INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Polandwith IC Value of 5.09 &number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2401 Cities in 155 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

Weinvite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Education, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: infoijrcm@gmail.com.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION**:

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF**.

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:

a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

THE RELATIONSHIP BETWEEN ACCOUNTING REVENUES, INCOME AND EXECUTIVE PAY

DR. C. JOE UENG
PROFESSOR
DEPARTMENT OF ECONOMICS, FINANCE & DECISION INFORMATION SCIENCES
CAMERON SCHOOL OF BUSINESS
UNIVERSITY OF ST. THOMAS
HOUSTON

DR. VINITA RAMASWAMY
PROFESSOR
DEPARTMENT OF ACCOUNTING
CAMERON SCHOOL OF BUSINESS
UNIVERSITY OF ST. THOMAS
HOUSTON

DR. YA-HUI HSIEH
DEAN & CHAIR
DEPARTMENT OF INTERNATIONAL BUSINESS
SCHOOL OF MANAGEMENT
KAINAN UNIVERSITY
TAIWAN

DR. YU-TA CHEN
ASST. PROFESSOR
INTERNATIONAL BUSINESS SCHOOL OF MANAGEMENT
KAINAN UNIVERSITY
TAIWAN

CHING LIANG CHANG
PH. D. CANDIDATE
FINANCE DISCIPLINE
COLLEGE OF MANAGEMENT
YUAN ZE UNIVERSITY
TAIWAN

ABSTRACT

This study examines the impact of revenues growth and income expansion on executive pay. Specifically this paper examines whether revenues or income growth has a greater impact on the executive pay. CEO compensation is utilized to be the proxy for executive pay in this study. Results indicate that executive pay is not dependent on either revenues or income growth. Rather, executive pay is highly dependent on the firm's stock returns.

KEYWORDS

CEO Pay, Executive Compensation, Firm Performance.

INTRODUCTION

Executive pay has long been a controversial issue the United States. Particularly of interest is how CEO pay is determined. Prior research has resulted inconsistent evidence. The purpose of the study is to find the relationships among revenues, net income and CEO pay. This study examines whether CEO pay is dependent on revenues growth and income expansion. Additionally, this study investigates whether CEO pay is determined by firm performance. In this study, the paper uses total stock returns as proxies for firm performance.

LITERATURE REVIEW

In his study of relationships among profitability, return on equity and executive pay package, Miller (1995) found that net profit, return on equity and earnings per share has a relationship with CEO's Pay.Marshall and Heffes (2004) provide evidence that on a number of key performance measures, companies fared better in 2003 than they did in 2002, and annual CEO pay reflected this improvement. Among the 350 companies studied, revenue grew by a median 7.2 percent, to $6.2 billion; net income rose a median 19.2 percent, to $318 million.

Prior studies suggest that the executive pay be highly related to the firm=s performance (Jensen and Murphy 1990, Murphy 1985). According to the wealth maximization hypothesis, managers are hired to act in the best interest of shareholders. Consequently, their compensations are designed by their performance in terms of the wealth creation for the shareholders. Other empirical studies also document the same finding. Hogan and Sigler (1998) studied the determinants of CEO pay. They included a number of variables, including CEO tenure, income, sales (revenues) stock returns and the firm's beta. Only return and beta are significant for all industries, whereas at the other extreme sales is significant for just four of eight. Tenure and net income are significant for seven of the industries, while variance is significant for six of eight.

Christensen et al. (2007) also provide evidence that residual income has a tie to CEO's pay. However, Mcquire (1962) stated that the relationship between executive compensation and sales appeared to be stronger than the relationship between compensation and profits. They suggested that CEO pay is more tied to sales level than to income level. Dorata (2008) stated that GAAP-based income has a relationship in the determination of CEO compensation. CEO cash compensation benefits when adjusted net income is either positive or negative, but clearly benefits most significantly from returns on common equity. Compensation committees place greater emphasis on obtaining future synergistic gains from merger transactions despite current year losses.

Natarajan (1996) studied the impact of firm's earnings and cash flows on the cash compensation paid to CEOs. The author suggested that company's earnings and cash flow measures together have a better association with cash compensation paid to CEOs of U.S.

Agle et al. (1999) suggested that CEO can impact company's annual revenues. Therefore, the shareholders' investment on CEO is worthy. Barro and Barro (1990) investigated the relationships among CEO pay, performance, adnd turnover rate for bank industry. They suggested that bank's net revenue has a relation with CEO's Pay.

Gaver and Gaver (1998) provided evidence that cash compensation is positively related to unusual earnings components that increase income, but is not related to unusual earnings components that decrease income. In United States has long had significant inequalities in income. Well-heeled CEOs have become symbols of the thoroughly documented increase in income in equality in the United States.

Boschen and Duru (2003) studied CEO long term financial gains from the firm and the firm's stock performance. They concluded that the CEO's long-run cumulative financial gain from unexpectedly good stock price performance is positive and significant. Ashley and Yabg (2004) studied the CEO pay and the quality of earnings. They found that A firm's persistent income stream provides useful information for CEO compensation.

This study intends to provide further empirical evidence on how revenues, income, and firm performance affect CEO pay.

DATA COLLECTION AND RESEARCH METHODOLOGY

Data on CEO pay were collected from Wall Street Journal CEO Pay annual survey 2008. Firm's revenues and income were collected form Yahoo Finance. Growth rate sin revenues and net income were also calculated. The database includes all variables for year 2008. This study utilized regression models to examine the impact of revenues and income on the CEO pay. Stock returns were included in the model as the control variables. The study models the relationships as follow:

CEO Pay = $\alpha_0 + \alpha_1 REV_i + \alpha_2 * INCOME_i + \alpha_3 TSR07_i + \alpha_4 TSR08_i + \alpha_5 TSR05\_07_i + \alpha\, 6\, TSR06\_08_i + \varepsilon_i$,

CEO pay is measured by using different variables. It includes Total Direct Compensation, total annual salary, total annual incentive, and total restricted stock grants.

RESULTS OF THE STUDY

Table 1 presents the descriptive statistics of variables in the Study. CEO pay is measured by different variables.

TABLE 1: DESCRIPTIVE STATISTICS OF VARIABLES IN THE STUDY

	N	Minimum	Maximum	Mean	Std. Deviation
2007 SALE	192	0	3,300	1,046.43	408.022
2008 SALE	169	0	21,000	1,195.71	1,582.52
2007 ANNUAL INCOME	191	0	67,900	2,784.26	5,900.64
2008 ANNUAL INCOME	169	0	13,946	1,448.82	1,826.92
% CHG FROM 2006: SALARY + ANNUAL INCENTIVES	94	0	345	27.31	45.401
% CHG ROM 2007:SALARY+ANNUAL INCENTIVES	140	-100	83	-14.47	36.75
2007 STOCK OPTION GRANTS	191	0	30,446	2,456.45	3,454.25
2008 STOCK OPTION GRANTS	169	0	28,450	2,422.54	3,462.35
2006 RESTRICTED STOCK GRANTS	197	0	33,013	1,137.22	3,048.20
2007 RESTRICTED STOCK GRANTS	169	0	28,830	1,047.63	2,666.98
2007 EQUITY	192	0	26,144	2,066.24	3,128.04
2008 EQUITY	167	0	15,748	1,983.16	2,624.43
2007 CASH	198	0	29,250	649.49	2,586.42
2008 CASH	167	0	29,250	722.06	2,612.25
2007 TOTAL DIRECT COMP.2 (000)	201	0	78,517	10,161.88	9,485.19
2008 TOTAL DIRECT COMP.2 (000)	169	0	49,928	8,631.06	7,230.77
% CHANGE FROM 2006:TDC1	86	0	772	46.5	118.864
% CHANGEFROM2007TDC1	140	-100	215	-7.7	42.637
2007 CHN IN NQ DEFCOMP. + PENSION VALUE	193	0	9,840	1,160.52	1,701.62
2008 CHN IN NQ DEFCOMP. + PENSION VALUE	167	-1,171	10,044	1,188.43	1,793.21
2007 ALL OTHER COMP. (000)	202	0	3,220	299.25	384.444
2008 ALL OTHER COMP.(000)	167	0	3,930	327.6	442.039
2007 TOTAL COMP (000)	198	0	78,522	11,586.97	10,077.79
2008 TOTAL COMP.(000)	167	0	51,778	10,378.39	8,104.80
2007 TOTAL REALIZED LIT (000)	205	0	73,098	8,347.52	12,432.83
2008 TOTALREALIZESLIT(000)	167	0	215,860	8,485.84	22,161.02
% CHANGE FROM 2006: COMPANYNET INCOME3,4	197	-427	248	-0.07	67.035
% CHANGE FROM 2007: COMPANYNET INCOME3,4	157	-900	686	-51.73	181.325
2007 REVENUES	199	1,061,169	172,738,000	21,949,635.97	27,022,751.53
2008 REVENUES	199	1,384,919	182,515,000	23,038,321.02	28,005,456.14
chg_REVENUE	199	-0.89	1.11	0.064	0.18129
2007 COMPANY TSR4	210	-69.1	181.1	9.2043	36.3682
2008 COMPANY TSR4	165	-63	54	-7.68	17.619
2005-2007 TSR4	206	-33	113.8	12.7471	21.33093
2006-2008 TSR4	166	-95	65	-34.26	25.031

Table 2 presents the correlation coefficients among all variables. Annual income is highly correlated with variables that measure CEO pay. The correlation coefficients between income and stock returns are also significantly positively correlated. The correlations between sales and CEO pay and stock returns are somewhat weaker than those between income and the same variables. The results seem to indicate that income is more significant in determining CEO pay. Furthermore, the results also suggest that when income is higher, stock returns tend to be higher.

TABLE 2: CORRELATION COEFFICIENTS AMONG VARIABLES

r	CR	07 NI	08 sale	08 AI	07 SAI	08 SOG	07 TDC	08 AOC	08 TC	08 TRs	07 TSR4	08 TSR4	05-07 TSR4	06- 08 TSR4
CR	1	0.355 **	-0.008	0.098	0.085	0.014	-0.013	0.035	-0.005	0.158 *	0.358 **	0.367 **	0.384 **	0.224 **
07 NI	0.355 **	1	0.037	0.228 **	0.257 **	0.058	0.300 **	0.082	0.001	0.116	0.406 **	0.397 **	0.335 **	0.435 **
08 Sale	-0.008	0.037	1	0.178 *	0.016	0.03	0.021	0.186 *	0.219 **	0.085	0.05	0.095	0.335 **	0.049
08 AI	0.098	0.228 **	0.178 *	1	0.411 **	0.423 **	0.334 **	0.278 **	0.632 **	0.251 **	0.235 **	0.381 **	0.335 **	0.288 **
07 SAI	0.085	0.257 **	0.016	0.411 **	1	0.108	0.539 **	0.033	0.165	0.103	0.027	0.312 **	0.335 **	0.474 **
08 SOG	0.014	0.058	0.03	0.423 **	0.108	1	0.251 **	0.224 **	0.610 **	0.032	0.051	0.15	0.335 **	0.143
07 TDC1	-0.013	0.300 **	0.021	0.334 **	0.539 **	0.251 **	1	-0.03	0.235 **	0.058	0.05	0.284 **	0.335 **	0.394 **
08 AOC	0.035	0.082	0.186 *	0.278 **	0.033	0.224 **	-0.03	1	0.428 **	0.242 **	0.034	0.031	0.335 **	0.063
08 TC	-0.005	0.001	0.219 **	0.632 **	0.165	0.610 **	0.235 **	0.428 **	1	0.463 **	0.156 *	0.276 **	0.335 **	0.097
08 TRs	0.158 *	0.116	0.085	0.251 **	0.103	0.032	0.058	0.242 **	0.463 **	1	0.332 **	0.280 **	0.335 **	0.125
07 TSR4	0.358 **	0.406 **	0.05	0.235 **	0.027	0.051	0.05	0.034	0.156 *	0.332 **	1	0.564 **	0.335 **	0.148
08 TSR4	0.367 **	0.397 **	0.095	0.381 **	0.312 **	0.15	0.284 **	0.031	0.276 **	0.280 **	0.564 **	1	0.335 **	0.678 **
05-07 TSR4	0.384 **	0.335 **	-0.021	0.190 *	-0.049	-0.001	-0.006	-0.018	0.075	0.298 **	0.825 **	0.562 **	0.335 **	0.132
06-08 TSR4	0.224 **	0.435 **	0.049	0.288 **	0.474 **	0.143	0.394 **	0.063	0.097	0.125	0.148	0.678 **	0.335 **	1

** Correlation is significant at the 0.01 level (2-tailed).; * Correlation is significant at the 0.05 level (2-tailed).

NI	Net Income
AI	Annual Income
SAI	Salary annual incentive
SOG	Stock Option Grant
TDC	Total Direct Compensation
AOC	All Other Company
TC	Total Company
TRs	Total Realize slit
05-07 TSR	The average total Stock Return from 05 to 07
06-08 TSR	The average total stock return from 06 to 08
CR	Percentage change in revenues from 07 to 08
CI	Percentage change in income from 07 to 08

Table 3 presents the results of regression analysis. Six different independent variables, proxies for CEO pay, are analyzed in six separate models. Those six variables include Total direct compensation, total annual salary, total annual incentive, Percentage change in total direct compensation from 07, Total Stock Option Grants, and Total Restricted Stock Grants. Independent variables include revenues growth rate, income growth rate, and total stock returns.

Regression results of CEO PAY on several explanatory variables, estimated coefficients and their t-statistic in parenthesis, R-squares, and F-values and the significance.

CEO PAY = $\alpha_0 + \alpha_1$ CHG REV$_i$ + $\alpha_{2}*$ CHG INCOME$_i$ + α_3TSR07$_i$ + α_4TSR08$_i$ + α_5TSR05_07$_i$ + α 6 TSR06_08$_i$ + ε_i,

TABLE 3: RESULTS OF REGRESSION ANALYSIS

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Dependent variable	TDC	SAL	AI	TDC_CHG	SOG	RSR
chg Revenue	-0.111	-0.03	-0.087	-0.015	-0.027	-0.025
chg income	-0.024	0.042	0.079	0.114	0.007	0.203***
07 company TSR	0.112	0.132	0.102	0.064	0.108	-0.032
08 company TSR	0.540***	0.177	0.321***	0.379**	0.115	0.963***
05 07TSR	-0.166	-0.226	-0.001	-0.188	-0.156	-.327***
06-2008 TSR	-0.185	-0.089	0.029	0.038	0.068	-.714***
Adj. R- Squire	0.126	0.012	0.137	0.154	-0.006	0.368
F-Statistic	4.624	0.701	5.01	4.86	0.857	15.62
Sign of F	0	0.65	0	0	0.528	0

CEO PAY	CEO PAY based on different proxies
TDC	Total Direct Compensation
SAL	Total annual salary
AI	Total Annual Incentive.
TDC_CH	Percentage change in total direct compensation from 07
SOG	Total Stock Option Grants
RSR	Total Restricted Stock Grants
TSR	Total Stock return
05-07 TSR	The average total Stock Return from 05 to 07
06-08 TSR	The average total stock return from 06 to 08
Chg revenue	Percentage change in revenues from 07 to 08
Chg income	Percentage change in income from 07 to 08

***, ** , * indicates significance at the .01, 0.05 and 0.10 levels respectively.

All regression models are both multicolliniarity- and heteroscedastic-consistent.

According to the results from Table 3, neither accounting revenues nor income is significant in determining CEO pay. Stock return s, however, are statistically significant in the models. Evidence in the study seems to suggest that financial performance, such as stock returns, is more significant than accounting performance, such as revenues and income, in determining CEO pay.

CONCLUSIONS

This study examines the impact of revenues and income on CEO pay. The results indicated that neither is significant in determining CEO pay. Stated differently, higher revenues and/or higher net income do not warrant a higher CEO pay. This study also provides the evidence that stock returns are statistically significant in determining CEO pay. According to the models, the CEO pay is highly dependent upon on the stock returns. Four years of Stock returns immediately preceding to CEO pay is the most significant determinant**.**

REFERENCES

1. Allan S. Ashley, Simon S. M. Yang (Apr., 2004), Executive Compensation and Earnings Persistence, Journal of Business Ethics, Vol. 50, No. 4 pp. 369-382
2. Bradley R. Agle, Ronald K. Mitchell, Jeffrey A. Sonnenfeld (Oct., 1999), Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values, The Academy of Management Journal, Vol. 42, No. 5, Special Research Forum on Stakeholders, Social Responsibility, and Performance pp. 507-525
3. Daniel J. Miller, (Oct., 1995), CEO salary increases may be rational after all: Referents and contracts in CEO pay, The Academy of Management Journal, Vol. 38, No. 5 pp. 1361-138
4. Gaver, J.J. and K.M. Gaver, (April, 1998), The Relation between Nonrecurring Accounting Transactions and CEO Cash Compensation, Accounting Review 235-253
5. Jason R. Barro, Robert J. Barro (Oct., 1990), Pay, Performance, and Turnover of Bank CEOs, Journal of Labor Economics, Vol. 8, No. 4 pp. 448-481
6. Jensen, Michael C., and Kevin J. Murphy. Performance pay and Top Management Incentives.@ Journal of Political Economy 98 (April 1990): 225-264.
7. John F. Boschen, Augustine Duru, Lawrence A. Gordon, Kimberly J. Smith (Jan., 2003), Accounting and Stock Price Performance in Dynamic CEO Compensation Arrangements, The Accounting Review, Vol. 78, No. 1 pp. 143-168
8. Joseph W. Mcguire, John S. Y. Chiu, and Alvar O. Elbing (Sep., 1962), Executive incomes, sales and profits, The American Economic Review, Vol. 52, No. 4 pp. 753-761
9. Marshall, Jeffrey Heffes, Ellen M. (Jun. 2004), Survey Shows Real Change in CEO Pay, Financial Executive; Vol. 20 Issue 4, p13-13, 2/3p, 1 Chart
10. Murphy, Kevin J. Corporate Performance and Managerial Remuneration. Journal of Accounting and Economics 7 (April 1985): 11- 42.
11. Nina T. Dorata (2008), The shielding of CEO cash compensation from post-acquisition earnings' charges, Managerial Finance Vol. 34 No. 5, pp. 288-303
12. Paul G. Wilhelm (1993), Application of Distributive Justice Theory to the CEO Pay Problem: Recommendations for Reform, Journal of Business Ethics, Vol. 12, No. 6 pp. 469-482
13. Peter O. Christensen, Gerald A. Feltham, Martin G. H. Wu (Jan., 2002), Cost of Capital" in Residual Income for Performance Evaluation, The Accounting Review, Vol. 77, No. 1 pp. 1-23
14. Ramachandran Natarajan (Jan., 1996), Stewardship Value of Earnings Components: Additional Evidence on the Determinants of Executive Compensation, The Accounting Review, Vol. 71, No. 1 pp. 1-22
15. Stephen Hogan, Eastern Illinois University (1998), Kevin Sigler, University of North Carolina (1998), the CEO Pay-Performance Relationship: Pooled vs. Industry Models
16. Steven N. Kaplan, (May 2008), Are U.S. CEOs Overpaid? Academy of Management Perspectives
17. Virginia McLaughlin and Christina Mott (2010), Leadership brand equity: HR leaders' role in driving economic value, Strategic HR review, VOL. 9 NO. 4, pp. 13-19

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals