

# **The governance of executive remuneration through the crisis. Evidence from Italy**

Marcello Bianchi

Commissione Nazionale per le Società e la Borsa, Roma

Angela Ciavarella

Commissione Nazionale per le Società e la Borsa, Roma

Valerio Novembre

Commissione Nazionale per le Società e la Borsa, Roma

Rossella Signoretti

Commissione Nazionale per le Società e la Borsa, Roma

## **Abstract**

The aim of this paper is to assess the evolution and the determinants of CEOs' remuneration in Italian listed companies throughout the Lehman collapse and the financial crisis. In order to do so, we have collected data on 2007, 2008 and 2009 CEOs' remuneration, both fixed and variable, for the companies listed on the Italian Stock Exchange. We observe a significant decrease of total executive compensation. As expected, this trend is particularly steep for bonuses and other variable components and is especially concentrated among big and financial firms. Regarding the etiology of remuneration policies, we devote particular attention to corporate governance characteristics, such as ownership and control structure, board quality and institutional investors' activism. Preliminary results suggest that remuneration policies are influenced by the corporate governance framework, and this is true both before and after the advent of the financial crisis. However, as for the direction of these relationships, nor the optimal contracting theory neither the rent extraction view find total support.