

Press Release 017/2009

What Executive and Supervisory Boards Are Paid

Studies on the Salaries Leading German Enterprises Pay



Level and structure: Studies analyze salaries at top enterprises

(Photo by: Verlagsgruppe Handelsblatt)

Salaries amounting to millions paid to CEOs are exceptions and the payment of supervisory boards does not correspond to their responsibility. These are the results of two studies conducted jointly by the Institute for Applied Business Studies and Management (IBU) of the Karlsruhe Institute of Technology and the Technische Universität München. The studies were based on the salaries paid by 330 enterprises listed on the stock exchange in the years from 2005 to 2007. Now, they are being published in cooperation with the journal “Der Aufsichtsrat” (The Supervisory Board).

Public discussion of salaries paid to the CEOs mostly focuses on the appropriateness of payments of millions. It mainly refers to salaries based on stock prices. “However, this results in a rather distorted idea of the real income”, explains Dr. Michael Wolff from the IBU. Together with Dr. Marc Steffen Rapp from the Center for Entrepreneurial and Financial Studies (CEFS) of the Technische Universität München, he analyzed the salaries of CEOs at 330 enterprises from 2005 to 2007. They found that salaries based on the stock prices only made up about 8% of the total payment in 2007. 39% of the CEOs were paid more than a million Euros per year, 19% more than 2 million Euros. In 2007, the average per capita salary was EUR 904,000.

“Discussion should turn to the transparency and traceability of the salary data published in company reports”, say Rapp and Wolff. Apart from detailed results relating to the salary level and structure, their study also formulates requirements to be met by supervisory boards and the legislator.

In a second study, the business economists from Karlsruhe and Munich analyzed the salaries paid to German supervisory boards. Again, they focused on the salary level and structure. As pointed out by Michael Wolff, the reforms of the German corporate governance system resulted in a noticeable increase in the requirements made on supervisory board members in the past years. “With maximum monthly per capita salaries of EUR 2250 at half of the enterprises, however, payment is not appropriate. It has to be brought in line with the responsibility and scope of work.” The study performed by Wolff, together with Marc Steffen Rapp (CEFS) and Jörn Andreas (IBU), has identified a pent-up demand in the field of transparency: Although 71% of the enterprises introduced an individualized reporting of salaries until 2007, 12% do not itemize their total salary costs. With this, they only fulfill minimum legal requirements.

Both studies covered the largest enterprises in Germany that are quoted on the stock exchange and listed in the prime standard of the Deutsche Börse AG. The studies are part of joint research activities of the KIT Institute for Applied Business Studies and Management (IBU) and the Center for Entrepreneurial and Financial Studies (CEFS) of the Technische Universität München on topics related to corporate governance.

Further information on the studies and the lists of contents can be downloaded on the internet under www.fachverlag-shop.de.

The Karlsruhe Institute of Technology (KIT) is the merger of the Forschungszentrum Karlsruhe, member of the Helmholtz Association, and the Universität Karlsruhe. This merger will give rise to an institution of internationally excellent research and teaching in natural and engineering sciences. In total, the KIT has 8000 employees and an annual budget of 700 million Euros. The KIT focuses on the knowledge triangle of research – teaching – innovation.

The Karlsruhe institution is a leading European energy research center and plays a visible role in nanosciences worldwide. KIT sets new standards in teaching and promotion of young scientists and attracts top scientists from all over the world. Moreover, KIT is a leading innovation partner of industry.

le, March 03, 2009

For further information, please contact:

Dr. Michael Wolff
Institute for Enterprise Management
Phone: +49 721 608-4743
Fax: +49 721 608-6046
[E-mail](#)