

Executive Compensation in World's Largest Corporations Increases by 5.5%

Remuneration of Executives in top 100-companies

The global average cash compensation of a top executive in a corporation with more than 100,000 employees is 1.35 million Euros gross per year. This amount is almost equally divided in 660,000 Euros base compensation and 690,000 Euros short term bonus. Base compensation increased by 5.5% compared to the previous year, total cash compensation including the bonus increased by 3.4%.

These are the key findings of a global survey conducted by the executive search firm Pedersen & Partners among 1,700 executives in 330 companies in 17 countries.

The top executives of this survey are CEOs and Board Members of international corporations with 129,000 employees, a turnover of 40 billion Euros, and profits of 3.9 billion Euros on average. These corporations constitute the global elite of large enterprises. Business results in many of these companies were successful in the last year. They increased their turnover and profits each by 6% on average and created more than 1.5 million new jobs in the last 12 months, increasing their number of employees by 3.5% on average.

“Size of responsibility is the key driver for the remuneration of executives,” says Conrad Pramboeck, Head of Compensation Consulting at Pedersen & Partners and project manager of the survey. “Executive compensation in the top 100-enterprises in Europe and the United States is on average seven times higher than the salary of general managers in small and medium-sized enterprises and 40 times higher than the average salary of a white collar employee.”

Regional differences in Executive Pay

Total cash compensation for top executives in large corporations is very similar in most Western countries. Their remuneration including the short term bonus is usually between 1.3 and 1.4 million Euros gross per year. In addition to their cash compensation, US-American top executives were granted long term incentives, mostly stock options, valued at 393,100 Euros on average. European top managers only received stock options worth 76,500 Euros on average.

Graph 1: Average top executive remuneration in companies with more than 100,000 employees

	Base salary	Bonus	Total Cash Compensation	Stock Options
United States	€ 558,500	€ 758,400	€ 1,316,900	€ 393,100
United Kingdom	€ 747,200	€ 544,100	€ 1,291,300	€ 31,200
Germany	€ 701,100	€ 740,000	€ 1,441,100	€ 95,000
Other Western European Countries	€ 650,000	€ 644,000	€ 1,294,000	€ 82,200

Global Comparison of Executive Compensation

Since executive compensation is closely linked to the size of the company, Pedersen & Partners' survey also compared the salaries of top executives in large companies of the same size – 20,000 to 50,000 employees – in various regions of the world.

On a global level, executive compensation is on average still highest in the United States and Western Europe. "Top earners in large enterprises in emerging markets, like China, India, or South Africa receive compensation on the level of Western countries. However, executive compensation is on average still below the remuneration of their counterparts in Western Europe and the United States" says Pramboeck.

Top executive compensation is currently increasing by 4 to 5% on average in Western countries and between 7 and 10% on average in emerging markets.

"International comparisons of executive compensation must always be regarded with a certain amount of caution" explains Conrad Pramboeck. "China, for example, is a huge country with a great variety of compensation levels. Salaries in Shanghai, Hong Kong, or Guangzhou have reached similar levels to Western Europe while many other regions have substantially lower compensation levels."

Graph 2: Average top executive compensation in companies with 20,000 to 50,000 employees

	Base salary	Bonus	Total Cash Compensation	Salary Increase
United States	€ 408,500	€ 371,900	€ 780,400	4.0%
United Kingdom	€ 515,700	€ 258,100	€ 773,800	4.4%
Germany	€ 495,000	€ 319,000	€ 814,000	4.0%
Other Western European Countries	€ 549,800	€ 210,000	€ 759,800	4.1%
Japan	€ 555,600	€ 215,600	€ 771,200	2.2%
China	€ 199,800	€ 58,900	€ 258,700	6.8%
India	€ 85,400	€ 31,400	€ 116,800	9.7%
South Africa	€ 254,500	€ 144,900	€ 399,400	8.8%

About the Author:



Conrad Pramboeck is the Head of Compensation Consulting at Pedersen & Partners. Based in Vienna, Austria, he is responsible for consulting companies on all aspects of compensation, including providing companies with up-to-date market information on salary ranges and design of bonus systems across all industries and geographies. Prior to joining the firm, Mr. Pramböck held several senior positions in international consultancy firms. He started his career with a German Consultancy firm working in management consulting and later in the Compensation Consulting business unit based in Austria. For

the following seven years he worked with one of the top Austrian Executive Search firms as the Head of Compensation Consulting. He was responsible for all international compensation consulting activities and developed and maintained an international compensation database in 40 countries.

Mr. Pramböck holds a PhD in Law from the University of Vienna. In addition to his native German, he speaks fluent English and has basic knowledge of French and Spanish.

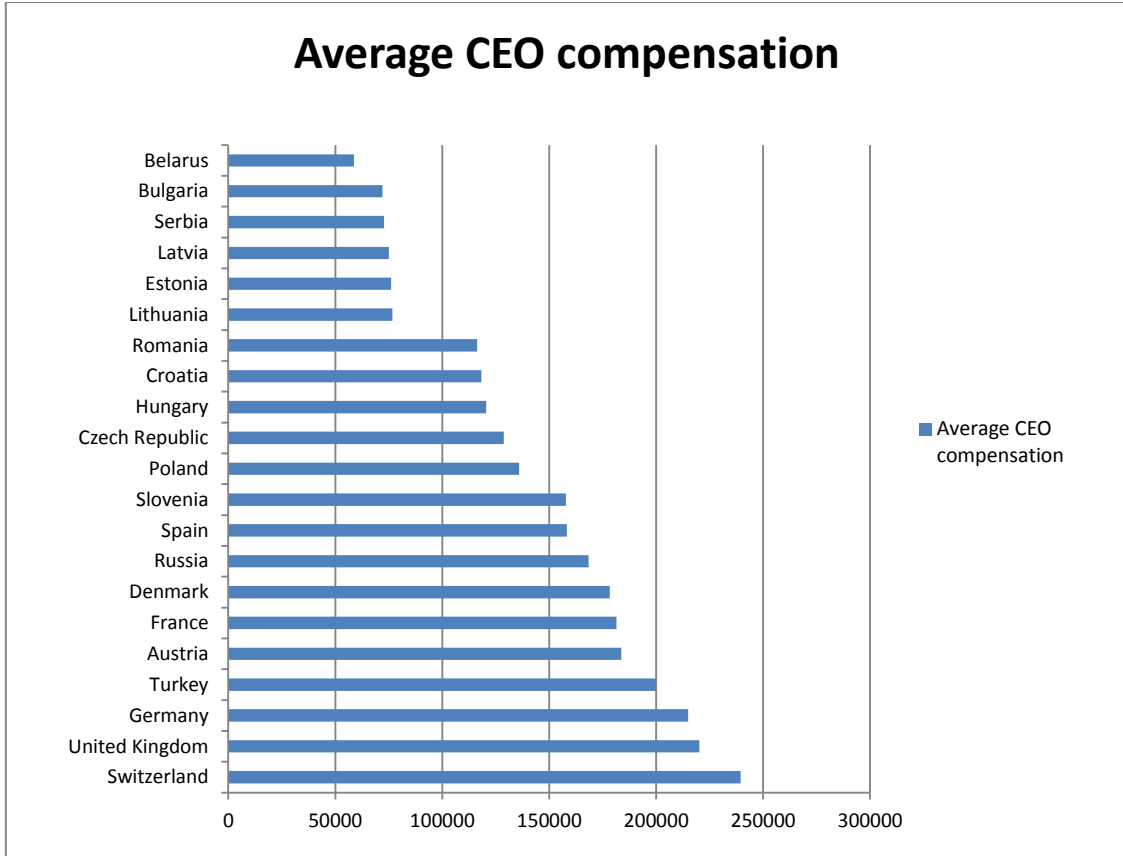
APPENDIX

1. Total cash compensation gross per year including bonus

Country	Average CEO compensation
Switzerland	€ 239,500
United Kingdom	€ 220,200
Germany	€ 215,000
Austria	€ 183,700
France	€ 181,400
Denmark	€ 178,300
Russia	€ 168,400
Spain	€ 158,300
Slovenia	€ 157,800
Turkey	€ 146,400
Poland	€ 136,000
Czech Republic	€ 128,800
Hungary	€ 120,500
Croatia	€ 118,300
Romania	€ 116,300
South Africa	€ 114,600
Lithuania	€ 76,700
Estonia	€ 76,100
Latvia	€ 75,000
Serbia	€ 72,800
Bulgaria	€ 72,100
Belarus	€ 58,700

* Average Salary Data for companies across all industries, average size 200-300 employees

2. Average CEO Compensation



* Average Salary Data for companies across all industries, average size 200-300 employees