

# [Executive pay](https://assignbuster.com/executive-pay/)

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Executive Pay Evidently, there is a great link between the size of a firm and the compensation of its top level executives. As seen in the work compiled by He, Mahoney and Wang the managers are remunerated based on the company size (304-11). This is because the size of the company determines the risks involved in the kind of work, expectation levels and the amount of pressure on its management. Since the managers are given the role of making vital decisions on the company, the success and collapse of the company relies on them. This means that the lifeline of the company solely depends on the management level of the company. The roles involved range from setting the goals, planning, overseeing to implementation (He, Mahoney and Wang 302). The size of the company should compensate the managers for all their contributions to the company. Among the inducements as He, Mahoney and Wang indicate include the reasonable compensation packages to the managers, and ownership of the management process (302). This will automatically motivate the managers to perform.
So as to control the relationship so that it suits the interest of the shareholders, it is recommended that the managers and the stakeholders build their rapport (He, Mahoney and Wang 302-6). This will ease the compensation process considering the kind of effort the managers put in the organisation. The managers will in turn make propositions that will favor the shareholders through meeting the set goals of the organization. The acquired profits will be distributed reasonably among the involved stakeholders.
Work Cited
He, Jinyu. Mahoney, Joseph and Wang, Heli. “ Firm capability, corporate governance and competitive behaviour: a multi-theoretic framework”, Int. J. Strategic Change Management, 1. 4(2009): 293 – 318. Print.