Executive Remuneration and the Financial Performance of Quoted Firms: The Nigerian Experience

Sunday OGBEIDE[1]
Babatunde AKANJI[2]

ABSTRACT

This study examined executive remuneration and firms' performance in Nigeria. Specifically, the study seeks to ascertain the nexus between executive remuneration, firm size and board size variables and the performance of quoted companies. The population of the study consists of all the quoted firms as at 31st December, 2014. A sample of sixty (60) companies excluding non- financial firms was selected for the period 2013 and 2014. Summary statistics such as descriptive, correlation and granger causality tests were used. Inferential statistics, using panel Generalized Least Square (EGLS) with fixed effect was used for the purpose of empirical validations. This was after the application of diagnostic test to enhance the study. The study ascertained that executive remuneration has a relationship with firm performance, but negatively impacted on it; though was not statistically significant. Firm size was ascertained not to have significant positive relationship with firms' performance; though it has a causality relationship with the performance of the firms. Board size was found to negatively affect the performance of firms and is statistically not significant. Premised on this, the study suggests that executive remuneration of quote firms should be pegged constantly in a flexible manner. This will enable shareholders known the causality relationship between what is paid to the executive and how that influence performance.

KEYWORDS: *Executive remuneration, firms' financial performance, agency theory, Firm Size and Board size.*

JEL CLASSIFICATION: *M10*

1. INTRODUCTION

Executive remuneration has been a subject of much debate in developed countries like Switzerland, New Zealand, United Kingdom, U.S. and others (Adeyemi, 1991). Researchers have always been concerned about certain factors that influence financial performance of firms with a view to knowing how to constantly maximize returns on investments of shareholders. There are a lot of factors that interplay to influence the performance of firms. Executive remuneration is one of the myriad of factors that can impinge on firms' performance (Ayodele, 2012). Often, investigations are hardly made to unravel how much the top executives that directs the affairs of a company should receive by way of remuneration and other forms of compensations and incentives. According to Adeyemi (1991), executive remuneration is the package which goes with labour services. Hence Adeoti and Isiaka (2006) argued that the objective of executive remuneration is to attract; motivate and retain good people for attainment of the organizational performance. Executive compensation which is interchangeably used with executive pay or remuneration comprises of salary and incentive pay. Incentive pay could consists of cash and non- cash packages; and is an aspect in finance

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[1] Elizade University, Nigeria, sunday.ogbeide@elizadeuniversity.edu.ng
[2] Elizade University, Nigeria, babatunde.akanji@elizadeuniversity.edu.ng

and accounting that is yet to gain ascendancy in research especially in developing countries like Nigeria. Compensation normally takes the form of basic pay such as salary or non-financial rewards (Ayodele, 2012).

Since executives play strategic roles in directing the affairs of the company so as to engender performance, it is expected they are adequately remunerated, but this should be done with caution. It is generally known that the primary goal of a firm is wealth maximization; and if this is not taken into cognizance by the executive in companies, then the aim of establishing it would be defeated from the onset. Most often executives who perform optimally are on high demand. Hence, Fama (1980) posits that high performing managers are always on high demand and should be rewarded in the form of higher executive remuneration than their poor performing counterparts. It becomes crucial in the light of present day global challenges rocking the business world to empirically ascertain how executive compensation influences companies' performances in a country such as Nigeria. The rate of empirical studies on executive remuneration has increased astronomically in developed countries while the same cannot be said in less developed countries like Nigeria. It is not enough to claim that a company is inefficient, illiquid, highly geared, affected by arrays of macro- economic factors, poor corporate governance and is poorly performing. There is need through an eagle eye to thoroughly find out the proportion of firm's performance that is consumed by the amount of executive remuneration as an expense in a given period.

There is no doubt that a relationship exists between business expenses and performance. For instance, an increase in business expenses reduces performance, given that all other factors are held constant; and vice versa. Obviously, businesses tend to analyze operation expenses in an effort to become more competitive, and executive remuneration is usually part of the analysis (Shetty, 2013). Therefore, as the global competition increases and businesses attempt to improve their performance, there is an increasing need to relate executive remuneration to organizational performance (Nicely, 2009). The question of how much companies should pay to senior executives to attract, motivate and retain them to keep the business competitive and engender the attainment of the shareholders' wealth maximization goal has remained a subject of debate. As such, executive remuneration in relation to firms' performance has received little attention by academics in developing countries (Hengartnar, 2006). In developing countries like Nigeria, executive remuneration policies, practices and basis of determination are hardly defined in the general corporate governance code of best practices for companies to adhere to. Hence, remuneration committee in quoted companies appears to be easily influenced by the board members to determine the level of salary that suits them. Most often the interest of the shareholders is not taken as a priority on the corporate board. A lot of individuals jostle for board membership possibly for the robust pay packages and the immerse power attached to such top executive positions.

Numerous studies such as Hall and Liebman (1998); Morphy (1999); Makinen (2007); Noor, Mohd, Rokiah and Novhani (2014); Ayodele (2012); Kurawa and Saidu (2014); Olalekan and Bodunde (2015) have examined the association that exist between executive remuneration and firm performance, but with varying mixed results due to different samples, time periods and performance indicators. A study by Aduda (2011) reveals that there exist "varying degrees of relationships between remuneration of executives and firm performance". In addition, a positive and significant relationship between executive remuneration and quoted firms' performance was made by Ozken (2007), Kabla (2008) and Fald Al-Helzan (2011). More recently, Nyaoga, Tarus and Bagweti (2014) found negative correlation between compensation and financial performance. Against this backdrop, this study examines

executive remuneration and firms' financial performance in Nigeria. Subsequently, the second section of this paper is concerned with a literature review of the subject matter understudy while section three deals with methodology. Section four dwells on empirical analysis while section five sets the conclusion as well as recommendations of study.

2. LITERATURE REVIEW

In order to gain more insight as regard the nexus between executive remuneration and the performance of quoted firms, agency theory is brought to bear so as to give a proper justification for the anticipated empirical validation in this study. Hitt, Ireland & Hoskisson, (2009) argued that "the separation of ownership from management does create conflicts of interest between manager and shareholders in firms". This occurrence tends to always afford managers opportunity to display certain behaviours that are often at the detriment of shareholders' interest (Tosi, Werner, Katz & Gomex-Mejia, 2000). The agency theory in this regard will portend that executive remuneration is a vital and necessary tool to engender performance. Jensen and Murphy (1990) hinted reasons for remuneration to manager is that it incentivizes them to select and implement actions that will increase shareholders' wealth. It therefore connotes in the spirit of corporate transparency and accountability, the goal of executive compensation is to influence performance. How true could this be in the context of Nigerian quoted firms' remains an issue worth investigating.

3. EMPIRICAL REVIEW

Ayodele (2012) empirically examined the nexus between executive remuneration structure, and firm performance in the Nigerian banking industry. The findings show that executive compensation structures do not affect banks' market values proxy at stock price. Kurawa and Saidu (2014) further determined the "impact of executive remuneration on financial performance of listed banks in Nigeria; findings from the study reveal a positive but statistically significant nexus between executive remuneration and the performance of the banks. Olalekan and Bodunde (2015) examined the "effect of executive pay on bank performance in Nigeria between 2005 and 2012, using a dynamic generalized method of moment (GMM); the findings shows that CEO pay has significant but negative influence on bank performance in Nigeria". Aduda (2011) examines the association between executive remuneration with company performance in Kenya. The study findings indicates a negative correlation exists between executive remuneration and maximization of returns to shareholders. The kind of relationship between firm size and performance has received considerable attention but with conflicting results (Symeou, 2012). Some industries, organizations and sectors link large firms to better performance in line with the neoclassical theory of firm size while some research findings by Oliver and Chukwuani (2014) support a negative relationship between firm size and profitability.

An examination of the effect of firm size and profitability by oil and gas firms in Nigeria was done by Ebiringa, Yadirichukwu, Ogbu, and Ogochukwu (2013). A sample of twenty quoted companies was selected using the simple random sampling technique. The findings among others show that an insignificant negative correlation exists between firm size and profitability was statistically insignificantly. Oliver and Chukwuani (2014) examine the nexus between firm size and financial performance in the Nigerian brewery industry. They found that firm size has both short and long term positive effect on EPS, a proxy for financial performance; with a significant long run influence. They also find out there is no causality running from either EPS to Total Assets or otherwise at both periods. The implication is that firm size does not granger

cause EPS and vice versa in Nigeria brewery industry. The proponents of a large board size say that if there is a need for external resources (more budget external funding) then the board should be large. Additionally, the complicated mechanism of governing the company and therefore needing more knowledgeable people should add up to having a larger Board of directors (Dalton et al. 1999). Small Boards have their advantages. For instance Jensen (1993) is of the view that large boards are ineffective as they can be easily manipulated by the CEO. As documented by Lipton and Lorsch (1992), the board members usually don't express their disapproval of the policies made by top management or explicitly criticize them because of their performance.

4. THEORETICAL FRAMEWORK UNDERLYING THE STUDY

It is also pertinent to note that studies have found a significant relationship between cash remuneration of executives and the measure of performance (Kerr and Kren, 1992). However, this relationship did not show any significance when utilizing "cash plus options as compensation measure" (Sarkar, 2013). So from all the foregoing discussions on the pay-performance relations between executive remuneration and firm's performance, a proposed framework summarizing the major moderators guiding the present study is given below:
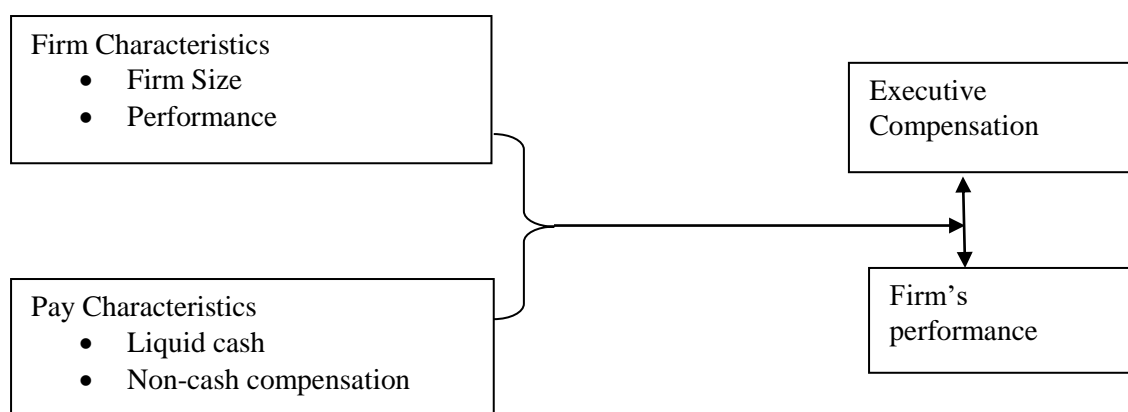

Figure 1 Theoretical framework of pay-performance nexus
Source: Adapted from the findings of Olalekan and Bodunde (2015)

5. Methodology

This study employs the ex-post facto, descriptive, correlation, casual/experimental research designs. It employs the ex-post facto research design. The population of the study consists of all the companies quoted on the floor of the Nigerian Stock Exchange in the period 2013-2014. A total of sixty (60) listed firms excluding non- financial firms in the Nigerian Stock Exchange were selected as sample. The sample selection was based on a purposive sampling technique; and it is akin to the type adopted by Uwuigbe (2013). Data were extracted from annual reports and accounts of the sampled companies for the period 2013-2014 financial year. This choice is subject to availability and accessibility of the annual reports.

5.1 Model Specification

The model employed in this study is underpinned to the work of Olalekan and Bodmude (2015) where they examined the effect of CEO pay on Bank performance in Nigeria for the period 2007 to 2014. The model is modified and used in this present study. It is specified in a stochastic form as follows:

$$PERF_{it} = \beta_o + \beta_1 \, Exremu_{it} + \beta_2 \, Fsize_{it} + \beta_3 Bsize_{it} + \varepsilon_{it}.$$

Where

$\beta_1 - \beta_3$ are the coefficients of the parameters of estimation.
PERF represents firm performance and is the dependent variable.

Exremu_{it} represents executive remuneration.

Bsize represents board size

Fsize represent firm size

5.2 Apriori Expectation

The a priori expectation in the model is of the form; β_1—$\beta_3 > O$. What this connotes is that all the independent variables are expected to have a negative relationship with banks' financial performance

5.3 Method of Analysis

For the purpose of empirical validation of the variables in the above model, the panel estimates generalized least squares (EGLS) is used for analysis. Employing the econometric package of E-views version 7.0, the pooled and panel data estimates of the multiple regression models shall be obtained after some preliminary statistical analysis such as descriptive statistics and correlation matrix as earlier stated. Diagnostic tests shall also be performed after the regression analysis which include variance inflation tests (VIFs), Breusch-Godfrey serial correlation LM test, Heteroskedasticity test (Harvey test) and Ramsey RESET test.

Table 1. Operationalization of Variables

Variables	Types of Variable	Operationalization
Performance	Dependent	This is operationalized using profit before interest and tax
Executive Remuneration	Independent	This is operationalized using executives remuneration.
Firm Size	Independent	Using the total assets of the companies.
Board Size	Independent	Using the number of total number of directors on the corporate board.

Source: Authors' findings, 2016

4. EMPIRICAL ANALYSIS AND INTERPRETATION

Table 2 Application of diagnostic tests

	Value	Df	Probability
F-statistic	4.768906	(2, 114)	0.0103
Likelihood ratio	9.641859	2	0.0081
Variance inflation factor (VIF)			
Date: 01/20/16 Time: 10:32			
Sample: 1 120			
Included observations: 120			
	Coefficient	**Uncentered**	**Centered**
Variable	**Variance**	**VIF**	**VIF**
C	**4.35E+14**	**8.034817**	**NA**
EXREMUN	0.103049	1.228330	1.001978
FSIZE	0.001751	1.171296	1.004745
BSIZE	6.34E+12	7.739663	1.002765
Breusch – Godfrey serial correlation LM Test			
Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	**28.4409**	**Prob. F(2,114)**	**0**
Obs*R-squared	**39.94466**	**Prob. Chi-Square(2)**	**0**
Heteroscedasticity Test (Harvey			
F-statistic	22.17506	Prob. F(3,116)	0
Obs*R-squared	43.73655	Prob. Chi-Square(3)	0
Scaled explained SS	32.68844	Prob. Chi-Square(3)	0

The tables above indicate the results of the Ramsey RESET, variance inflation factor, Breusch-Godfrey serial correlation Lm and the Heteroscedasticity (Harvey) tests respectively. As usual, the purpose of the Ramsey RESET test is to determine if the model specification with which the study is undertaken is approximately made; while the purpose of the Heteroscedasticity, Breusch-Godfrey serial correlation and the variance inflation factor is to ascertain whether or not the Ordinary Least Square (OLS) model breaks down or not. At any point in time, the model breaks down as could be indicated by the assumption tests above; the aftermath is loss of the BLUE properties.

The Ramsey RESET test has F-statistic value of 4.768906 with a probability value of 0.0103 and is statistically significant at 5% level. It implies there is no evidence of misspecification of the regression model both in deterministic and econometric form. The variance inflation factor (VIF) helps to reveal the likelihood of the presence of multicollinearity among the variables in a construct. According to the rule of thumb, variance inflation factor above 10 indicates the presence of multicollinearity. Using the uncentered Variance Inflation Factor (VIF) in the above table, none of the explanatory variables has VIF more than 10; suggesting there is no multicollinearing in the regression model. The Breusch-Godfrey serial correlation LM test has f – statistic value of 28.44090 and is statistically significant at 1% level. This is evidence that no serial correlation exists in the result. Similarly, the Heteroscedasticity

(Harvey) test shows f – statistic value of 22.17506 with a probability value of 0.0000 and it is statistically significant at 1% level.

Table 3 Summary Statistics

Table 3.1 Descriptive Statistics

	PERF	EXREMUN	FSIZE	BSIZE
Mean	27789483	10902809	71736143	7.583333
Median	3469104.	508883.0	12887083	7.000000
Maximum	5.68E+08	99786543	9.63E+08	12.00000
Minimum	-23521789	-2378543.	117992.0	3.000000
Std. Dev.	81752207	23035216	1.77E+08	2.937967
Skewness	4.701978	2.501237	3.835357	0.451433
Kurtosis	26.69366	8.331963	17.12013	2.611329
Jarque-Bera	3249.119	267.2729	1291.090	4.831167
Probability	0.000000	0.000000	0.000000	0.089315
Sum	3.33E+09	1.31E+09	8.61E+09	910.0000
Sum Sq. Dev.	7.95E+17	6.31E+16	3.73E+18	1027.167
Observations	120	120	120	120

Source: E-VIEW 7.0 OUTPUT, 2016

The average performances by way of profit earned before interest and tax in the period observed across the sampled companies is N27, 789,483. The standard deviation is 81752207, an indication of very high variability from the mean. Even the minimum performance (PBIT) is negative. This portrays that when every other item on the income statement are held constant, executive remuneration largely consumed the returns made by the sampled companies by in terms of profit earned before interest and tax payment. Obviously, this is expected in a study like this given the fact if executive remuneration is arbitrarily determined; that is no policy guides its determination or it is over influenced through office politicking. This may also be so if the corporate governance code of best practices in Nigeria is not tenaciously held to by quoted companies. However this appears worrisome in the light of high expectations by shareholders in these days of stiff global challenges. Performance is positively skewed and has a positive kurtosis. The Jarque-Bera value of 3249.119 with probability value of 0.000000 points out that performance satisfies normality.

The mean executive remuneration across the sampled firms in the period was N10902809. The maximum value is N99786543. The standard deviation is 230352.6, the skewness is 2.501237, and kurtosis is 8.331963. The Jarque-Bera value of 267.2729 at 0.000000 is significant; and it portends that the data were normally distributed. Firm size has a mean value of N71736 143, with a standard deviation of 1.77. The J-B value of 129`.090 with a probability value of 0.000000 indicates significance of the variable and normality of the data in terms of distribution. The average board size across the quoted companies used in this study is 8 members. The maximum size is 12 members, with a minimum of 3 members. The standard deviation is 2.937967, the skewness is 0.451433 and kurtosis is 2.611329. However, the J-B value of 4.831167 with probability values of 0.089315 shows the data was not normally distributed.

Table 3.2 Correlation Matrix

	PERF	**EXREMUN**	**FSIZE**	**BSIZE**
PERF	1	0.076	0.165	0.126
EXREMUN	0.076	1	-0.044	0.001
FSIZE	0.165	0.044	1	0.052
BSIZE	-0.126	0.001	0.052	1

Source: E-VIEW 7.0

The summary of the above correlation matrix table shows that all the explanatory variables are weak and positively associated. However, the result is quiet impressive from the point of view that it is devoid of multicollinearity.

Table 3.3 Granger Causality Test

Pairwise Granger Causality Tests

Null Hypothesis:	Obs	F-Statistic	Prob.
EXREMUN does not Granger Cause PERF	118	6.19198	0.0028
PERF does not Granger Cause EXREMUN		0.91910	0.4018
FSIZE does not Granger Cause PERF	118	0.49869	0.6087
PERF does not Granger Cause FSIZE		1.18005	0.3110
BSIZE does not Granger Cause PERF	118	0.15036	0.8606
PERF does not Granger Cause BSIZE		0.96500	0.3841
FSIZE does not Granger Cause EXREMUN	118	0.35225	0.7039
EXREMUN does not Granger Cause FSIZE		0.39130	0.6771
BSIZE does not Granger Cause EXREMUN	118	0.82585	0.4405
EXREMUN does not Granger Cause BSIZE		0.66292	0.5173
BSIZE does not Granger Cause FSIZE	118	2.51751	0.0852
FSIZE does not Granger Cause BSIZE		0.32844	0.7207

Source: EVIEW 7.0 OUTPUT, 2016

The table above shows that executive remuneration has a causal relationship with performance and performance granger causes executive remuneration in a bi-directional manner. The ascertainment of this causal relationship is one of the primary interests of this study. Firm size does not granger cause performance and performance does not also granger cause firm size. Board size does not granger cause performance, and firm size does not granger cause executive remuneration and board size does not also granger cause firm size whether in a bi -direction way.

Application of Hausman test

The purpose of this is to choose either the cross section random effects or the fixed effects in the analysis and interpretation of the empirical result. In order words, the Hausman test statistic is employed to test for the exogeneity of the unobserved error component. The test is necessary because the random effect needs to be uncorrelated with the explanatory variables otherwise there is endogeneity problem and the random effect estimator is taken as inconsistent. The null hypothesis for the Hausman test is: Ho : βRE = βFE. Where βRE and βFE are coefficient vectors of the time-varying explanatory variables excluding the time variables. If the null hypothesis is rejected, we conclude that Random effect (RE) model is inconsistent, and the fixed effect (FE) model is preferred. The table below presents the Hausman test results for our model.

Table 3.4 Correlated Random Effects - Hausman Test

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	455.242682	3	0.0000

From the table above, the Hausman test chi-square statistic is 455.24 with a probability value of 0.0000 (P>0.05) indicating significant differences. Thus, we reject the null hypothesis and conclude that the fixed effect estimator is preferable

Table 3.5 Coefficient Effects

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	42801946	29081134	1.471811	0.1466
EXREMUN	-0.742845	0.340244	-2.183271	0.0331
FSIZE	-0.058401	0.172398	-0.338755	0.7360
BSIZE	-359198.1	3600137.	-0.099773	0.9209
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.884853	Mean dependent var		27789483
Adjusted R-squared	0.759606	S.D. dependent var		81752207
S.E. of regression	40083111	Akaike info criterion		38.15637
Sum squared resid	9.16E+16	Schwarz criterion		39.61980
Log likelihood	-2226.382	Hannan-Quinn criter.		38.75067
F-statistic	7.064845	Durbin-Watson stat		1.934426
Prob(F-statistic)	0.000000			

Source: E-VIEWS, 7.0, 2016 OUTPUT

The adjusted R-squared explains approximately 76% systematic variation on the performance of the sampled quoted companies; leaving 24% unexplained due to the presence of the Error term.

The f – statistic value of 7.064845 with a probability of 0.000000 indicates that all the explanatory variables are statistically significant at 99% level. The Durbin-Watson statistic value of 1.93 which is approximately 2 is an indication of the absence of serial autocorrelation in the result. This affords the usefulness of the result for policy perspective. The individual coefficients of the explanatory showed that for instance executive remuneration has a negative impact (– 0.742845) on the performance of the firms; and is statistically significant at 95% level. A unit change in firm size causes 0.058401 unit decrease on the performance of the companies and is statistically not significant at 95% level. The coefficient of board size shows that it reduces performance of the firms by 359198.1 units and is not statistically significant at 95% level.

6. DISCUSSION OF FINDINGS

The nexus between executive remuneration and firm performance was robustly examined in this study. A relationship exists between firm performance and executive remuneration. Specifically remuneration should engender corporate performance. This is because when executives are highly remunerated, they are motivated to put their best to positively influence the business they operate. In other words, they become more strategic, that is innovative; constantly engage in envisioning, and efficient in the use management of the scarce resources entrusted to them by the shareholders. This study finding is an affirmation of Kurawa and Saidu (2014) investigation where they emphasize that top executives of companies it wrongly remunerated may not have the right motivation to perform in the best interest of shareholders. This study also ascertained that executive remuneration influences (granger causes) firms' performance; and firm performance in turn influences executive remuneration. From the Stance of theory, this is agreed with. Similarly, the finding correlates with that of Conyon and Leech (1994). One major aspect that needs to be argued out is the determination of a benchmark in terms of percentage increase in executive remuneration for every percentage increase in performance of quoted firms; and at what interval the remuneration committee should use with a view to motivating the executives. Obviously, this would have to go by way of policy formulation. If for any reason the policy must work, it should be succinctly enshrined in the Nigerian corporate governance code of best practices.

Executive remuneration was found to negatively influence the performance of firms and is statistically significant. This finding is somewhat in consonant with the agency theory. For instance, if the agency cost is unduly high, it definitely would have an adverse impact on the firms' performance; given that every other item are held constant. Assuming further that every other expense are kept at low ebb occasioned by efficient expenses management and agency costs as well as executive pays are high, obviously the return to the shareholders by way of earnings before interest and tax may be significantly affected in adversely. The finding obtained in this direction is quite in tandem with Olalekan and Bodunde (2015); and Aduda (2011). It is however contrary to the finding of Ozken (2007), Kabla (2008); and Fald-Al-Helzen (2011).

The import of the foregoing assertion and empirical validation clearly underscores the need to peg executive remuneration of quoted companies in developing countries like Nigeria at least in a flexible manner; certainly, the onus lies squarely on the regulatory agencies like the

Securities and Exchange Commission (SEC). Firm size was ascertained not to have significant positive relationship with firms' performance; though it has a causality relationship with the performance of the firms. In theory, it is expected that as firms perform positively, it should increase in size by way of asset acquisition, branches, staff and other aspects. The finding correlates with the empirical finding of Ebiringa, Yadirichukwu, Ogbu, and Ogochukwu (2013) and is not consistent with the finding of Oliver and Ckukwuani (2014). Board size was found to negatively affect the performance of firms and is statistically not significant. Theoretically, unduly large corporate board is unhealthy to the performance of firms. This is because the efficiency of the board members may be questioned by the shareholder. Moreover, it could encourage corporate board room squabbles which more often is contrary to the pursuit of shareholders wealth maximization. The finding obtained here agrees with that of Dalton et al (1999); Hermalin and Weisbach (1998); Core et al (1999) and Jensen (1993). It appears that small board size engenders effectiveness, efficiency and competitiveness of firms. They play more oversight function and adequate supervisory role in the attainment of set goals/objectives.

7. CONCLUSION AND RECOMMENDATIONS

This study has examined the nexus between executive remuneration and firm performance in Nigeria. The paper contributed empirically to the debate on the association between executive remuneration and the performance of quoted companies. The findings as discussed earlier are quite robust and revealing for corporate organization executive board members to selflessly use for policy perspective and in the promotion of the performance and growth of firms and consequently the attainment of the overall objective of shareholders wealth maximization.

Premised on this, the study suggests that executive remuneration of quote firms should be pegged constantly in a flexible manner. This will enable shareholders known the causality relationship between what is paid to the executive and how that influence performance. There is dearth of adequate disclosure of Chief Executive Officers pay, compensation and other packages on the annual financial statements. Similarly, remunerations, compensations, bonuses and benefits of executive board members are hardly disclosed in the annual reports of firms. This makes it difficult for researchers to extract data for analysis. Therefore, regulators should make it mandatory for quoted firms to clearly show all the remunerations, bonuses and packages in monetary value on the annual reports and accounts. This will then assist researchers, users of annual reports and of course members of the general public to find out the extent shareholders wealth are being pursuit.

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