

**Large shareholder effects in the German utility sector –  
Influence of government shareholders on the energy transition**

Master Thesis in Banking and Finance

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## **Abstract**

This thesis examines the influence of large shareholders, in particular of the government on investment behavior, profitability and corporate policies of the four large utilities in Germany, namely RWE, E.ON, Vattenfall and EnBW from 2005-2016. Relevant factors for investment decisions in the energy sector are discussed as well as key regulations and market developments. Moreover, existing literature is reviewed in order to develop hypotheses for the large shareholder effects on the German utility sector. The found results affirm that state-owned firms did not invest more in renewable energies than privately-owned firms. Furthermore, no significant differences in profitability were found for the investigated time period. However, firms with at least one shareholder block consisting of a government body received financial aid and underwent less restructuring compared to companies without a government shareholder. The results are in line with Wilner (2001) and Bass and Chakrabarty (2014) who suggest that multinational active state-owned firms do not display inefficiencies from state control.