

Summary

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“Compensation and Transparency of Compensation of Management Boards in Germany”

The transparency of compensation of the members of the management board has become a central element of the German corporate governance system. We perform an empirical examination with respect to the structure of the compensation of the management board of DAX-30 companies. Some companies show a strong differentiation among the compensation of their board members while others do not. Furthermore, the proportion of fixed to overall compensation varies between companies. We identify those company as well as person specific variables that explain individual compensation levels. Additionally, we check which factors influence the change in compensation. Thereby, we test whether a bidding-up effect is present as suggested by some theoretical considerations. Nevertheless, the empirical results show that we are unable to detect a bidding-up effect. (JEL J33, M12, M52, O16)