
National economic growth and CEO incentive compensation

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Abstract

The negative aspects of CEO incentives have been much discussed. This study investigates the possibility of some positive aspects of CEO incentives. In a longitudinal study across 22 nations over a 5-year period, we find when a higher frequency proportion of CEOs in a nation receive incentives, that nations GNP increases significantly in the following years, independent of the incentive monetary value. While this study does not examine the dysfunctional use of excessive CEO incentives, it may suggest that well designed CEO incentives may bestow some salubrious macroeconomic effects.
