

A study of Managerial remuneration on Indian corporate sector

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ABSTRACT: Remuneration is an encouragement that is given by directors on decision and strategies which have made and affect on firm performances and profitability. It also called a reward which is given by organisations on performances and duties which is done by employee. It is an essential approach for organisation success. The whole perquisites, irrespective of its taxable value, would form part of remuneration. This study explore the trend & pattern of managerial remuneration of Indian Corporate Sector and also it examine the relationship company characteristics & firm performance. The Secondary data will be collected from official website of NSE India and money Control.

KEYWORDS: Managerial Remuneration, Firm performance, Organizational

I. INTRODUCTION

Star New Search

MEANING OF MANAGERIAL REMUNERATION

Remuneration refers to any type of payment an individual receives with their salary such as bonus, incentives, stock options. Remuneration is an encouragement that is given by directors on decision and strategies which have made and affect on firm performances and profitability. It also called a reward which is given by organisations on performances and duties which is done by employee. It is an essential approach for organisation success. The whole perquisites, irrespective of its taxable value, would form part of remuneration. Thus, managerial remuneration means the compensation for services rendered by directors to a company and it includes:

- Salary
- Perquisites
- Commission
- Benefits
- Stock options

Generally, the structure of managerial remuneration is highly complicated and it keeps on

changing in the light of changes in the corporate governance practices of the country. Salary is the basic component of managerial remuneration which is subject to review as per the terms and conditions of the employment contract. Executive salaries are normally decided on the basis of salary levels of executives in the respective industry. During 1980s and early 90s, major components of remuneration of directors used to be fixed in nature in view of the regulatory ceilings. But now a significant proportion of remuneration is being paid in the form of commission which is calculated on the basis of profits. Perquisites generally include club memberships, hotel stays, foreign trips, etc. and are granted to executives in order to enhance their standard of living. Benefits include payments received by executives in addition to money and it may be in the form of Managerial Remuneration: Theoretical and Legal Framework four medical and retirement benefits.

According to sec 2(78) of Companies Act, 2013 Remuneration is defined as “any money or its equivalents given to any person for services delivered by him\ her and perquisites defined under the Income-tax Act, 1961” are also considered the part of remuneration

II. REVIEW OF LITERATURE

The most important and integral part of the research is review of literature which highlighted the main aspects also as outcome of varied researches other relevant topic. This is globally accepted incontrovertible fact that optimum research can't be made without significantly reviewing what previously exists in association therefore within the sort of general literature and specific work done by the researchers. The review of related literature, therefore, is taken into account as advantage to definite planning and implementation of research work. Therefore for proper considerate of the research work, sincere efforts have been made to review the related literature. In present chapter an effort has been made to sum up the results of the

studies undertaken by various researchers on different aspects of pay for performance with respect to different aspects.

Coughlan & Schmidt (1985) influenced that the corporations compensation and internal managerial manipulate the disposal of -setting board or committee. A sample of 249 corporations & correlation method were used and concluded that the firm's board generate managerial incentives consistent with those of the firm's owners, each by using placing compensation and following management trade policies which benefit shareholders.

Mejia et al. (1987) indicated the differential effects of company size and performance on executives compensation in owner-controlled and management controlled firms & also measure the CEOs' pay is more responsive to performance in owner-controlled firms or not. The sample comprised of 71 Large manufacturers. Correlation analysis, regression analysis, Chow Test is used. The study finds that ownership type firms significantly affects on CEO's pay and performances. Executive compensation is also remarked in both owner and management controlled firms but delicate effect on management controlled firms.

Lewellen et al. (1987) find out the empirical evidence on whether association variations in senior executive pay package tries to solve managers shareholder organization problems. The total of 49 Large corporations were considered for the study. Salary, bonus, based pay, executives compensation, Future profitable growth, relative weight of salary variables were taken for the study. Pearson Coefficient of Correlation, Least square method, Regression Analysis were applied. The study concluded that vast variants throughout firms in the relative emphases of reward they grant for their senior executives of managerial pay consequently appear to be interrelated.

III. RESEARCH METHODOLOGY

Objectives of study

1. To explore the trend & pattern of managerial remuneration of Indian Corporate Sector.
2. To examine the relationship company characteristics & firm performance.

Research Methodology

The present study will be focus on NIFTY 50 Companies. The sample period in this study will be taken from March, 2010 to April, 2019. The Secondary data will be collected from official website of NSE India and money Control.

Analytical method

The Time series analysis, multiple regression & Panel data regression etc. will be applied on secondary data to achieve the proposed objectives. We will be open to apply other relevant statistical tools, test & techniques on the basis of their relevance of data and research objectives.

IV. CONCLUSION

As outlined in our introduction, the majority in research with concept of orientation of being focused with firm affect on performance and Profitability. This will based on performances of top level management. Remuneration encourages the performances of directors. The capacity of performance firms in the same industry is calculated and it is also a critical aspect in the realisation of firm furthermore the extent of remuneration has to extend or sustained. Under which holistic approach is significant on it. Under which Remuneration is been determined by firms. It also show the remuneration of directors in differ period is also different across the countries. It expresses the there is an interrelation between highest paid director and executive remuneration.

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