

عنوان مقاله:

The Moderating Role of Dividend Policy in Aligning the Accounting and Market based performance Measures with CEO Compensation

محل انتشار:

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خلاصه مقاله:

This study aims to report the results of an investigation into the effect of accounting and market based performance measures on CEO compensation along with the moderating role of dividend policy. The study has utilized hierarchical multiple regression on a sample of 66 financial companies/banks listed on Karachi Stock Exchange (KSE), for a 5-year period (2010-2014). The results indicate that there is positive and significant impact of accounting based measures (operating performance and firm size) on CEO compensation. In case of market-based measures only growth opportunities have significant and positive impact on CEO compensation. Significant negative impact of market share and insignificant effect of market performance on CEO compensation has been revealed. Contrary to agency theory, this study finds that dividend policy is not utilized as a substitute control device. Additionally, dividend policy cannot mitigate agency conflicts in financial sector of Pakistan due to its ineffective role as aligning mechanism. Overall, the results imply that inefficient dividend policy can further distort the pay-performance link

کلمات کلیدی:

Operating performance, market performance, market share, dividend policy, CEO compensation, growth opportunities

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