Current literature and research opportunities in executive compensation: evidence from a developing economy.

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Abstract

Executive compensation is one of the most important corporate governance mechanisms that companies use to overcome agency problems. Increasing levels of executive compensation without commensurable increase in organisational performance has sparked debate in the academic circles, policy makers and other interested stakeholders. Be that as it may, a systematic review of contemporary business literature on executive compensation in the context of developing economies is lacking. The aim of this study is to present a comprehensive review and critical reflection on the current state of literature regarding executive compensation in a developing country, South Africa. Papers, journal articles, theses and dissertations covering the period between 2008 and 2018 will be obtained through internet and reviewed. The review is envisaged to help with the following: identify gaps in the existing literature, evaluate inconsistent findings, discuss data sources and associated methodological approaches with a view to suggest opportunities for future studies. The review will be organised according to the four broad categories, namely: firstly, regulatory requirements. Secondly, disclosure requirements. Thirdly, performance measures. Lastly, relationship between executive compensation and company performance. For each of the category, major findings will be discussed whilst differences and similarities will be highlighted between South Africa and two main western countries, being United States of America (USA) and United Kingdom (UK).

Keywords: Executive compensation, remuneration, reward, company performance, corporate governance, agency theory, agency problem, agency costs, current literature, research opportunities, developing economy, South Africa