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## Different components of CEOs' remuneration packages: The U.S. evidence

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### Abstract

This paper analyzes different components of the Chief Executive Officer (CEO)s' remuneration packages among U.S. firms. The sample consists of 20 companies among Standard and Poor's (S&P) 500 firms. The firms are chosen from four different sectors (utilities, financials, healthcare, and information technology). They have different market capitalization and are selected from different tiers of the S&P 500 index (1-100, 101-200, 201-300, 301-400, and 401-500). Results show that base salaries cover the lowest amount among CEOs' remuneration packages because CEOs' salaries are not aligned with shareholders' interests. Stock gains cover 30.67% of CEOs' remunerations, being the second-largest component of their remuneration packages. Other remunerations (perks, long-term and non-equity payout, life insurance, security services, retirement payment, and flights with corporate aircraft) are the largest component of CEOs' remuneration packages. This study provides some suggestions regarding CEOs' remuneration packages.

**Keywords:** base salaries, CEO, chief executive officer, remuneration, S&P 500

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### Introduction

Chief Executive Officer (CEO) s' remunerations are discussed among investors, researchers, and governments. Some support high CEOs' remunerations, whereas others consider high remunerations unfair. Proponents of high CEOs' remunerations propose the following reasons. First, CEOs are talented with higher capacity and knowledge than ordinary workers. Moreover, effective CEOs bring numerous benefits to their companies. A percentage rise in a company's revenue can massively increase its dollar value earnings. Therefore, companies should offer lucrative packages to their CEOs to encourage them. Second, CEOs are more likely to lose their jobs because of the competitiveness of the current market. Hence, they desire higher payments (Gabaix and Landier, 2006) <sup>[1]</sup>. Third, the "Lake Wobegon effect" meaning that a company's low CEO's remuneration creates an image of the CEO's incapacity. Consequently, investors invest in other companies. Hence, a high CEO's pay promotes its position, increasing investors' desire to invest (Hayes and Schaefer, 2009) <sup>[2]</sup>. Fourth, a company ties its CEO's remuneration to its performance to align the CEO and shareholders' interests. This tie motivates the CEO to better perform its duties.

Opponents of a high CEO's remuneration propose the following reasons. First, the difference between CEOs and ordinary workers' remunerations is vast. This difference is unfair and demotivates ordinary workers, reducing their performance level. Second, other factors such as the economic condition rather than CEOs' performance can affect companies' performance. Thus, CEOs should not take all credits. Third, offering higher remunerations to CEOs does not necessarily increase share values because investors are cautious regarding their investments and do not always buy their companies' shares. Investors are usually aware of their CEOs' performance level and are not misled by higher remuneration rates. Fourth, stock options can damage the long-term performance of a company because CEOs may only

consider short-term goals or use aggressive techniques to increase share values of their companies. This can adversely affect the long-term performance of their companies. Thus, there are arguments for and against high-level of CEOs' remunerations. This paper aims to analyze different components of CEOs' remuneration packages among U.S. firms. CEOs' remunerations are debated among academics because their earnings are often higher than other employees. This pay difference was critical during the global financial crisis because CEOs were receiving lucrative packages, although their employees were dismissed. This study is motivated due to prior studies' failure to evaluate CEOs' remunerations. It contributes to a better understanding of CEOs' remunerations. The sample consists of 20 companies among four different industries (utilities, financial, healthcare, and information technology). The sample is chosen among S&P 500 index. The rest of this paper is as follows. Section 2 reviews prior related literature. Section 3 describes this study's research design. Section 4 discusses the results, and Section 5 concludes this study.

### Literature Review

CEOs' remunerations have various components. However, the majority of remuneration packages include base salaries, yearly performance-based bonuses, stock options, and long-term incentive plans (including restricted stock plans and multi-year accounting-based performance plans) (Hall and Murphy, 2000) <sup>[3]</sup>. Base salaries are usually determined through benchmarking against general industry salaries. Base salaries are important for a few reasons. First, they are key components of employment contracts because annual pay rises are common. Second, they are fixed payments and are preferred by risk-averse CEOs. Third, most components of remuneration packages such as target bonuses and option grants are determined according to base salaries (Murphy and Zbojnik, 2004) <sup>[4]</sup>. Annual bonuses

virtually exist in every company and are given to CEOs according to their annual performance. They are often granted contingent upon meeting a targeted performance.

Stock options are contracts that enable the right to buy a stock share at a pre-specified exercise (or strike) price for a pre-specified term (Hall and Murphy, 2000) [3]. They are exercised to align the shareholders and CEOs' interests and prevent the agency problem. They are usually exercised over time. They include stock options, restricted options, stock appreciation rights, and phantom stocks (Murphy, 2013) [5]. Stocks are the main component of CEOs' remuneration packages. The average CEOs' remuneration of S&P 500 companies is \$12.8 million, wherein stock gains comprise its \$6.3 million. For example, Larry Ellison, the CEO of Oracle, earns \$182 million from exercising his stock options, although he has a base salary of \$1 million (DeCarlo, 2008) [6].

CEOs' long-term incentive plans are based on a few years of their companies' performance. Approximately 27% of S&P 500 CEOs received long-term incentive payouts in 1996, comprising 5.5% of their total remunerations (Murphy, 2013) [5]. Some CEOs enjoy life insurances, fringe benefits, retirement plans, covering a smaller portion of their remuneration packages. CEOs' remunerations had 0.8% annual rise since the Second World War to mid-1970s (Frydman and Saks, 2010) [7]. However, the annual rise increased to 10% in 1999. Moreover, the pay composition changed from base salaries to stock gains during the 1960s, wherein stock gains covered 37% of total remunerations in late 1990s (Frydman and Saks, 2010) [7]. Therefore, an increase in the use of incentive pay in form of stock options and bonus awards tied to firm performance contributed to CEOs' pay rise (Frydman and Saks, 2010) [7]. The firms' expansion also contributed to CEOs' pay rise during the 1970s. Larger companies offer higher remunerations to their CEOs to maintain their growth.

S&P 500 CEOs earn on average \$10.5 million per year. Their pay is 344 times greater than average U.S. workers (DeCarlo, 2008) [6]. This massive pay difference has triggered ongoing debates among proponents and opponents of CEOs' high pays. Proponents argue that high pays are justified because high-

performing CEOs can rapidly increase their companies' revenues. For example, Frydman and Saks (2010) [7] found that changes in CEOs' pays affect their companies' performance. However, opponents argue that a large gap between CEOs and workers' pays is unfair. For example, Sutton (2009) [8] found that for every \$100,000 that a member of a company's remuneration committee is paid, its CEO's pay increases by \$51,000. Sutton argues that remuneration committees' pay levels rather than CEOs' performance affect CEOs' pays (Sutton, 2009) [8]. Therefore, there is a disagreement regarding CEOs' remunerations. Hence, this study investigates their remunerations.

## Research Design

### Research Approach

This study uses an inductive approach because of two reasons. First, it has quantitative and qualitative data which are suitable for inductive research. Second, it covers only 20 U.S. companies. The grounded theory is appropriate for this research because the theory is developed throughout the research and is tested after the data collection. This study uses two research instruments. First, it uses secondary data. It uses academic journals and authentic websites to obtain reliable results. Second, it uses the sampling method to enable data collection because of impracticality to examine all companies. It selects 20 companies that are listed in the S&P 500 from four different sectors (utilities, financials, healthcare, and information technology).

### Sampling Process

Risk effects are considered during data collection to obtain accurate data. Financials and information technology sectors have a high beta, showing their high-risk levels. However, utilities and healthcare sectors have a low beta, suggesting their robustness against market fluctuations. This study uses the most reliable websites to ensure the reliability of its outcomes. The data are collected from indexArb and S&P Global Market Intelligence. Table 1 shows the sample companies of this study.

**Table 1:** Sample companies of this study

| Symbol | Company                      | Sector                 | Rank | % Weight in the Index |
|--------|------------------------------|------------------------|------|-----------------------|
| EXC    | Exelon Corp                  | Utilities              | 53   | 0.4                   |
| ETR    | Entergy Corp                 | Utilities              | 133  | 0.18                  |
| XEL    | Xcel Energy Inc              | Utilities              | 207  | 0.11                  |
| EQT    | EQT Corporation              | Utilities              | 316  | 0.06                  |
| NU     | Northeast Utilities          | Utilities              | 416  | 0.04                  |
| JPM    | JP Morgan Chase & Co         | Financials             | 9    | 1.68                  |
| AFL    | AFLAC Inc                    | Financials             | 121  | 0.2                   |
| VNO    | Vornado Realty Trust         | Financials             | 217  | 0.09                  |
| DFS    | Discover Financial Services  | Financials             | 313  | 0.06                  |
| AIZ    | Assurant Inc                 | Financials             | 418  | 0.04                  |
| JNJ    | Johnson & Johnson            | Health Care            | 2    | 1.93                  |
| AGN    | Allergan Inc                 | Health Care            | 126  | 0.19                  |
| BCR    | Bard C.R. Inc                | Health Care            | 223  | 0.09                  |
| DVA    | Davita Inc                   | Health Care            | 317  | 0.06                  |
| THC    | Tenet Healthcare             | Health Care            | 495  | 0.01                  |
| ORCL   | Oracle Corp                  | Information Technology | 23   | 0.9                   |
| AMAT   | Applied Materials Inc        | Information Technology | 117  | 0.2                   |
| JAVA   | Sun Microsystems Inc         | Information Technology | 232  | 0.09                  |
| ACS    | Affiliated Computer Services | Information Technology | 332  | 0.06                  |
| HRS    | Harris Corp                  | Information Technology | 430  | 0.03                  |

Table 1 includes rankings and percentage weight of sample companies' values in the index. A company's rank shows its position in the S&P 500 based on its capital investment. A percentage weight shows a company's value in the S&P 500. Therefore, larger companies have a higher percentage in the S&P 500. The companies in each sector are selected from different tiers to better cover the S&P index. For every sector, a company

is chosen from each tier 1-100, 101-200, 201-300, 301-400, and 401-500 based on its ranking. Moreover, the selected companies have different sizes to properly represent the S&P index.

**Results**

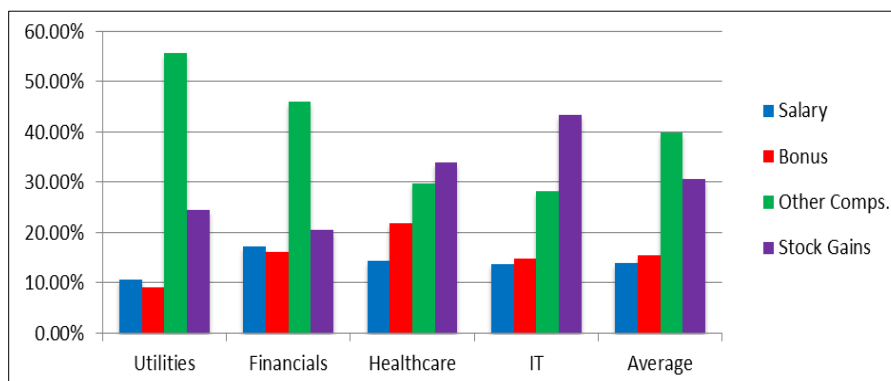
Table 2 shows the pay components of CEOs of sample companies.

**Table 2:** Percentage of components of pay for the selected companies

| Name of Company              | Salary | Bonus  | Other Remunerations | Stock Gains |
|------------------------------|--------|--------|---------------------|-------------|
| Exelon Corp                  | 3.75%  | 4.69%  | 22.18%              | 69.38%      |
| Entergy Corp                 | 3.61%  | 6.18%  | 36.60%              | 53.59%      |
| Xcel Energy Inc              | 27.31% | 0.00%  | 72.69%              | 0.00%       |
| EQT Corporation              | 2.83%  | 12.20% | 84.97%              | 0.00%       |
| Northeast Utilities          | 15.88% | 22.55% | 61.72%              | 0.00%       |
| JP Morgan Chase & Co         | 11.74% | 0.00%  | 88.26%              | 0.00%       |
| AFLAC Inc                    | 21.20% | 0.00%  | 65.19%              | 13.61%      |
| Vornado Realty Trust         | 3.33%  | 0.00%  | 7.55%               | 89.08%      |
| Discover Financial Services  | 19.84% | 28.37% | 51.79%              | 0.00%       |
| Assurant Inc                 | 30.25% | 52.23% | 17.52%              | 0.00%       |
| Johnson & Johnson            | 10.20% | 21.08% | 52.42%              | 16.30%      |
| Allergan Inc                 | 32.77% | 29.37% | 37.86%              | 0.00%       |
| Bard C.R. Inc                | 4.17%  | 5.81%  | 15.71%              | 74.32%      |
| Davita Inc                   | 3.88%  | 8.66%  | 7.88%               | 79.58%      |
| Tenet Healthcare             | 20.81% | 44.12% | 35.07%              | 0.00%       |
| Oracle Corp                  | 0.18%  | 1.94%  | 0.26%               | 97.62%      |
| Applied Materials Inc        | 23.19% | 16.21% | 60.60%              | 0.00%       |
| Sun Microsystems Inc         | 24.88% | 25.87% | 49.25%              | 0.00%       |
| Affiliated Computer Services | 11.98% | 18.05% | 3.35%               | 66.77%      |
| Harris Corp                  | 7.92%  | 11.59% | 27.35%              | 53.06%      |

Base salaries exist for all 20 CEOs ranging from 0.18% (Oracle Corp) to 32.77% (Allergan Inc). The dollar amount of base salaries does not exceed 2 million, and the highest base salary is for Johnson and Johnson's CEO with 1.87 million. Base salaries represent a higher percentage for executives with lower remunerations and minor percentage for CEOs with higher remunerations. For example, Larry Ellison, CEO of Oracle, has the highest total remuneration (\$556.98 million) among the sample CEOs. However, Larry earns \$1 million from his base salary (Forbes 2009). Bonus is also included in the majority of CEO remuneration packages (16 CEOs), although three CEOs of the financial sector (JP Morgan Chase, Aflac, Vornado) and one CEO from the utilities sector (Xcel) do not receive any bonuses. Bonus covers 52.23% of the Assurant Inc CEO's package, being the highest bonus percentage among CEOs.

Other remunerations include retirement payments, perks, and long-term incentive plans. This component exists for CEOs of sample companies ranging from 0.26% for Oracle Corp's CEO to 88.26% of total remuneration for JP Morgan's CEO. The highest other remuneration is for the EQT Corporation's CEO (\$19.50 million) and the lowest is for the CEO of Affiliated Computer Services (\$0.21 million). Stock gains are other components of CEOs' remunerations. There are no stock gains for ten CEOs of sample companies. Oracle Corp's CEO has the highest percentage of stock gains (97.62%) and highest stock gains' dollar amount (\$543.75 million) (Forbes 2009). Fig. 1 shows the percentage contribution of remuneration components in different sectors.



**Fig 1:** Percentage contribution of remuneration components in different sectors

Other remunerations (life insurance, perks, and long-term incentives) are high for utilities (55.63%) and financial companies (46.06%). Moreover, other remunerations are also the main part of the average values of utilities and financial companies (39.91%). However, stock gains are the main source of income for CEOs of healthcare (34.04%) and information technology (43.49%) sectors. Moreover, stock gains are on average the second source of income for sample companies, comprising 30.67% of their total remunerations.

Base salaries cover the lowest component of CEOs' remunerations for sample companies except for the financial sector. Base salaries comprise 13.99% of total remunerations. The financial sector has the highest base salaries (17.27%), and

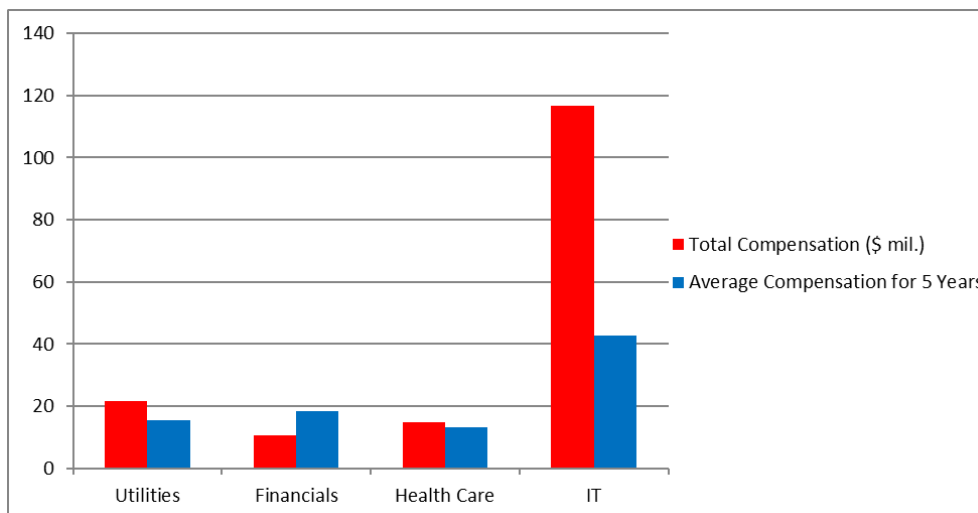
the utilities sector has the lowest base salaries (10.68%). Overall, other remunerations and base salaries include the highest and lowest portions of CEOs' remuneration packages among sample companies. The real value of CEOs' remunerations rose on average 5% from 1980 to 1996 (Frydman and Saks, 2010) [7]. Moreover, the average remuneration of S&P 500 executives increased from \$2.31 million in 1989 to \$15.78 million in 2007, whereas it dropped to \$11.43 million in 2009. Table 3 shows total remunerations of CEOs and their average remunerations for the last five years of their tenure as a CEO. CEOs with less than five years' tenure are considered based on their average remuneration for their period of tenure.

**Table 3:** Total CEOs' remunerations and average CEOs' remunerations for the last five years of their tenure

| Company                      | Total Remuneration (\$ mil.) | Average Remuneration for the Last Five Years of Tenure |
|------------------------------|------------------------------|--|
| Exelon Corp                  | 39.22                        | 31.03  |
| Entergy Corp                 | 35.14                        | 14.57  |
| Xcel Energy Inc              | 4.32                         | 4.24   |
| EQT Corporation              | 22.95                        | 24.49  |
| Northeast Utilities          | 6.74                         | 3.71   |
| JP Morgan Chase & Co         | 8.52                         | 24.35  |
| AFLAC Inc                    | 6.32                         | 25.45  |
| Vornado Realty Trust         | 30.05                        | 27.14  |
| Discover Financial Services  | 5.04                         | 8.97   |
| Assurant Inc                 | 3.14                         | 6.12   |
| Johnson & Johnson            | 17.55                        | 12.016   |
| Allergan Inc                 | 4.12                         | 14.708   |
| Bard C.R. Inc                | 23.75                        | 10.62  |
| Davita Inc                   | 24.25                        | 24.958   |
| Tenet Healthcare             | 5.19                         | 4.374  |
| Oracle Corp                  | 556.98                       | 188.89   |
| Applied Materials Inc        | 4.01                         | 4.07   |
| Sun Microsystems Inc         | 4.02                         | 6.33   |
| Affiliated Computer Services | 6.26                         | 4.37   |
| Harris Corp                  | 12.25                        | 9.27   |

Some CEOs face a remuneration decline, whereas others have a remuneration rise in the last five years of their tenure. The CEO of Oracle Corp has \$368.09 million more remuneration than the average of his last five years of tenure as a CEO. However, the CEO of Aflac Inc has \$19.13 million less remuneration than the

average of his last five years of tenure. Fig. 2 shows the average value of CEOs' total remunerations for sample companies and average remunerations of CEOs during the last five years of their tenure.



**Fig 2:** Average value of CEOs' total remunerations and average remunerations of CEOs during the last five years of their tenure

Average remunerations of CEOs in utilities, healthcare, and information technology sectors are higher compared to the last five years of their tenure. However, CEOs of financial companies gain \$10.61 million, while their remuneration for the last five years of their tenure is \$18.41 million. This suggests \$7.8 million lower-income for CEOs of financial companies compared to their remuneration for the last five years of their tenure. Exclusion of the Oracle CEO's remuneration considerably reduces

information technology sector CEOs' remuneration. Their total and five-year remunerations decline to \$6.63 million and \$6.01 million, accordingly. Moreover, although CEOs' remunerations increased since the 1960s it dropped in 2008. Table 4 shows CEOs' average remunerations for the last five years of their tenure compared to their companies' annual returns. CEOs with less than five years' tenure are considered based on their average remunerations for their period of tenure.

**Table 4:** CEOs' average remunerations for the last five years of their tenure compared to their companies' annual returns

| Company                      | Tenure as a CEO in Years | CEO's Average Remuneration for the Last Five Years of their Tenure (\$ mil) | Company's Average Return during the CEO's Tenure |
|------------------------------|--------------------------|---|--|
| Exelon Corp                  | 9                        | 31.03   | 1.00%  |
| Entergy Corp                 | 10                       | 14.57   | 1.10%  |
| Xcel Energy Inc              | 4                        | 4.24  | 0.50%  |
| EQT Corporation              | 11                       | 24.49   | 1.64%  |
| Northeast Utilities          | 5                        | 3.71  | 0.80%  |
| JP Morgan Chase & Co         | 3                        | 24.35   | -0.67%   |
| AFLAC Inc                    | 19                       | 25.45   | 0.79%  |
| Vornado Realty Trust         | 20                       | 27.14   | 0.70%  |
| Discover Financial Services  | 5                        | 8.97  | -9.80%   |
| Assurant Inc                 | 3                        | 6.12  | -5.33%   |
| Johnson & Johnson            | 7                        | 12.02   | 0.00%  |
| Allergan Inc                 | 11                       | 14.71   | 1.55%  |
| Bard C.R. Inc                | 6                        | 10.62   | 2.67%  |
| Davita Inc                   | 10                       | 24.96   | 2.60%  |
| Tenet Healthcare             | 6                        | 4.37  | -6.00%   |
| Oracle Corp                  | 32                       | 188.89  | 0.84%  |
| Applied Materials Inc        | 6                        | 4.07  | 0.50%  |
| Sun Microsystems Inc         | 3                        | 6.33  | -11.00%  |
| Affiliated Computer Services | 2                        | 4.37  | 0.00%  |
| Harris Corp                  | 6                        | 9.27  | 2.17%  |

Size of a company does not affect its CEO's remuneration in the financial sector. For example, JP Morgan Chase is the largest financial companies, and its CEO earns \$24.35 million. However, although Vornado Realty is a smaller company, its CEO earns \$27.14 million. Similarly, size does not affect CEOs' remunerations in the healthcare sector. For example, the CEO of Johnson and Johnson, the largest healthcare company, gains \$12.02 million in his last five years of tenure. However, the CEO of Davita Inc gains \$24.96 million in his last five years of tenure. Average companies' returns are different from their average CEOs' remunerations. For example, the average remuneration of Sun Microsystems' CEO is \$6.33 million, whereas the company's average return during the CEO's tenure is -11.00%. Similarly, the CEO of Discover Financial Services gains \$8.97 million, whereas its company earns -9.80% during the CEO's

tenure. However, some companies have good returns despite their CEOs' high remunerations. For example, Harris Corp has 2.17% average return, while its CEO gains \$9.27 million. Similarly, Bard Company has 2.67% average return, while its CEO gains \$10.62 million.

Correlation between tenure as a CEO and average remuneration is higher for utilities and healthcare sectors. Although correlation for the information technology sector is nearly 100%, it falls to 37.82% after exclusion of Oracle Corp's CEO. Correlation between stock ownership percentage and average remuneration is 99.98% for the information technology sector. Moreover, exclusion of Oracle Corp's CEO slightly reduces the correlation to 94.33%. Table 5 shows the correlation between average CEOs' remunerations and their tenure as a CEO and stock ownership percentage.

**Table 5:** Correlation between average CEOs' remunerations and their tenure as a CEO and stock ownership percentage

|                        | Correlation between Tenure as a CEO and Average Remuneration | Correlation between stock Ownership Percentage and Average Remuneration |
|------------------------|--|---|
| Utilities              | 80.18%   | 43.05%  |
| Financials             | 69.38%   | 58.20%  |
| Health Care            | 73.73%   | -32.61%   |
| Information Technology | 99.09%   | 99.98%  |
| Total                  | 82.89%   | 97.07%  |

## Conclusions

Base salaries cover the lowest amount among CEOs' remuneration packages because CEOs' salaries are not aligned

with shareholders' interests. A high base salary discourages a CEO to perform its duties because its company's performance does not affect the CEO's pay. Therefore, companies prefer to tie

their CEOs' pays to their performance. Annual bonuses and stock options are some examples.

CEOs obtain their bonuses after achieving their companies' targets. Targets range from sales targets and profitability figures to market share. Hence, bonuses motivate CEOs to achieve their companies' targets. However, targets are usually short-term and may impede companies to achieve their long-term goals. For example, a CEO may choose aggressive selling strategies to achieve a short-term target, endangering long-term strategies of its company. CEOs obtain stock gains through exercising their stocks in their companies (De Carlo, 2008) <sup>[6]</sup>. Stock gains cover 30.67% of CEOs' remunerations, being the second-largest component of their remuneration packages. Stock gains started to comprise higher percent of CEOs' remunerations since the 1990s. Stock gains became the main source of income for CEOs in 1997 when it raised to \$2.22 million compared to \$2.15 million for salaries and bonuses in 1997.

Other remunerations include perks, long-term and non-equity payouts, life insurances, security services, retirement payments, and flights with corporate aircraft (DeCarlo, 2008) <sup>[6]</sup>. Other remunerations are the largest component of CEOs' remuneration packages. For example, Tong (2009) <sup>[9]</sup> found that perks such as bodyguards, corporate jets, private cars, and free travels rose by 7%. Johnson and Johnson's CEO (William Weldon) receives \$3.9 million other remunerations (Tong, 2009) <sup>[9]</sup>. This rise of other remunerations occurs although CEOs' remunerations are highly criticized (Tong, 2009) <sup>[9]</sup>. This may occur because of CEOs' uncertainty regarding the future position of their companies. Overall, other remunerations, stock gains, and bonuses are important parts of CEOs' remuneration packages, whereas base salaries are not.

This study provides the following suggestions regarding CEOs' remuneration packages. First, remuneration committees should actively oversee CEOs' remunerations. They may need to use independent consultants to determine different CEOs' remuneration packages. CEOs should avoid dictating their expectations (Gabaix and Landier, 2008) <sup>[10]</sup>. Second, remuneration committees should provide proper remuneration packages to motivate CEOs and align their interests to shareholders' interests. Remuneration committees should avoid to solely tie CEOs' remunerations to share prices. An effective remuneration package covers different components and is designed based on the size, structure, and objectives of a company. Moreover, remuneration packages should include restricted stock options to align the long-term interest of CEOs and shareholders. Third, companies should give non-binding votes to their shareholders regarding their CEOs' remunerations (Gabaix and Landier, 2008) <sup>[10]</sup>. Fourth, companies should introduce the say on pay policy to mandate their CEOs to publicly disclose their remunerations. This policy helps to determine different payments to CEOs and makes their remuneration packages transparent.

This study suffers from the following limitations. First, it uses 20 companies from four different sectors (five from each sector) among the S&P 500 index. Therefore, the chosen sample is small, and the results cannot be generalized to all S&P 500 firms. Second, this study only uses the S&P 500 index, ignoring other stock indexes such as Dow Jones and NASDAQ. This further questions the generalizability of the outcomes of this study. Third, this study only focuses on the last five years of CEOs'

remunerations. Although this study uses some CEOs' remuneration data in the 1970s and 1980s, it does not provide comprehensive information regarding CEOs' remunerations during the mentioned period, limiting its data analysis. Fourth, this study only focuses on the percent of stock owned, companies annual return, and tenure as a CEO, ignoring other factors such as net profit, price/earnings, and earnings per share. Future research can compare remuneration packages of U.S. companies' CEOs to CEOs in other parts of the world such as Europe or Asia.

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