International Journal of Economics, Commerce and Management
United Kingdom Vol. VI, Issue 3, March 2018
http://ijecm.co.uk/ ISSN 2348 0386

EXECUTIVE COMPENSATION AND ORGANISATIONAL STRUCTURE

EVIDENCE FROM SELECTED MULTI-PRODUCT FIRMS IN NIGERIA

Saka, Rahmon Olawale

Department of Business Administration, Faculty of Management Sciences,

Lagos State University, Ojo, Lagos, Nigeria

rahmon.saka@lasu.edu.ng

Abstract

This study investigated executive compensation and organisational structure on organizational productivity from selected multi-product firms in Lagos State, Nigeria. The study adopted survey research design where purposive sampling technique was used to select the samples for the study. The study utilised pair sample correlation and descriptive statistics to analyze data collected, the study found a link between executive compensation and organisational structure. The study further reveled that multi-product firms that decentralized it executive compensation system perform better than multi-product firms that centralised it executive compensation system. The study recommends that multi-product firms should examine their structure before designing the type of executive compensation system to be adopted.

Keywords: Executive compensation, organisation structure, centralisation and decentralisation, multi-product firms

INTRODUCTION

The importance of executive compensation on structural design of organisation cannot be overemphasized as it plays a significant role in inducing the executives to attain organisational general outcome (Ivan, Oded & John, 2006; Giorgio & Mahmoud, 2008; Concha & Nancy, 2010; Martin & Lerong, 2011). Structural considerations for rewarding the top management have a key role to play on how organisational productivity and business activities are conducted in their respective units of organisation. Significant studies have shown that compensation system of executives often differs from that of other members of staff, top executives are not only more remunerated than the other members of staff, their pay structures, benefits and incentives also robust (Gomez-Mejia & Balkin, 1992).James & Laundens (2014) observed that organizations irrespective of organisational structure and type, designed better packages and techniques to attract and retain the best employees and management team that will run the affairs of the organisation productively. Yermack, (2006),argued that good compensation system for executives still remains the corner stone of an effective talent management strategy. The ability to enable consistent, reliable and standardized compensation processes to be in place may influence performance and drive employees towards aligning with organisational strategies and enhance many facets of business towards attainment of organisational goals, (Gomez-Mejia & Balkin, 1992; Abdul, Muhammed, Hafiz, Ghazanfar & Muhammad, 2014; Adeoye, 2015).

Statement of the Problem

The role of organisational structure as one of the components of organisational effectiveness has long been established in management literature (Esral & Ozgur, 2014; Rishpal, 2014). Thus, a lot of efforts have been put into the study of organisational structure and how it affects managerial operations. In additions, some studies have also emphasized hierarchical relationship and number of organisational levels as one of the predictors of better executive pay (Maloa 2014; Simon, 1959). There are divergent issues on what factors that determine or influence executive pay. The decision of organisations to remunerate the executives of business units of diversified companies at central level has not been observed and whether such decision will generate poor or better outcome. Though, the use of central payment structure to reward the executive of business unit may demoralize the unit heads. There is a strong suspicion that executive behaviour and executive reward may be significantly correlated. It is further suspected that how executive compensation is structured and administered can influence the ability of executives to lead their organisations. This underscores the need to examine how effectively pay for performance systems operate at various business units of diversified companies. It is surmise that centralizing pay structure is a better decision on organisation; however, applying the same pay structure to diversified companies may be demoralizing as that may affect effective decision making and execution at business levels. The centralization and decentralization of executive compensation determine the degree to which decisions and approval procedures of executive pay are tightly controlled by corporate office or allowed to be considered at business unit which may influence the decisions and actions of these executives either at corporate or business level. Most studies earlier investigated concentrated on executive compensations design of Chief Executive Officer (CEO) and corporate level (Harris & Bromiley 2007; Benmelech, Kandel, & Veronesi, 2010; Malmendier & Tate 2009; Sanders

&Hambrick 2007; Fong, Misangyi, & Tosi, 2010; Martinez-Campillo & Fernandez 2011). However, study has not shown multi product firms discretionally authorizing the executive of business units to determine their pay. There is a suspicion that executive behaviour and how executive compensation is distributed may be significantly correlated. This underscores the need to examine how effective pay for performance system will operate when pay is centralized or decentralized for multi-products companies.

The main objective of this study is to examine the executive compensation and organisational structure from centralization and decentralized of structure and organisational productivity.

Research Questions

i. Does a decentralized executive compensation system of multi product firms significantly lead to a better performance more than centralised executive compensation system of multi product firms?
ii. Are firms with centralised executive compensation depict proactiveness in formulation and implementation of management decisions more than firms with decentralised executive compensation system?

Hypotheses

i. Multi product firms with decentralized executive compensation system do not significantly perform better than multi-product firms with centralised executive compensation system.
ii. Multi product firms with decentralised executive compensation system do not display proactiveness in formulating and implementing management decisions more than multi-product firms with centralised executive compensation system.

Significance of the study

The importance of the choice of executive compensation systems to big organisations especially in the mid of contemporary competitive and global business world cannot be over emphasized. More so, that some studies have submitted a positive correlation between executive compensation and organisation performance. The study exposes the determinants of executive compensation structure that may lead to better performance. The findings from this study are useful to business managers/executives, academics and research students working on related subject matter and expand the frontiers of knowledge in this area. Results of this study may also have important public policy implication considering the extensive studies in this area. The reason being that executive compensation is a general issue that cut across both private and public sphere. Thus, it is hoped that this empirically conducted study will fill the gap identified in the literature which necessitate this study.

Although, several studies have been conducted in the area of compensation, few studies examined relationship between executive compensation and organisational structure. This study focused on the executive compensation and organisational structure evidence from six selected multi-product firms in Nigeria.

LITERATURE REVIEW

Executive Compensation System

The term executive compensation is used to indicate the top management or top employees' gross earnings in the form of financial rewards and benefits. Though, compensation can be examined as a system of rewards that can motivate the employees to perform. Compensation structure takes into consideration qualification, experience, attitude and prevailing rates in the labour market or industry. Employees may receive financial and non-financial compensations for the work performed by them. Financial compensation includes salary, bonus, and all the benefits and incentives, whereas non-financial compensation includes awards, rewards, citation, praise, recognition, which can motivate the employees towards highest productivity.

Online Business dictionary.com, (2015) defined executive compensation as the financial payments and non-monetary benefits provided to high level management in exchange for their work on behalf of an organisation. The types of employees that are typically paid with executive compensation packages include corporate presidents, chief executive officers, chief financial officers, vice presidents, managing directors and other senior executives.

Junaidu and Sanni (2014) defined executive compensation or executive pay as financial compensation and other non-financial rewards received by an executive from their firm for their service to the organisation. Jegede (2012), conceptualized executive compensation as the remuneration package which goes with labour services. Mnzava (2012), further explained that basic salary is the key component of executive compensation that guarantees a minimum increase over time. Unlike other compensation components, basic salary is affixed component in the executive contracts which can be reviewed annually. Aminu (2011), opined that executive compensation is the financial payments and non-monetary benefits provided to high level management in exchange for their work on behalf of an organisation. Greckhamer, (2011) conceptually defined executive compensation as all forms of financial returns and tangible services and benefits that employees receive as part of an employment relationship. Executive compensation or executive pay is the financial compensation received by an officer of a firm, it is typically a mixture of salary, bonuses, shares of and/or call options on the company stock, benefits, and perquisites, ideally configured to take into account government, regulations, tax law, the desires of the organisation and the executive, and rewards for performance (Maijoor & Vanstraelen, 2006). Bebchuk and Grinstein (2010) opined that executive compensation is pay received by an officer of a firm, often as a mixture of salary, bonuses, and shares of and/or call options on the company stock, paid expenses (perks) or insurance. It refers to the benefits and remuneration accruing to top management of a corporation mostly the Board of Directors including the CEO. Kuhnen and Zwiebel (2009) and Bebchuk and Fried (2004) identified the various elements of executive compensation to include a basic salary, bonus, stock options, and grant of shares, pension, severance pay and perquisites. Other benefits include employee benefits and pension ideally configured to take into account government regulations, tax law, the desires of the organisation and the executive, and rewards for performance. International Labor Organisation (ILO) (1998) describes compensation as payment system based on effort performance and productivity. The objectives of good compensation philosophy are to attract, motivate and retain good people for attainment of the goals of organisations. An organisation's compensation system usually consists of three separate components. Each element of the compensation package has a link with an individual need hierarchy (basic salary, reward/incentives and long term commitments). All allowances are linked to basic pay. In order to motivate the employees when they achieve objectives, rewards and incentives are incorporated along with basic pay. To retain the employees and to get long-term commitments, stock option plan, annual increments and promotion are provided.

Growth in Executive Pay

Vince (2011), observed that there has been arguments on the reason(s) identified for growth in executive pay. He noticed that there is no single, clear reason mentioned and the trend is likely to be a combination of factors. The following reasons are identified for the growth in pay.

- **Company size**

Further expansion of large companies explains several styles in executive pay, across firms, over time and between countries. For example increase in CEO pay in the United States is directly linked to the increase in market capitalisation of large companies. So, as an organisation becomes large and the responsibilities of executives become expanded also this is assumed to be one of the reasons for increase in executive pay.

- **Structure of remuneration**

The structural nature of remuneration has changed significantly over time and this is influenced by an attempt to solve the principal–agent problem where most large companies have decided to pay larger proportion of remuneration in various forms such as short and long term incentives, deferred bonus, share options, and pensions in order to resolve issues identified in principal-agent problem. While efforts are made to resolve this problem by connecting pay to company performance, it was observed that the growth of remuneration has risen significantly than what the investors received.

- **Transparency**

As a result of growing complexity of executive pay, some studies have suggested that companies should be encouraged to be more transparent about executive pay. Academics and stakeholders have argued that this has caused a ratcheting effect on remuneration as firm's benchmark against each other and feel obliged to pay a salary in the upper quartile to attract and retain executives. The effect of all firms paying above the median rate is to continuously push the median up. However, increased transparency of pay will prompt remuneration committees to justify pay proposals and encouraged shareholders to play a more activist role.

- **Competition for talent**

One of the major reasons currently mentioned for high levels of pay is the influence of the international market for CEOs and the need to pay above average to attract the very best talent and to discourage flow of executives to other countries from developed economies like UK and US. Though, this assertion faced mixed reactions. Some writers argued that globalisation should have increased the number of potential candidates for director level posts, which arguably should have helped depress pay but little or no evidence was observed to support this. Talent hunt for executives with high pay may discourage the international mobility of CEOs.

The Structure of Executive Compensation

Structure shows network of relationship that exist between people and positions in organisations. Maloa (2014), and Simon (1959), have emphasized hierarchical relationship and number of organisational levels as one of the predictors of better executive pay. Eldenberg, Gaertner, and Goodman (2015), found that each reward package given to CEOs is related to company size and typically have performance-based incentives. Jenter and Kanaan (2015), argued that the forms of compensation packages provide CEOs such as base pay, bonuses, stock grants, or options, depending upon the fluctuation of stock performance of the company and strong performance of the organisation. Krug (2013) opined that there are many reward packages contained in stock options and its redemption will occur after a specified amount of time or years that the CEO has been in the corporation. Gritsko, Kozlova, Neilson, and Wichmann (2013), found in their study that CEO compensation often parallels company growth along with the complexity of the organisation. They observed that the boards of directors' tasks include creating packages that align firm performance and potential actions of the CEO, as well as package competitiveness for a limited pool of talent. Frydman and Jenter (2010), also observed that the compensation packages are tools of the board of directors to attract, employ, and retain top executive-level talent for their organisation.

Problems with Executive Pay Components

Sigler (2011), found executive pay to have problems associated with each pay component from cash bonus, incentive plans, stock options to restricted stock awards that may entice some executives to engage in activities that produces problems for the firm. Rewarding cash bonuses to executives may encourage undesired behaviour. Cash bonuses may motivate executive to manipulate the timing of revenues and expenses to maximize pay out to them. Also, in some instances it focuses executives on short term performance which may be detrimental to the long term health of the firm. However, rewarding top management with different forms of long term stock compensation may not tie the executive's efforts to company performance closely enough. The stock price may rise or fall from market forces and not from moves of the company's executives. This is especially true with stock options. The manager can become wealthy by being in the right place at the right time and not by the merits of his performance. This could actually offer a disincentive to work hard if the stock price rises regardless of effort. Problems may also occur if the stock price declines after executive stock options are issued putting the options being way out of the money. With options so far out of the money, it may not give the manager the incentive to exert effort to move the stock price. In other instances executive may be enticed to manipulate accounting numbers when they are about to exercise their options to give the appearance of superior firm performance to drive up the stock price. Restricted stock rewards executives for performance but it restricts the stock from being sold by the executive for a period. This may not encourage the manager to set a high priority on accomplishing company goals in the near term. The combination of the different components of pay into a complex compensation package for executives allows the shortcoming of one component to be offset by the strength of another. Cash bonuses focus executives on the immediate success of the firm by paying them for reaching short-term goals. This counters the shortcoming of restricted stock that base awards on the long run outcomes and does not pay rewards for short-term production. To reduce the problem of the company stock price moving based on market forces and not that of the executive's efforts, companies have installed adjustable exercise prices for stock options that are linked to the price movement of a market index of stocks. The complex nature of executive pay which is driven by incentives appears to be done to align executive and shareholder interest so top management makes maximum effort to maximize shareholder wealth. The complexity of executive pay is necessary for the strengths of one component to offset the weaknesses of another pay component.

Empirical Review

Aduda (2011), revealed that accounting measures of performance are not key consideration in determining execution compensation among the large commercial bank in Kenya & that firm size is a key criteria in determining executive compensation but place a limit to executive compensation to ensure maximization of return to shareholders. Dan, Hsien-Chang and Lai-Huey (2013), conducted a study on chief executive compensation: Am empirical study of fat cat CEOs and found that firm size appears to be the most important determinants of CEO compensation and that there is a general lack of linkage between pay and performance. Balkin and Gomez-Mejia (1992), observed that corporate strategy was a significant predictor of pay package design, pay level relative to the market, and pay administration policies while business unit strategy was a significant predictor of pay package design and pay level relative to the market. The findings are supportive of congruency notions which suggest that the effectiveness of the compensation system is partly a function of the fit between pay strategies and organisational strategies. Anja (2003), opined that the differences in the level and structure of U.S. and German executive compensation packages impair incentives, monitoring efforts, and management’s willingness to innovate. Core, Holthausen, and Larcker (1999), investigated whether the compensation of business unit heads affects innovation. They find modest evidence that increases in the division Executive’s proportion of total compensation which is based on long-term performance has a positive impact on the division’s future innovation. Berger *et al*. (1997), find that managers increase leverage permanently as a value-enhancing action after they receive large incentive compensation awards. McGuire *et al*. (2003), find that executive incentive compensation is associated with lower corporate social performance. Smith and Watts (1992), Gaver and Gaver (1995) showed that firms with more growth options have higher Executive compensation and also observe that firms with more growth options pay a larger proportion of their total compensation in the form of long-term incentives. Smith and Watts (1992), showed that firms with more growth options have a greater use of bonus and stock option plans. Gerhard and Milkovich (1990) found that salary levels of top and middle-level-managers increase with human capital investments measured as years of education, years of labor market experience, length of firm tenure and length of job tenure.

Theoretical Framework

Structural Theory

Simon (1959), viewed that structural theory from sociological theories but emphasize hierarchical relationships and number of organisational levels as predictors of executive pay level. The theory examines executive compensation at the firm levels, the structural theory focuses on the “social standards” of pay at different hierarchical levels. According to this theory, organisations attempt to maintain particular salary differentials between the management and subordinate levels to comply with cultural norms of proportionality. Executives can expect to receive a relatively large amount of compensation in a firm that is of a considerable size and where there might be a large number of hierarchical levels. Conversely, executive compensation levels would decline in response to the trend towards corporate ‘downsizing.’ Maloa (2014), argues that executive compensation is a direct function of the number of organisational levels below executives, that is, other things being equal, the taller the organisational structure, the greater the earnings of top executives. Furthermore, Gomez-Mejia *et al*.(2010), contended that differences between ranks are not determined by economic forces, but rather through cultural processes that create relevant norms of social stratification. Structural perspective is very deterministic, with the earnings of executives being mechanically established as a function of the number of levels below them and a fixed percentage difference between their pay and that of their subordinates. The resulting pay scale thus complies with cultural norms of proportionality between the earnings of superiors and those of subordinates.

METHODOLOGY

The study used survey research design. Survey research design was used because sample was generated from the population of study since the entire population cannot be easily covered. Questionnaire was the main instrument used for the collection of data from the top and middle management of selected multi-product firms in Nigeria. This survey research design is descriptive in nature because it is preplanned and structured in such a way that information collected can be statistically inferred on a population and the reason for this type of research is to better define an opinion, attitude, or behaviour held by a group of people on a given subject. The population of this study involved the top and middle management of six selected multi-product firms in Nigeria. The sample frame for the study were the top and middle level management of selected multi-product firms and purposive sampling technique was used based on the peculiarity of the nature of information required and the characteristics of the sample elements. The instrument for the study was found to be valid and reliable having used content validity test and Cronbach alpha for the measurement of the consistency of the instrument which indicated 0.741 level of consistency.

ANALYSIS AND FINDINGS

Table 1: Descriptive Analysis of the Decentralization of Executive Compensation

S/N	ITEMS	N	SA	A	U	D	SD	MEAN	S-D
1.	Our company allows the business units to determine their executive pay	57	**7** (12.3%)	**24** (42.1%)	**8** (14.0%)	**11** (19.3%)	**7** (12.3%)	2.77	1.254
2.	Our company policy allows the business unit to determine the bonuses of their executive	60	**4** (6.7%)	**30** (50.0%)	**8** (13.3%)	**11** (18.3%)	**7** (11.7%)	2.78	1.180
3.	Our company's business units are autonomous both operationally and financially	60	**6** (10.0%)	**29** (48.3%)	**10** (16.7%)	**12** (20.0%)	**3** (5.0%)	2.62	1.075
4.	Compensation system in our organization is based on technical competencies	60	**3** (5.0%)	**34** (56.7%)	**11** (18.3%)	**7** (11.7%)	**5** (8.3%)	2.62	1.043
5.	Compensation system in our organization is based on years of service	60	**4** (4.7%)	**18** (30.0%)	**14** (23.3%)	**21** (35.0%)	**3** (5.0%)	3.06	1.066
6.	Compensation system in our organization is based on years of experience and personal ability.	60	**4** (4.7%)	**28** (46.7%)	**12** (20.0%)	**14** (23.3%)	**2** (3.3%)	3.02	1.013
7.	Our organization has a well arranged and efficient executive compensation system	60	**5** (8.3%)	**34** (56.7%)	**13** (21.7%)	**6** (10.0%)	**2** (3.3%)	2.43	0.909
8.	Our organization experience executive turnover as a result of their pattern of compensation	60	**2** (3.3%)	**15** (25.0%)	**19** (31.7%)	**14** (23.3%)	**10** (16.7%)	3.25	1.114
9.	Our organization compensation structure is sufficient enough for the retention of the executive officers.	60	**6** (10.0%)	**32** (53.3%)	**14** (23.3%)	**5** (8.3%)	**3** (5.0%)	2.45	0.964
10.	The number of hierarchies and levels affect the structure of executive compensation	60	**1** (1.7%)	**30** (50.0%)	**18** (30.0%)	**11** (18.3%)		2.65	0.799

Table 1 presents the descriptive statistics of the respondents' perceptions placed on the decentralisation of executive compensation. The 10-item variable measures decentralisation of executive compensation in which the respondents were expected to choose from the options: "strongly agree (SA)", "agree (A)", "undecided (U)", "disagree (D)" and "strongly disagree (SD)" to express their perceptions to each of the set of statements. The mean of the response scales is 3.0. The lower limit (most desirable) is 1.00 while the upper limit (less desirable) is 3.00. Therefore, any scaled questions with a mean above 3.00 are considered to be undesirable while any scaled questions very close to 1 are considered to support or influence centralisation executive compensation. The table shows 3 categories (5, 6, & 8) such as year of service (mean = 3.06), years of experience and personal ability (mean = 3.06) and pattern of compensation (mean = 3.25) may not support or influence decentralisation of executive compensation since their means are above 3.00. However, other categories may support decentralisation of executive compensation since their means are within the range of 1 and 3.

Test of Hypothesis

H_0: Ho: Multi product firms with decentralized executive compensation system do not significantly perform better than multi-product firms with centralised executive compensation system.

This hypothesis was tested using paired sample t-test. This is used in the case of independent samples in which two sets of observation are obtained from the same set of respondents. The values of the variables (centralization of executive compensation and decentralization of executive compensation) were obtained from the average scaled values of the set of questions of the responses of the respondents.

Table 2: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	CENTRALIZATION OF EXECUTIVE COMPENSATION	2.5354	60	.48330	.06239
	DECENTRALIZATION OF EXECUTIVE COMPENSATION	2.7280	60	.53396	.06893

Table 2 above presents the paired sample statistics of the variables. For each of the variables, there are 60 respondents. The mean value$(\overline{X_1})$ of the variable, CEN (centralization of executive compensation), is 2.5354 and the standard deviation is 0.483. For the variable DCEN (decentralization of executive compensation), the mean ($\overline{X_2}$) is 2.728 while the standard deviation is 0.534. The standard error of CEN and DCEN are 0.0624 and 0.0689 respectively. It can be observed from the table that the respective values of the variable are very close. This implies that the observations of the two variables are obtained from the same population.

Table 3: Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	CENTRALIZATION OF EXECUTIVE COMPENSATION & DECENTRALIZATION OF EXECUTIVE COMPENSATION	60	.487	.000

Table 3 above presents the correlation coefficient between centralization of executive compensation (CEN) & decentralization of executive compensation (DCEN). The positive correlation coefficient (0.487) which is statistically significant ($p < 0.05$) indicates that CEN and DCEN are positively related.

Table 4: Paired Samples Test

		Paired Differences							
				Std. Error	95% Confidence Interval				Sig. (2-
		Mean	Std. Dev.	Mean	Lower	Upper	t	df	tailed)
Pair 1	CENTRALIZATION OF EXECUTIVE COMPENSATION & DECENTRALIZATION OF EXECUTIVE COMPENSATION	-.19259	.51690	.06673	-.32612	-.05906	-2.886	59	.005

Table 4 presents the paired samples test of the two variables. The mean $(\bar{d})$ is -0.1926, the standard deviation is 0.5169, the standard error is 0.0667 and t-test is -2.886. Since the p-value (0.005) is less than 0.05, the null hypothesis (H_0) is rejected which states that 'diversified companies that decentralized their executive compensation system do not perform better than diversified companies that centralised their executive compensation system' and accept the alternative hypothesis (H_1) which states that 'Diversified companies that decentralized their executive compensation system perform better than diversified companies that centralised their executive compensation system'.

SUMMARY AND CONCLUSION

The finding revealed that diversified companies with decentralized executive compensation significantly perform better than diversified companies with centralized executive compensation. This implies that the greater the decentralization of executive compensation the better for the diversified firms. This means that for better coordination and decision making it is important that diversified firms consider decentralization of executive compensation. Although, this may be more useful and relevant to organisations with deep diversification and unrelated activities in terms of their customer function, customer group and alternative technology adopted. This particular finding is a unique one as no serious study has been done in this particular area, that is, centralization and decentralization of executive compensation.This study has shown that decentralization of executive compensation by diversified firms pay off than centralizing the executive compensation of corporate entity. This information is significant because decentralizing executive compensation may be a motivating factor to their subsidiary executives. Diversified firms should adopt compensation structure that is appropriate for their executives. This may enhance their performance and make them more alive to their responsibilities. The importance of compensation pattern that allows managers in their respective SBUs to determine their compensation cannot be ignored as it may serves as a motivating factor to the managers.

LIMITATIONS OF THE STUDY

The study only examined some companies with deep diversification into unrelated businesses which makes the result of finding only relevant to selected conglomerates as there are different degree of unrelated diversification. Most diversified companies in developing countries like Nigeria feel reluctant to answer to questions on executive compensation for fear of public attack and outcry. Also, applying the finding of the study to related diversified companies could affect the synergetic nature of those businesses and cause disintegration among the organisational functions that supposed to interact and connect the sub-units together to achieve organisation productivity.

REFERENCES

Benmelech, E., Kandel, E., & Veronesi, P. (2010). Stock-based compensation and CEO disincentives. Quarterly Journal of Economics, 125(4), 1769-1820.

Harris, J. & Bromiley, P. (2007). Incentives to cheat: the influence of executive compensation and firm performance on financial is representation. Organisation Science, 18(3), 350-67.

Simon, H.A. (1959). Theories of decision making in economics and behavioural science. American Economic Review, 49, 253-283.

Maloa, F. (2014). Meta-theoretical framework for executive compensation. Mediterranean Journal of Social Sciences, 5(23), 1686-1696.

Rishipal D. (2014), Analytical comparism of flat and vertical organisational structures. European Journal of Business and Management, 6(36):56-65.

Esral B. & Ozgur D. (2014). Structural determinants of organisational effectiveness, Journal of Organisational Management Studies,1-13. DOI: 10.5171/2014.273364

Gomez-Mejia, L.R., & Balkin, D.B. (1992). Compensation organisational strategy and firm performance. Cincinnati: South-Western. Employee Compensation WP 95-04

Ivan, E.B., John K.W & Oded P. (2006). CEO compensation, director compensation, and firm performance: Evidence of Cronyism? Journal of Corporate finance, 12,403-423.

Giorgio, C., and Mahmud M.N. (2008). Executive compensation and firm performance: Adjustment dynamics, Non-linearity and Asymmetry. Managerial and decision Economics, 29(4), 293-315

Concha, R.N., & Nancy, G.B. (2010). The influence of executive compensation on employee behaviours through precipitating events. Journal of Managerial Issues, 22(4), 546-559.

Martin, J.C., & Lerong H. (2011), executive compensation and corporate governance in China. Journal of Corporate Finance, 17(4), 1158-1175.

Abdul, H., Muhammad, R., Ghazanfar, A. & Muhammad, A. (2014). Impact of compensation on employee performance (empirical evidence from Banking Sector of Pakistan). International Journal of Business and Social Science, 5(2), 302-309.

Adeoye, A.O. (2015). Compensation motivation and organisation performance. Unpublished doctoral dissertation, Kwazulu-Natal University, Kwazulu-Natal, South Africa.

Malmendier, U., & Tate, G. (2009). Superstar CEOs. Quarterly Journal of Economics, 124(4), 1593–1638.

Sanders, W.G., & Hambrick, D. (2007). Swinging for the fences: the effects of CEO stock options on company risk taking and performance. Academy of Management Journal, 50(5), 1055–78.

Fong, E., Misangyi, V. & Tosi, H. (2010). The effect of CEO pay deviations on CEO withdrawal, firm size, and firm profits. Strategic Management Journal, 31(6), 629–51.

Martinez-Campillo, A., & Fernande-Gago, R. (2011). "Diversification strategy, CEO management style and firm performance," Quality and Quantity. International Journal of Methodology, 45(1), 59-73.

Junaidu, M. K., & Sani, K. S. (2014).Executive Compensation and Financial performance of listed banks in Nigeria: An empirical analysis. Research journali's Journal of Accounting, 2(3), 1-13.

Jegede, C.A. (2012). Executive Compensation Structure, Ownership and Firm Performance nexus: An Empirical Analysis. European Journal of Humanities and Social Sciences, 17(1) 882-888

Mnzava, B. (2012). Directors' Remuneration and its Determinants: What Do We Know? Business and Management Review, 2(4), 42-59.

Greckhamer, T. (2011). Cross-cultural differences in compensation level and inequality across occupations: A set-theoretic analysis. Organisation Studies, 32(1), 85-115.

Bebchuk, L., Grinstein, Y., & Peyer, U. (2010). Lucky CEOs and lucky directors. Journal of Finance, 65(6), 2363-2401.

Gritsko, N., Kozlova, V., Neilson, W., & Wichmann, B. (2013). The CEO arms race. Southern Economic Journal, 79(3), 586-599.

Frydman, C., & Jenter, D. (2010). CEO compensation. Annual Review of Financial Economics, 2, 75-102. DOI: 10.1146/annurev-financial-120209-133958.

Sigler, KJ (2011) CEO compensation and company performance, Business and Economics Journal. BEJ-31,1-8.

Aduda, J. (2011). The relationship between executive compensation and firm performance in the Kenyan banking sector. Journal of Accounting and Taxation, 3(6), 130-139.

Dan, L., Hsian-Chang, K., & Lie-Huey, W. (2013). Chief executive compensation: An empirical study of fat CEOS. The Journal of Business and Finance Research, 7(2), 27-42.

Anja, T. (2003). The Impact of Executive Compensation on the Post-Merger Integration of U.S. and German Firms. Schmalenbach Business Review, 55(1), 60-78.

Core, J. E., Holthausen, R. W., & Larcker, D. F. (1999). 'Corporate Governance, Chief Executive Officer Compensation, and Firm Performance'. Journal of Financial Economics, 51(3), 371-406.

Gerhard, B. & Milkovich, G.T. (1990). Organisational Differences in Managerial Compensation and Financial Performance. Academy of Management Journal, 33(4), 663-691.