

Determinants of CEO Pay at JSE and Relationship to Company Performance

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Abstract

South Africa is regarded as one of the world's most economically and socially unequal societies. Because of the apartheid system's institutionalized racial, economic, and gender prejudices, black people were excluded from the mainstream economy until 1994. Because of their race, most black people were barred from holding executive positions in companies, and they were generally viewed as lacking the qualifications to be CEOs of large corporations. The current pay disparity between CEOs of companies listed on the JSE, as well as the general economic disparities in South Africa, is a source of great concern for all parties involved after 30 years of democracy. This persisting widening of income, racial, and economic inequalities justifies this presentation. Again, with a large CEO-to-worker pay gap, income inequality increases in the JSE. This is despite companies reporting losses due to economic downturns, the electricity crisis, and the COVID-19 pandemic years after.

Observations from society suggest that race and gender may contribute to the unequal pay between white male CEOs and their black counterparts, as well as the pay of white female CEOs. Racial and gender economic disparities are perceived to exist in South Africa because of the high wages of white male CEOs i.e., white CEOs earn more than their black and white female counterparts.

The presentation examines the determinants of CEO pay at JSE and its relationship to company performance, including whether race and gender have an impact on CEO pay. Moreover, it will provide a global and domestic overview of the issues, with a focus on domestic issues. Corporate governance is also emphasized in this presentation because of its relevance to a discussion on CEO pay and performance.

Keywords

Race and Gender, CEO pay, Company Performance, Corporate Governance.