

## Markets and Compensation for Executives in Europe

International Business and Management

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### About the Book

The increasing amounts of money paid out in compensation to corporate executives have become the subject of a heated public policy debate on both sides of the Atlantic during the last decade. The magnitude of these sums, as well as the timing of payments relative to evidence of corporate success or - more notably, failure - has surprised and, in many cases, angered employees, shareholders and politicians, and drawn considerable attention in the media. Are executives in many firms exploiting their power to benefit themselves at the expense of other stakeholders or is the level of compensation the result of an effective market mechanism? This book is intended to fill a void created by the current focus of economic, financial and management research on executive compensation in the USA, and to address whether results from the US generalize to Europe, whether there is a European model for executive compensation, and whether European compensation structures enhance the wealth of shareholders and citizens. The research presented here provides a foundation for further research that will help shareholders, their representatives on boards, and policy makers develop wealth enhancing procedures, contracts and rules within European corporate governance systems. The book covers a wide range of issues, including: corporate law and regulation in the area of corporate governance; prosperity and growth effects of compensation contracts; effects of compensation packages on incentives; organization of markets for executives; the choice of performance measure in performance-linked compensation contracts; influences from the US on compensation levels in Europe; as well as country studies of factors affecting compensation packages and their characteristics. This book will be of interest to academics, practitioners and policy makers. On the academic side, researchers and students in the field of business economics, corporate governance, finance, international business, and management will discover research results that enhance their knowledge and provide the basis for further research. Among practitioners, board members, executives, chief financial officers, and bankers



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will benefit from this book when evaluating and designing executive compensation schemes. Policy makers will find research-based material that can either support or call into question their preconceived opinions.