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**Comparative Analysis of Executive Remuneration Disclosure in the Banking Industry:
Developing vs Developed Countries**

31/07/2025

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A research component submitted to Auckland University of Technology in partial fulfilment of the requirements for the degree of Master of Business (Management)

ABSTRACT

As global scrutiny intensifies around executive pay in the banking sector, transparency in remuneration disclosure has become a pressing concern, especially across diverse economic landscapes. This qualitative study investigates how banks in both developed (e.g., Switzerland, Singapore) and developing countries (e.g., India, South Africa) report executive remuneration by using the Global Reporting Initiative (GRI) requirements to assess twelve purposively selected annual reports (Ehnert et al., 2016). The findings of this study reveal that most banks disclose key components such as fixed and variable pay, performance linkage, ESG alignment, and remuneration philosophy. Critical elements like shareholder voting outcomes and compensation balance remain underreported, limiting cross-country comparability. Notably, developed countries demonstrate stronger transparency mechanisms through the use of external consultants and specialised remuneration committees. To address social equity (people), environmental responsibility (planet), and financial accountability (profit) using annual reports, the study highlights the need for global reporting standards that reflect sustainable governance by concluding with implications for practical and future research to advance inclusive and transparent remuneration practices and research in the banking sector.

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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor used artificial intelligence tools or generative artificial intelligence tools (unless it is clearly stated, and referenced, along with the purpose of use), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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ACKNOWLEDGEMENT

I am deeply grateful to God for His indescribable strength and guidance throughout this journey. I also acknowledge my own dedication and perseverance in bringing this work to completion.

I am especially thankful to my supervisor, Professor Marjo Lips-Wiersma, whose exceptional mentorship, solid academic support and insightful guidance have been instrumental to the success of this dissertation. I feel privileged to have benefited from her scholarly insights, which have significantly shaped and refined my academic thinking.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Human Resource Disclosure (HRD) is crucial in the banking industry as it provides transparent information to stakeholders who need and want to understand Human Resource (HR) policies, practices and outcomes. Through HRD, banking investors and shareholders assess the valuable insights on how executive performance aligns with remuneration packages, influencing shareholder value (Fabrizi et al., 2014). This transparency enables investors to evaluate further whether executive remuneration packages are consistent with an organisation's performance and strategic objectives. Despite these benefits, research on executive remuneration has encountered gaps, particularly in achieving a comparative understanding between developed and developing countries.

1.2 Background of study

Transparency in executive compensation is essential for effective Human Resource Management (HRM) within an organisation. Particularly in the banking sector, companies benefit from disclosing executive compensation. For example, when a banking institution's remuneration committee formulates to make public an executive compensation policy, stakeholders become informed about the current remuneration practices. This awareness leads to greater examination and evaluation by stakeholders (Netshituka & Robbetze, 2024).

As a result of the 2006 Securities and Exchange Commission (SEC) disclosure regulations, investors have successfully analysed and understood remuneration policies, allowing them to make informed decisions that align executive pay with performance (Wang et al., 2020). Thus, banking institutions that are transparent about their executive compensation frameworks tend to engage more effectively with their stakeholders. Consequently, it was found that transparent remuneration policies can enhance investor confidence, strengthen stakeholder relationships, and foster a more stable and trustworthy banking environment in both developed and developing countries (Mans-Kemp & Swartz, 2024; Netshituka & Robbetze, 2024; Wang et al., 2020)

1.3 Problem statement

Executive remuneration is notably high within the banking industry, with executives often receiving substantial compensation (Chen et al., 2011). However, this compensation is not always proportionate to their performance, potentially leading banks toward bankruptcy and causing frustration among stakeholders (Machado et al., 2024). To mitigate such risks, stakeholders are keenly interested in banks' operational performance by cross-referencing it with executive remuneration through disclosure documents such as annual reports (Franzoni, 2010). Furthermore, the rise in international remittance transactions may have increased the stakeholder involvement to be managed by banks. For example, when businesses in the USA transfer funds to purchase products in India, every individual involved in this transaction becomes a stakeholder of all banks facilitating the transaction. Consequently, the remuneration of bank executives has become a matter of global interest. Despite this widespread interest, research remains limited on executive remuneration transparency across developing and developed countries.

1.4 Research gap

In banking, the primary function of Human Resource Disclosure (HRD) practices is to foster trust among stakeholders. Despite this crucial role, much of the existing research on HRD has concentrated on measuring and evaluating an organisation's overall human resource practices (Sürdü et al., 2020). This body of work has paid little attention to specific HR practices, such as executive remuneration.

Furthermore, studies specifically addressing executive remuneration have been limited in scope, often focusing solely on developed countries (Fabrizi et al., 2014; Hartikainen et al., 2021), with some level of neglect towards how these practices are also shaped within a specific industry. Research that has examined executive remuneration within a particular industry has been restricted to developed nations, with minimal emphasis on HRD (Chen et al., 2011, Dell'erba and Ferrarini, 2024, Hartikainen, et al. 2021).

These oversights present an opportunity for this study to provide a more comprehensive understanding of HRD practices in diverse economic settings.

1.5 Aim of the study

The study aims to identify transparency disparities and best practices to inform policy development. Specifically, it aims to identify key indicators stakeholders use to assess the alignment between performance and remuneration.

1.6 Research questions

1. What emerging themes can be identified in executive remuneration disclosures through a comparative analysis of 2024 annual reports from purposively selected banks in developed and developing countries?
2. What are the key similarities and differences in executive remuneration disclosures as presented in the 2024 annual reports of purposively selected banks in developed and developing countries?

1.7 Research objectives

The study seeks to identify and analyse the key emerging themes in executive remuneration as disclosed in banks' annual reports from developed and developing countries, to understand current trends and practices.

Also, it seeks to compare the differences and similarities in executive remuneration disclosures between banks in developed and developing countries, to highlight the economic differences and shared practices.

1.8 Scope of study

Both developed and developing countries will be utilised to meet the comparative demands of the study. Additionally, banking institutions will be employed due to their significant economic impact on developed and developing countries.

1.9 Significance of the study

This study aims to fill a research gap in the field of Human Resource Disclosure (HRD) and executive remuneration, by focusing on the banking industry, a relatively underexplored area in both developed and developing countries. The study further highlights the significance of understanding executive remuneration practices to offer insights into implementing best practices for transparency within the banking sector.

Additionally, the study offers policy recommendations targeted at regulators responsible for overseeing HRD and executive compensation in banks, to support the development of a more transparent and effective regulatory framework for both developed and developing country banks. Finally, the study contributes to practice as it highlights strategies for enhancing the transparency of executive remuneration practices to strengthen the governance structure in the banking industry.

1.10 Structure of the study

Chapter One of the study introduces the research questions and objectives. Chapter Two will analyse existing literature, focusing on Human Resource Disclosure (HRD) practices in executive remuneration. It will address the importance of these practices within the banking industry and examine the disparities of HRD practices in the executive remuneration of developed and developing countries.

Chapter Three will delve into the research methodology. This chapter will explain how purposive sampling was employed to select specific countries and banks for the study. In addition, it will describe how thematic analysis was utilised to address the research questions. Following the research methodology, Chapter Four will present the study's findings, and Chapter Five will discuss the findings in relation to previous studies. Finally, Chapter Six will summarise the key findings of the study, outline the implications for future studies and practice and discuss the limitations of the research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the existing research on Human Resource Disclosure (HRD) in relation to executive remuneration. It is organised into distinct sections to comprehensively explore HRD and executive remuneration in the banking sectors of developed and developing countries. It begins by defining Human Resource Disclosure (HRD) and executive remuneration. Then, it identifies the importance and determinants of HRD. Next, it discusses the significance of HRD and executive remuneration, particularly in the banking industry, to establish the context of the study.

2.2 Human resource disclosure and executive remuneration

2.2.1 Definition of human resource disclosure

It is important to establish the difference between Human Resource Disclosure (HRD) and Human Resource Accounting (HRA) because one is for the public while the other is private to the management of an organisation. According to Kaur et al. (2014) Human Resource Accounting (HRA) measures and records HR information that aligns with standard accounting practices but is reported only to the management of an organisation. HRD, on the other hand, is defined as any documented information regarding the efficiency and effectiveness of human resource activities for an organisation's management and its affiliated communities (Sürdü et al., 2020). So, both HRA and HRD serve as documented tools for decision-making. However, HRD enhances an organisation's transparency by providing HR information to all stakeholders, not just the management. Therefore, this study defines HRD as a publicly accessible document of an organisation's human resource activities.

2.2.2 Importance of human resource disclosure

The disclosure of Human Resource information benefits organisations and stakeholders, particularly through annual reports (Hussain et al., 2024). Consequently, this practice is vital for all firms because it may enhance trust, promote engagement, maintain a strong reputation, acquire a competitive advantage, and facilitate easy and reliable decision-making. Collectively, these benefits have the potential to foster an organisation's growth and ensure its long-term success.

Enhancing trust. Organisations are recognising that being transparent with their human resource activities is crucial for building trust and confidence among stakeholders. This is because stakeholders

now demand more access to information concerning critical HR practices, such as compensation and benefits, work-life balance, development opportunities, equal opportunities, and employment security (Greige & Khayr, 2018). This growing demand arises from heightened awareness and concern over corporate governance and ethical practices, particularly because of the numerous scandals reported in the corporate world over the past decade (Aggarwal & Verma, 2020). In response, organisations may disclose their HR activities and commit to transparency, thereby improving stakeholder trust and showcasing their dedication to ethical and fair practices.

Promoting engagement. Organisations actively share information about human resource activities to cultivate an inclusive atmosphere with stakeholders. By employing the Internet as a medium, organisations extensively engage in dialogue to improve stakeholders' comprehension and perceptions of their recruitment and compensation practices (Greige & Khayr, 2018). For example, by leveraging online platforms to gather diverse perspectives from stakeholders, human resource professionals can foster more transparent and inclusive discussions around executive remuneration, ultimately leading to more informed and balanced decision-making (Perkins & Shortland, 2024). Moreover, organisations leverage open communication and transparency in human resource disclosures to meet stakeholders' expectations and reduce misunderstandings and rumours (Sürdü et al., 2020). Consequently, this fosters a more informed and cohesive community. This further indicates that when organisations provide detailed information about their human resource practices, they encourage active participation from stakeholders, thereby contributing to their smooth functioning.

Maintaining reputation. Human Resource disclosures have the potential to enhance an organisation's reputation. Dominguez (2011) reports that transparency in HR practices significantly improves a corporation's reputation. Consequently, this transparency may have the ability to foster a more favourable perception among stakeholders. Additionally, Greige and Khayr (2018) emphasised that HR disclosure is crucial for attracting and retaining talent in a competitive job market. Therefore, prospective employees will tend to favour employers who demonstrate transparency and commitment to ethical HR practices (Valecha, 2022). By openly sharing HR policies, organisations position themselves as desirable employers, attract top talent, and ensure high employee satisfaction and retention. Consequently, HR disclosure boosts internal performance and employee satisfaction and fortifies an organisation's external reputation (Muthoni & Wanyoike, 2022), highlighting the organisation's long-term success and competitiveness.

Acquiring a competitive advantage. Organisations establish a competitive edge by disclosing human resource information, which may be classified as intangible assets. For instance, Fontana and

Macagnan (2012) found that HR disclosure is strategically important despite not being traditionally captured in accounting records. By transparently sharing insights into their human capital, companies differentiate themselves in the marketplace, giving them the potential to show their commitment to nurturing and developing their workforce. Consequently, this transparency enhances a company's reputation to attract potential investors, customers, and top-tier talent who value ethical practices. Research on large enterprises in Greece confirmed that HRD reporting gives an organisation a competitive advantage over organisations that do not report on their HR practices (Vazakidis et al., 2013). By systematically disclosing their human resource strategies and successes, companies position themselves as transparent leaders, further solidifying their standing and appeal in a competitive global market.

Easy and reliable decision-making. Human Resource Disclosure (HRD) provides important information about a company's value and future prospects, which can be useful to investors during decision-making. Aggarwal and Verma (2020) found that HRD significantly influences investors' decisions to hold, buy or sell their shares. This suggests that as HRD offers detailed information about a company's human capital, it enables investors to assess a firm's operational capabilities and strategic directions more accurately, before they act on these decisions. Also, HRD aids investors in evaluating a company's current performance and forecasting its potential market growth before committing to any form of stock investing (Mariappanadar & Kairouz, 2017). Consequently, HRD serves as a vital tool for informed decision-making, allowing investors to make strategic choices that align with their financial goals and risk tolerance.

2.2.3 Determinants of Human Resource Disclosure

The extent and quality of Human Resource Disclosure (HRD) are shaped by various factors that are commonly referred to in the literature as determinants. Among these determinants, firm size, age, company profitability, and auditor type can influence HRD. These factors might affect a company's transparency, regulatory compliance, and strategic communication with its stakeholders. Therefore, they are widely utilised in analysing and understanding an organisation's Human Resource disclosure practices.

Firm size. The relationship between firm size and Human Resource Disclosure (HRD) seems to be fundamentally linked to an organisation's total assets. Total assets encompass financial resources, such as total cash, accounts receivable, inventory, property, plants, operational equipment, investments, and non-financial resources, including human capital and its contribution to a company's tangible resources (Adila & Wahyuningrum, 2021; Puri, 2023). Organisations with substantial financial and non-financial

resources might be inclined to disclose their Human Resource activities to stakeholders to communicate their value in an industry. For instance, in the housing, oil and gas, and mining sectors of Indian listed companies, it was found that an organisation's total assets significantly impact its Human Resource Disclosure score (Puri, 2023), perhaps to communicate their ethical procedures towards their employees. Similarly, Adila and Wahyuningrum (2021), and Sürdü et al. (2020) reported that the total assets of larger firms have a significant and positive effect on a firm's HRD. For example, as the size of an organisation's workforce increases, so does the probability that it will engage in the disclosure of human resource-related information to the public, making it the primary driver of HR disclosure found in the literature (Siwendu & Ambe, 2024). As a result, large firms within the banking industry are more likely to disclose their executives' compensation packages than smaller firms with limited resources.

Firm age. The relationship between an organisation's age and its Human Resource Disclosure (HRD) remains a topic of debate with no clear consensus. The age of a company can be measured by the number of days, months, or years since its incorporation. However, the recording of an organisation's founding does not necessarily dictate the extent of its Human Resource Disclosure (HRD) practices. For example, Aggarwal and Verma (2020) found that the disclosure of Human Resource activities by Indian companies tends to increase with age. However, they noted that this positive correlation was not statistically significant. Conversely, Bratu (2022) found a positive and significant relationship between an organisation's age and its HRD practices to highlight the nuance in the relationship between an organisation's age and its HRD practices. As organisations mature, they record varying financial circumstances over the years, and this may explain the divergent findings. For example, when organisations age and experience financial success, they may enhance the quality of their disclosure of human resources. Conversely, organisations might reduce the quality of their disclosures during financially challenging periods to protect their financial reputation. For instance, older firms in the banking sector may opt not to disclose executive compensation during their years of poor financial performance, so they maintain their reputation as leaders in the banking sector (Muthoni & Wanyoike, 2022).

The company's profitability. When profitability is defined as profit after tax, the correlation between an organisation's profitability and Human Resource Disclosure (HRD) remains arguable. The extent to which human resource activities are disclosed might have less influence on profits made after an organisation pays all its taxes. Abdulla and Mamun (2009) found that firms with higher profits are more inclined to disclose their human resource activities. However, this tendency was less statistically significant, as evidenced by a value of .037, suggesting that these intentions may not always be actualised.

Similarly, Aggarwal and Verma (2020) found that while profit after tax positively affects HR disclosure, this effect is not statistically significant to conclude that profit after tax influences HRD. Organisations might aspire to enhance their Human Resource disclosures as profits increase; however, they may also fear that such transparency could invite criticism, potentially jeopardising profitability. For example, companies with higher profits might feel compelled to offer more substantial compensation packages to their executives, which could be met with disapproval from concerned stakeholders. To exemplify further, if banking services become more expensive for ordinary consumers or small businesses, a profit-making bank might hesitate to disclose its executive packages to avoid backlash over high executive bonuses.

Auditor type. The quality of an organisation's (HRD) report could be influenced by the choice of auditors employed. Independent auditors such as the Big Four auditing firms, EY, KPMG, PWC, and Deloitte, can be considered to be leading Human Resource Disclosure (HRD) practices. This is because there may be an association between the level of Human Resource activities disclosed by a firm after these independent auditors have been engaged by these firms. For example, Bratu (2022) found a significant relationship between the extent of HR information reporting and the employment of a Big Four audit firm. Similarly, Puri (2023) and Adila and Wahyuningrum (2021) found that there is a significant positive relationship between the involvement of a Big Four independent auditor and the disclosure level of HRD. This suggests that organisations invest in Big Four auditors to foster stakeholder trust. Moreover, when an auditor from the Big Four is engaged, all pertinent information is likely to be disclosed because these firms are committed to maintaining their reputation for transparency (Che et al., 2020). Consequently, banking institutions that engage any of the Big Four auditors are expected to report all the relevant aspects of an organisation's executive package, making them highly attractive and preferred by shareholders.

2.2.4 Definition of Executive Remuneration

The concept of executive remuneration is predominantly understood in the context of the relationship between two key organisational stakeholders. Hartikainen et al. (2021) argue that executive remuneration is a mechanism to ensure that organisational executives act in ways that are congruent with shareholders' interests. Thus, shareholders employ executive remuneration policies to incentivise executives. Similarly, Dell'erba and Ferrarini (2024) characterises executive remuneration as a means to align managers' interests with those of the shareholders. Therefore, developing executive remuneration appears to necessitate the proper alignment of interests between organisational executives and shareholders. This alignment suggests that executive remuneration constitutes a formalised agreement of interests between

organisational executives or managers and shareholders. Consequently, after a bank's executive remuneration is disclosed, it may gain attention from shareholders, who are keen to verify that the profits are well aligned with organisational performance (Naik et al., 2020). Therefore, this study suggests defining executive remuneration as a structured document designed to compensate organisational executives for taking actions that align with the expectations and interests of shareholders.

2.2.5 Importance of executive remuneration

Documenting compensation agreements between corporate executives and shareholders is crucial for several reasons. Executive remuneration aligns interests, promotes long-term sustainability objectives and separates the authority of ownership and control. These factors collectively ensure transparency in executive remuneration.

Alignment of interest. Executive remuneration can potentially align corporate executives' interests with those of shareholders. Shareholders prioritise projects that enhance organisational value (Caddy, 2012), whereas executives focus on personal gains to achieve organisational goals (Chen et al., 2011). According to Machado et al. (2024), executives' personal benefits may substantially reduce cash liquidity. Hence, it is crucial for executives to direct their efforts toward initiatives that enhance company values (Singh, 2016). This is because raising a company's value benefits both executives and shareholders as it fulfils their financial interests. Boosting financial performance can lead to corporate scandals, which often harm shareholders (Dell'erba & Ferrarini, 2024). As a result, executive remuneration is considered to be an effective tool to synchronise the interests of both executives and shareholders in the pursuit of value creation. This suggests that it is vital for banks to ensure that their executive remuneration practices are aligned with value creation measures rather than with financial performance indicators.

Promotes long-term objectives. Executive remuneration plays a crucial role in advancing an organisation's long-term objectives. According to Netshituka and Robbetze (2024) a remuneration committee tasked with formulating an effective executive remuneration plan emphasises long-term agendas by aligning remuneration policies with organisational goals. This strategic focus implies that shareholders can effectively evaluate executives' performance in alignment with an organisation's values to ensure the achievement of long-term goals. Furthermore, Dell'erba and Ferrarini (2024) argued that executive remuneration reflects an organisation's long-term goals to align with shareholders' interests. Consequently, executive remuneration is proposed to be a unique incentive to drive an organisation's strategic objectives. In this study's context, a bank can effectively structure its executive remuneration to incentivise executives, thereby fostering the achievement of the bank's long-term goals.

Promotes sustainability objectives. Growing concerns about climate change have prompted organisational leaders to prioritise sustainability. Many organisations have begun incorporating climate change considerations into their performance metrics, forcing them to feature these considerations in executive remuneration policies (Dell’erba & Ferrarini, 2024). Dell’erba and Ferrarini (2024) found this trend interesting and argued that executives' incentives are increasingly tied to Environmental, Social, and Governance (ESG) metrics components. They implied that executives are rewarded for effectively measuring and improving employee well-being based on sustainable standards. This underscores the notion that while executives strive to meet shareholder expectations, they must also address the interests of other stakeholders. Therefore, it may be crucial for banks to design executive remuneration policies that address sustainability issues, such as a comprehensive well-being policy for employees.

Separation of ownership and control. Many executives may perceive themselves as proprietors of the organisations they oversee. However, an executive remuneration policy is generally known to explain the value corporate executives gain from controlling an organisation's resources. According to Wijeweera et al. (2022), company executives act as shareholders' agents because they possess the requisite skills to manage resources effectively. This implies that the actual owners of an organisation frequently lack the necessary expertise or time to manage their resources, thereby necessitating the engagement of experienced professionals. Therefore, executive remuneration documents propose to remind executives of their leadership skills. This is because executives manage resources primarily to benefit the owners of an organisation (Magee et al., 2021). Thus, executive remuneration acts like a tool that outlines the extent to which executives have autonomy over an organisation's limited resources. As a result, executives within a banking institution may avoid the assumption of proprietorship by depending on remuneration policies to comprehend the controls they possess over their institution's resources.

2.2.6 Determinants of executive remuneration

Understanding the determinants of executive remuneration is essential to enhancing transparency. These determinants help shareholders to make informed decisions about organisational values. The major determinants of executive remuneration identified in the literature include organisational performance, corporate size, and corporate governance. These factors may ensure transparency in executive pay structures as they can provide a clear framework for evaluating compensation practices and aligning them with a company's strategic goals and shareholders’ interests.

Organisational performance. Organisational performance is a significant determinant of executive remuneration because it directly affects an organisation's financial value (Netshituka & Robbetez, 2024). Shareholders and executives frequently establish compensation schemes that are

explicitly linked to performance metrics (Hüttenbrink et al., 2014). This method proposes to provide a precise evaluation of executive compensation and the success of an organisation. For instance, Rehman et al. (2021) found that executive remuneration in state-owned enterprises (SOEs) positively correlated with financial performance to maintain the reputational value of these enterprises. Linking executive compensation to organisational performance might be a justifiable approach to determining the appropriate pay levels for organisational executives. Consequently, banks can enhance the transparency of their executive remuneration policies by disclosing specific performance outcomes.

Corporation size. To create relevant organisational values, companies may employ highly skilled workers. The number of employees in a company is known to determine the executive remuneration packages of an organisation. For instance, executive compensation increases significantly as the size of a company increases to meet the demands of an organisation (Rehman et al., 2021). Also, Maloa (2020) reported that company size alone can reliably estimate executive compensation packages. This finding suggests that executives must hire skilled professionals to enhance company values if they want to increase the value of their compensation packages. It also implies that as a company's value increases, its executive remuneration packages may increase. Consequently, international banks may offer managers higher executive remuneration than local banks because they may have more skilled workers to manage.

Corporate governance. For there to be an agreement between executives and shareholders, established rules and procedures must be formulated so that these two groups of organisational stakeholders can achieve their unique goals. The systems and rules of practice by which an organisation is guided determine an executive remuneration structure (Ferrarini & Ungureanu, 2014). In considering the issues of control and ownership, the two predominant factors within corporate governance that determine executive remuneration are independent committees and ownership concentration.

An independent committee can be identified as a group of performance evaluators without ties to a corporation. An independent committee or board directly influences the structure of executive remuneration. For example, Rehman et al. (2021) found that board independence in state-owned enterprises (SOEs) positively and significantly affects managerial pay to enhance governance procedures. This is because an independent body is more likely to report the existing performance of a firm with little influence from internal stakeholders (Thenmozhi & Aghila, 2020). So this suggests that with an independent committee, executives are rewarded based on accurate and transparent performance metrics, aligning their interests with those of the shareholders to attain the personal and valuable interests

of both executives and shareholders. Consequently, banks are likely to be transparent with their executive pay when they have an independent board.

In addition, ownership concentration affects executive remuneration to improve corporate executive monitoring. Singh (2016) reported that ownership concentration is negatively and significantly related to executive pay. This relationship may exist because shareholders' and executives' concerns were aligned more before the COVID-19 pandemic. After COVID-19, a study reported a positive relationship between the executive pay of State-Owned Enterprises (SOEs) and that of Non-State-Owned Enterprises (N-SOEs) (Rehman et al., 2021). It was further reported that there is a stronger association between N-SOEs and executive pay than SOEs. This difference may be due to stricter monitoring structures in private firms compared to state-owned corporations. Therefore, private banks with high ownership concentration may have more transparent executive pay because shareholders may closely monitor them.

2.3 Disclosure and executive remuneration in the banking sector

Executive remuneration in the banking sector is a crucial issue connected to Human Resource Disclosure (HRD) and corporate governance. Therefore, it is essential to understand how regulations, remuneration committees, performance and ESG metrics influence the transparency and accountability of executive pay. By assessing these factors, banks can potentially enhance their pay practices to align with stakeholder interests and ensure long-term financial health.

2.3.1 Reporting guidelines

Executive remuneration is often examined by researchers with other Human Resource Disclosure (HRD) elements rather than in isolation. Researchers may do this to achieve a comprehensive understanding of HRD practices. However, this approach is insufficient because the banking sector has unique regulatory requirements and compliance issues that demand detailed and separate disclosures for executive remuneration to ensure transparency and adherence to shareholder interests (De Andrés et al., 2018). For example, Magee et al. (2021) found that Australian banks' remuneration practices changed in line with regulatory guidelines, highlighting the need for specific disclosures that were not in existence and are now demanded by stakeholders. Additionally, Machado et al. (2024) found that these regulations can help resolve conflicts between managers and shareholders, improve company financial results, prevent self-serving actions by executives, and guide managers to make decisions that benefit shareholders. Therefore, banking institutions that follow the reporting guidelines on executive remuneration set by regulatory bodies are more likely to build public trust, avoid penalties, and serve the interests of their shareholders and the broader community.

Rules and regulations are shown to influence how banks disclose information about their executive pay. For example, Magee et al. (2021) found that the executive remuneration of CEOs and other high-earning executives was adjusted to meet the reporting requirements set by the Australian Prudential Regulatory Authority (APRA). Without these regulatory authorities, firms are not held accountable for implementing optimal executive remuneration practices (Riaz et al., 2015). Additionally, De Andrés et al. (2018) argued that guidelines provide specific requirements to enhance the transparency of executive remuneration. This clarity enables firms to disclose comprehensive details about executive pay (Dell’erba & Ferrarini, 2024). Therefore, a robust disclosure guideline within the banking industry might lead to more ethical remuneration practices for greater stakeholder confidence.

2.3.2 Remuneration Committee

The presence and quality of remuneration committees are crucial for enhancing the disclosure and accountability of executive remuneration decisions in the banking sector. For instance, with more than 6000 observations of companies, Kanapathippillai et al. (2019) found that the quality of a remuneration committee significantly influences the decision and extent of executive remuneration disclosure. This is because executive remuneration effectively demonstrates the alignment of the executive’s interests with those of shareholders, which shareholders use to make informed decisions about the company's governance and performance (Mans-Kemp & Viviers, 2018). This alignment has led to a significant positive relationship between the existence of a remuneration committee and disclosure levels (Riaz et al., 2015). Therefore, the wording of remuneration must be plain and easy to understand because the clear use of language influences shareholders' decision-making process (Hemmings et al., 2020). Consequently, banking institutions may benefit from improving their remuneration committees to ensure clear and straightforward communication, making it easier for shareholders to understand and trust any disclosed information.

2.3.3 Performance metrics

Linking executive pay to performance metrics improves the transparency and effectiveness of bank remuneration practices. In exploring the link between executive remuneration and financial performance, Netshituka and Robbette (2024) found that tying executive pay to performance measures can clarify remuneration practices in the banking sector to stakeholders. Additionally, Mans-Kemp and Viviers (2018) found that cash bonuses and share options disclosed the performance benchmarks for individual directors. Furthermore, Wijeweera et al. (2022) found that the long-term components of executive remuneration packages incentivised CEOs and executive directors to align their interests with those of

the shareholders. Moreover, Chen et al. (2011) found that for remuneration disclosure to be effective in the banking sector, it must ensure that executive pay is well aligned with the bank's performance. Consequently, banking institutions can enhance their remuneration disclosure practices by ensuring that executive pay is closely tied to both short-term and long-term performance metrics, thereby aligning executive interests with an institution's overall sustainable business practices.

2.3.4 ESG metrics

Integrating ESG metrics into executive remuneration packages enhances transparency and accountability in the banking sector. The banking sector has a tremendous impact on society, and according to Dell'Erba and Ferrarini (2024) impactful companies in Europe increasingly incorporate Environmental, Social, and Governance (ESG) metrics into their executive compensation policies to ensure their commitment to sustainability. This trend is evident as Mans-Kemp and Swartz (2024) found that banks in South Africa link their sustainable performances to executive incentives to show their commitment towards human and environmental protection. Additionally, in understanding the remuneration of executives in South African banks, Netshituka and Robbette (2024) found a positive relationship between chief executive remuneration and financial performance. However, ineffective executive remuneration can significantly contribute to business failure during a financial crisis (Chen et al., 2011). Therefore, banks that integrate ESG metrics into their executive remuneration policies will likely promote sustainable practices, leading to greater resilience during economic downturns and a stronger reputation for transparency.

Also, effective accountability of executive remuneration in the banking sector requires transparent disclosure and a cultural shift towards integrating ESG metrics. This is because Mans-Kemp and Viviers (2018) found that shareholders and other key stakeholders cannot always hold a remuneration committee accountable for an organisation's low performance. Additionally, Harvey et al. (2019) found that while disclosure is necessary, it is insufficient for effective accountability. This made Dell'Erba and Ferrarini (2024) argue that a shift in corporate culture is essential to effectively implement ESG metrics in executive compensation, which can improve the overall disclosure and accountability of executive pay. Therefore, banking institutions must adopt transparent disclosure practices by integrating ESG metrics to attain the reputation of an ethical institution amongst its stakeholders.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the academic philosophy, processes, and tools used to achieve the research objectives of this study. It begins by outlining the ontology, epistemology, and research paradigm that form the philosophical foundation of the study. Following this, it details the methodology and methods employed to address the two research questions. Next, it describes the sample selection and data collection procedures used to gather data for the study. Finally, the chapter identifies the analytical procedure used to derive findings that will provide evidence for answering the research questions.

3.2 Researcher's philosophy

To show how the researcher's philosophy influences the choice of methodology and methods, the study outlines the researcher's philosophical stance. The researcher views reality through relativism, believes knowledge is constructed (constructivism), and adopts critical inquiry to examine the social issue of executive remuneration disclosure.

3.2.1 *Ontology - Relativism*

My view of reality is based on the relativist philosophical perspective. This is because human resource disclosure products serve as a strategic instrument for facilitating social interaction between an organisation and its stakeholders. I believe that tools such as an organisation's annual report help shape stakeholders' perceptions of the organisation, thereby functioning as a social instrument that initiates meaningful dialogue between the organisation and its stakeholders (Pessu, 2019). This belief benefits this study as it enables me to approach the annual reports of banking institutions operating in diverse economic contexts with an open and engaged mindset (Liamputtong, 2020). Before coming to New Zealand, I lived in Ghana, a developing country, and in the city of a developed country, the Netherlands. This lived experience has given me the opportunity to be open and understand the cultural differences between a developed and a developing country.

3.2.2 *Epistemology - Constructivism*

The knowledge I am gaining as I investigate executive remuneration disclosure is based on the constructivist philosophical perspective. This perspective posits that knowledge is not passively received

but actively built by individuals through their experiences and interactions with the world (Howell, 2016). I aim to understand how banks disclose their executive remuneration through their annual reports, but at the same time, I will bring my own experience and understanding to this. For example, in Ghana, I experienced that my bank electronically sends a summary of my bank statement for the month, whereas my experience in Holland was that my bank sends a detailed statement of my transactions every month to my home address. I believe this may influence my analytical focus, as I have come to associate detailed transparency in banking with developed countries such as the Netherlands.

Using the 2024 annual reports of banks, I am analysing how banks in both developed and developing countries disclose their executive remuneration by paying close attention to how clearly they present the components of their executive pay packages (Bogna et al., 2020). For example, literature reveals that Australian banks disclose their executive remuneration by strictly following the guidelines established by the Australian Prudential Regulation Authority (APRA) (Magee et al., 2021). In contrast, banking institutions in India have flexibility as they follow their own guidelines for disclosing executive remuneration (Hussain et al., 2024). Following the constructivist philosophical perspective, I am able to suggest that banks in developed countries may use their annual reports to disclose executive remuneration using strict governmental guidelines, while banks in developing countries follow their own established guidelines, which may be based on best practices (Tamminen & Poucher, 2020).

3.2.3 Paradigm – Critical inquiry

Influenced by the constructivist perspective, I am using the critical inquiry to gain knowledge on executive remuneration disclosure from the perspectives of varied banking institutions. Critical inquiry is a research paradigm that aims to transform societal challenges by logically assessing a challenging social phenomenon (Howell, 2016). This paradigm is beneficial because it gives me the opportunity to commit myself to influence positive changes in the daily practice of executive remuneration disclosure, by providing practical insights that are worth emulating in the effort to standardise remuneration disclosure practices (Denzin, 2017).

A known challenge of executive remuneration disclosure, argued by Wiyadi et al. (2021) is how much work is needed to standardise human resource disclosure. This challenge arose because there have been no clear practical guidelines for HR disclosure practices (Aggarwal & Verma, 2020), making this practice highly voluntary in nature (Bratu, 2022). Using critical inquiry, I can achieve the goal of standardising executive remuneration disclosure through a comparative study between developed and developing countries. Consequently, this will influence practical changes as the result of the study identifies best

practices, highlights disparities, and supports the development of a unified HR disclosure framework (Hussain et al., 2024).

3.3 Method

This study uses the qualitative methodology to examine executive remuneration disclosure practices in depth in developed and developing countries. A qualitative approach aligns with my ontology and epistemology, and in this dissertation, it is employed because it allows me to ensure an in-depth understanding of executive remuneration disclosure within the context of both developed and developing countries (Alyehus, 2024).

3.3.1 Organisation document analysis

The study uses secondary data to address its research questions. As defined by Jacobs (2023), secondary data refers to information initially collected by others for their primary objectives, which is then sourced manually or electronically from public or private repositories by researchers. This data type was chosen because I am interested in the written reports on executive remuneration and not the direct perspective of a CEO's executive remuneration package. This interest was possible because companies such as banks publish information about their directors' and executives' remuneration in documents such as their annual reports (Riaz et al., 2015). In addition, this type of data is widely accessible online (Largan & Morris, 2019).

Specifically, the annual reports of selected organisations are used to collect data, as these documents are commonly used in studies on Human Resource disclosure. For instance, Bratu and Lungu (2023) examined the annual reports of six Romanian companies to identify key factors influencing the disclosure of human resources information. Similarly, Sürdü et al. (2020) collected data from corporate annual reports of Turkish insurance companies to understand the extent of human resource disclosure. Additionally, Kanapathippillai et al. (2019) investigated disclosure factors of executive remuneration using annual reports from selected Australian companies. These examples illustrate that annual reports are extensively utilised and are appropriate for disclosure studies in developed and developing countries. Consequently, this study uses the annual reports of banking institutions as secondary data to collect executive remuneration data on disclosure practices.

3.4 Sample

3.4.1 Industry selection

The sample is purposively selected from the banking industry due to the industry's significant impact on both developed and developing economies and the interest that stakeholders are showing in bank remuneration due to recent ethical failures (Chen et al., 2011; Dell'erba & Ferrarini, 2024; Netshituka & Robbetze, 2024). For instance, Li (2023) found that bank profitability was crucial for the economic stability of six Balkan countries. Additionally, Bortoluzzo et al. (2024) found that the operational activities of banks significantly influenced a country's economic growth and interest rates. These studies suggest the essential role of banks as intermediaries in promoting a country's economic growth and stability. Therefore, selecting the banking industry for this study is advantageous, as the study contributes to an industry that holds the potential to maintain economic balance in both developed and developing economies.

3.4.2 Purposive sampling

A sample is a subset of a population (Lohr, 2019). Again, the banking industry was selected for this study due to its high level of regulatory oversight, particularly in areas such as compliance laws and the mandatory disclosure of executive remuneration (Bortoluzzo et al., 2024). These regulations ensure that banks consistently publish detailed and transparent annual reports, making them a reliable source for this research (Lohr, 2019). A purposive sampling technique is used to select a subset of banks from both developed and developing countries. This purposive method allows for the deliberate selection of institutions that closely resemble the broader population (Chaudhuri, 2018). Specifically, the sample includes international banks that are recognised as the best in their country of origin (Peachman, 2025), ensuring relevance and comparability across economic contexts (Akhter et al., 2021). This approach supports the study's aim to address its two research questions.

3.4.3 Sampling frame

The sampling frame is a set of units that make up the population of interest to a researcher (Arnold, 2025). The sampling frame for this study is the Forbes 2024 World's Best Banks list. This list was chosen because it provides a credible and globally recognised benchmark for identifying top-performing banks across different countries. Using such a reputable source ensures that the selected institutions are not only prominent but also meet high standards of performance and transparency. The use of Forbes listings in academic research is well established. For example, Michaelides and Vafeas (2023) used Forbes' 2021

World's Best Employers to control for disclosure quality in their study on human capital resource disclosures. Similarly, Sahakiantz and Festing (2020) used the Forbes 200 list to identify the largest private companies in Russia. These examples demonstrate that Forbes rankings are a reliable tool for identifying leading institutions within a specific context. This makes the use of the Forbes listing a best practice in research design, consequently enhancing the credibility towards the selection of sample banks in this study.

3.4.4 Inclusion criteria

Banks were selected if they had an annual report in English with a remuneration section published in 2024. Annual reports were chosen because recent research on HRD utilised banks' annual reports to obtain research findings. For instance, Akhter et al. (2021) used annual reports from commercial banks in Bangladesh and found that larger banks disclose more HR information to maintain their high social reputation. Similarly, Netshituka and Robbetze (2024) used the annual reports of South African banks and found that financial measures, such as market price per share, influenced CEO remuneration. These studies indicate that annual reports are widely used to support disclosure findings. Additionally, annual reports with a remuneration section were essential to answer the two research questions identified in this study. Without a remuneration section, a bank's annual report was not useful in achieving the study's objectives. Furthermore, annual reports published in 2024 were preferred because they provided the most current and relevant (as reporting is still continuously improving) information regarding each selected bank's executive remuneration disclosure practices.

Banks were selected if they operated in a country recognised by the United Nations (UN). This selection criterion was based on the United Nations' (UN) categorisation and ranking of developed and developing countries. The UN uses the Human Development Index (HDI) to categorise and rank countries into developed and developing countries. According to the United Nations Development Programme (UNDP) (2024), HDI is "a composite index measuring average achievement in three basic dimensions of human development - a long and healthy life, knowledge, and a decent standard of living" (p. 287). Given that this study focuses on Human Resources and remuneration, the HDI's elements of a healthy life and a decent standard of living make it an appropriate measure for categorising developed and developing countries.

3.4.5 Sample size

The sample size for data collection consisted of twelve banks' annual reports. Of these, six banking institutions are from developed countries, while the other six are from developing countries. This

approach ensured that the sample adequately represented the annual reports from both developed and developing countries.

The number twelve is selected because it is within the range of recent studies on human resource disclosure in the banking sector. In Bangladesh, Akhter et al. (2021) utilised a sample of 20 commercial banks to demonstrate why larger firms disclose more human resource information. whereas Mans-Kemp and Swartz (2024) used a sample of four banks to explore how banks relate social issues to short-term executive incentives. Therefore, selecting twelve banks’ annual reports falls within this range for a focused study on human resource disclosure in the banking industry.

3.4.6 Sample selection procedure

First, the Forbes’ 2024 Best Banks list of countries was tabulated with the HDI and rankings of the UNDP. Then, in ascending order of the UNDP’s ranking, the selection of developed countries started from the top, while the selection of developing countries started from the bottom (See Appendix A). This is done to ensure a balanced representation of the most developed and gradually developing countries. Following this, the banks in developed and developing countries are selected. For example, Switzerland is ranked first, and the best bank headquartered in Switzerland is the Zürcher Kantonalbank. This bank satisfies all the inclusion criteria for selecting its annual report for the study. Therefore, it is added to the list of annual reports for data collection. This listing procedure is the same for India and all the other ten countries. So, in total, twelve countries and banks are selected, as identified in Table 3.1.

Table 3. 1

Selected countries and banks

Developed UN Countries	
Forbes’ Listed Country	Forbes’ Listed Banks
Switzerland	Zürcher Kantonalbank
Singapore	DBS
Australia	Bank Australia
Netherlands	Triodos Bank
Belgium	KBC
United Kingdom	Aldermore
Developing Countries	
Forbes’ Listed Country	Forbes’ Listed Banks
Mexico	Banorte
Vietnam	Techcom Bank
South Africa	Bidvest Bank
Indonesia	Bank Central Asia (BCA)
Philippines	Philippine National Bank
India	ICICI Bank

Note: Table created by the author based on insights from the UNDP.

3.5 Data collection tools

3.5.1 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is used as a criterion to identify the executive remuneration disclosure practices of developed and developing countries. GRI is used because it is an internationally recognised reporting guideline for comparing various economic markets (esgthereport, 2024). It allows this study to reveal growth areas in the reporting practices between developed and developing countries. Therefore, the GRI Disclosure on executive remuneration served as the criteria to collect data from the 2024 annual reports of the selected banks of this study.

3.5.2 Document analysis – Annual reports

Data collection is done using document analysis. Document analysis is a procedure where printed and electronic materials of a publicly available document of an organisation are reviewed to extract meaningful information for analysis (Dalglish et al., 2021; Kutsyuruba, 2023). This method is employed because I am interested in what is publicly reported rather than the perceptions of those creating and reading the reports (Azungah, 2018; Greige & Khayr, 2018). This is a known approach towards human resource disclosure and comparative studies. For instance, using the annual reports of organisations, Kanapathippillai et al. (2019) found that the nature of an organisation's remuneration committee influenced the disclosure outcome of an organisation's executive compensation. Also, document analysis is selected because Morgan (2022) argued that studies comparing different perspectives could be effectively done by analysing existing documents. This suggests that a document analysis through an annual report can give contextual insights into the executive remuneration disclosure practices amongst international banks.

3.6 Data collection procedure

The first three steps of the document analysis process, as outlined by Kutsyuruba (2023), are to set inclusion criteria for documents, collect documents and articulate key areas of analysis. There are three additional steps to Kutsyuruba (2023) outline. These three additional steps in Kutsyuruba's (2023) document analysis process are not followed because they focus on the analytical phase, and I chose to apply Braun and Clarke's (2006) thematic analysis for the analytical phase of this study. This decision is

based on my confidence and prior experience using Braun and Clarke's (2006) thematic analysis steps, which I successfully applied during my qualitative research assignment on qualitative data analysis.

3.6.1 Set inclusion criteria for documents

The scope of the abovementioned inclusion criteria is the criteria I used to select annual reports (documents).

3.6.2 Collect documents

The 2024 annual reports are downloaded from the websites of the selected banks in this study. However, the process of selecting documents outlined by Morgan (2022) is used to establish the authenticity, credibility, representativeness, and meaning of the data collected. Authenticity and credibility are observed by downloading all annual reports from the websites of the selected banks (Azungah, 2018). Using the research questions, representativeness and meaning are observed to ensure that the downloaded annual reports have available information on remuneration.

3.6.3 Articulate key areas of analysis

Using the GRI's outlined requirements for reporting remuneration as key areas to collect data, I collected from annual reports by systematically reviewing the 2024 annual reports of selected banks with the GRI Disclosure 2-19, 2-20, and 2-21 reporting requirements. For example, Disclosure 2-21 had three requirements, the third being that an organisation shall "report contextual information necessary to understand the data and how the data has been compiled" (GRI, 2024). With this requirement, all twelve annual reports are reviewed and documented for this requirement. This documentation is tabulated systematically for easy categorisation into developed and developing countries and for easy analysis.

3.7 Data analysis - Thematic analysis

Thematic analysis is a qualitative research technique that provides a robust method for analysing and interpreting patterns within a qualitative dataset, such as an annual report, to develop themes and codes (Braun & Clarke, 2021). In this study, some codes (e.g. Pay Structure, Remuneration Committee and Highest-Paid Compensation) on executive remuneration disclosure are identified to describe the disclosure practice of a bank's purpose, decision and insights towards its executive pay. However, the credibility of developed themes and codes must be ensured by selecting a dataset produced solely by the entities involved in a study (Mans-Kemp & Viviers, 2018). The dataset used for this study is the 2024 annual reports of selected banks. These reports are the primary documents authored and publicly

published by these banks through their websites. This suggests that the use of thematic analysis enhances the reliability and validity of the findings of this study, as the study follows the six-phase framework established by Braun and Clarke's (2006), making it easier for other researchers to replicate the analysis of this study.

Thematic analysis is widely used across various disciplines as an analytical method (Ozuem et al., 2021). This widespread use has led to the creation of step-by-step guides for the thematic analysis process, making it accessible even to first-time researchers (Hole, 2023). For this study, I am following the seven steps of Amaya et al. (2021) based on Braun and Clarke's (2006) Six-phase thematic analysis, which I will discuss in the next section (Data analysis procedure). Amaya et al.'s (2021) Steps are used because of their effort to provide a detailed step-by-step guide with examples within the context of guiding early-career researchers, such as myself.

3.7.1 Data analysis procedure

Familiarisation with data. An initial reading was done to familiarise myself with the annual reports downloaded by following the content table of each report to move straight to the remuneration or compensation section of the report. Under each remuneration or compensation section of each report, subsequent readings were done to analyse if the information disclosed is in relation to the GRI disclosure 2-19, 2-20, and 2-21 reporting requirements.

Unit of analysis. I started coding by interpreting the sentences that formed the unit of the codes. In this study, each sentence under the remuneration section of all the downloaded annual reports formed the unit of each code. According to Amaya et al. (2021), Braun and Clarke (2006) omitted this step in their thematic analysis framework. However, they think it is important to mention it to give new researchers, such as myself, more detailed instructions. I support this as a useful step because it made me realise that each code is built on the meaning of a sentence or a group of sentences in a written document, such as an annual report.

Generating initial codes. Each sentence under the remuneration or compensation section of the annual reports of all selected banks served as the data collected and was evaluated to generate initial codes. For example, under the remuneration section of their 2024 annual report, the Development Bank of Singapore (DBS) stated that their “remuneration framework is designed to reflect market best practices, drive business strategy and create long-term shareholder value” (p. 69). Similarly, Bidvest Bank also stated in its 2024 annual report that its “remuneration and reward policies and practices are structured to attract, motivate and retain high-performance individuals, and those with scarce and critical skills” (p. 13). Together, these sentences are coded under the term ‘Remuneration Philosophy’ to reflect

the underlying principles guiding the remuneration of the study's selected banks, leading to the definition of codes.

Themes development. In this step, the three themes of this study are developed based on the GRI requirements over executive remuneration. For example, the GRI Disclosure 2-20 – Process to determine remuneration requires that an “organisation shall describe the process for designing its remuneration policies and for determining remuneration” (GRI, 2024, p. 67). It also requires that an “organisation shall report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable” (GRI, 2024, p. 67). As the only two requirements on the Process to determine remuneration, I initially themed it as ‘Decision Towards Pay’. Considering each of the requirements and giving a theme as done for Disclosure 2-20, I used the same approach to assign themes for Disclosure 2-19 and 2-21. For this reason, three overarching themes are developed.

Themes categorisation. The codes established are categorised into the three themes. For example, the codes, ‘Pay structure, Performance linkage, ESG alignment, and Remuneration Philosophy are under the initial theme ‘Purposes Towards Pay’, representing the GRI Disclosure 2-19, Remuneration policies.

Reviewing themes. Aside from this step, all previous steps are independently done by me. So, the themes and codes are sent to my supervisor for revision to ensure that the themes and codes are well classified and defined. After an expert revision of my themes and codes from my supervisor, minor revisions to the wording of some codes and themes were made. For example, to ensure that this study is fully qualitative, the code ‘Compensation Ratio’ under the initial theme ‘Insights Towards Pay’ is recoded to ‘Compensation Balance’ to avoid a subtle linguistic implication towards quantitative research. Also, to easily capture the meaning of each theme, ‘Purpose Towards Pay’ is rethemed to ‘Executive Pay Rationale’, while ‘Insights Towards Pay’ is rethemed to ‘Yearly Insights to Executive Pay’.

Producing the report. A concise, coherent, and logical account of the reporting practices of executive remuneration is provided in the findings chapter of this study. This included a table under each theme showing the codes and the banks under developed and developing countries, disclosing these codes. Also, relevant examples of specific sentences made in the annual reports of the selected banks are provided in the findings chapter to capture the exact words used by some banks to represent each code.

CHAPTER FOUR

FINDINGS

4.1 Introduction

Following the data collection and analysis procedures outlined in Chapter Three, this chapter presents the results of the study. For clarity, each theme is introduced alongside the specific codes that emerged during the analysis. For each code, the presence of disclosure practices is described in relation to banks from either developed or developing countries. To illustrate the variation in discourse practices across these contexts, tables are included to provide a visual summary of the qualitative findings. These tables include numbers, which are not intended to quantify the data but rather to readily convey patterns observed in the data. The chapter continues by explaining each theme and its codes while comparing executive remuneration disclosure practices between developed and developing countries.

4.2 Theme one – Executive pay rationale

The theme ‘Executive Pay Rationale’ refers to the GRI 2-19 disclosure requirements on remuneration policies. This theme focuses on how executive pay structures are designed to align with a bank’s operational, environmental, and strategic goals. This is done using four codes: Pay Structure, Performance Linkage, ESG Alignment, and Remuneration Philosophy.

Pay Structure identifies whether the banks under study disclose the remuneration elements used to pay banking executives, and these include fixed pay and bonuses. In a complementary way, Performance Linkage identifies whether the banks under study disclose how executives are remunerated based on their operational performance, and this includes the alignment with the balanced scorecards of the banks. Similarly, ESG Alignment identifies whether the banks under study disclose that their executive remuneration ensures that executives act responsibly, including achieving sustainability goals. On the other hand, Remuneration Philosophy identifies whether the banks under study disclosed their values and beliefs behind their executive remuneration policies, and this includes motivating and attracting qualified executives. To compare each of the four codes, Table 4.1 below provides an overview of the banks in both developed and developing countries that disclose executive remuneration practices under the theme ‘Executive Pay Rationale’.

Table 4. 1**Executive Pay Rationale**

Codes	Developed Countries	Developing Countries
Pay Structure	6	6
Performance Linkage	4	6
ESG Alignment	4	4
Remuneration Philosophy	6	6

Note: Table created by the author based on insights from the annual reports of selected banks.

4.2.1 Pay structure

As shown in Table 4.1, an overview of all banks included in this study is directly reported on their Pay Structure. The Pay Structure disclosed by most banks in developing and developed countries was made up of fixed and variable pay structures. For instance, Aldermore Bank in the UK disclosed that the “*total emoluments consist of salary or fees paid for qualified services, market adjusted allowances where applicable, awarded annual bonus through the Group’s Annual Incentive Plan (AIP) and any taxable benefits paid*” (Aldermore, 2024, p. 74) to executives. Similarly, Banorte Bank in Mexico disclosed that “*compensation packages include base salary, incentives, bonuses, benefits and profit-sharing programs*” (Banorte, 2024, p. 185) for their executives. However, while banks of both developed and developing countries reported on pay structure, developed countries report more complex pay structures than developing countries. For instance, Bank Australia in Australia disclosed that “*the Chairs of the three Board Committees received a 20% loading of \$18,547, taking their total remuneration to \$111,284, inclusive of superannuation*” (Australia, 2024, p. 24). Whereas Bidvest Bank in South Africa disclosed that “*remuneration is based on the cost of employment, offering certain flexible structuring choices to employees*” (Bidvest Bank, 2024, p. 14), which includes the executives of the bank. So, overall, I noticed a pattern that developed country banks disclosed additional components in their pay structures, such as percentage loadings, which were not evident in the disclosures of developing country banks.

4.2.2 Performance linkage

Table 4.1 reveals that several banking institutions selected for this study reported on Performance Linkage. It also shows that developed country banks report that the performance linkage of their executive remuneration depends on a set of criteria, such as a balanced scorecard that measures sustainable growth. For example, DBS Bank in Singapore disclosed that they “*pay for performance as measured against balanced scorecard*” (DBS, 2024, p. 69), by “*ensuring sustainable growth and*

assessing their advancement in being the employer of choice” (DBS, 2024, p. 69). Similarly, developing country banks report by depending on a set of organisational criteria, such as the balanced scorecard, which measures the periodic activities attained by an executive. For example, PNB Bank in the Philippines disclosed that *“the compensation and benefits policies show the clear linkage with employee contributions, which are measured through a balanced scorecard approach in its performance management system. Officers who are unable to meet their targets become ineligible to certain benefits and/or incentive programs such as the car plan benefit, employee loans, and performance bonus, to name a few”* (PNB, 2023, p. 94). However, the report on the performance linkage of the executive remuneration of developed countries went beyond an individual executive to group performance by assessing this performance against the criteria of the sustainable growth of a bank. Developing countries tended to end their report on the individual executive’s performance with a set of operational criteria. For instance, Zürcher Kantonalbank in Switzerland report that the performance benefits attained by executives are *“dependent on group results and individual managers’ performance”* reports (Zürcher Kantonalbank, 2024, p. 94) towards the goals of the bank. In contrast, developing country banks primarily linked executive remuneration to individual performance targets. For instance, BCA bank in Indonesia disclosed that *“individual performance appraisal results serve as the foundation for company appreciation in the form of bonuses”* (BCA, 2024, p. 366) to reward individual executives. The Bank of China was the only developing country bank in the sample to report on both individual and group performance criteria in its remuneration disclosure by stating that, *“performance-based remuneration depends on performance evaluation results of the Group, the institution or department of the employee, and the employee, and is linked to performance, risk, internal control, ability and other factors’* (Bank of China, 2024, p. 116). So, from the selected sample of this study, I noticed that several banks in developed countries report that they incorporate both individual and group performance into their executive remuneration, while several banks in developing countries report that they incorporate only individual performance into their executive remuneration. This is interesting to note, as many developing countries in my sample would be seen to have a collectivist culture, yet focus on individual performance measures.

4.2.3 ESG alignment

As shown in Table 4.1, the majority of banks sampled for this study directly reported on ESG Alignment. Banks in both developed and developing countries mostly reported that their executive remuneration is tied to ESG indicators. For instance, DBS Bank in Singapore reported that their variable pay is used to *“drive sustainable performance that is aligned to DBS PRIDE! values”* (DBS, 2024, p. 69). Similarly,

BCA bank in Indonesia reported that they have aligned “*BCA’s long-term goals and strategies; Risks that may arise in the future, causing losses for BCA*” (BCA, 2024, p. 366) with their executive remuneration. Developed country banks reported their aligned ESG indicators to executive remuneration by identifying ESG goals that are related to specific long-term goals. For instance, Aldermore Bank in the UK reported an alignment to their executive remuneration with ESG indicators by stating that they ensure “*the implementation of our customer focused Consumer Duty objectives*” (Aldermore, 2024, p. 73) to meet the social criteria of their ESG goals.

In contrast, developing country banks reported their aligned ESG goals with their executive remuneration packages by identifying ESG goals that are generic in nature. For instance, Banorte Bank in Mexico reported an alignment with ESG indicators in their executive remuneration by stating that they “*commit their leaders to practices that minimise environmental impact and promote social well-being*” (Banorte, 2024, p. 100), without specifying the particular social well-being objectives. So, I noticed banks in both developed and developing countries reported an alignment of their executive remuneration with ESG indicators, whereby developed country banks report with specific sustainability objectives, and developing country banks report on broader sustainability aims.

4.2.4 Remuneration philosophy

As shown in Table 4.1, an overview of all banks included in this study directly disclosed their remuneration philosophy. Banks of both developed and developing countries mostly reported their executive remuneration philosophy with the aim of attracting and retaining talent. For instance, Bank Australia in Australia disclosed their philosophy by stating that its “*remuneration levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and Executives*” (Australia, 2024, p. 23). Similarly, Bidvest Bank in South Africa disclosed that its “*remuneration and reward policies and practices are structured to attract, motivate and retain high-performance individuals, and those with scarce and critical skills*” (Bidvest Bank, 2024, p. 13) that will lead the bank towards its goals. In contrast, the remuneration philosophy of banks in developed countries was focused on creating organisational value for shareholders by adhering to legal frameworks, while banks in developing countries mostly focused on individual executives. For example, DBS Bank in Singapore disclosed that its “*remuneration framework is designed to reflect market best practices, drive business strategy and create long-term shareholder value*” (DBS, 2024, p. 69). Similarly, the Bank of China in China disclosed its remuneration philosophy by stating that “*the Bank’s remuneration distribution policy follows the principle of ‘remuneration by post, payment by performance’*” (Bank of China, 2024, p. 116). So I noticed that the selected banks of both developed and

developing countries reported their remuneration philosophies, which intend to attract and retain talent. However, the difference is that the reported remuneration philosophies of developed country banks seem to create shareholder value, while those of developing country banks appear to prioritise executive interests.

4.3 Theme two – Administration of executive remuneration

The theme ‘Administration of Executive Remuneration’ reflects the GRI 2-20 disclosure requirements on remuneration processes. This theme explores the decision-making behind setting up executive pay to align with a bank’s operational, environmental, and strategic goals. This is done using four codes: Remuneration Committee, Benchmarking Practices, Voting Results and Review Frequency.

The Remuneration Committee identifies whether the banks under study disclose a committee that oversees the administration of their executive remuneration, and this includes the Remuneration and Nomination Committee. Building on this, Benchmarking Practices identifies whether the banks under study disclose how they review executive pay in the market to set their own pay level, including the use of external consultancy firms. To further support transparency, Voting Results identifies whether the banks disclose the level of influence stakeholders have on executive remuneration, and this includes a percentage figure of stakeholder votes. Finally, Review Frequency identifies whether the banks disclose how they check and update their payment structure, and this includes yearly reviews. To compare each of the four codes, Table 4.2 below provides an overview of banks in both developed and developing countries that disclose the executive remuneration under the theme ‘Administration of Executive Remuneration’.

Table 4. 2

Administration of Executive Remuneration

Codes	Developed Countries	Developing Countries
Remuneration Committee	5	6
Benchmarking Practices	5	6
Voting Results	1	-
Review Frequency	5	5

Note: Table created by the author based on insights from the annual reports of selected banks.

4.3.1 Remuneration committee

As shown in Table 4.2, the vast majority of banks included in this study directly reported on how they refer to their remuneration committee. The Remuneration Committee disclosed by most banks in

developing and developed countries was named in accordance with the strategic aims of the committee. For instance, in developed countries, Triodos Bank names its remuneration committee as the Nomination and Remuneration Committee (NRC) to signal its aim to support the organisation in the nomination of executive board members. Also, DBS Bank names it as the Compensation and Management Development Committee (CMDC) to signal its active aim to set compensation with performance for its senior management. Similarly, for developing countries, the Bank of China names it the Personnel and Remuneration Committee, which is aimed at examining the bank's human resources and remuneration strategies. Also, Banorte Bank named its committee the Human Resources Committee to oversee all employees, including the compensation of senior management. However, the remuneration committee names of banks in developed countries reported demonstrate the committee's specialisation and function. For instance, Zürcher Kantonalbank discloses that, "*the Compensation and Personnel Committee is the body of the Board of Directors responsible for compensation policy*" (Zürcher Kantonalbank, 2024, p. 92). Also, Triodos Bank disclosed that, "*the remuneration paid to the members of the Executive Board is set by the Supervisory Board upon advice of the Nomination and Remuneration Committee (NRC)*" (Triodos Bank, 2024, p. 156). In contrast, banks in developing countries name their remuneration committees to demonstrate the committee's broad responsibilities. For instance, Banorte Bank disclosed that, "*within GFNorte's corporate governance system, the Human Resources Committee is responsible for overseeing senior management compensation*" (Banorte, 2024, p. 100). Also, The Bank Central Asia discloses that, "*the BCA Board of Commissioners has established a Remuneration and Nomination Committee (RNC), one of whose functions is to assist the Board of Commissioners in developing policy and implementing remuneration for BCA's Board of Commissioners and Board of Directors members*" (BCA, 2024, p. 365). So, I noticed that banks in both developed and developing countries name their remuneration committees to reflect their organisational goals, with developed country banks showing more focus and specialisation than developing country banks. This does not necessarily mean banks in developed countries are being more sustainable through their reports on their remuneration committee, but rather, it tells the strategic values upheld by the banks in developed countries.

4.3.2 Benchmarking practices

As shown in Table 4.2, another vast majority of banks included in this study directly reported on the benchmarking practices of their executive remuneration. The Benchmarking Practices disclosed by most banks in developing and developed countries aimed to meet the compensation standards identified in the banking industry by conducting market comparison. For instance, Aldermore Bank disclosed that they take "*advice from independent external consultants who provide updates on legislative requirements,*

market best practice and remuneration benchmarking” (Aldermore, 2024, p. 61) to set their executive remuneration packages. Similarly, according to the Bank of China, *“their emoluments were determined based on the market levels of the respective industries and the countries (regions) where they are located”* (Bank of China, 2024, p. 279). However, most banks in developed countries used independent consulting firms to determine their benchmarking of executive pay levels, while most banks in developing countries conducted their own market comparison studies to determine their benchmarking for their executives. For instance, Zürcher Kantonalbank reported that, *“the bank conducts annual market comparisons in cooperation with various specialised consulting firms”* (Zürcher Kantonalbank, 2024, p. 93). In contrast, Banorte Bank discloses by stating that, *“we conduct regular benchmarking studies to ensure our compensation packages are competitive within the industry”* (Banorte, 2024, p. 50). So, I notice that banks in both developed and developing countries use a set of fair executive pay packages, with developed banks relying more on external consultants than developing banks.

4.3.3 Voting results

As shown in Table 4.2, only a single bank included in this study directly reported on the voting results of its executive remuneration. This was the KBC Bank in Belgium, and it disclosed this by stating that *“the General Meeting approved by 73% of the votes on 2 May 2024”* (KBC, 2024, p. 124). Since they were the only bank to disclose the voting results, it was not possible to identify a pattern, other than the pattern that most banks in developed and developing countries do not disclose their voting results. So, from what I could see in the reports, only one bank reported voting outcomes related to executive remuneration, while the remaining banks did not provide this information.

4.3.4 Review frequency

As shown in Table 4.2, several banks included in this study directly reported on the frequency at which they review their executive remuneration. With an equal representation, banks in both developed and developing countries specifically stated that they review their executive remuneration levels annually. For instance, Zürcher Kantonalbank disclosed that, *“base-salary levels are usually reviewed annually”* (Zürcher Kantonalbank, 2024, p. 95) to stay competitive. Also, Aldermore Bank disclosed that their *“remuneration disclosures has been reviewed this year”* (Aldermore, 2024, p. 72) to also stay competitive in the developed market. Similarly, in developing countries, Bank Central Asia (BCA) discloses that to *“determine remuneration amounts, particularly variable components and individual performance, a yearly review is held”* (BCA, 2024, p. 366). Also, by being more transparent, ICICI Bank disclosed that *“the Compensation Policy of the Bank, as last amended by the BGRNC and the Board at their Meetings*

held on February 17, 2024 and February 15-17, 2024” (ICICI Bank, 2024, p. 239). However, there were no clear differences identified in the review frequency between banks in developed and developing countries. So, I notice that banks in both developed and developing countries review their executive pay every year, indicating a globally consistent practice in executive remuneration disclosure.

4.4 Theme three – Yearly insights of executive pay

The theme ‘Yearly Insights of Executive Pay’ reflects the GRI 2-21 disclosure requirements on the remuneration ratio. This theme explores the remuneration changes of executive pay that occur on a yearly basis. This is done using four codes: Highest-Paid Compensation, Standard Compensation, Compensation Balance and Percentage Change.

The Highest-Paid Compensation identifies whether the banks under study disclose the total amount of executives who are top earners, and this includes the remuneration of a Chief Executive Officer (CEO). To assess pay equity, the Standard Compensation identifies whether the banks under study disclose the statistics for what a typical employee earns, and this includes it being expressed as a percentage. Building on this figure, the Compensation Balance identifies whether the banks under study disclose the pay of executives to the average employee's earnings, and this includes it being expressed in decimals. Subsequently, the Percentage Change identifies whether the banks under study disclose the percentage pay rise or decrease of executives, including annual percentage changes in CEO compensation. To compare each of the four codes, Table 4.3 below shows the overview of the banks in both developed and developing countries that disclose the pay insights of executive remuneration.

Table 4. 3

Yearly Insights of Executive Pay

Codes	Developed Countries	Developing Countries
Highest-Paid Compensation	6	4
Standard Compensation	1	2
Compensation Balance	1	3
Percentage Change	4	1

Note: Table created by the author based on insights from the annual reports of selected banks.

4.4.1 Highest-paid compensation

As shown in Table 4.3, several banks included in this study directly reported on the highest-paid executive. With an unequal representation, all banks in developed countries specifically stated the

highest-paid executive, while most banks in developing countries specifically identified this in their annual reports. Banks in both developed and developing countries reported their highest-paid executives using the local currency of the country in which they operate. For instance, Aldermore Bank discloses that in 2024, the highest paid compensation was to their director, and this was 2.28 million British Pounds (Aldermore, 2024). Also, Triodos Bank discloses that in 2024, their Chair, Jeroen Rijpkema was the highest-paid executive with 452,000 Euros (Triodos Bank, 2024). Similarly, the highest-paid compensation of the Bank of China was to Liu Jin with a total of 1,135,000 Renminbi (Bank of China, 2024). Also, the highest amount paid in 2024 by the Bank Central Asia (BCA) was 20 billion Indonesian Rupiah (BCA, 2024). In contrast, it was identified that the highest-paid executives in developed countries were CEOs and Chairmen of the bank, while the highest-paid executives of developing countries were Managing Directors and Executive Directors of the bank. So, I notice banks in developed countries consistently disclose the highest-paid executives, typically CEOs and Chairs, while the disclosure of the highest-paid executives from developing countries is mostly Directors of the bank.

4.4.2 Standard compensation and compensation balance

As shown in Table 4.3, very few banks included in this study directly reported on the standard compensation to disclose the amount their top executive earns compared to the average full-time worker's pay in the bank. The disclosure of the standard compensation was low for banks in both developed and developing countries. Therefore, relevant patterns on similarities and differences between developed and developing countries were not noticed. Similarly, very few banks in both developed and developing countries included in this study reported less on their compensation balance, with no notice of a relevant pattern over similarities and differences. So, aside from the limited disclosure from banks in both contexts, I notice there are no comparative differences between developed and developing country banks in the reporting of the standard compensation and compensation balance of executive remuneration.

4.4.3 Percentage changes

As shown in Table 4.3, a portion of banks included in this study directly reported on the percentage changes of executive remuneration. Most selected banks in developed countries reported the percentage change of their executive remuneration, and selected banks in developing countries were limited in their report on the percentage change of their executive remuneration. Meanwhile, for developed countries, I noticed that the percentage change in executive remuneration mostly decreased. For instance, Zürcher Kantonalbank disclosed that the CEO's total compensation in 2024 decreased by 1.2% from 2023 (Zürcher Kantonalbank, 2024). In contrast, the only bank in a developing country, ICICI Bank, reported

an increase of 4% in 2024 (ICICI Bank, 2024), making it limiting for me to notice a pattern in this context. So, among the selected banks that reported their percentage changes on their top executives, I noticed that banks in developed countries reported a pattern of a decrease in the total yearly earnings, while a pattern for developing banks was not noticed due to limited reporting from these selected banks.

4.5 Conclusion

Overall, banks in developing countries tend to focus more on individual performance and broader goals when disclosing executive remuneration, while banks in developed countries show more detailed and specialised approaches, including group performance and specific strategic objectives. Developed banks also rely more on external consultants and show more consistency in reporting practices. However, banks in both developed and developing countries are limited in reporting the voting results, standard compensation, and the compensation balance of their executive remuneration. I will discuss these findings in more detail in the next chapter.

CHAPTER FIVE

DISCUSSION

5.1 Introduction

The previous chapter presented the results of the study. This Chapter presents the interpretation of key findings by discussing them in the context of existing literature on executive remuneration. In particular, I highlight how these key findings confirm, contradict or extend previous studies. In the final chapter, Chapter Six, I will discuss why my findings matter. The seven codes with clear patterns identified in the Findings Chapter are used as themes for this Chapter. This is to ensure a clear structure to enhance the context of the discussion.

5.2 Pay structure

An emerging theme from this study is the global disclosure of executive pay structures, a topic that has received limited attention in cross-national contexts (Hussain et al., 2024). It was anticipated that banks headquartered in developed countries, where regulatory frameworks and shareholder expectations are more stringent (Riaz et al., 2015), would exceed their counterparts in developing countries and be more transparent in reporting executive compensation components (e.g. fixed salaries). Surprisingly, all banks sampled for this study in both developed and developing countries disclosed their fixed and variable executive pay structure, with developed countries disclosing additional components such as percentage loadings. This finding supports earlier research on developed countries by Wijeweera et al. (2022), who found a growing trend in the disclosure of a CEO's long-term incentive components among Australian banks. Also, the study supports a previous study on developed countries by Wang et al. (2020), who found that U.S. firms enhanced their transparency on compensation by detailing executive pay structures to improve the understanding of their shareholders. At the same time, this study extends these previous studies by demonstrating that both developed and developing country banks report on their executive pay structures, which include bonuses and fixed salaries. This may be because the banking sector in both developed and developing countries has unique regulatory requirements and compliance demands from shareholders (De Andrés et al., 2018), leading to higher disclosure expectations to suggest a globally consistent practice in reporting executive salaries.

5.3 Performance linkage

A distinctive theme emerging from this study is the way banks report the link between executive compensation and performance. The vast majority of banks in my sample reported their executive remuneration to be linked to performance criteria that relate to the strategic and operational growth of the bank. While this was done by banks in both developed and developing countries of the study's samples, banks in developed economies tend to report a more comprehensive approach by tying executive pay to both individual outcomes and group performance. This aligns with prior research to indicate that firms in developed countries often report broader performance metrics to foster collaboration and enhance overall organisational effectiveness (Luo, 2022). In contrast, this study supports a previous study on developing countries by suggesting that executive remuneration is reported based on individual performance, which is likely due to the prevalence of simpler or informal appraisal systems (Mans-Kemp & Viviers, 2018) of developing country banks. This study contributes to the literature by demonstrating that banks in developed countries often report group-level metrics to reflect a more advanced transparency model than their counterparts in developing countries. This may be attributed to the differences in the governance frameworks between developed and developing countries, since banks in developed countries are more strictly regulated in their reporting frameworks than those in developing countries (Dell'erba & Ferrarini, 2024).

5.4 ESG alignment

The study found that banks in both developed and developing countries disclose the ESG indicators in their executive remuneration to support long-term organisational goals. The study further found that banks in these developed economies often report on specific objectives, such as customer-focused outcomes, while banks in developing economies tend to report on broader sustainability aims, including the promotion of the social well-being of their employees. This may be because developed countries have stronger institutional frameworks, clearer regulatory expectations, and a more active stakeholder environment that encourages firms to report on ESG goals, whereas developing countries often prioritise reporting broader social requirements on the economic and developmental challenges they may be facing (Wiyadi et al., 2021). This finding aligns with a previous study on developed countries by Dell'erba and Ferrarini (2024), who observed that institutions in developed countries commonly integrate ESG metrics into executive remuneration to enhance transparency. Similarly, the results of this study support a previous study on developing countries by Netshituka and Robbette (2024), who found that companies in developing countries rarely incorporate long-term incentives into executive pay structures. This study

adds nuance to the existing literature by showing that ESG objectives in developed countries are not only internally focused but also strategically aligned with the interests of external stakeholders, such as customers, to advance broader environmental and social objectives. This distinction can be better understood through the stakeholder theory, which suggests that firms are influenced by a range of key internal and external organisational actors that pressure organisations to adopt socially responsible practices (Velte, 2024).

5.5 Remuneration philosophy

The study found that banks in both developed and developing countries reported their remuneration philosophies to attract and retain talent. However, developed country banks often report these philosophies by focusing on shareholder value and national legal frameworks, while developing country banks focus more on the individual contributions of executives. This finding supports a previous study on developed countries by Greige and Khayr (2018), who emphasised the importance of transparent HR disclosures, including remuneration strategies, in attracting and retaining talent in competitive sectors like the banking sector. This study builds on prior research by showing that developed country banks are not only targeting internal stakeholders through their reports on remuneration philosophy but also reporting these philosophies to appeal to external stakeholders. This reflects banks in developed countries to report alignment of executive pay with established banking regulations to help maintain shareholder trust and institutional credibility (Aggarwal & Verma, 2020; Caddy, 2012). These findings suggest that banks in developed countries report their remuneration philosophies to achieve two goals, which are attracting and retaining internal talent, and signalling regulatory compliance and long-term value to external stakeholders. Meanwhile, banks in developing countries largely report their remuneration philosophy to achieve one goal, which is to attract and retain talent.

5.6 Remuneration committee

The study found that banks in both developed and developing countries report the name given to their remuneration committees to reflect their organisational priorities. However, developed country banks tend to report specialised names that signal focused governance roles, whereas developing country banks report by using generic labels which indicate broader and less defined responsibilities of their remuneration committee. This finding supports earlier research on developed countries by Riaz et al. (2015), who observed that the presence of a remuneration committee enhances HR disclosure, and by Hemmings et al. (2020), who highlighted the influence of precise language on shareholder decision-

making, strengthening this study's support for banks in developed countries that report the name of the remuneration committee with specialised names. By examining the naming conventions of both developed and developing country banks, this study extends HR disclosure literature in both developed and developing countries by demonstrating that reporting committee names serve as indicators of the committee's specific responsibilities. The findings of the study suggest that banks in developed countries tend to use specific titles for their remuneration committees, to reflect their committees' distinct functions. In contrast, banks in developing countries tend to use general titles to suggest a wider scope of the responsibilities of the remuneration committee. The preference for reporting specialised committee titles in developed countries may stem from developed country banks' emphasis on detailed remuneration disclosures (Lajili, 2023), while the generic reporting of committee titles in developing country banks may stem from the weak corporate governance structures in this context (Pham et al., 2022).

5.7 Benchmarking practices

The study found that banks in both developed and developing countries report on fair executive remuneration practices, with developed country banks frequently reporting on their reliance on external consultants compared to their developing counterparts. This finding supports an earlier study on developed countries by Wijeweera et al. (2022), who observed that CEO and executive director pay is structured to align the interests of shareholders and executives in pursuit of fairness. In addition, this study extends existing knowledge by revealing that developed country banks predominantly report their use of external consultants to determine a fair executive pay level, whereas developing country banks report relying on internal market assessments. This difference may stem from less stringent regulatory requirements and the limited disclosure of benchmarking practices for individual directors in developing countries (Mans-Kemp & Viviers, 2018).

5.8 Review frequency

The study found that banks in both developed and developing countries report on the annual reviews of executive remuneration, showing a shared global effort to promote transparency and accountability in pay practices. The findings of this study support an earlier finding on developed countries by Hüttenbrink et al. (2014), who explained that executive compensation is often designed to reflect performance outcomes, meaning that regular reviews help ensure pay remains aligned with results. It also supports an earlier study on developed countries by Chen et al. (2011), who argued that poor remuneration structures can lead to business failure during financial crises, suggesting that yearly reviews are a practical step to

reduce such risks. By identifying this consistent practice in developed countries, the findings of this study extend the research on executive remuneration by showing that banks in both developed and developing countries regularly monitor and revise their executive pay to continuously stay relevant to their stakeholders' interests and demands.

CHAPTER SIX

SUMMARY, IMPLICATIONS AND LIMITATIONS

6.1 Introduction

This concluding chapter begins with a brief summary of the study's findings. Building on this, it discusses the implications of these findings for future research and practice. Finally, this chapter outlines the limitations that may have influenced the study's results.

6.2 Summary of findings

A comparative analysis of 2024 annual reports from twelve purposively selected banks in developed and developing countries revealed seven emerging themes in executive remuneration disclosures: pay structures (fixed and variable), performance linkage via balanced scorecards, ESG alignment, remuneration philosophy, governance through remuneration committees, benchmarking practices, and review frequency. Key similarities across both contexts include consistent disclosure of pay structures, performance linkage, ESG indicators, remuneration philosophy, committee names, benchmarking efforts, annual review practices, and highest-paid executives in local currency, all reflecting the reporting practices of executive remuneration among international banks. However, notable differences emerged as developed country banks exhibited more complex pay structures, broader performance metrics, specific ESG goals, shareholder-focused philosophies, remuneration committees with functional titles, and their reliance on independent consultants for benchmarking. In contrast, developing country banks favoured simpler pay structures, individual performance metrics, generic ESG goals, executive-focused philosophies, remuneration committees with broader titles, and internal comparisons for benchmarking. Differences in voting results, review frequency, and compensation metrics were minimal across both contexts.

6.3 Implications for future studies

Future research should explore the underlying motivations behind ESG integration in executive remuneration. While this study focused on publicly available documents, upcoming studies are encouraged to adopt qualitative approaches by using methods such as semi-structured interviews with remuneration committee members, sustainability officers, and senior executives in the banking sector. This would enable researchers to investigate whether ESG-linked pay structures are driven by genuine

strategic intent or primarily shaped by regulatory expectations. As ESG-linked executive remuneration reporting becomes more standardised, future studies can contribute valuable insights into how organisations balance ethical commitments with performance incentives. This will be valuable because several developing country banks disclose ESG goals in broad and non-specific terms, making it difficult to assess their relevance to executive remuneration. As a result, these disclosures may serve more as strategic tools to enhance corporate image and attract investment, rather than a genuine commitment to environmental sustainability.

Again, future research should investigate how the use of external consultants influences the fairness and competitiveness of executive remuneration in the banking sector. This study found that some banks in developed countries report their reliance on external consulting firms to benchmark executive pay, while banks in developing countries tend to report their use of internal assessments. It would be interesting to understand which of these approaches, internal assessments or external consultants, towards benchmarking executive pay levels, promotes genuine engagement with issues such as fair labour practices.

In a time where developing country banks are not performing as expected, it is not clear how these banks will choose to report the internal assessment of their executive pay levels to fulfil their social responsibility to address pay inequality. It is also not clear how developed country banks in this same situation will report on their external consultants to fulfil a similar commitment. Researchers in Human Resource Management are encouraged to conduct targeted surveys or interviews with HR executives and members of remuneration committees to evaluate whether external benchmarking leads to a more balanced and transparent pay structure, or whether an internal benchmarking approach offers better alignment with a pay structure that is fair and competitive at the same time.

Lastly, this study found that there is a gap in the disclosure of shareholder voting results, suggesting a limitation in shareholder influence on executive remuneration. Researchers and graduate students in finance and business ethics can explore this gap by conducting a mixed-method study using content analysis of annual reports and interviews with board members and institutional investors across multiple countries. This is to investigate shareholder influence on executive pay decisions in the banking sector. Furthermore, in addition to shareholders, it would be interesting to understand the relative influence of each stakeholder on these decisions because while these companies regularly refer to the triple bottom line, it is not clear how, for example a moving away from fossil fuel (which may have a short term negative impact on the bottom line) is remunerated.

6.4 Implications for practice

This study highlights key practices in executive remuneration disclosure that international banks can apply to improve their transparency and accountability to stakeholders.

6.4.1 ESG pay integration

When international banks aim to build fair and strategic executive pay systems, a natural process of comparing practices across different economic contexts emerges. This study finds that banks in both developed and developing countries consistently disclose ESG-related elements in their executive remuneration. For example, DBS Bank in Singapore and BCA Bank in Indonesia, alongside peers in their respective regions, have linked variable pay to long-term sustainability goals, reflecting a shared commitment to responsible disclosure. The use of ESG metrics in executive pay structures signals a growing recognition of sustainability as a core component of corporate governance.

As a globally recognised framework, the Global Reporting Initiative (GRI) supports comprehensive ESG reporting from an impact perspective, which is especially valuable in the absence of unified global standards or mandatory government regulations. GRI's emphasis on aligning executive remuneration with ESG performance encourages transparency and accountability. However, the effectiveness of such frameworks depends not only on disclosure but on the depth and integrity of ESG integration. If shareholder returns remain the dominant driver of executive pay, there is a risk that ESG metrics may be perceived as symbolic rather than genuinely transformative.

The questions surrounding whether banks truly become better corporate citizens if their remuneration structures continue to prioritise short-term financial outcomes over long-term social and environmental impact can be answered by having banks report how ESG goals are embedded into performance evaluations. The alignment of executive pay with ESG metrics reflects the principles of the Triple Bottom Line, ensuring that leadership is evaluated not only on financial performance (profit), but also on their contributions to society (people) and the environment (planet). Yet, without a shift in incentive structures that genuinely balance these three dimensions, the potential for sustainable outcomes through executive remuneration remains limited (Meijjs & Feghiu, 2025).

6.4.2 Voting gap

This study reveals a significant gap in executive remuneration transparency among international banks, particularly in the disclosure of voting outcomes. This study reveals that, as most banks report on their remuneration structures, few disclose the voting results of these pay structures. KBC Bank of Belgium is the only bank in this study's sample that disclosed the voting result of its executive pay structures by

reporting a 73% approval rate at its General Meeting. This lack of transparency limits stakeholders' ability to meaningfully influence executive pay decisions.

From a triple bottom line perspective, this has direct implications for practice. Following the People, Planet and Profit terminologies, the potential implications for reporting the voting results on an organisation's remuneration are outlined.

- **People:** Disclosing voting outcomes enhances stakeholder engagement and promotes inclusive governance. It allows shareholders and the broader public to understand how executive pay aligns with the social expectations and ethical standards of an organisation's community.
- **Planet:** Transparency in remuneration decisions can encourage alignment with environmental goals, especially when voting outcomes reflect shareholder concerns about sustainability and climate-related performance.
- **Profit:** While financial performance remains central, integrating voting disclosures into governance practices ensures that profit motives are balanced with long-term value creation and responsible leadership.

In the absence of mandatory global standards, voluntary disclosure of voting outcomes becomes a strategic governance tool, particularly for globally active and award-winning banks, leading by example by not lending money to clients who want to purchase new fossil fuel cars (Bank Australia, 2025). This leadership approach involves all stakeholders in making such a decision. Human Resource executives and remuneration committee members must treat voting disclosure not merely as a reporting exercise, but as part of a broader commitment to triple bottom line accountability.

6.5 Limitations

The study acknowledges three key limitations arising from the use of the document analysis tool, the contextual scope involving comparisons across countries, and the constrained timeframe within which the research was conducted.

6.5.1 Document Analysis

This study used the 2024 annual reports published by selected banks. Using annual reports alone is useful to look at the disclosure outcomes of a bank's executive remuneration, but it is not enough to fully capture the intent behind the disclosure of these remuneration packages. Therefore, the study is limited in its understanding of the motivation behind disclosed executive remuneration information, such as remuneration philosophy and pay structures. This may influence the interpretation of the findings as they

only reflect what is formally and publicly disclosed by banks, and not the underlying intentions behind these disclosures. As discussed in ‘Implication for future research’, it seems that HRD research is ready to embark on the next stage by looking beyond secondary data to obtain a deeper understanding of what positively but also negatively shapes disclosure practices.

6.5.2 Context

The study compared the remuneration disclosure practices of 6 banks from developed countries and 6 banks from developing countries. Disclosure reports alone do not account for the cultural factors that may influence disclosure practices, and it was interesting to note that some of these findings were somewhat unexpected. As the study did not really look at individual countries, there are limitations to how broadly the findings can be applied in each of these countries, as cultural differences may influence the disclosure practices in ways that are not only captured by broad labels such as ‘developing’.

6.5.3 Single-year period

The study considered the 2024 annual reports of the banks purposively selected. This was because of the timeframe of the dissertation, which is to come to a close in half a year. A one-year trend does not account for evolutionary patterns, so I cannot say if, over time, more in-depth practices are adopted or whether HRD is standing still at present, and this also limits the ability to forecast future trends. Overall, it would be interesting to note if developed and developing countries move closer together in their practices over time.

6.6 Conclusion

This study maps the similarities and differences in how banks in developed and developing countries disclose executive remuneration. Using the GRI framework, banks treat executive remuneration reporting as a core part of their environmental, social, and governance criteria as they integrate these into their executive remuneration system. However, the findings highlight uneven disclosure practices as developed country banks set group performance metrics, define ESG targets with measurable indicators, and use independent consultants for benchmarking, while many developing country banks emphasise individual results and broad sustainability goals to shape the governance of their executive remuneration. Considering these differences, banking regulators can set common disclosure requirements that include these elements for stakeholders to compare the level of transparency amongst banks, which in turn strengthens stakeholder confidence over the operational activities in the banking sector.

The study also identifies a gap where banks in developing countries and most banks in developed countries failed to publish the shareholder voting outcomes used to set executive pay changes. Without the vote results, stakeholders lack visibility into how shareholder input shapes pay decisions, making them struggle to judge year-to-year changes, challenging their ability to compare banking institutions within a given region and between two different regions. This calls for banking regulators to require the disclosure of vote counts over executive pay. This requirement closes the voting results gap to support fair governance and builds trust among employees, investors, and the public, reinforcing the importance of executive remuneration disclosure.

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APPENDIX A

Forbes' Country list and UN Ranking

Forbes' Countries Listed	HDI	UN Ranking
South Korea	N/A	N/A
Taiwan	N/A	N/A
Switzerland	0.967	1
Hong Kong	0.956	4
Germany	0.950	7
Singapore	0.949	9
Australia	0.946	10
Netherlands	0.946	10
Belgium	0.942	12
United Kingdom	0.940	15
New Zealand	0.939	16
United Arab Emirates	0.937	17
Canada	0.935	18
United States	0.927	20
Austria	0.926	22
Japan	0.920	24
Israel	0.915	25
Spain	0.911	27
France	0.910	28
Italy	0.906	30
Poland	0.881	36
Qatar	0.875	40
Saudi Arabia	0.875	40
Malaysia	0.807	63
Thailand	0.803	66
China	0.788	75
Mexico	0.781	77
Brazil	0.760	89
Vietnam	0.726	107
South Africa	0.717	110
Indonesia	0.713	112
Philippines	0.710	113
India	0.644	134

A total of 33 countries are listed on Forbes' 2024 World Best Banks (<https://www.forbes.com/lists/worlds-best-banks/> date accessed is 09/04/2025)

UNDP's Human Development (HDI) for Forbes' 2024 World Best Banks (<https://hdr.undp.org/data-center/country-insights#/ranks>, date accessed is 9/04/2025)

APPENDIX B

	Themes	Executive Pay Rationale				Administration of Executive Remuneration				Yearly Insights of Executive Pay			
	Codes	Pay Structure	Performance Linkage	ESG Alignment	Remuneration Philosophy	Remuneration Committee	Benchmarking Practices	Voting Results	Review Frequency	Highest-Paid Compensation	Standard Compensation	Compensation Balance	Percentage Change
	Banks												
Developed Countries	Zürcher Kantonalbank	1	1	1	1	1	1		1	1			1
	Development Bank of Singapore (DBS)	1	1	1	1	1	1		1	1			
	Bank Australia	1			1	1	1		1	1			
	Triodos Bank	1			1	1	1		1	1	1	1	1
	Krediet Bank and CERA (KBC)	1	1	1	1	1		1	1	1			1
	Aldermore Bank	1	1	1	1	1	1		1	1			1
	Summary	6	4	4	6	6	5	1	6	6	1	1	4
Developing Countries	Bank of China	1	1	1	1	1	1		1	1			
	Banorte Bank	1	1	1	1	1	1		1		1		
	Bidvest Bank	1	1		1	1	1		1	1			
	Bank Central Asia (BCA)	1	1	1	1	1	1		1	1	1	1	
	Philippine National Bank (PNB)	1	1		1	1	1		1				
	Industrial Credit and Investment Corporation of India (ICICI) Bank	1	1		1	1	1			1	1	1	1
	Summary	6	6	3	6	6	6	0	5	4	2	3	1
Total Summary	12	10	7	12	12	11	1	11	10	3	4	5	