This chapter focuses on what the empirical study results of chapter 5 tell us. The research question is ‘What is the role of independent institutional investors in the corporate governance of German listed companies?’ Based on the literature review, a research model (see Figure 3.3) was created to answer the research question. In order to give a general overview of the research model, the various aspects of each variable were aggregated.

1. The role of institutional investors – summarized findings

The next step after the descriptive analysis involves transforming the raw data into a form that can be used to conduct an analysis, which addresses the variables in a more comprehensive way and relates them more consistently to the research model (Pallant, 2007). The results of the means are provided in Figure 6.1. Overall, the participants of the study perceive the role and responsibilities of institutional investors in the German two-tier corporate governance structure as weak-to-medium. The results of the interviews of this empirical research study show an overall mean of 2.51 (see Figure 6.1). This is surprising, since 85% of the participating companies represented by the interviewees in the research study have a shareholder base, in which the majority of the owners are institutional shareholders (see Table 4.4). Based on this, it can be stated that the sample used for this study has been suitably selected in order to answer the research question.

The key findings can be summarized as follows:

1. Communication is the top measure for board oversight, recommendations, inducing changes and the exercise of institutional power. The dialogue in face-to-face meetings with well-informed investors helps to develop a reciprocal understanding (Roberts et al., 2006); it is one of the most used instruments (Nix and Wolbert, 2005) and quite a powerful one.
in reaching agreements in private negotiations (Carleton et al., 1998). Therefore, based on the results of the study, it can be concluded that the high level of communication signals that German companies want to pursue a non-confrontational style in their relationship with institutional investors. The results are particular and can be seen in the context of the German culture and supports previous empirical research that countries matter in corporate governance (Chizema and Buck, 2006; Rajan and Zingales, 2003; Light et al., 2004; Zattoni and Cuomo, 2008).

2. Furthermore, it seems that the IR activities of German corporations are well established. Therefore, continuous communication is a strong instrument among companies and their institutional investors in order to align the company's interest with those of the shareholders. This helps to reduce the conflict of interest between the shareholders and corporations, as well as asymmetric information. In addition, it also restores confidence and builds trust, which are the most vital components in management practices and the necessary building blocks of corporate governance in order to keep the legitimacy effective (Bartlett and Ghoshal, 2005; Ghoshal and Moran, 2005; Roberts et al., 2006; Bass, 1990; Hogan et al., 1994). However, this is only effective, if the investors voice their opinions and concerns (Craven and Marston, 1997), and if they are handled fairly within the company. The results of the study did not reveal any patterns with regard to how the companies handle the investors' concerns and recommendations internally. This can lead to the conclusion that there is no established and structured way of reflecting the investors' opinions