

# Chapter 7: Reorienting management remuneration toward sustainability: lessons from Germany

Rainald Thannisch

## 1. Introduction

Trends in the last decades in the level and structure of management remuneration in large companies in Europe and elsewhere have been criticized almost universally in the recent past. High pay for top executives increases social tension and takes away resources from companies that could otherwise be used for productive investments for the future. The increasing proportion of remuneration which is based on short-term performance and stock price creates incentives for risky and short-term behaviour. Therefore, one key measure to encourage the sustainable strategies needed for the Sustainable Company is to change the way our top managers are paid. First, total remuneration needs to be kept at levels which are socially acceptable and which do not excessively drain resources from the company. Second, the structure of remuneration should reward managers for developing strategies and undertaking actions which support the long-term interests of companies and their stakeholders, rather than focusing on short-term performance on the stock market.

In this respect Germany offers an interesting example from which other countries can learn. First of all, Germany has one of the strongest systems of board level employee representation in Europe. In companies with more than 2000 employees domestically, half of the board seats are allocated to worker representatives. These representatives are generally included in board committees, including the remuneration committee. The policies that German trade unions develop can therefore have an impact on management remuneration. Second, a law was passed in 2009 which includes many of the demands made by the German Trade Union Confederation (Deutscher Gewerkschaftsbund, or DGB) regarding the structure and level of executive remuneration in listed companies. Some companies have already introduced new remuneration systems which take into account sustainability objectives, such as employee and customer satisfaction. More examples will be emerging in the future which will be worthy of examination.

## 2. Trends in executive pay and the political debate in Germany

Observation of trends in remuneration in Germany shows that executive pay in the largest companies has become decoupled from general trends in wages, salaries and incomes. In 1987 a member of the executive board (*Vorstand*) in one of the DAX companies (i.e. one of the largest 30 listed companies) earned 14 times the pay of an average worker. This level could be regarded as socially acceptable. Today this ratio is over 90, and in individual cases even more than 200. In the crisis year of 2009 the CEOs of the DAX companies earned on average a little less than 3.8 million Euros (not including pension contributions). For all members of the executive boards of the DAX companies this figure was just below 2.4 million Euros. Between 1987 and 2005 the average remuneration of executive managers in the DAX companies increased by 445 percent. In comparison, gross domestic product roughly doubled in the same period of time.<sup>1</sup>

The explosive increase in executive pay has led to a very critical public debate in the past few years over this trend. Given that many see no justification for this trend, it can safely be assumed that the confidence of many Germans in the social market economy has decreased. Nevertheless, it took the financial crisis of 2008-9 and the run-up to the Parliament elections in 2009 to move the government to introduce the first substantial regulation of executive remuneration. Up until then political measures had been for the most part been restricted to voluntary appeals. The only exception here was the initiative in 2005 by the then-governing social democratic-green coalition for a law on transparency in executive remuneration, which however is still criticized today by representatives of industry.

---

<sup>1</sup> For data on these trends see Schmitt and Schwalbach (2007) and Deutsche Schutzvereinigung für Wertpapierbesitz (2010). Some of the figures above are based on the author's own calculations.

### **3. Corporate governance and board level employee representation in Germany**

German company law mandates a two-tier board structure for large German companies: an executive board (*Vorstand*) and a supervisory board (*Aufsichtsrat*). While the executive board in stock corporations (*Aktiengesellschaften*) is responsible for day-to-day operations, the duty of the supervisory board is to oversee and advise the executive board.<sup>2</sup> Furthermore, a list of items for which supervisory board approval is necessary must exist. According to law the supervisory board is responsible for appointing and removing members of the executive board.

The supervisory board is also responsible for determining remuneration plans for the executive board members. However, the general practice in the past was to delegate this responsibility to one of the committees, frequently to a specialized remuneration committee, but also sometimes to the presidial committee.

The supervisory board of large companies is also subject to legal provisions for board level employee representation:

- In companies with more than 500 employees a weaker form of board level employee representation applies according to the Third Part Act of 2004 (previously regulated by the Works Constitution Act of 1952). One third of the seats on the supervisory boards of these companies are reserved for representatives elected by the employees of the company.
- In companies with more than 2000 employees a stronger form of board level employee representation applies according to the Co-Determination Act of 1976. This law reserves half of the seats on the board for employee representatives, the other half going to representatives of the shareholders. When there is a tie vote, however, the supervisory board chair, who is chosen by the shareholders, receives a double vote. In the case of a 12-person supervisory board, six representatives are chosen by the shareholders' general meeting and six are democratically elected by the company's workforce. Of these six, four must be employees of the company (one of these has to be a representative of the managerial employees) and two are nominated by trade unions representing the company's workforce.
- The strongest form of board level employee representation is regulated by the Montan Co-determination Act of 1951. This applies only to companies with more than 1000 employees in the steel and mining industries. In contrast with the quasi-parity codetermination under the 1976 Co-Determination Act, Montan co-determination defines true parity, since the representatives of the shareholders and employees must jointly choose a further 'neutral' member who can cast a tie-breaking vote.<sup>3</sup>

Due to co-determination, employee representatives and trade unions have a special responsibility for appropriate executive remuneration. However, it can be assumed that the initiative for the continual increase of executive remuneration almost always comes from shareholders' representatives and only very rarely from employees' representatives. At least up until the financial crisis, the primary driver for this trend was the increasing importance of shareholder value and the stronger orientation of the real economy toward financial markets. The duty of confidentiality for supervisory board members prevents empirically-grounded generalizations about decision making in German company boards. However, as will be described in the next section, transparency in the level of executive remuneration has been improved recently.

### **4. Legal changes through the 2009 Act on the Appropriateness of Management Board Remuneration (VorstAG)**

The reluctance of the German government to get involved in regulating executive remuneration was only overcome in 2009. This change was doubtlessly due to the serious financial and economic crisis. As a result of this crisis the financial-market orientation of remuneration came under heavy criticism, and was accused for example of being a 'fire accelerant'.

---

<sup>2</sup> In limited liability companies (Gesellschaften mit beschränkter Haftung, or GmbH), the function of the executive board is fulfilled by the managing director(s).

<sup>3</sup> For an overview see Hans-Böckler-Stiftung (2009).

In this context the conservative (CDU/CSU) and social democratic (SPD) parties, which were in a Grand Coalition in the German Parliament at that time, organized (first separately and then jointly) expert groups on appropriate executive remuneration. As a result of these expert groups a legislative proposal was drafted which was followed critically but constructively by the German Trade Union Confederation (DGB). In August 2009 the Act on the Appropriateness of Management Board Remuneration took effect.

This law introduced, among other things, the following legal changes:

1. A more precise legal definition of ‘appropriateness’ of remuneration in § 87 Section 1 of the Stock Corporation Law (AktG): As of 2009 the supervisory board is responsible for seeing that the total remuneration of an executive board member stands in an appropriate relation to the responsibilities and performance of this member as well as to the financial position of the company. Prevailing standards for remuneration are to be exceeded only in special circumstances. New here is the consideration of the performance of the board member as well as ‘prevailing standards’, including wage and salary standards within the company. In the case of listed companies the remuneration structure is to be oriented toward sustainable company development. Variable remuneration should be based on long-term (multi-year) performance.
2. A strengthening of the duty for the ex-post recovery of executive remuneration (so-called ‘claw-back’ provision) in § 87 Section 2 AktG, when the financial situation of the company has deteriorated to the point that the continuing provision of remuneration would be ‘expensive’ (Section 1) for the company.
3. The introduction of cost-sharing through a deductible for Directors’ and Officers’ Insurance for executive board members (§ 93 Section 2 AktG).
4. Responsibility of the entire supervisory board for executive remuneration and contractual arrangements. These responsibilities under § 87 Section 1 und 2 AktG can no longer be delegated to a board committee. Decision making powers over remuneration questions are reserved for the entire supervisory board. However, preparatory work by a committee is still allowed.
5. Clarification and underlining of the already-existing liability of supervisory board members in the case of inappropriate remuneration for executive board members (§ 116 Aktiengesetz).
6. The introduction of a non-binding vote of the shareholders’ assembly on the remuneration system (§ 120 AktG). The vote implies neither rights nor duties for the shareholders’ assembly. In particular the responsibilities of the supervisory board according to § 87 AktG are unaffected.

## **5. The position of the German trade unions**

### **5.1 Trade union activity before the financial and economic crisis**

The DGB and its member trade unions had already demanded state regulation of executive remuneration before the crisis. Trade unions criticized the excessive increases in management pay as unfair and unjust in terms of income distribution and effort, especially since workers experienced a reduction in incomes in real terms between 2000 and 2007. Furthermore, trade union discourse focused on the deficiencies of contemporary remuneration systems, particularly in encouraging the orientation of company policies toward short-term shareholder value (Hexel 2008; Thannisch 2009).

Against this backdrop, in June 2008 the DGB executive committee demanded a precise definition of appropriateness of executive remuneration in § 87 section 1 AktG and an anchoring in § 76 of the duty of the executive board to take into account not only the interests of shareholders but also of workers and the general public when running the company. A further demand was the strengthening of co-determination in the supervisory board through the requirement that decisions on executive remuneration be taken in the whole board rather than delegated to a board committee (DGB 2008).

### **5.2 Constructive accompaniment of the VorstAG**

These demands were for the most part taken over in the VorstAG, which certainly was in part due to the critical-constructive accompaniment of the law by the DGB and its member trade unions. In a statement on 25 May 2009 the executive committee of the DGB strongly supported the draft law proposed by the Grand Coalition of the time. Against the backdrop of the deepening crisis, which the trade unions saw as being initiated by questionable incentive and pay systems in the financial sector, the DGB welcomed the initiative of the government to orient company policies more strongly toward long-term and sustainable goals.

In particular the DGB welcomed in the draft law the more precise definition of ‘appropriate’ in executive remuneration and the inclusion of a long-term component in remuneration. However, the DGB demanded the mandatory consideration of the pay structure in the company as well as explicit reference to social and ecological goals and responsibilities. In addition the DGB supported the provision that any annual remuneration of an executive board member over 1 million Euros should only be 50% tax deductible as company expenses.

The DGB also welcomed in the draft law of the CDU/CSU and SPD governing coalition the strengthening of the supervisory board as a whole through the placement of responsibility for remuneration decisions with the supervisory board plenary (DGB 2009).

In summary, two of the key trade union demands – a more precise definition of appropriate remuneration and responsibility of the whole supervisory board – were taken over in the law. The trade unions were also able to get support of the SPD for a concretization in company law of the interests companies are supposed to serve. However, despite an increased lobbying effort, the trade unions were not able to get support of the conservative parties for this provision. This concretization should however be made in the German Corporate Governance Code, as will be shown in the next section.

### **5.3 Anchoring the company’s interest in the German Corporate Governance Code**

The German Corporate Governance Code includes eighty recommendations and suggestions for listed companies. Companies are not required to follow these. However, they must report on an annual basis which of these they have implemented (comply or explain).

In the plenary session on 18 June 2009 the German Corporate Governance Code was modified to take into account the new law (VorstAG). Above and beyond this, as a result of a motion by the DGB, the following formulation was inserted into the preamble: ‘The Code clarifies the obligation of the Management Board and the Supervisory Board to ensure the continued existence of the enterprise and its sustainable creation of value in conformity with the principles of the social market economy (interest of the enterprise)<sup>4</sup>.’

This company interest is concretized in Section 4.1.1 of the Code: ‘The Management Board is responsible for independently managing the enterprise in the interest of the enterprise, thus taking into account the interests of the shareholders, its employees and other stakeholders, with the objective of sustainable creation of value<sup>5</sup>.’ Previously this section read as follows: ‘The Code clarifies the rights of shareholders, who provide the company with the required equity capital and who carry the entrepreneurial risk<sup>6</sup>.’ With this formulation the German Corporate Governance Commission distanced itself from shareholder value and instead adopted stakeholder value as a goal. From the point of view of the German trade unions, this change in the code is a step forward with relevance for the future political, legal and scientific discussion on a sustainable economy.

### **5.4 No demand for a legally binding maximum limit**

Within the German trade unions there were different positions on the question of whether a demand should be made for a legally binding maximum limit (or cap) on executive remuneration. Some persons were in favour of such a cap, or at least for a fixed ratio between lower or middle level workers’ incomes and a maximum level for manager remuneration.

<sup>4</sup> [http://www.corporate-governance-code.de/eng/download/kodex\\_2010/German-Corporate-Governance-Code-2010.pdf](http://www.corporate-governance-code.de/eng/download/kodex_2010/German-Corporate-Governance-Code-2010.pdf)

<sup>5</sup> [http://www.corporate-governance-code.de/eng/download/kodex\\_2010/German-Corporate-Governance-Code-2010.pdf](http://www.corporate-governance-code.de/eng/download/kodex_2010/German-Corporate-Governance-Code-2010.pdf)

<sup>6</sup> [http://www.corporate-governance-code.de/eng/download/E\\_Kodex\\_2008\\_final.pdf](http://www.corporate-governance-code.de/eng/download/E_Kodex_2008_final.pdf)

In the end it was decided not to demand such a cap. Underlying this decision was the recognition that companies are very different with regard to the level of executive remuneration, the specific conditions and profitability of their sectors, their co-determination and company cultures and in particular the level of wages and salaries. These differences make it very difficult if not impossible to define a maximum limit applying to all companies.

Furthermore it was argued that the definition of a cap could lead to pressure for remuneration levels to increase up toward this maximum level. For example, remuneration levels below this maximum could be interpreted as a lack of confidence in the members of the executive board.

An exception here is the cap of 500 000 Euros which the government imposed in 2009 for executive board members of financial institutions rescued with taxpayers' money. This was strongly welcomed by the DGB. This rule was correctly extended in November 2010 to the management level directly below the executive board.

The lack of support for a universal cap does not however mean that the DGB and the trade unions do not believe that there should be limits on remuneration. To the contrary, the DGB and its trade unions recommend that maximum limits should be included in the remuneration contracts of every executive board member. The inclusion of such a provision in the legal justification of the VorstAG is a direct result of a trade union initiative (Hexel 2010).

## **5.5 Trade union recommendations for board level employee representatives**

The DGB, the Hans Böckler Foundation and the DGB member trade unions have published a series of recommendations for board level employee representatives. The most important of these recommendations are discussed below<sup>7</sup>.

### *Appropriateness of remuneration*

The first and most important recommendation is that board level employee representatives should ask if the principles of the remuneration system really correspond to the collectively agreed company goals. It is important to have clarity about the intended effects of incentive mechanisms. This includes gathering all necessary information on the mechanisms of performance-oriented remuneration and to allow enough space during the supervisory board meeting for a debate on the provisions of contracts with executive board members. There is a danger that every parameter included in the remuneration system will potentially gain an inappropriately high degree of importance. Furthermore, parameters not included in the system but nevertheless of key importance for the company might be neglected. If executive remuneration is primarily oriented toward share price it should not be a surprise when sustainability goals are forgotten or even seen as burdensome.

Sustainability management and the responsibility of top management for it should be discussed in a special meeting of the supervisory board. The necessary operationalization of qualitative strategies and goal setting is possible. Companies have extensive experience in this area. Concretization of these goals however is more difficult than simply setting purely financial targets.

As described above, the VorstAG states that the (vertical) wage and salary structure within the company is to be considered in the definition of 'prevailing remuneration'. The German Corporate Governance Code also states in Section 4.2.2 that the compensation structure in place in other areas of the company should be a frame of reference for this. The ratio between the level of executive remuneration to the level of wages and salaries as well as to the level of middle management income should therefore be considered by board level employee representatives.

### *A simple and transparent remuneration system*

There is a lot to be said for a simple and transparent remuneration system, with as much reference as possible to collective bargaining or company norms, particularly in the case of retirement provision. This helps increase public and internal company acceptance of executive remuneration.

---

<sup>7</sup> See here in particular Seyboth and Thannisch (2010).

A further reason for keeping the remuneration system as simple and transparent as possible is to help prevent the manipulation of the financial accounts. Such manipulation can be encouraged by complicated and difficult to understand remuneration systems.

One part of a transparent remuneration system is limiting so-called supplementary payments and payments in kind, which have become much more important than in previous decades. In principle it is recommended that these be limited to measures that are related to job performance, such as agreements on the use of a company car.

### *Strengthening the fixed component of remuneration*

When examining the structure of executive remuneration as a whole, it is apparent that the increase in the level of remuneration overall in the DAX 30 companies in the last 20 years is for the most part attributable to the increase in the variable portion of pay. One reason for this is the use of principal-agent theory in designing remuneration systems. The core of this theory is the assumption that a manager (agent) will not be as careful with the money the shareholder (principal) gives him to administer as the shareholder himself would be. The solution that is proposed is to link the interests of the manager with the interests of the shareholder by paying the manager according to performance and to give him a share of the company's capital.<sup>8</sup>

This approach has been increasingly criticized recently because of the incentives that are created to manipulate the company accounts and to prioritize short-term goals over the long-term interests of the company. Furthermore, from the point of view of economic psychology, performance incentives can lead to a suppression of intrinsic work-related motivations since attention is diverted from job performance directly to the remuneration system (Frey and Osterloh 2005).

Each board level employee representative should therefore realize that the massive increase in executive remuneration is almost entirely attributable to the increase in variable pay. Furthermore, variable components of pay lead to a narrow focus on the parameters used to determine remuneration. From a trade union perspective it is therefore recommended that the fixed portion of remuneration should be increased and, correspondingly, the variable portion should be reduced to a limited amount. A multi-year remuneration plan is not always long-term in its impact. Fixed remuneration in contrast can strengthen an orientation to the long-term.

The fixed portion of remuneration should therefore account for at least 60% of the annual remuneration (in the case of multi-year variable pay this should be based on an annual average of the expected variable remuneration). In light of current practice by listed companies this is certainly an ambitious goal. In order to prevent an upward spiral of remuneration, comparison within the sector regarding 'prevailing remuneration' should be oriented to average rather than the highest level of remuneration. At the same time care should be taken so that an increase in fixed salary does not lead to undesired increases in other components of remuneration. An example here is the pension contribution, which frequently is coupled to the level of fixed pay. In this case the norms for pension provision should be altered simultaneously with the increase in fixed pay.

### *Limits on variable pay*

From a trade union point of view, for the reasons discussed above, it is recommended that the variable portion of pay be limited or reduced – without however drastically increasing fixed pay, as some are demanding. The variable portion should account for a maximum of 40% of total annual remuneration. There are good reasons for reducing this even further.

The VorstAG allows a great degree of latitude in the mix of short-term and longer-term incentives. If the result is supposed to be a longer-term orientation of management, it is recommended that short-term components in variable pay be completely avoided and instead longer-term incentives over at least four years be agreed.

Here care should be taken that variable components of remuneration should also be influenced by negative financial developments in the whole period of observation, as the German Corporate Governance Code also recommends (Section 4.2.2.).

---

<sup>8</sup> For a critical discussion of principal-agent theory in the context of executive remuneration see Chahed and Müller (2006:47).

### *Inclusion of social and ecological goals*

In the design of remuneration systems it is important to consider not only the interests of the shareholders but also the responsibility of the company toward the community and social interests as a whole. Therefore, from the trade union point of view, ecological and social responsibility should also be considered. The inclusion of these goals in the variable portion of pay is an important step toward fulfilling the legal obligation to orient remuneration systems toward sustainable company development.

Altogether it is desirable that at least 25-50% of variable pay be linked to the fulfilment of social and ecological goals. Specific criteria that could be used here include the achievement of social and environmental targets agreed upon in the supervisory board, for example the long-term preservation of specific production locations or the reduction of pollution by a certain amount. Another possibility is making a portion of variable pay conditional upon performance according to one or more social and/or ecological indicators. The DGB specifically recommends including employee satisfaction, as measured by the *Gute Arbeit* (i.e. Good Work) Index.<sup>9</sup>

A positive development is the implementation of some of these recommendations in practice already. For example, the supervisory boards of VW, RWE and Deutsche Telekom have coupled a significant proportion of executive remuneration to employee satisfaction.

### *Contractual maximum limit (cap)*

Experience shows that, in times of positive economic developments, the complexity of remuneration systems can lead to variable pay reaching unforeseen levels.

The VorstAG states that the supervisory board should provide for unusual developments by agreeing a maximum limit or cap for the variable proportion of pay. This formulation has an almost-binding character and it is therefore strongly recommended that all board level employee representatives take this into account.

### *Responsibility of the entire supervisory board*

As described above, the VorstAG includes the new rule that the supervisory board can no longer delegate decisions on executive remuneration to a committee. Board level employee representatives should therefore make sure that all aspects regarding the level and structure of remuneration be decided in plenary sessions of the supervisory board. Here it is not acceptable to decide only on framework conditions and to delegate the rest to a board committee. Furthermore, it must be ensured that the whole supervisory board always has access to the complete contractual arrangements with executive board members, and that parameters for variable pay be considered by the whole supervisory board on a periodic basis to determine if adjustment is needed.

## **6. Co-determination as a core element of sustainable company management**

From the trade union point of view, co-determination plays a key role in the debate on sustainable company development and management pay.

Two recent studies (Vitols 2008; Vitols 2010) have shown that board level employee representation is significantly related to lower levels of remuneration. In the first study, the inclusion of trade union representatives in the supervisory boards of listed German companies led to lower total remuneration and use of stock-market linked remuneration. In the second study, the presence of board level employee representatives in the 600 largest European listed companies was associated with lower total pay and less use of stock options.

---

<sup>9</sup> See here: <http://www.dgb-index-gute-arbeit.de/>

Furthermore, through board level employee representation, it is possible to bring aspects of discussions in civil society into supervisory board activities, including the determination of executive remuneration. The new regulations in the VorstAG, such as the duty to consider the pay of employees in the company, require the kind of critical consciousness of the type that employee representatives are likely to have.

From supervisory board practice we know that the implementation of new legal requirements is a top priority in co-determined supervisory boards. Many companies are trying to strengthen the fixed component of executive pay and limit variable pay. Furthermore, several companies have begun to reorient variable executive remuneration toward indicators such as customer and employee satisfaction. Nevertheless there is much to do to enhance sustainability in the structure of management remuneration.

For sustainable company policies in the future we therefore need the preservation and further development of co-determination in Germany. Without board level employee representation, decision making would quickly become the province of a 'closed shop' of a few people from the shareholders' camp.

During its 19<sup>th</sup> regular federal congress in May 2010 the DGB presented wide-reaching proposals for the further development of co-determination. One demand is the reform of the 1976 Co-Determination Act according to the model of the Montan Co-Determination Law. A neutral person supported by both employee and shareholder representatives should be added, thereby replacing the double voting right for the shareholder nominated chairperson. The executive board member responsible for personnel affairs (*Arbeitsdirektor*) should not be appointed without approval of the majority of the board level employee representatives. Furthermore, the DGB demands the extension of co-determination rights to more key strategic fields. A catalogue of actions which must be approved by the supervisory board (*zustimmungspflichtige Geschäfte*) should be defined in law. These should include plant closures, production relocations and sales of parts of the company. A qualified majority should be able to make additions to this catalogue of mandatory items for approval (Schmidt and Spindler 2008).

Furthermore, the DGB demands the introduction of minimum standards for board level employee representation in companies with a European legal form. Standards for participation that were achieved through the European Company (SE) are increasingly being undermined, for example through cross-border mergers and in the proposal for a European private company. More specific details could be worked out in a special commission for this purpose (DGB 2010).

## 7. Conclusions

One of the key elements in implementing the Sustainable Company is to restructure incentives in management remuneration away from the short-term and share price toward the long-term and the interests of employees and other key stakeholders. Recent experience in Germany shows how progress can be made in this regard. An important step forward was taken with the passage of a new law in 2009 regulating executive remuneration. This law created an obligation and framework for the inclusion of sustainability goals in remuneration, and also gave employees an important role in this process through defining the responsibility of the whole (co-determined) board for remuneration decisions.

The German trade unions play a key role in this development. First, they had an active role in lobbying for regulation of executive remuneration. Through their involvement in the legislative process a number of key trade union demands were taken up in the legislation. Second, the German trade unions have developed a set of recommendations for board level employee representatives and have actively encouraged these representatives to implement these recommendations. As a result a number of companies (e.g. VW, RWE and Deutsche Telekom) have adopted innovative remuneration systems which take into account important sustainability parameters, such as employee and customer satisfaction.

This law could no doubt be strengthened, and other aspects of regulatory change have remained far behind trade union demands. Nevertheless Germany has taken important steps forward, and deserves further observation as more companies introduce sustainability elements into their remuneration systems. In this sense Germany provides an important case study from which we can learn important lessons about how to move ahead with the Sustainable Company.

## References

- Chahed, Y. and H.-E. Müller (2006) *Unternehmenserfolg und Managervergütung: Ein internationaler Vergleich*, Munich and Mehring: Reiner Hampp Verlag.
- Deutsche Schutzvereinigung für Wertpapierbesitz e.V. zusammen mit der TU München (2010) *Studie zur Vergütung der Vorstände in den DAX und MDAX-Unternehmen im Geschäftsjahr 2009*, Düsseldorf: DSW.
- DGB (2008) *DGB-Vorschläge für ein gesetzliches Maßnahmenbündel zur Regulierung der Vorstandsvergütung*, Resolution of the DGB executive committee from 3 June 2008, Berlin: DGB.
- DGB (2009) *Stellungnahme zum Entwurf eines Gesetzes zur Angemessenheit der Vorstandsvergütung (VorstAG) unter Einbeziehung der in der Koalitionsarbeitsgruppe Managergehälter beschlossenen Ergänzungen vom 25. Mai 2009*, Berlin: DGB.
- DGB (2010) *Soziale Marktwirtschaft durch Unternehmensmitbestimmung in Deutschland und Europa sichern und fortentwickeln*, Resolution of the 19th DGB congress in Mai 2010, in Internet available under <http://www.dgb.de/-/a3I>
- Frey, B. and M. Osterloh (2005) 'Yes, managers should be paid like bureaucrats', *Journal of Management Inquiry*, 14(1), 96-111.
- Hans-Böckler-Stiftung (2009) *Co-determination. a beginners guide. 4<sup>th</sup> Edition*, available in the Internet under [http://www.boeckler.de/pdf/p\\_arbp\\_033\\_2.pdf](http://www.boeckler.de/pdf/p_arbp_033_2.pdf)
- Hexel, D. (2008) 'Bausteine für eine angemessene Vorstandsvergütung', *Der Aufsichtsrat*, (2008)9, 128-129.
- Hexel, D. (2010) 'Neue Wege für die Unternehmenspolitik: Corporate Governance und Vorstandsvergütung nach der Wirtschaftskrise', *GEGENBLENDE: Das gewerkschaftliche Debattenmagazin*, Freitag, 7. Mai 2010, 1.
- Schmidt, R. and G. Spindler (2008) *Finanzinvestoren aus ökonomischer und juristischer Perspektive*, Baden-Baden: Nomos.
- Schmitt, R. and J. Schwalbach (2007) 'Zur Höhe und Dynamik der Vorstandsvergütung in Deutschland', *Zeitschrift für Betriebswirtschaft*, Special Issue, 2007(1), 111-122.
- Seyboth, M. and R. Thannisch (2010) 'Empfehlungen für eine angemessene Vorstandsvergütung' in Hans-Böckler-Stiftung (ed.) *Angemessene Vorstandsvergütung: Arbeitshilfen für Aufsichtsräte Nr. 14, 4. Erweiterte Neuauflage Juni 2010*, available in the Internet under [http://www.boeckler.de/pdf/ah\\_ar\\_14.pdf](http://www.boeckler.de/pdf/ah_ar_14.pdf)
- Thannisch, R. (2009) 'Gewerkschaftliche Antworten auf die Fehlwirkung moderner Vorstandsvergütungssysteme' in D. Hexel (ed.) *Never Change A Winning System*, Marburg: Schüren Verlag, 53-64.
- Vitols, S. (2008) *Beteiligung der Arbeitnehmervertreter in Aufsichtsratsausschüssen: Auswirkungen auf Unternehmensperformance und Vorstandsvergütung*, Arbeitspapier 163, Düsseldorf: Hans-Böckler-Stiftung.
- Vitols, S. (2010) *Board level employee representation, executive remuneration and firm performance in large European companies. Final Report for the Hans Böckler Foundation*, manuscript, March 2010.