

## **THE PERCEIVED RELATIONSHIP BETWEEN EXECUTIVE COMPENSATION PACKAGE AND PROFITABILITY OF LISTED COMPANIES IN NIGERIA**

**Ezekiel Oluwagbemiga OYEROGBA**

School of Business, Jomo Kenyatta University of Agriculture and Technology, Juj, KENYA

**George Kamau RIRO PHD**

School of Business, Dedan Kimathi University of Technology, Juja, KENYA

**&**

**Florence MEMBA PHD**

School of Business, Jomo Kenyatta University of Agriculture and Technology, Nyeri, KENYA

### **ABSTRACT**

The impact of executive compensation on firms' profitability was empirically examined in this study for the listed companies in Nigeria using a period of ten years ranging from 2004 to 2013. Specifically, the study investigated the impact of directors' cash incentives, non-cash incentives and bonus issue of share on earnings per share of the selected companies. The study relied on the secondary data extracted from the audited financial statement of a sample of 70 companies purposefully selected from the 198 listed companies in Nigeria. Both descriptive and inferential statistics were carried out. The results revealed that a significant positive relationship exists between the directors' cash incentives, bonus issue of share and earnings per share. The relationship between non cash incentive and earnings per share was insignificant. It can therefore be recommended to the management that weight should be assigned to the variables in that order. The policy makers also need to provide adequate regulation on the determination of remuneration of the directors of listed companies in Nigeria.

**Keywords:** Earnings per Share, Executive Compensation Package, Cash Incentive, Non-Cash Incentive.