



# The Complexities of Governance: Lessons from Germany

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Tehran, Islamic Republic of Iran

# Agenda

1. Introduction
2. Germany's Governance Model
3. Volkswagen Case Study
4. Lessons for Iran
5. Conclusion

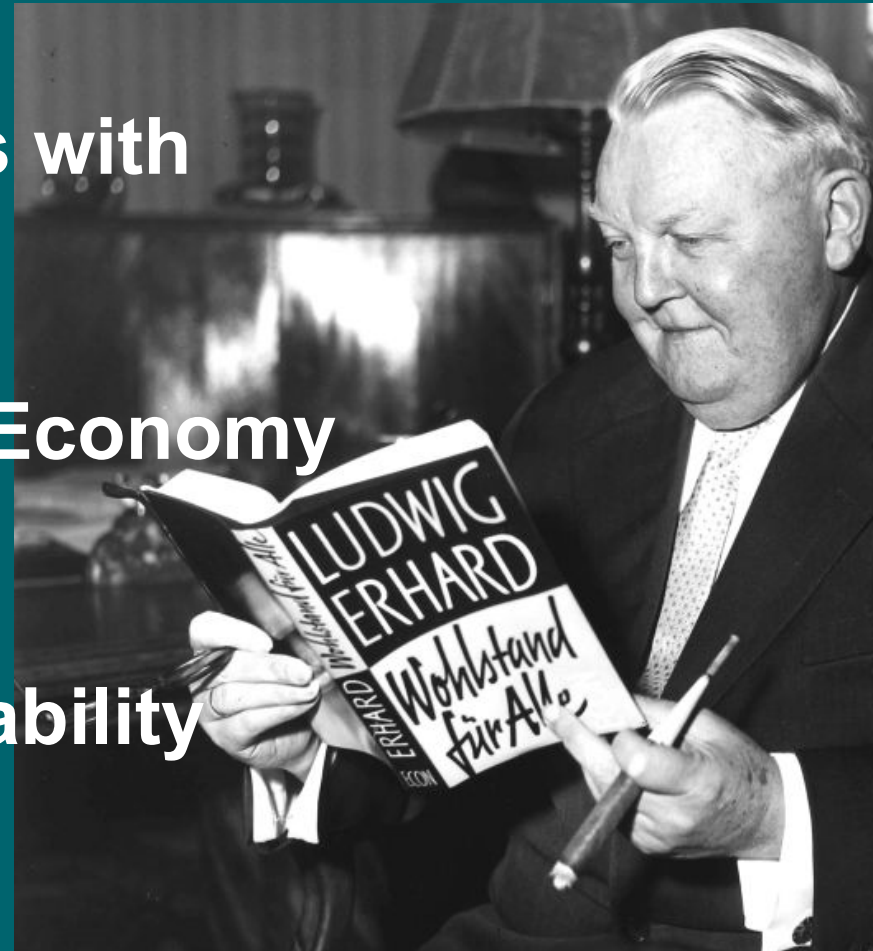
# Hagen Schweinitz هاگن شواینیتز

- 25+ years experience in the recruitment and evaluation of board members and senior executives.
- Alumnus of University of Oxford and INSEAD.
- Published first research on corporate governance in Iran in 2015.
- Travelled to Iran many times.



# Germany's Social Market Economy

- Mix of free market principles with social policies.
- Comparison: Social Market Economy vs. Capitalism.
- Focus on long-term sustainability over short-term profits.



# Iranian and German Constitutions

**Article 14:**

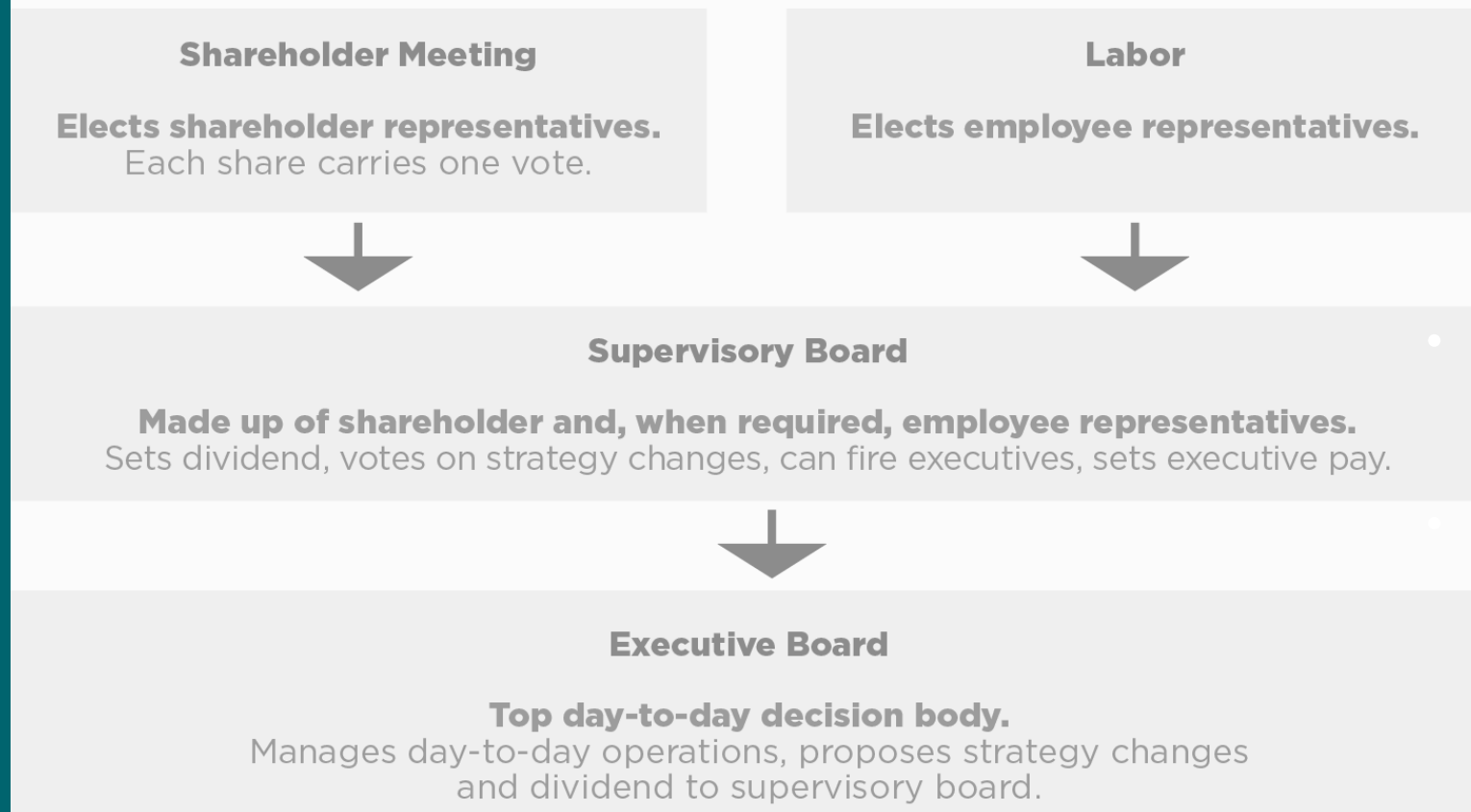
**“Eigentum verpflichtet”**

**Preamble Nr. 8:**

**اقتصاد وسیله است نه هدف**

# Co-Determination (“Mitbestimmung”)

## Corporate control: Germany's two-tier board system



**Executive Board:**  
Operational decisions

**Supervisory Board:**  
Oversight and accountability

# Volkswagen



114

production facilities

in 17 European countries and 10 countries in the Americas, Asia and Africa

684

thousand

employees worldwide

9.2

million

deliveries by the Group globally in 2023

322.3

billion EUR

Group sales revenue in 2023



Audi



BENTLEY



Commercial  
Vehicles



SKODA



SEAT



CUPRA

# Volkswagen's Complex Ownership



A horizontal bar chart with a dark teal background. The chart displays six ownership categories for Volkswagen, each represented by a colored square followed by the category name and its percentage. The bars are arranged from top to bottom in descending order of percentage.

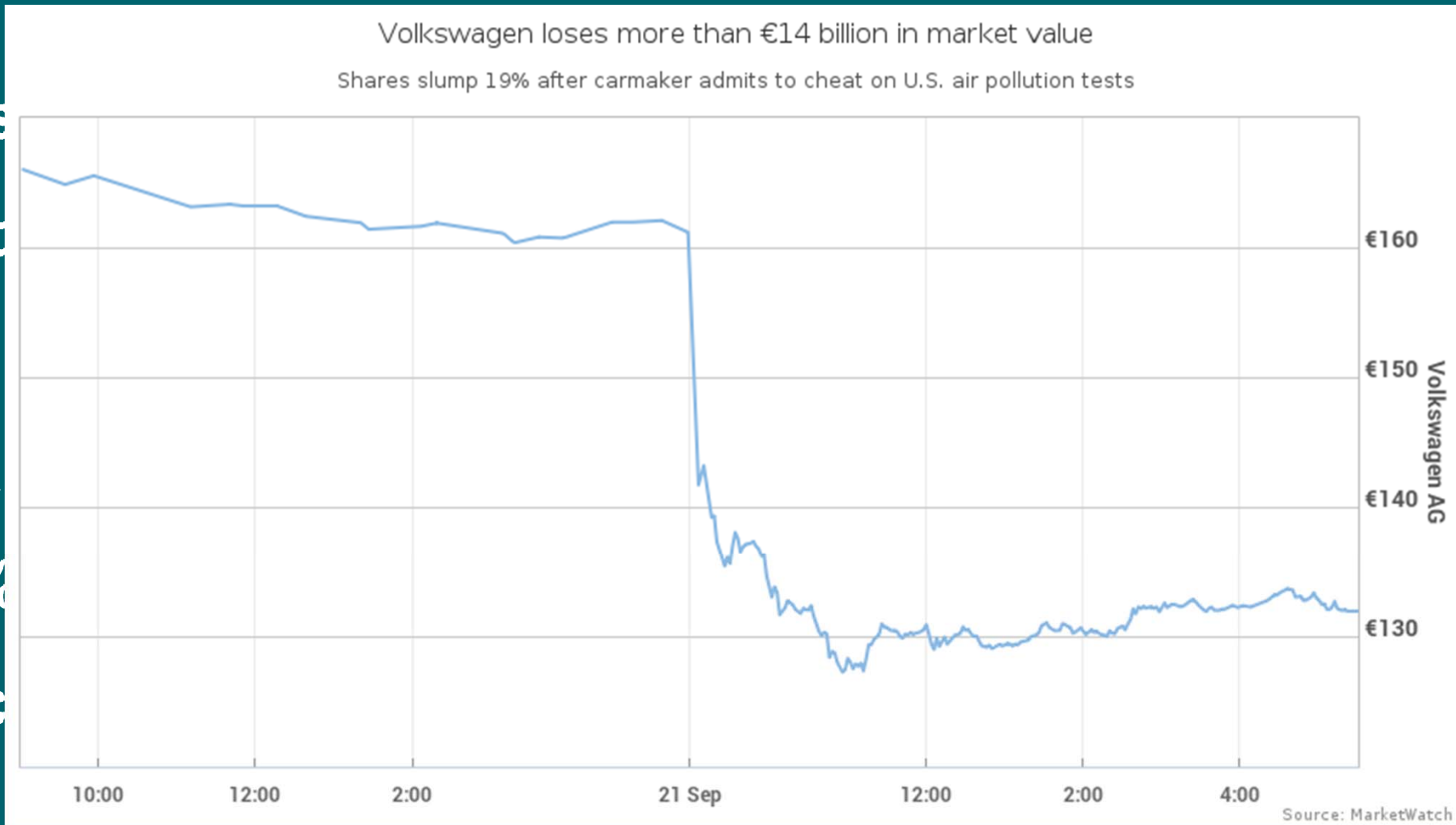
■	Porsche Automobil Holding SE	31,9 %
■	Foreign institutional investors	20,0 %
■	Qatar Holding LLC	10,0 %
■	State of Lower Saxony	11,8 %
■	Private shareholders/Others	24,1 %
■	German institutional investors	2,2 %

**Diverse ownership creates conflicting interests.  
Impact on governance and decision-making.**



# Volkswagen Diesel Scandal (2015)

- False test
- \$17 share
- 32% price



# Leadership and Culture: The Chair



PORSCHE 917

VW LUPO 3L



QUATTRO & 5ZYLINDER



VW PHAETON



VOLLVERZINKUNG



VW XL1



Ferdinand  
Piëch:  
Automotive  
visionary,  
controlling  
leadership

# Leadership and Culture: The CEO



**Martin  
Winterkorn:  
Bullying  
leadership,  
lack of  
accountability.**

# Lessons from Volkswagen

- **Importance of strong board oversight.**
- **Culture matters – leadership drives corporate ethics.**
- **“Tone from the top”.**
- **Balancing power among stakeholders is essential.**

# Corporate Governance in Iran

- **Germany's CG mode can be a blueprint for Iran.**
- **The need for transparency and accountability in businesses.**
- **But: Culture matters.....**

# Hofstede's Cultural Dimensions



<b>Power Distance</b>	HIGH: Top-down decision-making in ESG initiatives	LOW: Participa
<b>Individualism vs. Collectivism</b>	I: Emphasize the importance of shareholder value	C: Include stakeholder interests and societal impacts
<b>Masculinity vs. Femininity</b>	M: Focus on financial results	F: Promote social and environmental goals
<b>Uncertainty Avoidance</b>	HIGH: Establish clear ESG regulations	LOW: Foster a culture of experimentation and adaptability
<b>Long-Term Orientation</b>	L: Consider long-term ESG impacts	S: Focus on short-term financial gains

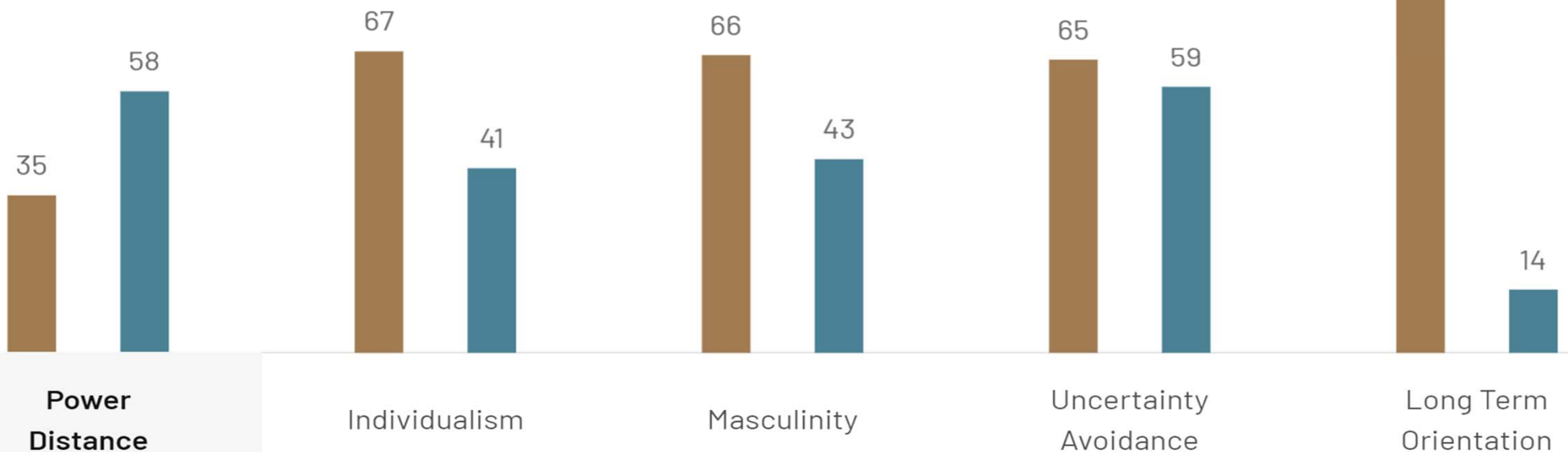
# One Size Fits All?

GERMANY

35

IRAN

58



OECD: "To be relevant, it is essential that corporate governance rules and regulations are adapted to the reality in which they will be implemented."

# Conclusion

- **Germany's governance model has strengths, but even robust systems can fail.**
- **Leadership culture and accountability are key to avoiding scandals.**
- **Corporate governance has to be adapted to local culture.**



خیلی ممنون  
Vielen Dank  
Thank you



با همکاری شهرداری منطقه ۹ تهران  
و مرکز فرهنگی هنری برج آزادی

## VOLKSWAGEN GATHERING 2024

دهمین همایش روز فولکس واگن ایران

The Tenth Anniversary Gathering of VW Day In Iran

May 17

۲۸ اردیبهشت، ۱۴۰۳

کانون جهانگردی و  
اتومبیلرانی - انجمن  
وسایل نقلیه تاریخی

Tehran - برج آزادی  
۱۳:۰۰ - ۱۴:۰۰

Shiraz - شیراز - باغ عقیف اباد  
۱۳:۰۰ - ۱۴:۰۰

Isfahan - اصفهان - کاخ موزه چهل ستون  
۱۳:۰۰ - ۱۴:۰۰

Mashhad - مشهد - پیست اتومبیلرانی ارشاد  
۱۳:۰۰ - ۱۴:۰۰

Tabriz - تبریز - کیلومتر ۳ جاده تهران - نمایندگی مهدوی موتورز  
۱۳:۰۰ - ۱۴:۰۰

Rasht - رشت - میدان گیل، اداره میراث فرهنگی و گردشگری  
۱۳:۰۰ - ۱۴:۰۰

