The Impact of Corporate Governance on Company´s Success

Stefan SCHWEINBERGER
Entrepreneurship Engineering and Management Institute, Riga Technical University
Riga, Latvia

Deniss SCEULOVS
Entrepreneurship Engineering and Management Institute, Riga Technical University
Riga, Latvia

ABSTRACT

The aim of the paper is to study the theoretical aspects of corporate governance impact factors and to evaluate the impact of corporate governance on Return on Equity and Tobin´s Q in Germany and Spain. The article focusses on analyzing the development of corporate governance in Germany as well as on a description of company´s success and of the investigated companies. Significant differences in the analyzed companies and in the country-specific corporate governance guidelines are highlighted. Literature review regarding previous results for the impact of corporate governance on company´s success in Germany, Spain and worldwide researches has been done. Tobin´s Q and Return on Equity are introduced as the most used measures to deter-mine company´s success. Furthermore, the similarities and differences in the German and Spanish Corporate Governance Codes are assessed. The impact of Board size, Board Independency, Transparency and Director´s Remuneration as determents of corporate governance on Return on Equity and Tobin´s Q as determents of company´s success is evaluated. A non-significant positive impact of all impact variables can be shown individually and combined in Germany and Spain.

Keywords: Corporate Governance, Germany, Spain, Tobin´s Q, Return on Equity.

1. INTRODUCTION

In 1776, Adam Smith described the problem occurring with the separation of owner-ship and control [1]. The important question in corporate governance (CG) is to answer how this "same anxious vigilance" for managers who don´t own the company can be reached. The problem definition goes back to more than 200 years ago, the field of corporate governance mechanisms to fight the described problem was investigated only in the last two decades which still leaves several doubts about it. That corporate governance in general should be used is nowadays widely accepted, the question what kind of corporate governance mechanisms are useful for company´s success and which cause more costs than benefits are still unclear. Many cases of weak firm performances caused by an ineffective corporate governance implementation appear every day. Studies about the impact of corporate governance have the goal to show companies if corporate governance in general can prevent such problems and which measures are the most useful corporate governance mechanisms to lead a company successful. A lot of researches with similar results exist already in the Anglo-Saxon area, but only a few studies focus on the EU market which has significant differences in its corporate governance mechanisms. This study whereas focuses on the comparison of two European countries – Germany and Spain. Both countries are in a similar legal environment – many laws and regulations are harmonized within the European Union what makes both countries´ comparison more reliable. This factor has been ignored in existing researches. The second reason for choosing Germany and Spain is that even though both are situated in a similar legal environment, they have quite different Corporate Governance regulations. The German systems focusses on a dual structure with a strict separation of CEO´s and Board´s activities. In the Spanish system pro-vides a singular structure for Board and management which leads to the majority of Spanish CEOs being at the same time head of the board what is strictly prohibited in Germany.

The aim of the research is to study the theoretical aspects of corporate governance impact factors and to evaluate the impact of corporate governance on Return on Equity and Tobin´s Q in Germany and Spain to highlight similarities and differences between the impacts of corporate governance on company´s success in both countries.

Methodological Framework. The used methods are qualitative and quantitative research regarding corporate governance regulations and company data, literature review.

2. CORPORATE GOVERNMENT AND ITS DEVELOPMENT IN GERMANY AND SPAIN

The necessity of corporate governance measures was seen in Germany and Spain in the end of the 1990s because of an increasing amount of huge scandals in listed companies. In Germany, the examples of Metallgesellschaft in 1993 and Philipp Holzmann in 1999 started the need for a public debate of the necessity of corporate governance [2]. Similar scandals appeared in Spain in the same years which also lead to an increasing public debate there about how to prevent these kinds of scandals. After the Second World War in many cases that the owners figured not to be perfectly skilled for managing such a company just because they owned it. They recognized that external CEOs might increase the company´s success. A second factor for external CEOs was the increasing dispersion of company´s shares with increasing trade markets. Corporate governance mechanisms in its closest definition should make sure that the CEO of a company has the same interests in the company´s success as the owners. In a wider definition that includes also lower-level manager and the board of directors.

EU countries learned from US-practices about the necessity of corporate governance and developed their own Corporate Governance Codes (CGC) as a result. The 1st version of a CGC was established in 2002 in Germany and in 2006 in Spain. Both codes were, understanding the growing importance of corporate governance, updated constantly in the following years. They have similar aspects as they were developed under the same governmental and social pressure. There are some significant differences: the duality of the board is a huge point that differs the German and Spanish corporate governance system. In Germany, it is forbidden by law that the chairman of the board is the same person as the CEO of a company [3]. In Spain it is common case to have the CEO as the chairman of the board while there is a higher focus on the rest of the board to be independent. The percentage of companies reporting significant related-party transactions was 78 % in Spain in 2012 compared to 7 % in Germany which shows the disadvantage of the Spanish monistic board system [4]. What makes the following research unique is the fact that two countries are compared that work under very similar circumstances within the EU economical area with a different corporate governance system. The ownership structure is another point that differs the German corporate governance system: Wide-spread shareholders are relatively rare in Germany; especially small and medium sized enterprises are usually hold tight by a small number of owners. This also applies for listed companies [5]. Corporate governance itself can´t be measured. It is important to define impact variables to measure their influence on company´s success. As impact factors of corporate governance four important variables are chosen: *Board Size, Independency of the Board, Transparency and Director´s Remuneration.* The question what makes a company a successful company can be answered in infinitely ways. Companies can be considered successful by a positive net income, a high turnover, the number of employers, market share etc. The biggest doubt about company´s success while implementing a corporate governance structure lies in the most classical ways of company´s success: Financial key figures. In existing researches that a corporate governance structure contributes to the over-all benefits of the whole world – the important question that is not clearly solved in existing researches is if only the company itself also contributes by a good corporate governance structure. This makes it necessary to find a way how to measure the operational and market-value impact of corporate governance on firm performance. To find a mixture of impact factors that measure these two indicators is the main challenge that analyses of corporate governance impacts face. After analyzing existing researches Tobin´s Q seems to be the most valuable measure for the company´s market value while the Return on Equity measures the operational result of a company taking into account their size. This guarantees that the results are not falsified by bigger companies getting greater results than smaller companies. The following research will therefore limit the definition of company´s success on two main indicators: *Return on Equity* for measuring key financial numbers in comparison with the used equity; *Tobin´s Q* for analyzing the market value and accompanied by that the estimation of company´s success by investors.

3. IMPACT OF CORPORATE GOVERNANCE ON COMPANY'S SUCCESS

Miller argued that subjective criteria are more useful in analyzing company´s success than objective criteria. He doesn´t believe in the reliability and availability of necessary information to use objective criteria. This point of view ignores the fact that subjective criteria might be easier to verify but on the other hand more difficult to revise on its validity and reliability. Other researchers argue that even if not all information is available, objective criteria are essential for analyzing company´s success [6]. A mixture of objective and subjective measures is often used to balance these two important factors [7]. It is also possible to use only financial criteria. It can be argued that this is the only way to get completely trustworthy results as subjective criteria always depends on the researcher. This is also the reason why the following analyses will focus on objective criteria – data is the most meaningful factor for analyzing company´s success if the research and evaluation is done with sufficient caution. The objective criteria for company´s success is a wide term that include various aspects. Financial aspects, but also other aspects determine a successful company: social aspects, employee satisfaction, contribution of a company to the worldwide growth, effects of the company on the environment etc. This makes it impossible to analyze all factors in a universal way, it forces scientists to focus on some of the factors that are the most relevant ones for the research. In the context of corporate governance impacts, studies focus on financial aspects and social aspects that reflect the opinion of investors about the company. Uniting these two aspects can be reached with using financial report numbers in relation to the used inputs and using market value numbers of company´s – mainly analyzed with Tobin´s Q. There is no consistent way of how to measure company´s success. Some scientists measure it with financial report numbers like turnover or net profit. A more sophisticated method that is usually used is to put these financial report numbers in a relation to the used assets [8]. Some problems might come up with using Return on Equity as a financial measure for company´s success. Companies could use some strategies to artificially maintain a healthy Return on Equity by funding debt leverage through accumulated cash. The Return on Equity would stay stable in this case even if the operational profitability decreases [9].

4. STATISTICAL METHODS FOR COMPANY'S SUCCESS MEASUREMEN

The decision which method to use depends on the availability and quality of each data-set.

Impact of Transparency on Company´s Success: measured with T-Tests, which compares the means of two groups. It is only useful to compare exactly two groups, if more groups exist the ANOVA-test has to be used. In the underlying paper, the T-Test is used for comparing the influence of transparency on company´s success. It is useful, as the mean values of the Return on Equity in two different years (2003 and 2007) has to be compared. Through the T-Test it can be found out if both means are significantly different. In case of that result, implications can be made if the Return on Equity has increased or de-creased with excluding random errors [10].

Impact of Board Size on Company´s Success: measured with Spearman´s Rank-Order Correlation, which measures the strength and direction of association between two ranked variables [11].

Impact of Board Independency and Director´s Remuneration: Partly measured with Pearson´s correlation coefficient [12]. The p-value is usually set to be below 0.05 to show the significance of the results. It is used for analyzing the impact of Board Independency and Director´s Remuneration on Return on Equity and Tobin´s Q. While applying Pearson´s Correlation Coefficient, the data-sets have been trimmed to reduce the falsifying effect of outliers. This means that outliers have been identified and the highest and lowest values (depending on the number of outliers) of the dataset have been excluded.

Impact of Board independency and Director´s Remuneration: a simpler form is the bivariate linear regression that analyses the impact of one independent variable on one de-pendent variable. Both versions of the linear regression can be illustrated as a linear diagonal in a coordinate system [13]. This method was chosen for calculating the impact of Board Independency, Director´s Remuneration on Return on Equity and Tobin´s Q because of its high accuracy and be-cause it can be illustrated in graphs. It applied the same as for the analysis with Pearson´s Correlation Coefficient: the dataset had to be trimmed to reduce the influence of outliers.

Impact of Corporate Governance on Company´s Success worldwide. The results in EU countries vary a lot among the states. Various studies have dealt with the complexity of measuring the impact of corporate governance on company´s success. Nevertheless, most of the studies deal with the American system of corporate governance that differs a lot from the German and also from the Spanish system. In existing literature independency is the variable that is investigated the most. The role that management contracts play is neglected in most of the existing studies. The role of Corporate Governance codes worldwide was investigated by Duh. He has a positive opinion about Corporate Governance Codes as he sees them as comprehensive tools that lead into the implementation of a strong corporate governance framework as the main pillar for growth, performance and long-term sustainability of companies [14]. Another question to answer is if voluntarily codes can help companies to implement a good corporate governance system or if it doesn´t have the impact that it is supposed to have. Goncharov came to the conclusion that there is a direct positive effect of disclosure recommendations on company´s disclosure practices. The higher the emphasis of the importance of disclosure is, the higher is the level of implementation in the company. He investigated a direct effect through all investigated companies to be affected by new ´´comply-or-explain´´ conducts in a way that lead to a higher disclosure [15].

Implications about information asymmetry and shareholder rights. It is important to minimize information asymmetry. If companies succeed to show investors a good corporate governance behavior, it can reduce capital costs and therefore be an important factor for company´s success. An analysis of Wald summarizes various studies about this hypothetical positive influence and comes to the conclusion that it might be a slightly positive influence but without any statistical significance [16]. A majority of studies showed a positive influence of stronger shareholder rights on company´s success. However, these results don´t necessarily mean that stronger shareholder rights have a positive impact on company's success because the results also show this influence the other way around. Successful companies tend to give their shareholders more rights [16]. Harford et al. find a positive correlation between corporate governance and firm´s future profitability. Managers act only in their own interests if they are not sufficiently monitored and motivated. The study uses as factors of corporate governance ownership concentration, board composition, executive compensation and shareholder rights. According to Harford et al. these measures could be substitutes for each other in monitoring the manager´s behavior. Using multiple measures provides a more complete picture of CG impact and provides more exact results [17].

Influence of Management and Board remuneration on Company´s Success. The importance of CEO remuneration in CG discussions increased during the last years. In the financial crisis starting from 2007 a discussion came up about excessive salaries for managers who lead their company in the crisis. Izan shows a current example of GE CEO J. Welsh and NYSE CEO Richard Grasso whose remuneration got into critics even though their skill and their success was undoubted. The current discussion is about how much money CEOs really deserve, even when they run companies successful. CEO remuneration seems to be too much, especially as many salaries are still not disclosed.

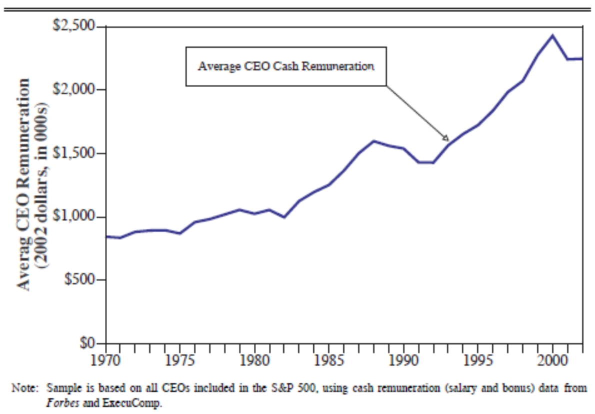

Figure 1. Average CEO Remuneration [18]

H.Y. Izan examined the influence of CEO remuneration on firm´s performance with Australian companies. He used a sample for the years 1987-1992. Despite the theory that companies should operate better if the CEO has a higher remuneration, no linkage between CEO remuneration and firm´s performance could be found. It is claimed that the "finding is robust to the use of single year or pooled tests, as well as the specific identification of CEO changes" [18]. Some explanations for the results are given: an important point is the already mentioned incomplete disclosure of CEO compensation also other factors like the influence of claimholders, the existence of alternative monitoring mechanisms and the extent to which CEO compensation is effectively deferred should be taken into account [18].

Transparency Impact. A sophisticated analysis for the impact of corporate transparency on firm´s performance was done by A. Edogbanya et al. for a sample of Nigerian companies. Firm performance was measured by Tobin´s Q and Return on Assets. A significant positive correlation between the disclosure of board processes and Tobin´s Q which means that a public working board increases the company´s market value. As a conclusion, Edogbanya et al. suggest ´´that companies … disclose more than the statutory requirements to send signals of performance to stakeholders" [19]. Banerjee et.al. starts with a more critical view of the impact of disclosure measures on firm´s performance. The used data for the analysis was obtained from OSIRIS firm-level data for Russian energy and non-energy companies covering the years 2003-2007. They include as transparency indices financial information as well as shareholder rights and board and management structure. Firm performance is measured by EBIT-to-Asset and also by Tobin´s Q as a market-value indicator. The statistical tests have been done by a difference-in-difference model using pooled and panel data methods. They find a moderate positive effect of transparency on Tobin´s Q which is not significant. A negative significant effect of transparency measures on the EBIT-to-Asset ratio was found. The authors emphasize that the results of the study don´t only have implications for Russia but also beyond the country [20].

Board Size Impact. A larger board provides a wider variety of monitoring mechanisms while a small board leads to a more rigid decision making. Guest P. analyzes a large sample of 2746 UK listed companies over the years 1981-2002. The important dependent variable is profitability. ROA is defined by being the ratio of operating profit before depreciation and provisions divided by total assets. Tobin´s Q is also used by Guest for measuring the market value of the company. The study finds that board size has a strong negative impact on profitability, Tobin´s Q and share returns. This result is significant along all used statistical methods. This result underlies, that a huge board lacks effectiveness and efficient communication which makes it weak. Guest emphasizes that his research can´t say anything about the optimal board size but argues that a perfect board consists most probably of less than ten members. Another side result of the analysis is that the number of outsiders in the board has a stronger negative impact than the number of insiders in the board. Some assumptions are made why companies' don´t reduce the member of their boards if they have a negative impact: It might be expensive to remove a director only for downsizing the board – firm´s reputation could suffer. Therefore, a rule to restrict large boards would not necessarily improve performance [21]. In Harford et al. analysis the board independence is measured by the ratio of independent directors to total directors [17].

Board independency impact. It can be defined as the relation between internal and external directors [22]. The theory says that a higher independence of the board should have positive influences on company´s success. Independent directors can monitor and control company´s activities more efficient. On the other hand, executive (and therefore dependent) directors have a wider knowledge about the company´s activities and might have an advantage in understanding company specific problems faster and more precise. The study ´´Board independency and firm performance`` by Fuzi et.al. doesn´t find a significant positive correlation between the number of independent directors and firm performance. However, a positive impact of a minimum number of independent directors on firm performance can be found [23]. This means that shareholder appreciate independent directors in the board even though they might not have a positive influence on firm performance. Reason for that might be that independent directors decrease the risk of company´s failure through selfish director's action. A clear positive impact of board independence on firm performance could be found in a paper that investigated Chinese companies. It analyzes mainly state-owned enterprises with the government as the largest shareholder of the companies. A data set of the companies of the Shanghai and Shenzhen stock exchange 1999-2012 was used. Difference.to-difference models were used to test the results in their robustness. A clear positive impact of board independency on firm performance was found, especially strong for companies that were controlled by the government [24]. State-owned companies are usually controlled tight and manager need more motivation to act in interest of all stakeholders. Therefore, the result is more independent directors improve the monitoring function of the board and with that the manager´s motivation to act in a "good" way of corporate governance. Wu et al. found out that board independence is positively and significantly related to return on assets and Tobin´s Q [25].

5. CASE STUDY: CALCULATION OF THE IMPACT OF CORPORATE GOVERNANCE FOR GERMAN AND SPANISH COMPANIES

The chosen impact factors of CG: Boar size and independency, Transparency, Director's Remuneration. Each factor is defined in a mathematical way individually and then its influence is calculated on Return on Equity and Tobin's Q.

German Dataset. The Dax30 companies have been chosen for receiving the data set. The Dax (Deutscher Aktienindex) is the main stock index made up of 30 blue chip stocks. The listed companies are basically the ones with the highest market capitalization. The included companies change only if the "Deutsche Börse" decides so. It is guaranteed that the included companies are at least among the 45 biggest German companies by market capitalization. The companies are chosen because they are obliged by law to publish the financial information that is needed to receive the data set. The total market capitalization of the Dax30 is 1,298,830 mill. EUR. On top of the ranking is SAP and at the end of the list is a local company with Pro SiebenSat1 Media that operates mainly in Germany and therefore has a limited target group.

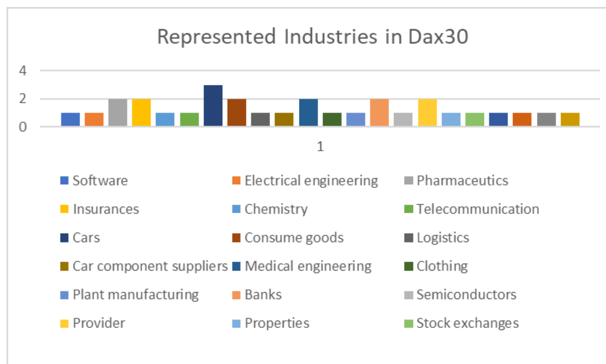

Figure 2. Represented Industries in Dax30

Spanish Dataset. The Ibex35 (Iberia Index) is basically the Spanish pendant for the German Dax30. The companies are among the biggest Spanish companies by market capitalization. Five companies (with the lowest share values) have been excluded from the data set for receiving two data sets with the same number of companies as the Ibex represents 35 companies and the Dax only 30 companies. The total market capitalization of the top 30 IBEX is 635,771 mill. EUR and half of the market capitalization of the DAX companies. On top is the worldwide operating retailer Inditex who owns Zara, Massimo Dutti and Bershka. The supermarket brand DIA operates mainly in Spain as well as Mediaset España.

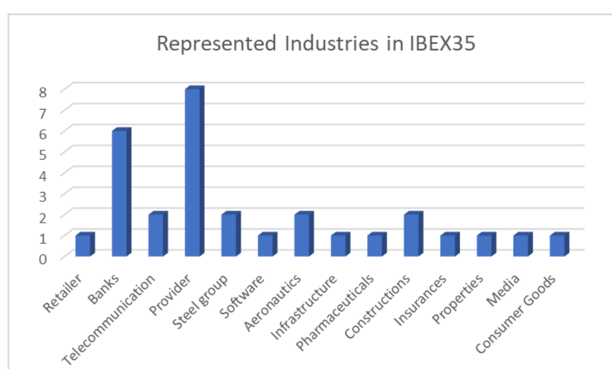

Figure 3. Represented Industries in IBEX35

Impact of Combined Factors of Corporate Governance in Germany on Company´s Success

The analyzed individual factors Board Size + Transparency + Board Independency are combined in a multivariate linear regression model. The impact of transparency was calculated differently and is therefore not comparable. For the German corporate governance impact the remaining variables are combined: Board independency and size and the amount of variable remuneration of CEOs. The impact of these variables on Return on Equity and Tobin´s is analyzed.

Table 1.
Multivariate linear regression analysis RoE Germany

	Coeff.	Std. err.	t	p	R2
Constant	-5.0792	16.051	-0.3164	0.75495	
Variable Remuneration	0.081771	0.14909	0.54848	0.58943	0.0038065
Board Size	0.28764	0.31652	0.90875	0.3743	0.0017418
Board Independency	0.14296	0.10894	1.3123	0.20429	0.032809

The total R2 value 0.0838 which means that only 8.38 % of the variance in the Data Set is explained by the regression. 0.4% of the variance of Return on Equity are explained by the variable remuneration. 0.17% are explained by Board Size while 3% are explained by Board Independency. This means that the individual R2 values for each independent variable are very low. The lower the p-values, the higher is the association of changes in the predictor with changes in the response. As we can see, all p-levels are much higher than the needed amount. Therefore, the multiple linear regression model doesn´t give clear implications about the influence of CG on Return on Equity in Germany. As usual, banks have been excluded for analyzing the impact of the three variables on Tobin´s Q. A multiple linear regression with the 28 remaining companies shows the following results:

Table 2.
Multiple variate analysis Tobin´s Q Germany (by author)

	Coefficient	Std. err.	t	p	R2
Constant	1.8166	2.2603	0.8037	0.4295	
Variable Remuneration	0.0006550	0.01398	0.046872	0.963	0.001349
Board Size	-0.03611	0.055772	-0.64746	0.52348	0.016594
Board Independency	-0.004737	0.01731	-0.27369	0.7867	0.001383

The total R2 value of 0.02 means that 2% of the variance can be explained by the multiple regression. 0.1 % of the variation of Tobin´s Q can be explained by the variable remuneration. 1.6% can be explained by the Board Size while 0.1% are explained by the Board Independency. The p-values of at least 0.4295 are too high to consider the independent variables to have a significant influence on Tobin´s Q. For Tobin´s Q no correlation between the combined CG factors and Tobin´s Q can be proven.

Impact of Combined Factors on Company´s s Success in Spain

Table 3.
Multiple variate linear regression RoE Spain

	Coeff.	Std.err.	t	P	R2
Constant	-14.039	25.83	-0.54351	0.59159	
Board Size	-0.01548	1.0108	- 0.015314	0.9879	0.035476
Board Independency	0.58763	0.31845	1.8453	0.076871	0.16113
Director´s remuneration	0.0040333	0.0064911	0.62136	0.53999	0.034251

Multiple R2: 0.17398. 17.4 % of the variance can be explained by the regression model. This value is significantly higher than in the analyses of the German companies. 3.5% can be explained by the Board Size, 16.1 % by the Board Independency and 3.4% by the Director´s Remuneration. However, the values are still too low to give robust knowledge about it. The p-value of Board Independency is with 0.08 the closest to the limit of 0.05 to see the results as significant. This confirms the results of the individual Board Independency analyses that was done in previous parts of this paper. The other p-values are higher than 0.5 and therefore far away from being significant. In total, no positive correlation can be proven. For the comparison with Tobin´s Q the seven Spanish banks have been excluded as their value for Tobin´s is not representative. The results of a multiple linear regression of the 23 remaining companies are the following:

Table 4.
Multiple variate linear regression Tobin´s Q Spain

	Coefficient	Std. err.	t	p	R2
Tobin´s Q	2.4673	2.7225	0.90627	0.37614	
Board Size	-0.12416	0.11727	-1.0588	0.30298	0.0878
Board Independency	- 0.0008779	0.033328	- 0.026341	0.97926	0.0231
Director´s Remuneration	0.0010336	0.000817	1.2659	0.22086	0.1056

Multiple R2: 0.16062. 16.1 % of the total variance can be explained by the regression model. 8.7% are explained by the Board Size while 2.3% are explained by the Board Independency and 0.1% are explained by Director´s Remuneration. The p-values are higher than 0.05 and therefore can´t prove a correlation between Tobin´s Q and the independent variables. That is why no correlation can be proven for a positive correlation between Tobin´s Q and a good CG.

Comparison of the Impact of the combined Factors on Company´s Success in Germany and Spain. The impact of the combined factors on company´s success show the expected positive correlation but are not significant for none of the variables. This means that the positive impact of CG can be seen but not statistically proven. Anyway, the result supports existing researches that don´t doubt the positive impact of corporate governance mechanisms on company´s success anymore.

6. CONCLUSIONS

The impact of CG is usually measured with corporate governance in its closest definition and limited to the internal impact factors as Board Size and Independency, Transparency and Director´s Remuneration while the impact of the last two has not been sufficiently investigated. Company´s success is determined by financial and market-value factors. ROE is an often-used factor for financial analyses as it puts the net income in relation to shareholder´s equity. Through-out all existing researches, Tobin´s Q is used to measure the company´s market value. It puts the market capitalization value in relation to the total assets of a company and finds out with this formulated if a company is under- or overrated.

The German CG system provides a dualistic board structure with a strict separation between head of the board and CEO, the Spanish corporate governance systems is built on a monistic structure which often leads into the CEO being as well the head of the board. The CGC are similar, setting the same priorities in Board Independence and Transparency.

The impact of CG on company´s success varies in country-specific researches. A significant positive impact of Board Independency on company´s success through all existing researches can be found only in studies that focus on Germany. Transparency and Director´s Remuneration are not sufficiently analyzed in Germany and Spain yet. Worldwide studies show mixed results depending on the analyzed countries. The impact of Director´s Remuneration is seen negative in some studies. That is why it is concluded that the country-specific factors of CG play an important role in corporate governance impact studies and not all results are transferable to all countries.

The impact results seen in the reviewed literature could mainly be approved. The results for the Board Size on Tobin´s Q and Return on Equity were non-significant but showed a positive correlation throughout both dependent variables and countries.

The calculations showed a significant positive impact of Board Independency on Return on Equity while it showed a non-significant positive impact of Board Independency on Tobin´s Q. The existing researches mainly also showed this positive impact of Board Independency on company´s success. The impact factors Transparency and Director´s Remuneration had not been investigated by other researchers. For Transparency, a significant positive impact has been found in Germany which means that transparency is highly appreciated by shareholders in Germany. In Spain, a non-significant positive impact has been found. In contrast, worldwide researches found mixed results what means that transparency is more important in Germany and Spain than in other countries. The results are more mixed for Director´s Remuneration with a negative impact of Director´s Remuneration on Return on Equity in Spain. However, also world-wide researches found mixed results for Director´s Remuneration. This means that the factor Director´s Remuneration depends a lot about its exact definition and implementation. Variable remuneration might have a negative impact if it is not rewarded for the right goals or if its reward is not influenceable enough by the manager. The research results in Germany and Spain are similar with some exemptions.

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