900	12,212	,631	-18,594	30,394
	2012	-3,150	14,320	,827	-31,871	25,571
	2007	17,450	14,320	,228	-11,271	46,171
	2008	16,550	14,320	,253	-12,171	45,271
	2009	9,650	14,320	,503	-19,071	38,371
	2010	5,850	14,320	,685	-22,871	34,571
	2011	9,050	14,320	,530	-19,671	37,771
	2012	3,150	14,320	,827	-25,571	31,871

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CGwordcount						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	2182,657	6	363,776	,488	,814	,052
Error	39518,500	53	745,632			

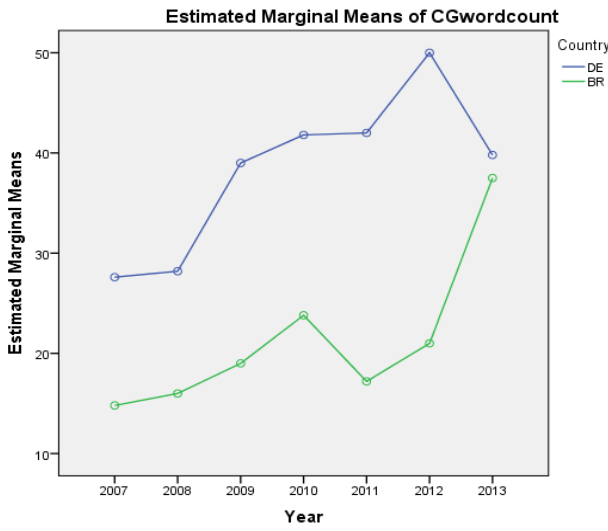
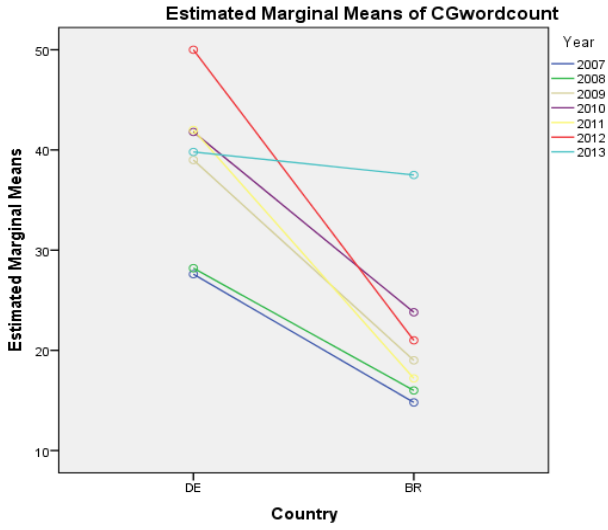
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: CGwordcount						
Country		Mean	Std. Error	95% Confidence Interval		
				Lower Bound	Upper Bound	
DE	2007	27,600	12,212	3,106	52,094	
	2008	28,200	12,212	3,706	52,694	
	2009	39,000	12,212	14,506	63,494	
	2010	41,800	12,212	17,306	66,294	
	2011	42,000	12,212	17,506	66,494	
	2012	50,000	12,212	25,506	74,494	
	2013	39,800	12,212	15,306	64,294	

BR	2007	14,800	12,212	-9,694	39,294
	2008	16,000	12,212	-8,494	40,494
	2009	19,000	12,212	-5,494	43,494
	2010	23,800	12,212	-694	48,294
	2011	17,200	12,212	-7,294	41,694
	2012	21,000	12,212	-3,494	45,494
	2013	37,500	19,308	-1,228	76,228

Profile Plots



H11c

```
UNIANOVA Crisiswordcount BY Country Year
/METHOD=SSTYPE(3)
/INTERCEPT=INCLUDE
/PLOT=PROFILE(Country*Year Year*Country)
/EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Country*Year)
/PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
/CRITERIA=ALPHA(.05)
/DESIGN=Country Year Country*Year.
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Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA Crisiswordcount BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,39
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[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: Crisiswordcount		Mean	Std. Deviation	N
Country	DE			
	2007	46,80	15,007	5
	2008	108,60	30,427	5
	2009	93,80	23,952	5
	2010	61,00	21,529	5
	2011	79,20	34,040	5
	2012	60,60	22,064	5
	2013	48,60	26,140	5
	Total	71,23	31,877	35
BR	2007	4,00	4,528	5
	2008	20,80	18,458	5
	2009	23,20	20,608	5
	2010	10,00	10,392	5
	2011	8,40	9,182	5
	2012	3,40	3,507	5
	2013	10,50	14,849	2
		Total	11,56	13,877
Total	2007	25,40	24,860	10
	2008	64,70	52,002	10
	2009	58,50	42,758	10
	2010	35,50	31,249	10
	2011	43,80	44,100	10
	2012	32,00	33,625	10

2013	37,71	28,947	7
Total	42,73	38,931	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: Crisiswordcount	
F	Sig.
2,036	,035

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: Crisiswordcount						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	77778,664 ^a	13	5982,974	14,251	,000	,778
Intercept	108104,906	1	108104,906	257,503	,000	,829
Country	56443,513	1	56443,513	134,447	,000	,717
Year	12970,689	6	2161,782	5,149	,000	,368
Country * Year	4128,985	6	688,164	1,639	,155	,157
Error	22250,500	53	419,821			
Total	222369,000	67				
Corrected Total	100029,164	66				

a. R Squared = ,778 (Adjusted R Squared = ,723)

Parameter Estimates

Dependent Variable: Crisiswordcount								
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared	
					Lower Bound	Upper Bound		
Intercept	10,500	14,488	,725	,472	-18,560	39,560	,010	
[Country=1]	38,100	17,143	2,223	,031	3,716	72,484	,085	
[Country=2]	0 ^a							
[Year=2007]	-6,500	17,143	-,379	,706	-40,884	27,884	,003	
[Year=2008]	10,300	17,143	,601	,551	-24,084	44,684	,007	
[Year=2009]	12,700	17,143	,741	,462	-21,684	47,084	,010	
[Year=2010]	-5,500	17,143	-,029	,977	-34,884	33,884	,000	
[Year=2011]	-2,100	17,143	-,123	,903	-36,484	32,284	,000	
[Year=2012]	-7,100	17,143	-,414	,680	-41,484	27,284	,003	
[Year=2013]	0 ^a							
[Country=1] * [Year=2007]	4,700	21,490	,219	,828	-38,403	47,803	,001	
[Country=1] * [Year=2008]	49,700	21,490	2,313	,025	6,597	92,803	,092	
[Country=1] * [Year=2009]	32,500	21,490	1,512	,136	-10,603	75,603	,041	
[Country=1] * [Year=2010]	12,900	21,490	,600	,551	-30,203	56,003	,007	
[Country=1] * [Year=2011]	32,700	21,490	1,522	,134	-10,403	75,803	,042	
[Country=1] * [Year=2012]	19,100	21,490	,889	,378	-24,003	62,203	,015	
[Country=1] * [Year=2013]	0 ^a							
[Country=2] * [Year=2007]	0 ^a							
[Country=2] * [Year=2008]	0 ^a							
[Country=2] * [Year=2009]	0 ^a							
[Country=2] * [Year=2010]	0 ^a							
[Country=2] * [Year=2011]	0 ^a							
[Country=2] * [Year=2012]	0 ^a							
[Country=2] * [Year=2013]	0 ^a							

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: Crisiswordcount					
Country	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
DE	71,229	3,463	64,282	78,175	
BR	11,471	3,816	3,817	19,126	

Pairwise Comparisons

Dependent Variable: Crisiswordcount						
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
DE	BR	59,757	5,154	,000	49,420	70,094
BR	DE	-59,757	5,154	,000	-70,094	-49,420

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: Crisiswordcount						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	56443,513	1	56443,513	134,447	,000	,717
Error	22250,500	53	419,821			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: Crisiswordcount					
Year	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
2007	25,400	6,479	12,404	38,396	
2008	64,700	6,479	51,704	77,696	
2009	58,500	6,479	45,504	71,496	
2010	35,500	6,479	22,504	48,496	
2011	43,800	6,479	30,804	56,796	
2012	32,000	6,479	19,004	44,996	
2013	29,550	8,571	12,358	46,742	

Pairwise Comparisons

Dependent Variable: Crisiswordcount						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
2007	2008	-39,300 [*]	9,163	,000	-57,679	-20,921
	2009	-33,100 [*]	9,163	,001	-51,479	-14,721
	2010	-10,100	9,163	,275	-28,479	8,279
	2011	-18,400 [*]	9,163	,050	-36,779	-,021
	2012	-6,600	9,163	,475	-24,979	11,779
2008	2007	-4,150	10,745	,701	-25,701	17,401
	2009	39,300 [*]	9,163	,000	20,921	57,679
	2010	6,200	9,163	,502	-12,179	24,579
	2011	29,200 [*]	9,163	,002	10,821	47,579
	2012	20,900 [*]	9,163	,027	2,521	39,279
2009	2007	32,700 [*]	9,163	,001	14,321	51,079
	2008	35,150 [*]	10,745	,002	13,599	56,701
	2010	33,100 [*]	9,163	,001	14,721	51,479
	2011	-6,200	9,163	,502	-24,579	12,179
	2012	23,000 [*]	9,163	,015	4,621	41,379
2010	2007	14,700	9,163	,115	-3,679	33,079
	2008	26,500 [*]	9,163	,006	8,121	44,879
	2009	28,950 [*]	10,745	,009	7,399	50,501
	2011	10,100	9,163	,275	-8,279	28,479
	2012	-29,200 [*]	9,163	,002	-47,579	-10,821
2011	2007	-23,000 [*]	9,163	,015	-41,379	-4,621
	2008	-8,300	9,163	,369	-26,679	10,079
	2009	3,500	9,163	,704	-14,879	21,879
	2010	5,950	10,745	,582	-15,601	27,501
	2012	18,400 [*]	9,163	,050	-,021	36,779
2012	2007	-20,900 [*]	9,163	,027	-39,279	-2,521
	2008	-14,700	9,163	,115	-33,079	3,679
	2009	8,300	9,163	,369	-10,079	26,679
	2010	11,800	9,163	,203	-6,579	30,179
	2013	14,250	10,745	,190	-7,301	35,801
2013	2007	6,600	9,163	,475	-11,779	24,979
	2008	-32,700 [*]	9,163	,001	-51,079	-14,321
	2009	-26,500 [*]	9,163	,006	-44,879	-8,121
	2010	-3,500	9,163	,704	-21,879	14,879
	2011	-11,800	9,163	,203	-30,179	6,579
2013	2007	2,450	10,745	,821	-19,101	24,001
	2008	4,150	10,745	,701	-17,401	25,701
	2009	-35,150 [*]	10,745	,002	-56,701	-13,599
	2010	-28,950 [*]	10,745	,009	-50,501	-7,399
	2011	-5,950	10,745	,582	-27,501	15,601
2013	2011	-14,250	10,745	,190	-35,801	7,301
	2012	-2,450	10,745	,821	-24,001	19,101

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: Crisiswordcount						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	12970,689	6	2161,782	5,149	,000	,368
Error	22250,500	53	419,821			

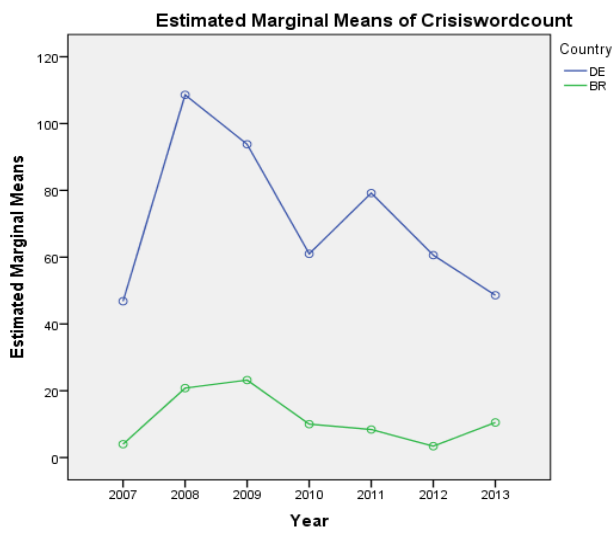
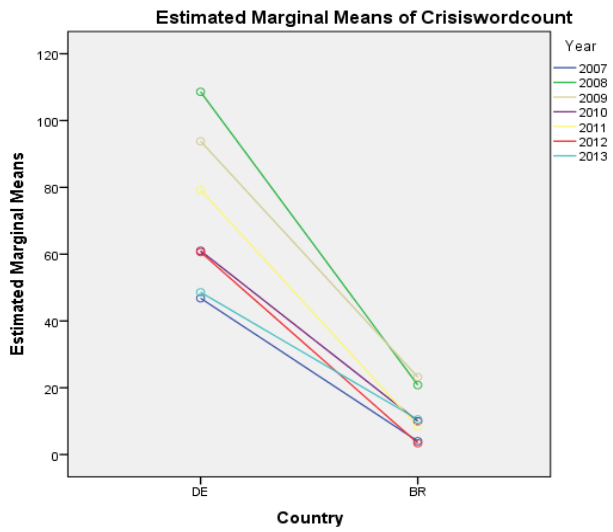
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: Crisiswordcount					
Country		Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	46,800	9,163	28,421	65,179
	2008	108,600	9,163	90,221	126,979
	2009	93,800	9,163	75,421	112,179
	2010	61,000	9,163	42,621	79,379
	2011	79,200	9,163	60,821	97,579
2012	60,600	9,163	42,221	78,979	

BR	2013	48,600	9,163	30,221	66,979
	2007	4,000	9,163	-14,379	22,379
	2008	20,800	9,163	2,421	39,179
	2009	23,200	9,163	4,821	41,579
	2010	10,000	9,163	-8,379	28,379
	2011	8,400	9,163	-9,979	26,779
	2012	3,400	9,163	-14,979	21,779
	2013	10,500	14,488	-18,560	39,560

Profile Plots



H11d

```

UNIANOVA CGhighlighted BY Country Year
/METHOD=SSTYPE(3)
/INTERCEPT=INCLUDE
/PLOT=PROFILE(Country*Year Year*Country)
/EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Country*Year)
/PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
/CRITERIA=ALPHA(.05)
/DESIGN=Country Year Country*Year.
    
```

Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA CGhighlighted BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,36
	Elapsed Time	00:00:00,32

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: CGhighlighted		Mean	Std. Deviation	N
Country	DE			
	2007	0,000	0,0000	5
	2008	0,000	0,0000	5
	2009	0,000	0,0000	5
	2010	0,000	0,0000	5
	2011	0,000	0,0000	5
	2012	,200	,4472	5
BR	2013	,200	,4472	5
	Total	,057	,2355	35
	2007	,200	,4472	5
	2008	,200	,4472	5
	2009	,200	,4472	5
	2010	,200	,4472	5
	2011	0,000	0,0000	5
Total	2012	,400	,5477	5
	2013	0,000	0,0000	2
	Total	,188	,3966	32
	2007	,100	,3162	10
	2008	,100	,3162	10
	2009	,100	,3162	10
Total	2010	,100	,3162	10
	2011	0,000	0,0000	10
	2012	,300	,4830	10

2013	,143	,3780	7
Total	,119	,3267	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: CGhighlighted			
F	df1	df2	Sig.
4,763	13	53	,000

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: CGhighlighted						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	1,045 ^a	13	,080	,710	,745	,148
Intercept	,826	1	,826	7,295	,009	,121
Country	,206	1	,206	1,824	,183	,033
Year	,485	6	,081	,714	,640	,075
Country * Year	,259	6	,043	,381	,888	,041
Error	6,000	53	,113			
Total	8,000	67				
Corrected Total	7,045	66				

a. R Squared = ,148 (Adjusted R Squared = -,061)

Parameter Estimates

Dependent Variable: CGhighlighted								
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared	
					Lower Bound	Upper Bound		
Intercept	1,693E-15	,238	,000	1,000	-,477	,477	,000	
[Country=1]	,200	,282	,710	,481	-,365	,765	,009	
[Country=2]	0 ^a							
[Year=2007]	,200	,282	,710	,481	-,365	,765	,009	
[Year=2008]	,200	,282	,710	,481	-,365	,765	,009	
[Year=2009]	,200	,282	,710	,481	-,365	,765	,009	
[Year=2010]	,200	,282	,710	,481	-,365	,765	,009	
[Year=2011]	-1,749E-15	,282	,000	1,000	-,565	,565	,000	
[Year=2012]	,400	,282	1,421	,161	-,165	,965	,037	
[Year=2013]	0 ^a							
[Country=1] * [Year=2007]	-,400	,353	-1,134	,262	-1,108	,308	,024	
[Country=1] * [Year=2008]	-,400	,353	-1,134	,262	-1,108	,308	,024	
[Country=1] * [Year=2009]	-,400	,353	-1,134	,262	-1,108	,308	,024	
[Country=1] * [Year=2010]	-,400	,353	-1,134	,262	-1,108	,308	,024	
[Country=1] * [Year=2011]	-,200	,353	-,567	,573	-,908	,508	,006	
[Country=1] * [Year=2012]	-,400	,353	-1,134	,262	-1,108	,308	,024	
[Country=1] * [Year=2013]	0 ^a							
[Country=2] * [Year=2007]	0 ^a							
[Country=2] * [Year=2008]	0 ^a							
[Country=2] * [Year=2009]	0 ^a							
[Country=2] * [Year=2010]	0 ^a							
[Country=2] * [Year=2011]	0 ^a							
[Country=2] * [Year=2012]	0 ^a							
[Country=2] * [Year=2013]	0 ^a							

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: CGhighlighted				
Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	,057	,057	-,057	,171
BR	,171	,063	,046	,297

Pairwise Comparisons

Dependent Variable: CGhighlighted						
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
DE	BR	-,114	,085	,183	-,284	,055
BR	DE	,114	,085	,183	-,055	,284

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CGhighlighted						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,206	1	,206	1,824	,183	,033
Error	6,000	53	,113			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: CGhighlighted					
Year	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
2007	,100	,106	-,113	,313	
2008	,100	,106	-,113	,313	
2009	,100	,106	-,113	,313	
2010	,100	,106	-,113	,313	
2011	-1,388E-17	,106	-,213	,213	
2012	,300	,106	,087	,513	
2013	,100	,141	-,182	,382	

Pairwise Comparisons

Dependent Variable: CGhighlighted						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
2007	2008	2,776E-17	,150	1,000	-,302	,302
	2009	-2,776E-17	,150	1,000	-,302	,302
	2010	-5,551E-17	,150	1,000	-,302	,302
	2011	,100	,150	,509	-,202	,402
	2012	-,200	,150	,189	-,502	,102
2008	2013	-5,551E-16	,176	1,000	-,354	,354
	2007	-2,776E-17	,150	1,000	-,302	,302
	2009	-5,551E-17	,150	1,000	-,302	,302
	2010	-8,327E-17	,150	1,000	-,302	,302
	2011	,100	,150	,509	-,202	,402
2009	2012	-,200	,150	,189	-,502	,102
	2013	-5,829E-16	,176	1,000	-,354	,354
	2007	2,776E-17	,150	1,000	-,302	,302
	2008	5,551E-17	,150	1,000	-,302	,302
	2010	-2,776E-17	,150	1,000	-,302	,302
2010	2011	,100	,150	,509	-,202	,402
	2012	-,200	,150	,189	-,502	,102
	2013	-5,274E-16	,176	1,000	-,354	,354
	2007	5,551E-17	,150	1,000	-,302	,302
	2008	8,327E-17	,150	1,000	-,302	,302
2011	2009	2,776E-17	,150	1,000	-,302	,302
	2010	,100	,150	,509	-,202	,402
	2012	-,200	,150	,189	-,502	,102
	2013	-4,996E-16	,176	1,000	-,354	,354
	2007	-,100	,150	,509	-,402	,202
2012	2008	-,100	,150	,509	-,402	,202
	2009	-,100	,150	,509	-,402	,202
	2010	-,100	,150	,509	-,402	,202
	2011	-,300	,150	,051	-,602	,002
	2013	-,100	,176	,573	-,454	,254
2013	2007	,200	,150	,189	-,102	,502
	2008	,200	,150	,189	-,102	,502
	2009	,200	,150	,189	-,102	,502
	2010	,200	,150	,189	-,102	,502
	2011	,300	,150	,051	-,002	,602
	2012	-,200	,176	,262	-,154	,554
	2007	5,551E-16	,176	1,000	-,354	,354
	2008	5,829E-16	,176	1,000	-,354	,354
	2009	5,274E-16	,176	1,000	-,354	,354
	2010	4,996E-16	,176	1,000	-,354	,354
	2011	,100	,176	,573	-,254	,454
	2012	-,200	,176	,262	-,554	,154

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CGhighlighted						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,485	6	,081	,714	,640	,075
Error	6,000	53	,113			

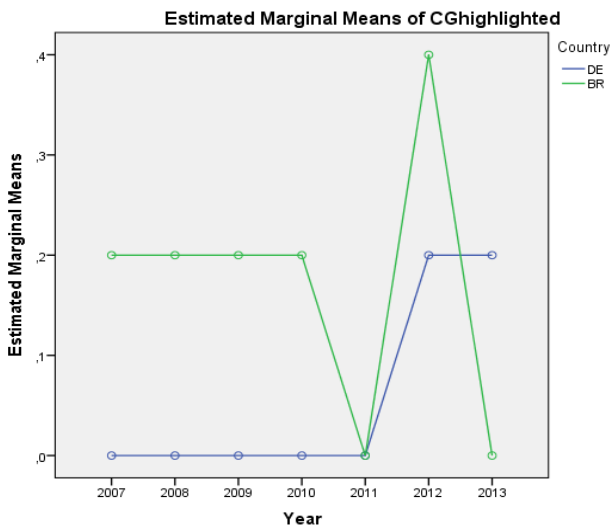
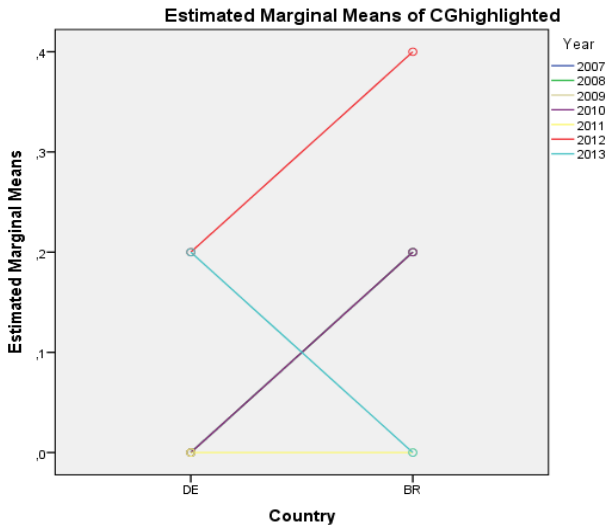
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: CGhighlighted					
Country	Year	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	1,110E-16	,150	-,302	,302
	2008	0,000	,150	-,302	,302
	2009	5,551E-17	,150	-,302	,302
	2010	1,110E-16	,150	-,302	,302
	2011	2,776E-17	,150	-,302	,302
	2012	,200	,150	-,102	,502
	2013	,200	,150	-,102	,502

BR	2007		,200	,150	-,102	,502
	2008		,200	,150	-,102	,502
	2009		,200	,150	-,102	,502
	2010		,200	,150	-,102	,502
	2011		-5,551E-17	,150	-,302	,302
	2012		,400	,150	,098	,702
	2013		1,693E-15	,238	-,477	,477

Profile Plots



H11e

```

UNIANOVA CSRhighlighted BY Country Year
/METHOD=SSTYPE(3)
/INTERCEPT=INCLUDE
/PLOT=PROFILE(Country*Year Year*Country)
/EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Country*Year)
/PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
/CRITERIA=ALPHA(.05)
/DESIGN=Country Year Country*Year.
    
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Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA CSRhighlighted BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,39
	Elapsed Time	00:00:00,37

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable:		CSRhighlighted		
Country		Mean	Std. Deviation	N
DE	2007	0,000	0,0000	5
	2008	0,000	0,0000	5
	2009	0,000	0,0000	5
	2010	0,000	0,0000	5
	2011	0,000	0,0000	5
	2012	0,000	0,0000	5
	2013	,200	,4472	5
	Total	,029	,1690	35
BR	2007	0,000	0,0000	5
	2008	,400	,5477	5
	2009	,400	,5477	5
	2010	,400	,5477	5
	2011	,200	,4472	5
	2012	,100	,2236	5
	2013	0,000	0,0000	2
	Total	,234	,4209	32
Total	2007	0,000	0,0000	10
	2008	,200	,4216	10
	2009	,200	,4216	10
	2010	,200	,4216	10
	2011	,100	,3162	10
	2012	,050	,1581	10

2013	,143	,3780	7
Total	,127	,3296	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: CSRhighlighted	
F	Sig.
14,083	,000

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: CSRhighlighted						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	1,772 ^a	13	,136	1,338	,222	,247
Intercept	,932	1	,932	9,150	,004	,147
Country	,545	1	,545	5,351	,025	,092
Year	,391	6	,065	,639	,698	,067
Country * Year	,652	6	,109	1,066	,395	,108
Error	5,400	53	,102			
Total	8,250	67				
Corrected Total	7,172	66				

a. R Squared = ,247 (Adjusted R Squared = ,062)

Parameter Estimates

Dependent Variable: CSRhighlighted								
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared	
					Lower Bound	Upper Bound		
Intercept	2,498E-15	,226	,000	1,000	-,453	,453	,000	
[Country=1]	,200	,267	,749	,457	-,336	,736	,010	
[Country=2]	0 ^a							
[Year=2007]	-2,609E-15	,267	,000	1,000	-,536	,536	,000	
[Year=2008]	,400	,267	1,498	,140	-,136	,936	,041	
[Year=2009]	,400	,267	1,498	,140	-,136	,936	,041	
[Year=2010]	,400	,267	1,498	,140	-,136	,936	,041	
[Year=2011]	,200	,267	,749	,457	-,336	,736	,010	
[Year=2012]	,100	,267	,374	,710	-,436	,636	,003	
[Year=2013]	0 ^a							
[Country=1] * [Year=2007]	-,200	,335	-,597	,553	-,871	,471	,007	
[Country=1] * [Year=2008]	-,600	,335	-1,792	,079	-1,271	,071	,057	
[Country=1] * [Year=2009]	-,600	,335	-1,792	,079	-1,271	,071	,057	
[Country=1] * [Year=2010]	-,600	,335	-1,792	,079	-1,271	,071	,057	
[Country=1] * [Year=2011]	-,400	,335	-1,195	,237	-1,071	,271	,026	
[Country=1] * [Year=2012]	-,300	,335	-,896	,374	-,971	,371	,015	
[Country=1] * [Year=2013]	0 ^a							
[Country=2] * [Year=2007]	0 ^a							
[Country=2] * [Year=2008]	0 ^a							
[Country=2] * [Year=2009]	0 ^a							
[Country=2] * [Year=2010]	0 ^a							
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[Country=2] * [Year=2013]	0 ^a							

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: CSRhighlighted				
Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	,029	,054	-,080	,137
BR	,214	,059	,095	,334

Pairwise Comparisons

Dependent Variable: CSRhighlighted						
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
DE	BR	-,186 [*]	,080	,025	-,347	-,025
BR	DE	,186 [*]	,080	,025	,025	,347

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CSRhighlighted						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,545	1	,545	5,351	,025	,092
Error	5,400	53	,102			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: CSRhighlighted					
Year	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
2007	-6,939E-17	,101	-,202	,202	
2008	,200	,101	-,002	,402	
2009	,200	,101	-,002	,402	
2010	,200	,101	-,002	,402	
2011	,100	,101	-,102	,302	
2012	,050	,101	-,152	,252	
2013	,100	,134	-,168	,368	

Pairwise Comparisons

Dependent Variable: CSRhighlighted						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
2007	2008	-,200	,143	,167	-,486	,086
	2009	-,200	,143	,167	-,486	,086
	2010	-,200	,143	,167	-,486	,086
	2011	-,100	,143	,487	-,386	,186
	2012	-,050	,143	,728	-,336	,236
2008	2013	-,100	,167	,553	-,436	,236
	2007	,200	,143	,167	-,086	,486
	2009	5,551E-17	,143	1,000	-,286	,286
	2010	-1,110E-16	,143	1,000	-,286	,286
	2011	,100	,143	,487	-,186	,386
2009	2012	,150	,143	,298	-,136	,436
	2013	,100	,167	,553	-,236	,436
	2007	,200	,143	,167	-,086	,486
	2008	-5,551E-17	,143	1,000	-,286	,286
	2010	-1,665E-16	,143	1,000	-,286	,286
2010	2011	,100	,143	,487	-,186	,386
	2012	,150	,143	,298	-,136	,436
	2013	,100	,167	,553	-,236	,436
	2007	,200	,143	,167	-,086	,486
	2008	1,110E-16	,143	1,000	-,286	,286
2011	2009	1,665E-16	,143	1,000	-,286	,286
	2010	,100	,143	,487	-,186	,386
	2012	,150	,143	,298	-,136	,436
	2013	,100	,167	,553	-,236	,436
	2007	,100	,143	,487	-,186	,386
2012	2008	-,100	,143	,487	-,386	,186
	2009	-,100	,143	,487	-,386	,186
	2010	-,100	,143	,487	-,386	,186
	2012	,050	,143	,728	-,236	,336
	2013	-7,494E-16	,167	1,000	-,336	,336
2013	2007	,050	,143	,728	-,236	,336
	2008	-,150	,143	,298	-,436	,136
	2009	-,150	,143	,298	-,436	,136
	2010	-,150	,143	,298	-,436	,136
	2011	-,050	,143	,728	-,336	,236
	2013	-,050	,167	,766	-,386	,286
	2007	,100	,167	,553	-,236	,436
	2008	-,100	,167	,553	-,436	,236
	2009	-,100	,167	,553	-,436	,236
	2010	-,100	,167	,553	-,436	,236
	2011	7,494E-16	,167	1,000	-,336	,336
	2012	,050	,167	,766	-,286	,386

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: CSRhighlighted						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,391	6	,065	,639	,698	,067
Error	5,400	53	,102			

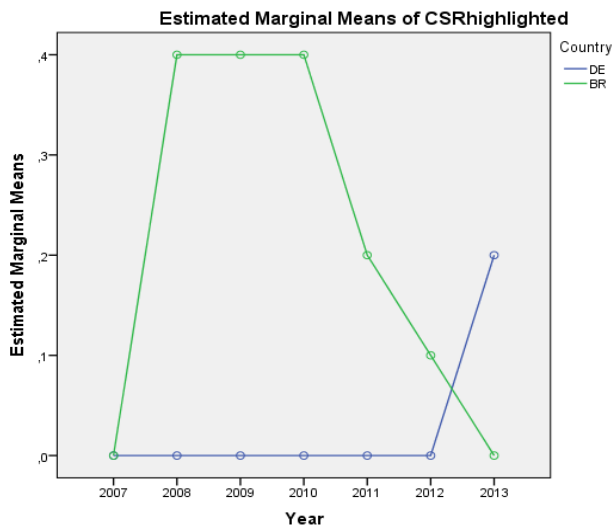
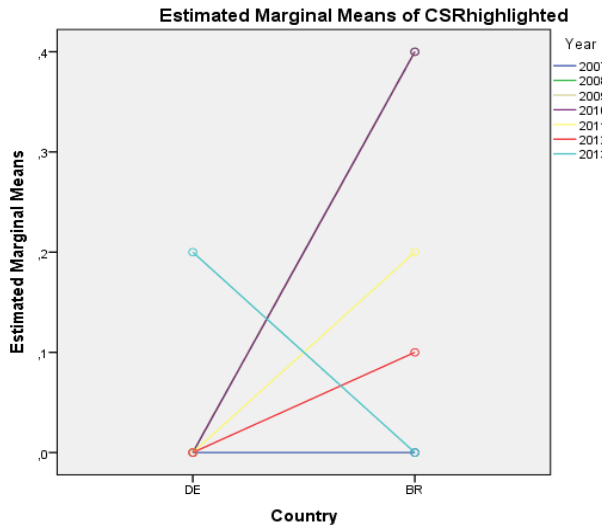
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: CSRhighlighted					
Country		Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	-2,776E-17	,143	-,286	,286
	2008	0,000	,143	-,286	,286
	2009	-1,110E-16	,143	-,286	,286
	2010	1,110E-16	,143	-,286	,286
	2011	1,110E-16	,143	-,286	,286
	2012	1,110E-16	,143	-,286	,286
	2013	,200	,143	-,086	,486

BR	2007	-1,110E-16	,143	-,286	,286
	2008	,400	,143	,114	,686
	2009	,400	,143	,114	,686
	2010	,400	,143	,114	,686
	2011	,200	,143	-,086	,486
	2012	,100	,143	-,186	,386
	2013	2,498E-15	,226	-,453	,453

Profile Plots



H12a

```

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Univariate Analysis of Variance

		Notes
Comments		
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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA RiskManagementControlRiskReportasowsection BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
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Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: riskmanagement_ontroirkriskrepor		Mean	Std. Deviation	N
Country	DE			
	2007	,600	,4183	5
	2008	,400	,4183	5
	2009	,500	,5000	5
	2010	,500	,5000	5
	2011	,500	,5000	5
	2012	,500	,5000	5
	2013	,600	,5477	5
	Total	,514	,4453	35
BR	2007	,200	,4472	5
	2008	,700	,4472	5
	2009	,600	,4183	5
	2010	,600	,4183	5
	2011	,500	,3536	5
	2012	,500	,3536	5
	2013	,500	,7071	2
		Total	,516	,4112
Total	2007	,400	,4595	10

2008	,550	,4378	10
2009	,550	,4378	10
2010	,550	,4378	10
2011	,500	,4082	10
2012	,500	,4082	10
2013	,571	,5345	7
Total	,515	,4261	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: riskmanagement_ontroirkiskkepor

F	df1	df2	Sig.
,659	13	53	,793

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: riskmanagement_ontroirkiskkepor

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	,885 ^a	13	,068	,325	,985	,074
Intercept	16,723	1	16,723	79,847	,000	,601
Country	0,000	1	0,000	0,000	1,000	0,000
Year	,180	6	,030	,143	,990	,016
Country * Year	,689	6	,115	,548	,769	,058
Error	11,100	53	,209			
Total	29,750	67				
Corrected Total	11,985	66				

a. R Squared = ,074 (Adjusted R Squared = -,153)

Parameter Estimates

Dependent Variable: riskmanagement_ontroirkiskkepor

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	,500	,324	1,545	,128	-,149	1,149	,043
[Country=1]	,100	,383	,261	,795	-,668	,868	,001
[Country=2]	0 ^a						
[Year=2007]	-,300	,383	-,784	,437	-,1068	,468	,011
[Year=2008]	,200	,383	,522	,604	-,568	,968	,005
[Year=2009]	,100	,383	,261	,795	-,668	,868	,001
[Year=2010]	,100	,383	,261	,795	-,668	,868	,001
[Year=2011]	1,728E-15	,383	,000	1,000	-,768	,768	,000
[Year=2012]	1,749E-15	,383	,000	1,000	-,768	,768	,000
[Year=2013]	0 ^a						
[Country=1] * [Year=2007]	,300	,480	,625	,535	-,663	1,263	,007
[Country=1] * [Year=2008]	-,400	,480	-,833	,408	-,1363	,563	,013
[Country=1] * [Year=2009]	-,200	,480	-,417	,679	-,1163	,763	,003
[Country=1] * [Year=2010]	-,200	,480	-,417	,679	-,1163	,763	,003
[Country=1] * [Year=2011]	-,100	,480	-,208	,836	-,1063	,863	,001
[Country=1] * [Year=2012]	-,100	,480	-,208	,836	-,1063	,863	,001
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[Country=2] * [Year=2012]	0 ^a						
[Country=2] * [Year=2013]	0 ^a						

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: riskmanagement_ontroirkiskkepor

Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	,514	,077	,359	,669
BR	,514	,085	,343	,685

Pairwise Comparisons

Dependent Variable: riskmanagement_ontroirkiskkepor

(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
DE	BR	2,012E-16	,115	1,000	-,231	,231
BR	DE	-2,012E-16	,115	1,000	-,231	,231

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: riskmanagementontroirkkrep
 Interaction

	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	6,400E-31	1	6,400E-31	,000	1,000	,000
Error	11,100	53	,209			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: riskmanagementontroirkkrep
 Interaction

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2007	,400	,145	,110	,690
2008	,550	,145	,260	,840
2009	,550	,145	,260	,840
2010	,550	,145	,260	,840
2011	,500	,145	,210	,790
2012	,500	,145	,210	,790
2013	,550	,191	,166	,934

Pairwise Comparisons

Dependent Variable: riskmanagementontroirkkrep
 Interaction

(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
2007	2008	-,150	,205	,467	-,561	,261
	2009	-,150	,205	,467	-,561	,261
	2010	-,150	,205	,467	-,561	,261
	2011	-,100	,205	,627	-,511	,311
	2012	-,100	,205	,627	-,511	,311
	2013	-,150	,240	,535	-,631	,331
2008	2007	,150	,205	,467	-,261	,561
	2009	-1,388E-17	,205	1,000	-,411	,411
	2010	-1,388E-17	,205	1,000	-,411	,411
	2011	,050	,205	,808	-,361	,461
	2012	,050	,205	,808	-,361	,461
	2013	1,110E-15	,240	1,000	-,481	,481
2009	2007	,150	,205	,467	-,261	,561
	2008	1,388E-17	,205	1,000	-,411	,411
	2010	0,000	,205	1,000	-,411	,411
	2011	,050	,205	,808	-,361	,461
	2012	,050	,205	,808	-,361	,461
	2013	1,124E-15	,240	1,000	-,481	,481
2010	2007	,150	,205	,467	-,261	,561
	2008	1,388E-17	,205	1,000	-,411	,411
	2009	0,000	,205	1,000	-,411	,411
	2011	,050	,205	,808	-,361	,461
	2012	,050	,205	,808	-,361	,461
	2013	1,124E-15	,240	1,000	-,481	,481
2011	2007	,100	,205	,627	-,311	,511
	2008	-,050	,205	,808	-,461	,361
	2009	-,050	,205	,808	-,461	,361
	2010	-,050	,205	,808	-,461	,361
	2012	-2,082E-17	,205	1,000	-,411	,411
	2013	-,050	,240	,836	-,531	,431
2012	2007	,100	,205	,627	-,311	,511
	2008	-,050	,205	,808	-,461	,361
	2009	-,050	,205	,808	-,461	,361
	2010	-,050	,205	,808	-,461	,361
	2011	2,082E-17	,205	1,000	-,411	,411
	2013	-,050	,240	,836	-,531	,431
2013	2007	,150	,240	,535	-,331	,631
	2008	-1,110E-15	,240	1,000	-,481	,481
	2009	-1,124E-15	,240	1,000	-,481	,481
	2010	-1,124E-15	,240	1,000	-,481	,481
	2011	,050	,240	,836	-,431	,531
	2012	,050	,240	,836	-,431	,531

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: riskmanagementontroirkkrep
 Interaction

	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,180	6	,030	,143	,990	,016
Error	11,100	53	,209			

The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

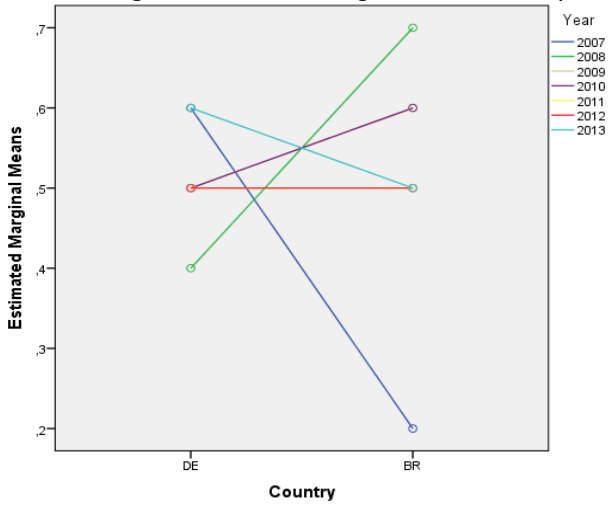
Dependent Variable: riskmanagementontroirkkrep
 Interaction

Country	Year	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	,600	,205	,189	1,011
	2008	,400	,205	-,011	,811

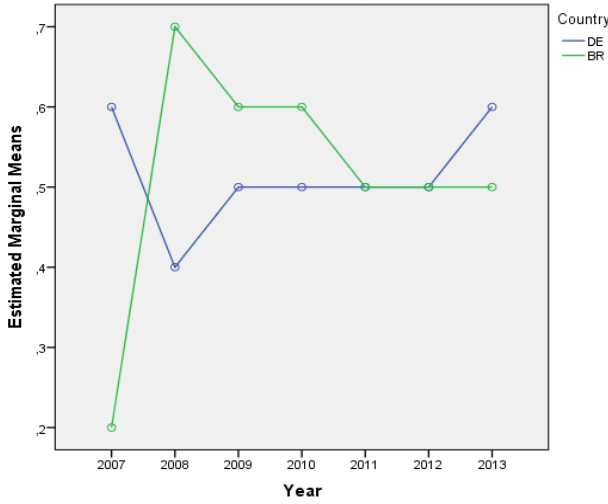
	2009		,500	,205	,089	,911
	2010		,500	,205	,089	,911
	2011		,500	,205	,089	,911
	2012		,500	,205	,089	,911
	2013		,600	,205	,189	1,011
BR	2007		,200	,205	-,211	,611
	2008		,700	,205	,289	1,111
	2009		,600	,205	,189	1,011
	2010		,600	,205	,189	1,011
	2011		,500	,205	,089	,911
	2012		,500	,205	,089	,911
	2013		,500	,324	-,149	1,149

Profile Plots

Estimated Marginal Means of RiskManagementControlRiskReportasownsection



Estimated Marginal Means of RiskManagementControlRiskReportasownsection



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H12b

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Univariate Analysis of Variance

		Notes
Comments		
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	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
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Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: RMwordcount		Mean	Std. Deviation	N
Country	DE			
	2007	61,40	19,743	5
	2008	54,00	35,021	5
	2009	70,40	39,017	5
	2010	72,20	51,543	5
	2011	72,00	58,494	5
	2012	91,80	73,574	5
	2013	105,20	92,918	5
	Total	75,29	54,864	35
BR	2007	23,60	29,720	5
	2008	15,40	12,054	5
	2009	21,60	29,151	5
	2010	18,60	19,932	5
	2011	16,60	12,954	5
	2012	21,00	13,323	5
	2013	71,00	82,024	2
		Total	22,69	26,904
Total	2007	42,50	31,028	10
	2008	34,70	31,993	10
	2009	46,00	41,422	10
	2010	45,40	46,426	10
	2011	44,30	49,475	10
	2012	56,40	62,267	10

2013	95,43	84,591	7
Total	50,16	50,905	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: RMwordcount	
F	Sig.
2,577	,008

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: RMwordcount						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	60762,394 ^a	13	4674,030	2,247	,020	,355
Intercept	164819,045	1	164819,045	79,221	,000	,599
Country	37115,045	1	37115,045	17,839	,000	,252
Year	12183,102	6	2030,517	,976	,451	,099
Country * Year	2237,954	6	372,992	,179	,981	,020
Error	110266,800	53	2080,506			
Total	339631,000	67				
Corrected Total	171029,194	66				

a. R Squared = ,355 (Adjusted R Squared = ,197)

Parameter Estimates

Dependent Variable: RMwordcount							
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	71,000	32,253	2,201	,032	6,309	135,691	,084
[Country=1]	34,200	38,162	,896	,374	-42,344	110,744	,015
[Country=2]	0 ^a						
[Year=2007]	-47,400	38,162	-1,242	,220	-123,944	29,144	,028
[Year=2008]	-55,600	38,162	-1,457	,151	-132,144	20,944	,039
[Year=2009]	-49,400	38,162	-1,294	,201	-125,944	27,144	,031
[Year=2010]	-52,400	38,162	-1,373	,176	-128,944	24,144	,034
[Year=2011]	-54,400	38,162	-1,425	,160	-130,944	22,144	,037
[Year=2012]	-50,000	38,162	-1,310	,196	-126,544	26,544	,031
[Year=2013]	0 ^a						
[Country=1] * [Year=2007]	3,600	47,839	,075	,940	-92,353	99,553	,000
[Country=1] * [Year=2008]	4,400	47,839	,092	,927	-91,553	100,353	,000
[Country=1] * [Year=2009]	14,600	47,839	,305	,761	-81,353	110,553	,002
[Country=1] * [Year=2010]	19,400	47,839	,406	,687	-76,553	115,353	,003
[Country=1] * [Year=2011]	21,200	47,839	,443	,659	-74,753	117,153	,004
[Country=1] * [Year=2012]	36,600	47,839	,765	,448	-59,353	132,553	,011
[Country=1] * [Year=2013]	0 ^a						
[Country=2] * [Year=2007]	0 ^a						
[Country=2] * [Year=2008]	0 ^a						
[Country=2] * [Year=2009]	0 ^a						
[Country=2] * [Year=2010]	0 ^a						
[Country=2] * [Year=2011]	0 ^a						
[Country=2] * [Year=2012]	0 ^a						
[Country=2] * [Year=2013]	0 ^a						

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: RMwordcount				
Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	75,286	7,710	59,822	90,750
BR	26,829	8,496	9,788	43,869

Pairwise Comparisons

Dependent Variable: RMwordcount						
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
DE	BR	48,457	11,473	,000	25,446	71,469
BR	DE	-48,457	11,473	,000	-71,469	-25,446

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: RMwordcount						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	37115,045	1	37115,045	17,839	,000	,252
Error	110266,800	53	2080,506			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: RMwordcount				
Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2007	42,500	14,424	13,569	71,431
2008	34,700	14,424	5,769	63,631
2009	46,000	14,424	17,069	74,931
2010	45,400	14,424	16,469	74,331
2011	44,300	14,424	15,369	73,231
2012	56,400	14,424	27,469	85,331
2013	88,100	19,081	49,828	126,372

Pairwise Comparisons

Dependent Variable: RMwordcount						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
2007	2008	7,800	20,399	,704	-33,114	48,714
	2009	-3,500	20,399	,864	-44,414	37,414
	2010	-2,900	20,399	,887	-43,814	38,014
	2011	-1,800	20,399	,930	-42,714	39,114
	2012	-13,900	20,399	,499	-54,814	27,014
2008	2013	-45,600	23,919	,062	-93,576	2,376
	2007	-7,800	20,399	,704	-48,714	33,114
	2009	-11,300	20,399	,582	-52,214	29,614
	2010	-10,700	20,399	,602	-51,614	30,214
	2011	-9,600	20,399	,640	-50,514	31,314
2009	2012	-21,700	20,399	,292	-62,614	19,214
	2013	-53,400	23,919	,030	-101,376	-5,424
	2007	3,500	20,399	,864	-37,414	44,414
	2008	11,300	20,399	,582	-29,614	52,214
	2010	,600	20,399	,977	-40,314	41,514
2010	2011	1,700	20,399	,934	-39,214	42,614
	2012	-10,400	20,399	,612	-51,314	30,514
	2013	-42,100	23,919	,084	-90,076	5,876
	2007	2,900	20,399	,887	-38,014	43,814
	2008	10,700	20,399	,602	-30,214	51,614
2011	2009	-,600	20,399	,977	-41,514	40,314
	2012	1,100	20,399	,957	-39,814	42,014
	2013	-11,000	20,399	,592	-51,914	29,914
	2007	-42,700	23,919	,080	-90,676	5,276
	2008	1,800	20,399	,930	-39,114	42,714
2012	2009	9,600	20,399	,640	-31,314	50,514
	2010	-1,700	20,399	,934	-42,614	39,214
	2011	-1,100	20,399	,957	-42,014	39,814
	2012	-12,100	20,399	,556	-53,014	28,814
	2013	-43,800	23,919	,073	-91,776	4,176
2013	2007	13,900	20,399	,499	-27,014	54,814
	2008	21,700	20,399	,292	-19,214	62,614
	2009	10,400	20,399	,612	-30,514	51,314
	2010	11,000	20,399	,592	-29,914	51,914
	2011	12,100	20,399	,556	-28,814	53,014
	2012	-31,700	23,919	,191	-79,676	16,276
	2007	45,600	23,919	,062	-2,376	93,576
	2008	53,400	23,919	,030	5,424	101,376
	2009	42,100	23,919	,084	-5,876	90,076
	2010	42,700	23,919	,080	-5,276	90,676
	2011	43,800	23,919	,073	-4,176	91,776
	2012	31,700	23,919	,191	-16,276	79,676

Based on estimated marginal means

*, The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: RMwordcount						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	12183,102	6	2030,517	,976	,451	,099
Error	110266,800	53	2080,506			

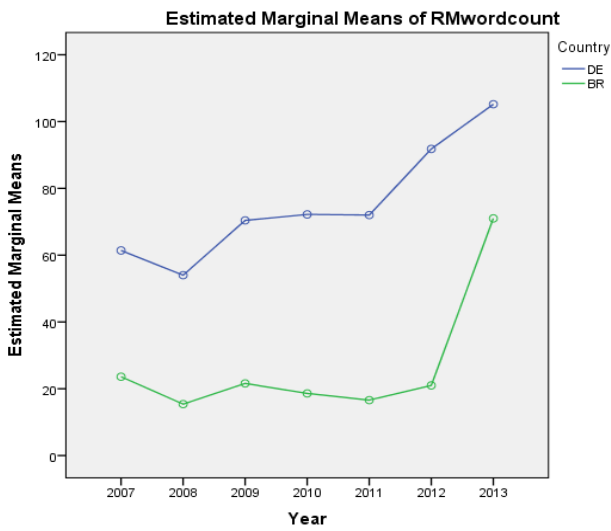
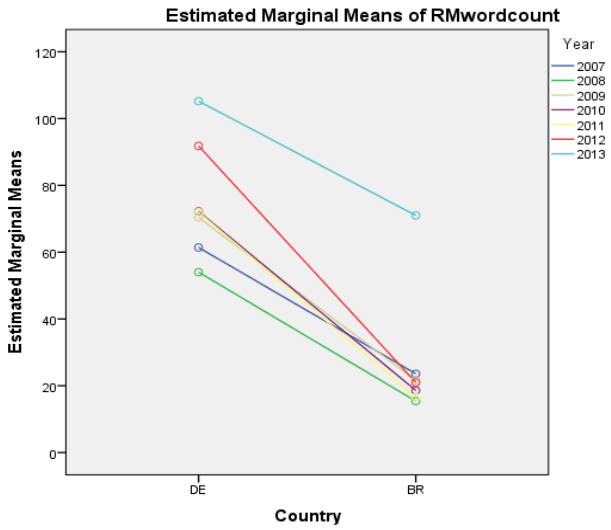
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: RMwordcount					
Country	Year	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	61,400	20,399	20,486	102,314
	2008	54,000	20,399	13,086	94,914
	2009	70,400	20,399	29,486	111,314
	2010	72,200	20,399	31,286	113,114
	2011	72,000	20,399	31,086	112,914
	2012	91,800	20,399	50,886	132,714

BR	2013	105,200	20,399	64,286	146,114
	2007	23,600	20,399	-17,314	64,514
	2008	15,400	20,399	-25,514	56,314
	2009	21,600	20,399	-19,314	62,514
	2010	18,600	20,399	-22,314	59,514
	2011	16,600	20,399	-24,314	57,514
	2012	21,000	20,399	-19,914	61,914
	2013	71,000	32,253	6,309	135,691

Profile Plots



H12c

```

UNIANOVA Riskwordcount BY Country Year
/METHOD=SSTYPE(3)
/INTERCEPT=INCLUDE
/PLOT=PROFILE(Country*Year Year*Country)
/EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Country*Year)
/PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
/CRITERIA=ALPHA(.05)
/DESIGN=Country Year Country*Year.
    
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Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA Riskwordcount BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,34
	Elapsed Time	00:00:00,34

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

Between-Subjects Factors

	Value Label	N
Country	1	35
	2	32
Year	2007	10
	2008	10
	2009	10
	2010	10
	2011	10
	2012	10
	2013	7

Descriptive Statistics

Dependent Variable: Riskwordcount		Mean	Std. Deviation	N
Country	DE			
	2007	838,20	218,066	5
	2008	791,00	439,305	5
	2009	880,60	458,073	5
	2010	994,20	520,714	5
	2011	1169,20	651,340	5
	2012	1403,80	959,148	5
	2013	1540,20	1128,839	5
	Total	1088,17	684,410	35
BR	2007	163,00	206,411	5
	2008	90,20	94,206	5
	2009	145,80	192,486	5
	2010	130,00	117,299	5
	2011	147,00	104,293	5
	2012	161,60	134,366	5
	2013	847,00	1021,062	2
		Total	183,81	285,342
Total	2007	500,60	408,299	10
	2008	440,60	475,541	10
	2009	513,20	509,614	10
	2010	562,10	577,996	10
	2011	658,10	695,439	10
	2012	782,70	919,525	10
	2013	1342,14	1066,626	7
	Total	656,24	697,636	67

Levene's Test of Equality of Error Variances^a

Dependent Variable:		Riskwordcount		
F	df1	df2	Sig.	
2,523	13	53	,009	

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable:		Riskwordcount				
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	17194488,179 ^a	13	1322652,937	4,696	,000	,535
Intercept	27910801,045	1	27910801,045	99,097	,000	,652
Country	11353465,406	1	11353465,406	40,311	,000	,432
Year	2764876,128	6	460812,688	1,636	,155	,156
Country * Year	658584,807	6	109764,134	,390	,882	,042
Error	14927464,000	53	281650,264			
Total	60975460,000	67				
Corrected Total	32121952,179	66				

a. R Squared = ,535 (Adjusted R Squared = ,421)

Parameter Estimates

Dependent Variable:		Riskwordcount						
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared	
					Lower Bound	Upper Bound		
Intercept	847,000	375,267	2,257	,028	94,310	1599,690	,088	
[Country=1]	693,200	444,022	1,561	,124	-197,395	1583,795	,044	
[Country=2]	0 ^a							
[Year=2007]	-684,000	444,022	-1,540	,129	-1574,595	206,595	,043	
[Year=2008]	-756,800	444,022	-1,704	,094	-1647,395	133,795	,052	
[Year=2009]	-701,200	444,022	-1,579	,120	-1591,795	189,395	,045	
[Year=2010]	-717,000	444,022	-1,615	,112	-1607,595	173,595	,047	
[Year=2011]	-700,000	444,022	-1,576	,121	-1590,595	190,595	,045	
[Year=2012]	-685,400	444,022	-1,544	,129	-1575,995	205,195	,043	
[Year=2013]	0 ^a							
[Country=1] * [Year=2007]	-18,000	556,611	-,032	,974	-1134,419	1098,419	,000	
[Country=1] * [Year=2008]	7,600	556,611	,014	,989	-1108,819	1124,019	,000	
[Country=1] * [Year=2009]	41,600	556,611	,075	,941	-1074,819	1158,019	,000	
[Country=1] * [Year=2010]	171,000	556,611	,307	,760	-945,419	1287,419	,002	
[Country=1] * [Year=2011]	329,000	556,611	,591	,557	-787,419	1445,419	,007	
[Country=1] * [Year=2012]	549,000	556,611	,986	,328	-567,419	1665,419	,018	
[Country=1] * [Year=2013]	0 ^a							
[Country=2] * [Year=2007]	0 ^a							
[Country=2] * [Year=2008]	0 ^a							
[Country=2] * [Year=2009]	0 ^a							
[Country=2] * [Year=2010]	0 ^a							
[Country=2] * [Year=2011]	0 ^a							
[Country=2] * [Year=2012]	0 ^a							
[Country=2] * [Year=2013]	0 ^a							

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable:		Riskwordcount			
Country	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
DE	1088,171	89,706	908,244	1268,099	
BR	240,657	98,851	42,387	438,927	

Pairwise Comparisons

Dependent Variable:		Riskwordcount				
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
DE	BR	847,514	133,487	,000	579,774	1115,255
BR	DE	-847,514	133,487	,000	-1115,255	-579,774

Based on estimated marginal means

*, The mean difference is significant at the ,05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable:		Riskwordcount				
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	11353465,406	1	11353465,406	40,311	,000	,432
Error	14927464,000	53	281650,264			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: Riskwordcount					
Year	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
2007	500,600	167,824	163,987	837,213	
2008	440,600	167,824	103,987	777,213	
2009	513,200	167,824	176,587	849,813	
2010	562,100	167,824	225,487	898,713	
2011	658,100	167,824	321,487	994,713	
2012	782,700	167,824	446,087	1119,313	
2013	1193,600	222,011	748,303	1638,897	

Pairwise Comparisons

Dependent Variable: Riskwordcount						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
2007	2008	60,000	237,340	,801	-416,043	536,043
	2009	-12,600	237,340	,958	-488,643	463,443
	2010	-61,500	237,340	,797	-537,543	414,543
	2011	-157,500	237,340	,510	-633,543	318,543
	2012	-282,100	237,340	,240	-758,143	193,943
2008	2013	-693,000	278,305	,016	-1251,210	-134,790
	2007	-60,000	237,340	,801	-536,043	416,043
	2009	-72,600	237,340	,761	-548,643	403,443
	2010	-121,500	237,340	,611	-597,543	354,543
	2011	-217,500	237,340	,364	-693,543	258,543
2009	2012	-342,100	237,340	,155	-818,143	133,943
	2013	-753,000	278,305	,009	-1311,210	-194,790
	2007	12,600	237,340	,958	-463,443	488,643
	2008	72,600	237,340	,761	-403,443	548,643
	2010	-48,900	237,340	,838	-524,943	427,143
2010	2011	-144,900	237,340	,544	-620,943	331,143
	2012	-269,500	237,340	,261	-745,543	206,543
	2013	-680,400	278,305	,018	-1238,610	-122,190
	2007	61,500	237,340	,797	-414,543	537,543
	2008	121,500	237,340	,611	-354,543	597,543
2011	2009	48,900	237,340	,838	-427,143	524,943
	2010	-96,000	237,340	,687	-572,043	380,043
	2012	-220,600	237,340	,357	-696,643	255,443
	2013	-631,500	278,305	,027	-1189,710	-73,290
	2007	157,500	237,340	,510	-318,543	633,543
2012	2008	217,500	237,340	,364	-258,543	693,543
	2009	144,900	237,340	,544	-331,143	620,943
	2010	96,000	237,340	,687	-380,043	572,043
	2011	-124,600	237,340	,602	-600,643	351,443
	2013	-535,500	278,305	,060	-1093,710	22,710
2013	2007	282,100	237,340	,240	-193,943	758,143
	2008	342,100	237,340	,155	-133,943	818,143
	2009	269,500	237,340	,261	-206,543	745,543
	2010	220,600	237,340	,357	-255,443	696,643
	2011	124,600	237,340	,602	-351,443	600,643
2013	2012	-410,900	278,305	,146	-969,110	147,310
	2007	693,000	278,305	,016	134,790	1251,210
	2008	753,000	278,305	,009	194,790	1311,210
	2009	680,400	278,305	,018	122,190	1238,610
	2010	631,500	278,305	,027	73,290	1189,710
2013	2011	535,500	278,305	,060	-22,710	1093,710
	2012	410,900	278,305	,146	-147,310	969,110

Based on estimated marginal means

*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: Riskwordcount						
Contrast	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
	2764876,128	6	460812,688	1,636	,155	,156
Error	14927464,000	53	281650,264			

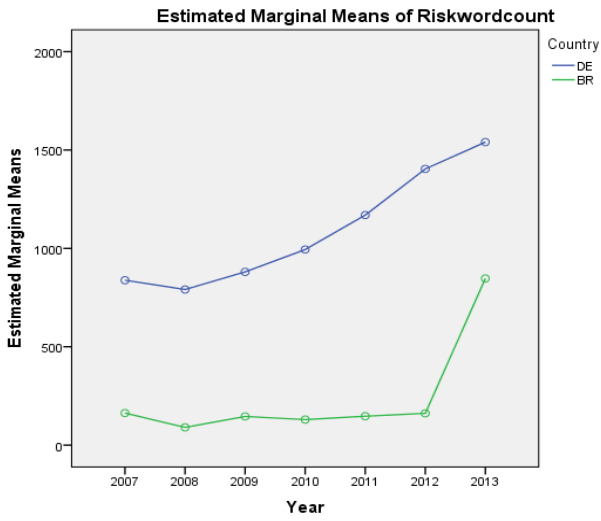
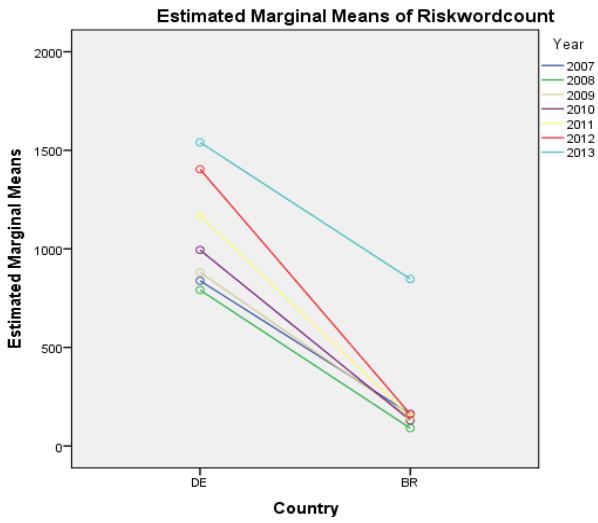
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: Riskwordcount					
Country	Year	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	838,200	237,340	362,157	1314,243
	2008	791,000	237,340	314,957	1267,043
	2009	880,600	237,340	404,557	1356,643
	2010	994,200	237,340	518,157	1470,243
	2011	1169,200	237,340	693,157	1645,243
	2012	1403,800	237,340	927,757	1879,843
BR	2013	1540,200	237,340	1064,157	2016,243
	2007	163,000	237,340	-313,043	639,043
	2008	90,200	237,340	-385,843	566,243
	2009	145,800	237,340	-330,243	621,843

2010	130,000	237,340	-346,043	606,043
2011	147,000	237,340	-329,043	623,043
2012	161,600	237,340	-314,443	637,643
2013	847,000	375,267	94,310	1599,690

Profile Plots



H12d

```

UNIANOVA RMhighlighted BY Country Year
/METHOD=SSTYPE(3)
/INTERCEPT=INCLUDE
/PLOT=PROFILE(Country*Year Year*Country)
/EMMEANS=TABLES(Country) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Year) COMPARE ADJ(LSD)
/EMMEANS=TABLES(Country*Year)
/PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER
/CRITERIA=ALPHA(.05)
/DESIGN=Country Year Country*Year.
    
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Univariate Analysis of Variance

		Notes
Comments		
Input	Data	C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav
	Active Dataset	DatenSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	67
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		UNIANOVA RMhighlighted BY Country Year /METHOD=SSTYPE(3) /INTERCEPT=INCLUDE /PLOT=PROFILE(Country*Year Year*Country) /EMMEANS=TABLES(Country) COMPARE ADJ(LSD) /EMMEANS=TABLES(Year) COMPARE ADJ(LSD) /EMMEANS=TABLES(Country*Year) COMPARE ADJ(LSD) /PRINT=ETASQ HOMOGENEITY DESCRIPTIVE PARAMETER /CRITERIA=ALPHA(.05) /DESIGN=Country Year Country*Year.
Resources	Processor Time	00:00:00,34
	Elapsed Time	00:00:00,33

[DatenSet1] C:\Users\magda\Desktop\Statistik SPSS ANALYSEN\KOSTEN\Robert C. Gericke\Analyse\Analyse 22.05 H1 und H2\Datensatz.sav

Between-Subjects Factors

		Value Label	N
Country	1	DE	35
	2	BR	32
Year	2007		10
	2008		10
	2009		10
	2010		10
	2011		10
	2012		10
	2013		7

Descriptive Statistics

Dependent Variable: RMhighlighted		Mean	Std. Deviation	N
Country	DE			
	2007	,200	,4472	5
	2008	0,000	0,0000	5
	2009	0,000	0,0000	5
	2010	0,000	0,0000	5
	2011	,200	,4472	5
	2012	0,000	0,0000	5
	2013	0,000	0,0000	5
BR	Total	,057	,2355	35
	2007	0,000	0,0000	5
	2008	0,000	0,0000	5
	2009	0,000	0,0000	5
	2010	0,000	0,0000	5
	2011	0,000	0,0000	5
	2012	,200	,4472	5
	2013	0,000	0,0000	2
Total	Total	,031	,1768	32
	2007	,100	,3162	10
	2008	0,000	0,0000	10
	2009	0,000	0,0000	10
	2010	0,000	0,0000	10

2013	0,000	0,0000	7
Total	,045	,2084	67

Levene's Test of Equality of Error Variances^a

Dependent Variable: RMhighlighted			
F	df1	df2	Sig.
5,625	13	53	,000

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Country + Year + Country * Year

Tests of Between-Subjects Effects

Dependent Variable: RMhighlighted						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	,466 ^a	13	,036	,791	,666	,163
Intercept	,116	1	,116	2,565	,115	,046
Country	,013	1	,013	,285	,596	,005
Year	,163	6	,027	,600	,729	,064
Country * Year	,285	6	,047	1,048	,405	,106
Error	2,400	53	,045			
Total	3,000	67				
Corrected Total	2,866	66				

a. R Squared = ,163 (Adjusted R Squared = -,043)

Parameter Estimates

Dependent Variable: RMhighlighted							
Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	-6,939E-17	,150	,000	1,000	-,302	,302	,000
[Country=1]	1,388E-16	,178	,000	1,000	-,357	,357	,000
[Country=2]	0 ^a						
[Year=2007]	1,665E-16	,178	,000	1,000	-,357	,357	,000
[Year=2008]	9,714E-17	,178	,000	1,000	-,357	,357	,000
[Year=2009]	9,714E-17	,178	,000	1,000	-,357	,357	,000
[Year=2010]	8,327E-17	,178	,000	1,000	-,357	,357	,000
[Year=2011]	1,249E-16	,178	,000	1,000	-,357	,357	,000
[Year=2012]	,200	,178	1,123	,266	-,157	,557	,023
[Year=2013]	0 ^a						
[Country=1] * [Year=2007]	,200	,223	,896	,374	-,248	,648	,015
[Country=1] * [Year=2008]	-1,388E-16	,223	,000	1,000	-,448	,448	,000
[Country=1] * [Year=2009]	-1,388E-16	,223	,000	1,000	-,448	,448	,000
[Country=1] * [Year=2010]	-1,665E-16	,223	,000	1,000	-,448	,448	,000
[Country=1] * [Year=2011]	,200	,223	,896	,374	-,248	,648	,015
[Country=1] * [Year=2012]	-,200	,223	-,896	,374	-,648	,248	,015
[Country=1] * [Year=2013]	0 ^a						
[Country=2] * [Year=2007]	0 ^a						
[Country=2] * [Year=2008]	0 ^a						
[Country=2] * [Year=2009]	0 ^a						
[Country=2] * [Year=2010]	0 ^a						
[Country=2] * [Year=2011]	0 ^a						
[Country=2] * [Year=2012]	0 ^a						
[Country=2] * [Year=2013]	0 ^a						

a. This parameter is set to zero because it is redundant.

Estimated Marginal Means

1. Country

Estimates

Dependent Variable: RMhighlighted				
Country	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
DE	,057	,036	-,015	,129
BR	,029	,040	-,051	,108

Pairwise Comparisons

Dependent Variable: RMhighlighted						
(I) Country		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
DE	BR	,029	,054	,596	-,079	,136
BR	DE	-,029	,054	,596	-,136	,079

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: RMhighlighted						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,013	1	,013	,285	,596	,005
Error	2,400	53	,045			

The F tests the effect of Country. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

2. Year

Estimates

Dependent Variable: RMhighlighted				
Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2007	,100	,067	-,035	,235
2008	2,776E-17	,067	-,135	,135
2009	2,776E-17	,067	-,135	,135
2010	0,000	,067	-,135	,135
2011	,100	,067	-,035	,235
2012	,100	,067	-,035	,235
2013	0,000	,089	-,179	,179

Pairwise Comparisons

Dependent Variable: RMhighlighted						
(I) Year		Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
2007	2008	,100	,095	,298	-,091	,291
	2009	,100	,095	,298	-,091	,291
	2010	,100	,095	,298	-,091	,291
	2011	6,939E-17	,095	1,000	-,191	,191
	2012	5,551E-17	,095	1,000	-,191	,191
2008	2013	,100	,112	,374	-,124	,324
	2007	-,100	,095	,298	-,291	,091
	2009	0,000	,095	1,000	-,191	,191
	2010	2,776E-17	,095	1,000	-,191	,191
	2011	-,100	,095	,298	-,291	,091
2009	2012	-,100	,095	,298	-,291	,091
	2013	2,776E-17	,112	1,000	-,224	,224
	2007	-,100	,095	,298	-,291	,091
	2008	0,000	,095	1,000	-,191	,191
	2010	2,776E-17	,095	1,000	-,191	,191
2010	2011	-,100	,095	,298	-,291	,091
	2012	-,100	,095	,298	-,291	,091
	2013	2,776E-17	,112	1,000	-,224	,224
	2007	-,100	,095	,298	-,291	,091
	2008	-2,776E-17	,095	1,000	-,191	,191
2011	2009	-2,776E-17	,095	1,000	-,191	,191
	2010	-,100	,095	,298	-,291	,091
	2012	-,100	,095	,298	-,291	,091
	2013	0,000	,112	1,000	-,224	,224
	2007	-6,939E-17	,095	1,000	-,191	,191
2012	2008	,100	,095	,298	-,091	,291
	2009	,100	,095	,298	-,091	,291
	2010	,100	,095	,298	-,091	,291
	2011	0,000	,095	1,000	-,191	,191
	2013	,100	,112	,374	-,124	,324
2013	2007	-5,551E-17	,095	1,000	-,191	,191
	2008	,100	,095	,298	-,091	,291
	2009	,100	,095	,298	-,091	,291
	2010	,100	,095	,298	-,091	,291
	2011	0,000	,095	1,000	-,191	,191
	2013	,100	,112	,374	-,124	,324
	2007	-,100	,112	,374	-,324	,124
	2008	-2,776E-17	,112	1,000	-,224	,224
	2009	-2,776E-17	,112	1,000	-,224	,224
	2010	0,000	,112	1,000	-,224	,224
	2011	-,100	,112	,374	-,324	,124
	2012	-,100	,112	,374	-,324	,124

Based on estimated marginal means

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Univariate Tests

Dependent Variable: RMhighlighted						
	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Contrast	,163	6	,027	,600	,729	,064
Error	2,400	53	,045			

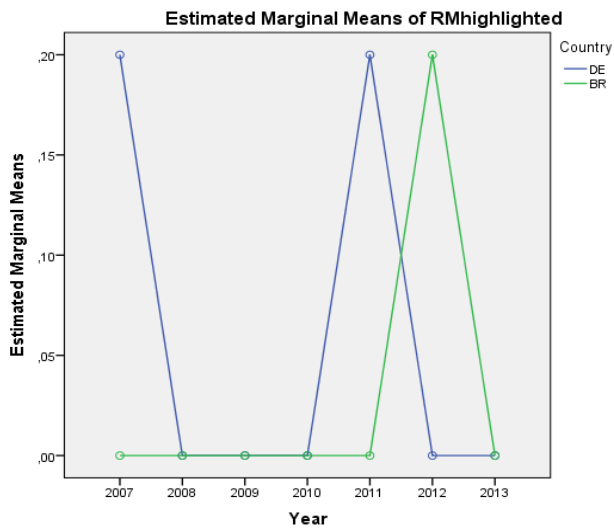
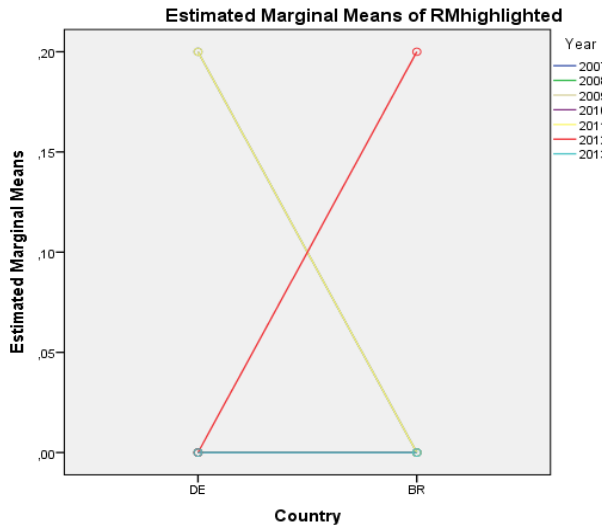
The F tests the effect of Year. This test is based on the linearly independent pairwise comparisons among the estimated marginal means.

3. Country * Year

Dependent Variable: RMhighlighted					
Country		Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
DE	2007	,200	,095	,009	,391
	2008	2,776E-17	,095	-,191	,191
	2009	2,776E-17	,095	-,191	,191
	2010	-1,388E-17	,095	-,191	,191
	2011	,200	,095	,009	,391
	2012	8,327E-17	,095	-,191	,191
	2013	6,939E-17	,095	-,191	,191

BR	2007	9,714E-17	,095	-,191	,191
	2008	2,776E-17	,095	-,191	,191
	2009	2,776E-17	,095	-,191	,191
	2010	1,388E-17	,095	-,191	,191
	2011	5,551E-17	,095	-,191	,191
	2012	,200	,095	,009	,391
	2013	-6,939E-17	,150	-,302	,302

Profile Plots



FI	Country	Year	Language	Pages	Corporate Governance as own section	Risk Management/Control / Risk R	RM part of CG	Crisis wordcount	CG wordcount	RM wordcount	Risk wordcount	CSR wordcount	CG highlighted	RM highlighted	CSR highlighted	Crisis highlighted
Deutsche Bank	DE	2013	EN	572	1	0	0	45	88	251	3099	15	0	0	0	0
Deutsche Bank	DE	2012	EN	532	1	0	0	49	117	209	2807	16	0	0	0	0
Deutsche Bank	DE	2011	EN	528	1	0	0	62	89	160	1864	14	0	0	0	0
Deutsche Bank	DE	2010	EN	492	1	0	0	45	92	144	1458	10	0	0	0	0
Deutsche Bank	DE	2009	EN	436	1	0	0	76	102	102	1173	10	0	0	0	0
Deutsche Bank	DE	2008	EN	404	1	0	0	98	55	98	1199	20	0	0	0	1
Deutsche Bank	DE	2007	EN	373	1	0	0	27	58	96	1165	17	0	0	0	0
Commerzbank	DE	2013	DE	345	1	1	0	43	23	65	1087	16	0	0	0	0
Commerzbank	DE	2012	EN	359	1	1	0	67	56	98	1374	231	0	0	0	0
Commerzbank	DE	2011	EN	377	1	1	0	118	43	81	1243	210	0	0	0	0
Commerzbank	DE	2010	EN	390	1	1	0	61	42	67	1062	205	0	0	0	0
Commerzbank	DE	2009	EN	330	1	1	0	99	37	69	882	114	0	0	0	0
Commerzbank	DE	2008	EN	325	1	0,5	0	114	43	68	1068	187	0	0	0	0
Commerzbank	DE	2007	EN	271	1	0,5	0	64	34	58	906	154	0	0	0	0
KfW	DE	2013	DE	166	1	0	1	21	16	8	74	35	1	0	1	0
KfW	DE	2012	EN	126	1	0	1	37	22	8	101	1	1	0	0	0
KfW	DE	2011	EN	126	1	0	1	37	27	10	94	2	0	1	0	0
KfW	DE	2010	EN	136	1	0	1	66	25	12	101	7	0	0	0	0
KfW	DE	2009	EN	166	1	0	0	103	5	4	92	8	0	0	0	0
KfW	DE	2008	EN	153	0	0	0	78	2	4	78	1	0	0	0	0
KfW	DE	2007	EN	159	0	1	0	45	3	47	574	0	0	1	0	0
DZ Bank	DE	2013	EN	372	0	1	-1	92	4	134	2072	53	0	0	0	0
DZ Bank	DE	2012	EN	346	0	0,5	0	95	1	78	1440	52	0	0	0	0
DZ Bank	DE	2011	EN	322	0	0,5	0	110	3	28	1376	59	0	0	0	0
DZ Bank	DE	2010	EN	296	0	0,5	0	94	3	39	1204	54	0	0	0	0
DZ Bank	DE	2009	EN	273	0	0,5	0	126	2	92	1197	27	0	0	0	0
DZ Bank	DE	2008	DE	242	0	0,5	0	158	2	39	705	0	0	0	0	0
DZ Bank	DE	2007	DE	286	0	0,5	0	59	3	54	757	1	0	0	0	0
Unicredit Bank	DE	2013	EN	292	1	1	0	42	68	68	1369	36	0	0	0	0
Unicredit Bank	DE	2012	EN	280	1	1	0	55	54	66	1297	61	0	0	0	0
Unicredit Bank	DE	2011	EN	272	1	1	0	69	48	81	1269	44	0	0	0	0
Unicredit Bank	DE	2010	EN	248	1	1	0	39	47	99	1146	23	0	0	0	0
Unicredit Bank	DE	2009	EN	216	1	1	0	65	49	85	1059	18	0	0	0	0
Unicredit Bank	DE	2008	EN	212	1	1	0	95	39	61	905	8	0	0	0	0
Unicredit Bank	DE	2007	EN	264	1	1	0	39	40	52	789	19	0	0	0	0
Banco do Brasil	BR	2012	EN	127	1	0,5	1	0	46	41	186	0	1	0	0,5	0
Banco do Brasil	BR	2011	EN	209	1	0,5	0	11	21	35	228	1	0	0	0	0
Banco do Brasil	BR	2010	EN	195	1	0,5	0	16	51	50	257	2	1	0	0	0
Banco do Brasil	BR	2009	EN	366	1	0,5	-1	22	27	72	469	16	1	0	1	0
Banco do Brasil	BR	2008	EN	425	1	1	0	45	35	33	241	23	1	0	1	0
Banco do Brasil	BR	2007	EN	366	1	0	0	5	27	72	469	15	1	0	0	0
Itaú	BR	2013	EN	666	1	1	0	21	48	129	1569	14	0	0	0	0
Itaú	BR	2012	EN	193	1	0,5	1	7	30	20	381	11	1	1	0	0
Itaú	BR	2011	EN	207	1	0,5	1	23	32	22	278	120	0	0	1	0
Itaú	BR	2010	EN	148	1	0,5	1	25	26	25	255	38	0	0	1	0
Itaú	BR	2009	EN	138	1	0,5	1	50	30	21	174	78	0	0	1	0
Itaú	BR	2008	EN	173	1	0,5	1	21	23	17	117	4	0	0	0	0
Itaú	BR	2007	EN	345	1	0	0	11	28	31	285	18	0	0	0	0
Caixa Econômica Federal	BR	2012	PT	87	1	0	1	0	12	4	45	1	0	0	0	0
Caixa Econômica Federal	BR	2011	PT	90	0	0	0	0	2	0	28	0	0	0	0	0
Caixa Econômica Federal	BR	2010	PT	71	0	0	0	1	0	0	14	10	0	0	0	0
Caixa Econômica Federal	BR	2009	PT	65	0	0	0	1	3	1	2	6	0	0	0	0
Caixa Econômica Federal	BR	2008	PT	36	0	0	0	0	0	0	0	0	0	0	0	0
Caixa Econômica Federal	BR	2007	PT	52	0	0	0	0	0	0	0	1	0	0	0	0
Bradesco	BR	2013	PT	130	1	0	1	0	27	13	125	7	0	0	0	0
Bradesco	BR	2012	EN	64	1	1	0	3	16	17	68	0	0	0	0	0
Bradesco	BR	2011	EN	64	1	1	0	2	27	12	75	0	0	0	0	0
Bradesco	BR	2010	EN	64	1	1	0	1	40	13	79	1	0	0	0	0
Bradesco	BR	2009	EN	60	1	1	0	6	34	9	61	3	0	0	0	0
Bradesco	BR	2008	EN	68	1	1	0	6	20	17	53	1	0	0	0	0
Bradesco	BR	2007	EN	60	1	1	0	4	19	13	41	0	0	0	0	0
BNDES	BR	2012	EN	100	0	0,5	0	7	1	23	128	34	0	0	0	0
BNDES	BR	2011	EN	240	0,5	0,5	0	6	4	14	126	36	0	0	0	0
BNDES	BR	2010	EN	140	0	1	0	7	2	5	45	21	0	0	1	0
BNDES	BR	2009	EN	156	0	1	0	37	1	5	23	10	0	0	0	0
BNDES	BR	2008	EN	159	0	1	0	32	2	10	40	9	0	0	1	0
BNDES	BR	2007	EN	186	0	0	0	0	0	2	20	1	0	0	0	0

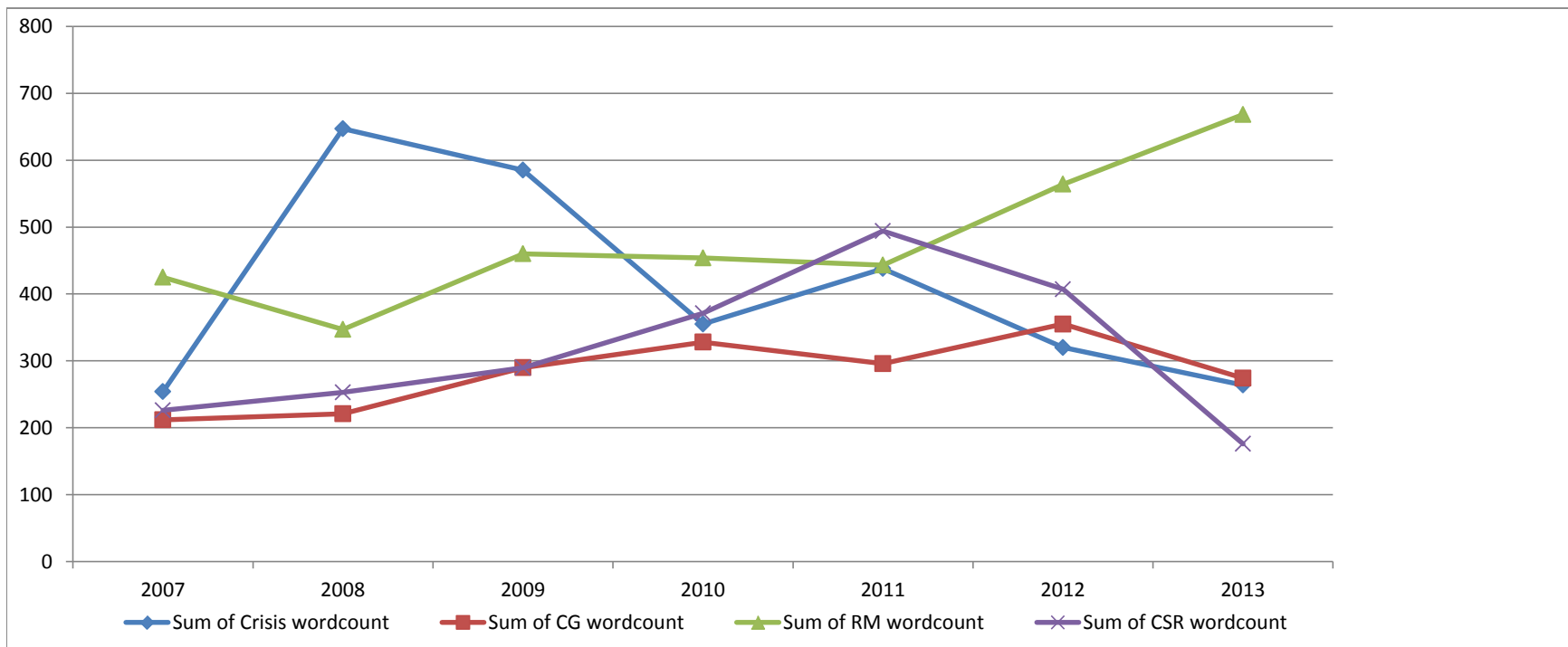
CG part of RM (!?): 9 Risk mgmt report. 52 pages

Row Labels	Values													
	Sum of Corporate Governance as own section	Sum of Risk Management/Control / Risk Report as own section	Sum of RM part of CG	Sum of Pages	Sum of Crisis wordcount	Sum of CG wordcount	Sum of RM wordcount	Sum of Risk wordcount	Sum of CSR wordcount	Sum of CG highlighted	Sum of RM highlighted	Sum of CSR highlighted	Sum of Crisis highlighted	
BR	21,5	16,5	7	5450	370	634	726	5882	489	6	1	7,5	0	
2007	3	1	0	1009	20	74	118	815	35	1	0	0	0	
2008	3	3,5	1	861	104	80	77	451	37	1	0	2	0	
2009	3	3	0	785	116	95	108	729	113	1	0	2	0	
2010	3	3	1	618	50	119	93	650	72	1	0	2	0	
2011	3,5	2,5	1	810	42	86	83	735	165	0	0	1	0	
2012	4	2,5	3	571	17	105	105	808	46	2	1	0,5	0	
2013	2	1	1	796	21	75	142	1694	21	0	1	0	0	
DE	25	18	3	10687	2483	1342	2635	38086	1728	2	1	1	1	
2007	3	0	0	1353	234	138	307	4191	191	0	1	0	0	
2008	3	2	0	1336	543	141	270	3955	216	0	0	0	1	
2009	3	2,5	0	1421	469	195	352	4403	177	0	0	0	0	
2010	4	2,5	1	1562	305	209	361	4971	299	0	0	0	0	
2011	4	2,5	1	1625	396	210	360	5846	329	0	1	0	0	
2012	4	2,5	1	1643	303	250	459	7019	361	1	0	0	0	
2013	4	3	0	1747	243	199	526	7701	155	1	0	1	0	
Grand Total	46,5	34,5	10	16137	2863	1976	3361	43968	2217	8	3	8,5	1	
BR	46,2%	47,8%	70,0%	33,8%	12,9%	32,1%	21,6%	13,4%	22,1%	75,0%	33,3%	88,2%	0,0%	
DE	53,8%	52,2%	30,0%	66,2%	87,1%	67,9%	78,4%	86,6%	77,9%	25,0%	66,7%	11,8%	100,0%	
Total Countries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
BR&DE	2007	12,9%	11,6%	0,0%	14,6%	8,9%	10,7%	12,6%	11,4%	10,2%	12,5%	33,3%	0,0%	
2008	12,9%	15,9%	10,0%	13,6%	22,6%	11,2%	10,3%	11,4%	12,5%	0,0%	23,5%	100,0%		
2009	12,9%	15,9%	0,0%	13,7%	20,4%	14,7%	13,7%	13,1%	12,5%	0,0%	23,5%	0,0%		
2010	15,1%	15,9%	20,0%	13,5%	12,4%	16,6%	13,5%	12,8%	16,7%	12,5%	0,0%	23,5%	0,0%	
2011	16,1%	14,5%	20,0%	15,1%	15,3%	15,0%	13,2%	15,0%	22,3%	0,0%	33,3%	11,8%	0,0%	
2012	17,2%	14,5%	40,0%	13,7%	11,2%	18,0%	16,8%	17,8%	18,4%	37,5%	33,3%	5,9%	0,0%	
2013	12,9%	11,6%	10,0%	15,8%	9,2%	13,9%	19,9%	21,4%	7,9%	12,5%	0,0%	11,8%	0,0%	
Total Years	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
BR	2007	14,0%	6,1%	0,0%	18,5%	5,4%	11,7%	16,3%	13,9%	7,2%	16,7%	0,0%	#DIV/0!	
2008	14,0%	21,2%	14,3%	15,8%	28,1%	12,6%	10,6%	7,7%	7,6%	16,7%	0,0%	26,7%	#DIV/0!	
2009	14,0%	18,2%	0,0%	14,4%	31,4%	15,0%	12,4%	14,9%	23,1%	16,7%	0,0%	26,7%	#DIV/0!	
2010	14,0%	18,2%	14,3%	11,3%	13,5%	18,8%	12,8%	11,1%	14,7%	16,7%	0,0%	26,7%	#DIV/0!	
2011	16,3%	15,2%	14,3%	14,9%	11,4%	13,6%	11,4%	12,5%	33,7%	0,0%	0,0%	13,3%	#DIV/0!	
2012	18,6%	15,2%	42,9%	10,5%	4,6%	16,6%	14,5%	13,7%	9,4%	33,3%	100,0%	6,7%	#DIV/0!	
2013	9,3%	6,1%	14,3%	14,6%	5,7%	11,8%	19,6%	28,8%	4,3%	0,0%	0,0%	0,0%	#DIV/0!	
Total Years	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	#DIV/0!	
DE	2007	12,0%	16,7%	0,0%	12,7%	9,4%	10,3%	11,7%	11,0%	11,1%	0,0%	50,0%	0,0%	
2008	12,0%	11,1%	0,0%	12,5%	21,8%	10,5%	10,2%	10,5%	12,5%	0,0%	0,0%	0,0%	100,0%	
2009	12,0%	13,9%	0,0%	13,3%	18,8%	14,5%	13,4%	11,6%	10,2%	0,0%	0,0%	0,0%	0,0%	
2010	16,0%	13,9%	33,3%	14,6%	12,2%	15,6%	13,7%	13,1%	17,3%	0,0%	0,0%	0,0%	0,0%	
2011	16,0%	13,9%	33,3%	15,2%	15,9%	15,6%	13,7%	15,3%	19,0%	0,0%	50,0%	0,0%	0,0%	
2012	16,0%	13,9%	33,3%	15,4%	12,2%	18,6%	17,4%	18,4%	20,9%	50,0%	0,0%	0,0%	0,0%	
2013	16,7%	16,7%	0,0%	16,3%	9,7%	14,8%	20,2%	9,0%	9,0%	50,0%	0,0%	100,0%	0,0%	
Total Years	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	
				5694,029851	34,8%									
				10687	65,2%									
				16381,02985										

Values															
Row Labels	Sum of Corporate Governance as own section	Sum of Risk Management/Control / Risk Report as own section	Sum of RM part of CG	Sum of Pages	Sum of Crisis wordcount	Sum of CG wordcount	Sum of RM wordcount	Sum of Risk wordcount	Sum of CSR wordcount	Sum of CG highlighted	Sum of RM highlighted	Sum of CSR highlighted	Sum of Crisis highlighted		
BR	21,5	16,5	7	5450	370	634	726	5882	489	6	1	7,5	0		
2007	3	1	0	1009	20	74	118	815	35	1	0	0	0		
2008	3	3,5	1	861	104	80	77	451	37	1	0	2	0		
2009	3	3	0	785	116	95	108	729	113	1	0	2	0		
2010	3	3	1	618	50	119	93	650	72	1	0	2	0		
2011	3,5	2,5	1	810	42	86	83	735	165	0	0	1	0		
2012	4	2,5	3	571	17	105	105	808	46	2	1	0,5	0		
2013	2	1	1	796	21	75	142	1694	21	0	0	0	0		
DE	25	18	3	10687	2493	1342	2635	38086	1728	2	2	1	1		
2007	3	3	0	1353	234	138	307	4191	191	0	1	0	0		
2008	3	2	0	1336	543	141	270	3955	216	0	0	0	1		
2009	3	2,5	0	1421	469	195	352	4403	177	0	0	0	0		
2010	4	2,5	1	1562	305	209	361	4971	299	0	0	0	0		
2011	4	2,5	1	1625	396	210	360	5846	329	0	1	0	0		
2012	4	2,5	1	1643	303	250	459	7019	361	1	0	0	0		
2013	4	3	0	1747	243	199	526	7701	155	1	0	1	0		
Grand Total	46,5	34,5	10	16137	2863	1976	3361	43968	2217	8	3	8,5	1		

Country (All)

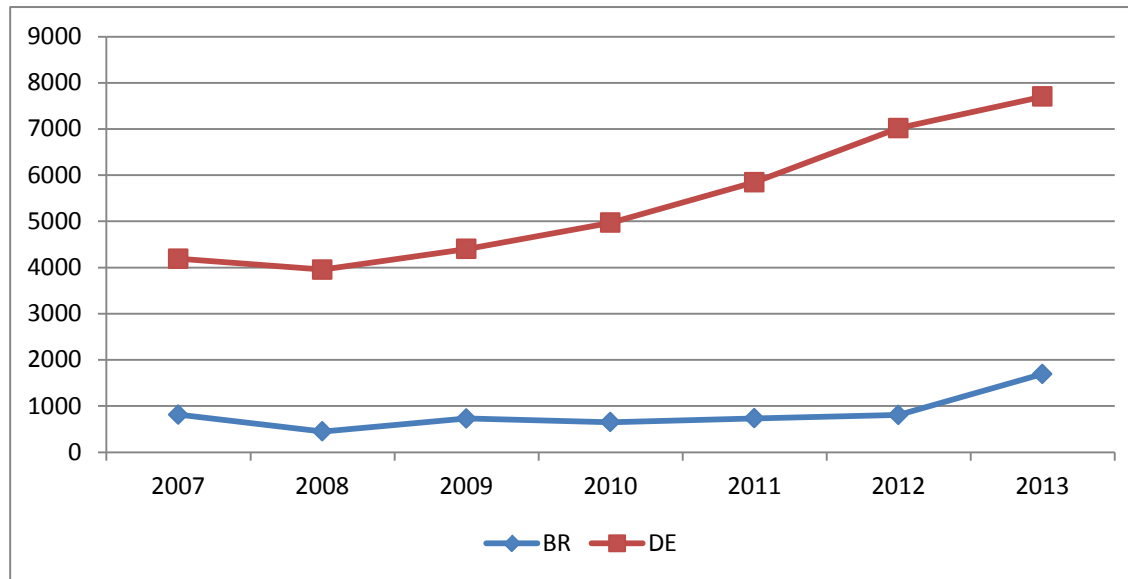
Row Labels	Values			
	Sum of Crisis wordcount	Sum of CG wordcount	Sum of RM wordcount	Sum of CSR wordcount
2007	254	212	425	226
2008	647	221	347	253
2009	585	290	460	290
2010	355	328	454	371
2011	438	296	443	494
2012	320	355	564	407
2013	264	274	668	176
Grand Total	2863	1976	3361	2217



Note: Use Report Filter - Country for BR/DE

Sum of Risk wordcount	Column Labels		
Row Labels	BR	DE	Grand Total
2007	815	4191	5006
2008	451	3955	4406
2009	729	4403	5132
2010	650	4971	5621
2011	735	5846	6581
2012	808	7019	7827
2013	1694	7701	9395
Grand Total	5882	38086	43968

Row Labels	BR	DE	Grand Total			
2007	815	4191	5006	5,1423		
2008	451	3955	4406	8,7694		
2009	729	4403	5132	6,0398		
2010	650	4971	5621	7,6477		
2011	735	5846	6581	7,9537		
2012	808	7019	7827	8,6869		
2013	1694	7701	9395	4,546		
Grand Tota	5882	38086	43968	6,475	1,96	3,30203
	107,9%	83,8%				
	109,7%					



FI	Country	Year	Annual Report Pages	Corporate Governance as own section	Risk Management/Control / Risk R	RM part of CG	page	Crisis	CG wordcount	RM wordcount	Risk wordcount	CSR wordcount	CG highlighted	page	RM highlighted	page	CSR highlighted	page	Crisis	page	Comment	
																						0,5: sub-section
					Risikomanageme Risiko	gestão de risco	risco(s)	corporate (social) responsibility / CSR / Socio-environmental responsibility	responsabilidade social / responsabilidade socioambiental / RSC / sustentabilidade	verantwortung												
Deutsche B DE	2013 EN	1	15	0	0	45	88	251	309	15	0	0	0	0	0	0	0	0	0	0	Risk part of Management Report	
Deutsche B DE	2012 EN	1	532	0	0	49	117	209	2807	16	0	0	0	0	0	0	0	0	0	0	Risk part of Management Report	
Deutsche B DE	2011 EN	1	528	0	0	62	89	160	1864	14	0	0	0	0	0	0	0	0	0	0	Risk part of Management Report	
Deutsche B DE	2010 EN	1	492	0	0	45	92	144	1458	10	0	0	0	0	0	0	0	0	0	0	Risk part of Management Report	
Deutsche B DE	2009 EN	1	436	0	0	76	102	102	1173	10	0	0	0	0	0	0	0	0	0	0	Risk part of Management Report	
Deutsche B DE	2008 EN	1	404	0	0	98	55	98	1199	20	0	0	0	0	0	0	0	0	0	1	2	Risk part of Management Report
Deutsche B DE	2007 EN	1	373	0	0	27	58	96	1165	17	0	0	0	0	0	0	0	0	0	0	0	Risk part of Management Report
Commerz DE	2013 DE	1	345	1	1	0	43	23	65	60	1087	16	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
Commerz DE	2012 EN	1	359	1	1	0	67	56	98	1374	231	0	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
Commerz DE	2011 EN	1	377	1	1	0	118	43	81	1243	210	0	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
Commerz DE	2010 EN	1	390	1	1	0	61	42	67	1062	205	0	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
Commerz DE	2009 EN	1	330	1	1	0	99	37	69	882	114	0	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
Commerz DE	2008 EN	1	325	1	0,5	0	114	43	68	1068	187	0	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
Commerz DE	2007 EN	1	271	1	0,5	0	64	34	58	906	154	0	0	0	0	0	0	0	0	0	0	CSR in CG section, called corp resp.; RM called "risk-oriented overall bank management"
KfW DE	2013 DE	1	166	1	0	1 152	21	16	8	74	35	1	4	0	0	0	0	0	0	0	0	Risk Management in Supervisory Board Report
KfW DE	2012 EN	1	126	1	0	1 126	37	22	8	101	1	1	6	0	0	0	0	0	0	0	0	Risk Management in Supervisory Board Report
KfW DE	2011 EN	1	126	1	0	1 122	37	27	10	94	2	0	0	1	2, 26	0	0	0	0	0	0	Risk Management in Supervisory Board Report
KfW DE	2010 EN	1	136	1	0	1 124	66	25	12	101	7	0	0	0	0	0	0	0	0	0	0	Risk Management in Supervisory Board Report
KfW DE	2009 EN	1	166	0	0	0	103	5	4	92	8	0	0	0	0	0	0	0	0	0	0	Risk Management in Supervisory Board Report
KfW DE	2008 EN	1	153	0	0	0	78	2	4	78	1	0	0	0	0	0	0	0	0	0	0	Risk Management in Supervisory Board Report
KfW DE	2007 EN	1	159	0	0	0	45	3	47	574	0	0	0	1	132 ff	0	0	0	0	0	0	Risk Management in Supervisory Board Report
DZ Bank DE	2013 EN	0	372	0	1	- 78/7%	92	4	134	2072	53	0	0	0	0	0	0	0	0	0	0	
DZ Bank DE	2012 EN	0	346	0	0,5	0	84	95	1	78	1440	52	0	0	0	0	0	0	0	0	0	
DZ Bank DE	2011 EN	0	322	0	0,5	0	80	110	3	28	1376	59	0	0	0	0	0	0	0	0	0	
DZ Bank DE	2010 EN	0	296	0	0,5	0	61	94	3	39	1204	54	0	0	0	0	0	0	0	0	0	
DZ Bank DE	2009 EN	0	273	0	0,5	0	75	126	2	92	1197	27	0	0	0	0	0	0	0	0	0	
DZ Bank DE	2008 DE	0	242	0	0,5	0	76	158	2	39	705	0	0	0	0	0	0	0	0	0	0	
DZ Bank DE	2007 DE	0	286	0	0,5	0	92	59	3	54	757	1	0	0	0	0	0	0	0	0	0	
Unicredit B DE	2013 EN	1	292	1	1	0 52/2/	42	68	68	1369	36	0	0	0	0	0	0	0	0	0	0	
Unicredit B DE	2012 EN	1	280	1	1	0 54/5/	55	54	66	1297	61	0	0	0	0	0	0	0	0	0	0	Separate CG Report
Unicredit B DE	2011 EN	1	272	1	1	0 44/2/	69	48	81	1269	44	0	0	0	0	0	0	0	0	0	0	
Unicredit B DE	2010 EN	1	248	1	1	0 42/2/	39	47	99	1146	23	0	0	0	0	0	0	0	0	0	0	
Unicredit B DE	2009 EN	1	216	1	1	0 40/1/	65	49	85	1059	18	0	0	0	0	0	0	0	0	0	0	
Unicredit B DE	2008 EN	1	212	1	1	0 40/1/	95	39	61	905	8	0	0	0	0	0	0	0	0	0	0	
Unicredit B DE	2007 EN	1	264	1	1	0 82/2/	39	40	52	789	19	0	0	0	0	0	0	0	0	0	0	
Banco do B BR	2012 EN	1	127	0	0	1 25	0	46	41	186	0	1	5, 10	0	0	0	0	0	0	0	0	RM part of Corporate Controls
Banco do B BR	2011 EN	1	209	1	0,5	0	48/7/	11	21	35	228	1	0	0	0	0	0	0	0	0	0	
Banco do B BR	2010 EN	1	195	1	0,5	0	75	16	51	50	257	2	1	7	0	0	0	0	0	0	0	
Banco do B BR	2009 EN	1	366	1	0,5	- 1 152	22	27	72	469	16	1	3	0	0	1	3	0	0	0	0	
Banco do B BR	2008 EN	1	425	1	1	0	45	35	33	241	23	1	3, 6	0	0	1	4, 6	0	0	0	0	
Banco do B BR	2007 EN	1	366	1	0	0	46	5	27	72	469	15	1	3	0	0	0	0	0	0	0	
Itaú BR	2013 EN	1	666	1	1	0 2	21	48	129	1569	14	0	0	0	0	0	0	0	0	0	0	First consolidated annual report (IFRS), before BRGAAP. Separate RM Report and XL support
Itaú BR	2012 EN	1	193	0,5	1	38 ff	7	30	20	381	11	1	8	1	8	0	0	0	0	0	0	Chairman of the Board of Directors
Itaú BR	2011 EN	1	207	0,5	1	41/4/	23	32	22	278	120	0	0	0	0	0	0	0	0	0	0	Called annual sustainability report
Itaú BR	2010 EN	1	148	0,5	1	34/4/	25	26	25	255	38	0	0	0	0	0	0	0	0	0	0	Called annual sustainability report
Itaú BR	2009 EN	1	138	0,5	1	39	50	30	21	174	78	0	0	0	0	0	0	0	0	0	0	Called annual sustainability report
Itaú BR	2008 EN	1	173	0,5	1	30 ff	21	23	17	117	4	0	0	0	0	0	0	0	0	0	0	Merger of Itaú and Unibanco in 2008; Existence of Itaú Crisis Committee
Itaú BR	2007 EN	1	345	1	0	0	11	28	31	285	18	0	0	0	0	0	0	0	0	0	0	Itaú only (pre-merger); 3 separate reports used: Financial, Relationships, Strategy
Caixa Econ BR	2012 PT	1	87	0	0	1 37	0	12	4	45	1	0	0	0	0	0	0	0	0	0	0	Separate Report/Info on RM
Caixa Econ BR	2011 PT	0	90	0	0	0	0	2	0	28	8	0	0	0	0	0	0	0	0	0	0	
Caixa Econ BR	2010 PT	0	71	0	0	0	1	0	0	14	10	0	0	0	0	0	0	0	0	0	0	
Caixa Econ BR	2009 PT	0	65	0	0	0	1	3	1	2	6	0	0	0	0	0	0	0	0	0	0	
Caixa Econ BR	2008 PT	0	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Partly hidden text marked as confidential information
Caixa Econ BR	2007 PT	0	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bradesco BR	2013 PT	1	130	0	0	1 61	0	27	13	125	7	0	0	0	0	0	0	0	0	0	0	Separate RI CG part of RM (1?); 9 Risk mgmt report. 52 pages
Bradesco BR	2012 EN	1	64	1	1	0	3	16	17	68	0	0	0	0	0	0	0	0	0	0	0	Separate Risk Management Report
Bradesco BR	2011 EN	1	64	1	1	0 38/4/	2	27	12	75	0	0	0	0	0	0	0	0	0	0	0	Separate Risk Management Report
Bradesco BR	2010 EN	1	64	1	1	0 38/4/	1	40	13	79	1	0	0	0	0	0	0	0	0	0	0	Separate Risk Management Report
Bradesco BR	2009 EN	1	60	1	1	0 38/4/	6	34	9	61	3	0	0	0	0	0	0	0	0	0	0	
Bradesco BR	2008 EN	1	68	1	1	0 40/4/	6	20	17	53	1	0	0	0	0	0	0	0	0	0	0	
Bradesco BR	2007 EN	1	60	1	1	0 39/4/	4	19	13	41	0	0	0	0	0	0	0	0	0	0	0	
BNDES BR	2012 EN	0	100	0,5	0	0	7	1	23	128	34	0	0	0	0	0	0	0	0	0	0	
BNDES BR	2011 EN	0	240	0,5	0	0	6	4	14	126	36	0	0	0	0	0	0	0	0	0	0	
BNDES BR	2010 EN	0	140	0	1																	