

A comparison of the South African transparency requirements for executive remuneration

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ABSTRACT

In South Africa, there is still significant interest in executive remuneration due to widening income inequality, volatile economies, and concerns about the accountability of business executives. This study examines how much the suggested changes to the Companies Act 71 of 2008, the King IV report on corporate governance (IoDSA, 2016), and the King V code on corporate governance for South Africa (IoDSA, 2025) improve transparency in executive pay. The report also examines how South Africa's changing rules for employee pay compare with those in the United Kingdom and Australia, two countries with well-established and enforceable corporate governance regimes.

This study uses a qualitative research design based on Saunders' research onion. It includes a critical examination of the literature and a comparison of statutory requirements, governance rules, shareholder voting methods, and enforcement procedures. The results reveal that South Africa has built a strong conceptual framework based on fairness, internal equality, social justice, and the inclusion of all stakeholders. South Africa is becoming a leader in transparency linked to distributive justice because of legislative changes, including mandated individual wage disclosures and wage-gap reporting. King IV and King V strengthen governance requirements further by adding sustainability, ESG-linked pay measures, and additional duties for the compensation committee.

The report, however, suggests that a lack of unified regulatory oversight, weak enforcement powers, and a lack of binding shareholder control mechanisms still constrain South Africa's actual effectiveness. On the other hand, the United Kingdom and Australia use uniform remuneration reports, binding votes or two-strikes regulations, and potent centralised regulators, which make them much more accountable.

The analysis finds that South Africa's system for making remuneration information public is generally good, but it needs specific changes to ensure it is actually accountable and in line with best practices worldwide. Suggestions include strengthening regulations, making statutory disclosures more detailed, and implementing shareholder oversight systems that are easier to implement. Future studies should examine how wage-gap reporting affects implementation, how ESG-linked incentives evolve over time, and the role of sustainability reporting frameworks in governance.

LIST OF ABBREVIATIONS

ARR	Annual remuneration report
CEO	Chief executive officer
CTSE	Cape Town Stock Exchange
DRR	Directors Remuneration Report
ESG	Environmental, social and governance
IoDSA	Institute of Directors South Africa
IRBA	Independent Regulatory Board for Auditors
JSE	Johannesburg Stock Exchange
NWU	North West University
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses
RR	Remuneration report
SDGs	Sustainable Development Goals
SLR	Systematic literature review
SMMEs	Small, micro and medium enterprises
SO	Secondary objective
UK	United Kingdom

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CHAPTER 1 RESEARCH PROPOSAL

1.1 Introduction

An organisation is directed and controlled by a collection of rules, procedures, and practices known as corporate governance. It refers to how an organisation is operated and includes the decision-making process, accountability framework, power structure, business strategy, risk management, ethical behaviour, and importantly, remuneration strategy (Conmy, 2024).

One of the five principles of corporate governance is transparency. It is essential as it promotes efficiency, accountability, and trust in an organisation. It guarantees that all stakeholders (shareholders, staff, clients, and the general public) can access crucial data on an organisation's decisions and activities (Anon4, 2024).

Executive remuneration remains a widely discussed and closely scrutinised topic in the field of corporate governance on a global level (Madlela & Lehloenya, 2016:1-2), due to, among others, the increasing compensation packages of directors, especially in public companies. From a corporate governance perspective, 'executives' are defined as senior individuals who are involved in the day-to-day management and decision-making of a business (IoDSA: 2016:14). There is a broad concern about the need to regulate high levels of executives' remuneration and the failure of the market to do so (Madlela & Cassim, 2017:383). Paying remuneration to executives not only indicates a company's financial well-being and achievements but also expresses its values, ethics, and dedication to transparency (Van Zyl & Mans-Kemp, 2020:2).

The lack of agreement regarding the reasons for the continued increase in executive remuneration, along with the scope of the issue, further complicates the situation. In South Africa, the perceived causes include a lack of objectivity, transparency, and fiscal responsibility in determining executive remuneration (Madlela & Lehloenya, 2016:2; Madlela & Cassim, 2017:384-385). There is also a conflict of interest among those who make the decisions, an asymmetry between top executives and the interests of stakeholders, insufficient safeguards for shareholder governance rights, and issues

related to unemployment and inadequate service delivery (Madlela & Lehloenya, 2016:2; Mans-Kemp & Van Zyl, 2021:195).

In South Africa, like in many other jurisdictions, legislative measures have been taken in response to concerns about transparency, accountability, and fairness in executive remuneration (Levy *et al.*, 2021:13). This includes amendments to the Companies Act 71 of 2008, the listing requirements of stock exchanges, and the adoption of among others the King IV Report on corporate governance (IoDSA, 2016), as well as the recent King V Report on corporate governance on 31 October 2025, effective from 1 January 2026 (IoDSA, 2025).

The context in which these amendments have been implemented is significant. The business sector in South Africa functions within an environment that aims to address past disparities and foster equitable economic growth (Scholtz *et al.*, 2022:66), while stakeholder involvement is on the rise (Mans-Kemp & Van Zyl, 2021:195). Therefore, it is essential to evaluate any changes regarding executive remuneration not just based on corporate governance standards but also considering wider socioeconomic objectives, such as tackling income disparity and fostering sustainable growth. The King V code of corporate governance for South Africa, released on 31 October 2025 (IoDSA, 2025), states in this regard that 'remuneration governance' remains one of the main focus areas, against the backdrop of fundamental concepts like integrated thinking, corporate citizenship, stakeholder inclusivity, and sustainable development (IoDSA, 2025:1-2).

The correlation between corporate governance and remuneration extends beyond basic financial transactions, as it highlights ethical underpinnings, strategic similarity, and enduring sustainability of businesses (Farnham, 2022; Viviers, 2015:3-4). An in-depth analysis of the recent amendments to South African company legislation regarding the disclosure of executive remuneration highlights the significance of transparency in remuneration in the broader discussion on corporate governance and economic growth (Chaplin & Khota, 2024). Major adjustments to the corporate governing framework are highlighted by the Companies Amendment Act 16 of 2024 and the Companies Second Amendment Act 17 of 2024, including areas which impact workplace and employment issues concerning remuneration disclosure, the extension of deadlines for holding negligent directors accountable, and increased shareholder involvement (Kleitman *et al.*,

2025). The aim of the study is to enhance understanding of the difficulties and possibilities in aligning executive remuneration practices with the said principles of transparency, accountability, and fairness (Blair, 2024). This will be achieved through an examination of these amendments and a comparison thereof with practices in concurrent jurisdictions.

1.2 Background to the study

In recent years, there has been increasing recognition among businesses worldwide of the significance of proficient corporate governance in promoting sustainable and socially responsible business practices (Farman, 2022). South Africa is at the forefront of emerging market corporate governance by providing businesses with advice on governance practices (Mans-Kemp & Van Zyl, 2021:195-196).

As indicated above, corporate governance plays a crucial role in developing business decision-making processes and establishing stakeholder relationships through, among others, transparency (Conmy, 2023; Naidoo, 2016:3-4).

The other side of the coin is that excessive transparency may undermine business plans, curb innovation, and even draw excessive attention to an organisation (Anderson, 2023). For example, one of the main tasks of a chief executive officer is to develop business strategies that will provide shareholders with additional value and acceptable earnings (Naidoo, 2016:227-228).

South Africa, typified by its multifaceted and intricate economic environment, has traversed a distinctive path in the domain of corporate governance. The process of transitioning from apartheid to democracy led to increased recognition of social and economic disparities, which in turn stimulated a reassessment of business strategies and their societal implications (Naidoo, 2016:388). In response, South Africa implemented the King Reports on Corporate Governance, a set of recommendations designed to promote openness, accountability, and moral conduct within the corporate sector, as well as a shareholder-inclusive approach (IoDSA, 2016:20).

Simultaneously, there has been a growing global focus on the matter of executive remuneration, which has emerged as a subject of contention, mostly driven by apprehensions surrounding the unequal distribution of wealth, exorbitant rewards, and

the extent to which executive incentives are in line with the long-term welfare of the organisation and its stakeholders (Blair, 2024; Hill, 2011:1-3; Summerfield, 2020).

The convergence of corporate governance and executive remuneration assumes heightened importance within the South African environment (Madlela & Lehloeny, 2016:2). Considering the historical context characterised by disparities and the pressing need for economic restructuring, it is crucial to prioritise the fair allocation of resources and the ethical conduct of business (Naidoo, 2016:388).

Consequently, assessing the relationship between effective and efficient corporate governance and disproportionate remuneration within South African businesses can provide insights into both economic dynamics and social and ethical concerns (Ngogela & Quzu, 2023). In addition, legislative amendments that attempt to reach equitable distributions between, among others, shareholders and workers are afoot and, in the context of transparency regarding the disparity in wages and the fairness of compensation, will attempt to establish an objective benchmark (DTI, 2023:4; Freehills, 2023; Ngogela & Quzu, 2023).

1.3 Definition of Terms

‘Corporate governance’ refers to the comprehensive framework of procedures, systems, and mechanisms that govern the direction and management of businesses. It plays a crucial role in developing the processes for making decisions for businesses and establishing their relationships with stakeholders (Conmy, 2023; Conmy, 2024; IoDSA, 2016:11; Naidoo, 2016:3-4).

‘Executive remuneration’, often known as executive compensation, refers to the financial salary and benefits provided to top-level executives in a business and encompasses all types of compensation and benefits received by them. It usually consists of a basic salary, performance-based short-term and/or long-term incentives, equity-based rewards, and supplementary benefits (Morton & Blair, 2021).

‘Excessive executive remuneration’ refers to the situation where top-level executives receive compensation that seems unreasonably high or disproportionate in relation to their responsibilities and the business's overall performance. This may involve an examination of income disparity and the threshold at which executive remuneration is

deemed to be imbalanced (Teuteberg, 2023). It is a difficult term to define, and any definition is ultimately subjective.

‘Correlation’, within the scope of this dissertation, may be defined as a statistical metric that quantifies the association between two or more variables (Wigmore, 2020), in this instance between executive remuneration and corporate governance.

‘South African businesses’ include all forms of business enterprises within the South African business environment, such as sole proprietorships, partnerships, companies, close corporations, trusts, and state-owned enterprises, and include their legal and regulatory structures, economic circumstances, and corporate ethos.

From a corporate governance perspective, ‘stakeholders’ include shareholders, employees, the general public, media, affiliated companies, administration, lawmakers, gatekeepers, and foreign entities. The effectiveness of the monitoring function of these stakeholders in influencing managerial activities is a subject of discussion, as it might not always correspond with the interests of shareholders and the public (IoDSA, 2016:17; Naidoo, 2016:386-387; Ormazábal, 2016:202-203).

The King IV Report on Corporate Governance for South Africa 2016 (King IV) is a prominent framework that governs corporate governance practices in South Africa, which will be used to investigate and analyse fundamental concepts and criteria regarding the correlation between corporate governance and executive remuneration (IoDSA, 2016).

‘Shareholder activism’ refers to the actions taken by shareholders to influence the decision-making and operations of a company in order to promote their own interests (Naidoo, 2016:30).

‘Agency theory’ is a fundamental topic in the field of corporate governance and deals with the connection between the principal-agent relationship involving shareholders and executives (Naidoo, 2016:197), and the subsequent influence on executive remuneration (Naidoo, 2016:187).

The ‘Stakeholder theory’ posits that a company has a responsibility to a broad spectrum of stakeholders, which are defined as any organisation or individual who has the ability to

influence or is impacted by the company's goals (Freeman, 2010:24-25; Mans-Kemp & Van Zyl, 2021:198).

'Governance mechanisms' refer to the diverse governance mechanisms, including board structures, committees, and regulatory organisations, which are involved in supervising executive remuneration and corporate governance (Naidoo, 2016:80).

'Remuneration committees' are tasked with the function and responsibility of overseeing executive remuneration within companies. They play a crucial role in determining and influencing the remuneration packages of top-level executives. Their primary objective is to ensure that executive remuneration is fair, competitive, and aligned with the company's performance and long-term goals. By carefully evaluating and approving executive remuneration, remuneration committees aim to strike a balance between attracting and retaining top talent while also safeguarding the interests of shareholders and promoting corporate governance (Naidoo, 2016:186-187).

'Income inequality' refers to the unequal distribution of income among individuals or groups within a society. In the context of executive remuneration, it refers to the disparity in income between top executives and other employees. This disparity can have several ramifications, such as social unrest, decreased social mobility, and economic inefficiency (Naidoo, 2016:264).

1.4 Problem statement

Executive remuneration has been a contentious issue for decades, with questions raised about the fairness and adequacy of the compensation packages granted to executives (Anon1, 2024; Anon2, 2024; Anon3, 2024; Areff, 2024; Blair, 2024; Govender, 2024; Gumede, 2024; and Mochiko, 2024,). The importance of corporate governance in determining executive remuneration has been increasingly acknowledged, with many arguing that appropriate governance mechanisms can assist in aligning executive pay with company performance and encourage better transparency and accountability (Hill, 2011; Madlela & Cassim, 2017:383; Polley, 2025).

Despite this, there is no consensus regarding the specific processes by which corporate governance can influence executive remuneration and the scope to which these kinds of governance structures are effective in achieving this objective (Bussin *et al.*, 2023:2;

Muzata & Marozva, 2023:32; Perkins & Shotland, 2022:415-416). In addition, there is a need for more empirical data regarding the connection between corporate governance and executive remuneration, especially considering the growing demand for more transparency and accountability in executive compensation (Matemane *et al.*, 2023:22-24).

Consequently, the problem statement is as follows: How do South African transparency requirements in terms of executive remuneration compare, from a corporate governance perspective, with such requirements in concurrent jurisdictions in enhancing accountability towards all stakeholders and attaining greater alignment between executive remuneration and organisational performance?

1.5 Research objectives

1.5.1 Primary Objective

In line with the problem statement, the primary objective is to ensure greater accountability towards all stakeholders and attain better alignment between executive remuneration and organisational performance through the improvement of South Africa's transparency requirements for executive remuneration by conducting a comparative study in concurrent jurisdictions.

1.5.2 Secondary objective

To achieve the primary objective, the following secondary objectives are set:

SO1: To analyse the construct of executive remuneration as is applied in the South African context from the perspective of the corporate governance principles of accountability and fairness.

SO2: To evaluate the South African regulatory and governance prescripts for transparency in executive remuneration against the positions in the UK and Australia.

SO3: To use the results of the aforementioned to draw conclusions and make recommendations towards the improvement of transparency in executive remuneration and the enhancement of the principles of corporate governance.

1.6 Scope of the study

1.6.1 Field of study

The field of study (cluster) is Corporate Governance.

1.6.2 Sector under investigation

This study aims to provide a comprehensive investigation of the relationship between executive remuneration, organisational performance, and transparency from a corporate governance perspective, specifically within the context of South African businesses. In this regard, it is not possible to limit the study to specific sectors or industries like small, medium, and micro enterprises (SMMEs), mining, the financial sector, and the like, as the prevalent corporate governance frameworks are the same for all of them. Reference will, however, be made to specific available data for companies listed on the JSE and smaller stock exchanges.

The primary focus of this study will be on the South African environment, with specific examples and data obtained from businesses operating within the country. The objective of this study is to offer a comprehensive perspective on the relationship between corporate governance and executive compensation. The intention is to shed light on valuable observations that can add to the continuing discourse on ethical business practices, economic progress, and societal welfare in the context of South Africa.

1.6.3 Geographical demarcation

The study will examine South Africa as a whole, specifically focusing on organisations and businesses that are situated within the country's territorial boundaries. This study aims to investigate the relationship between transparency, organisational performance and executive remuneration from a corporate governance perspective, with a specific focus on the South African economic environment. The selection of this geographical demarcation is based on the aim of conducting a concentrated and contextually appropriate examination, which considers the distinct ESG and regulatory elements that define the business environment in South Africa. The positions in the UK and Australia, which have similar corporate legal systems and corporate governance codes to South Africa, will be analysed and compared to the position in South Africa.

1.7 Research design and methods

1.7.1 Literature review

This research will be conducted in the form of a literature review. The objective of a literature review is to review the work that has been done by other academics on a particular subject (Leedy & Ormrod, 2013:70). A literature review has been described as a critical examination of the existing knowledge on the research topic, related themes, and the various viewpoints that have been expressed on it (Lambert, 2012:81), as well as a methodical assessment of the available material that finds, evaluates, and interprets their collective meaning (Fink, 2019:6).

The literature review will be conducted by utilising the following resources within the selected group of countries:

- Academic books;
- Academic journals and newspaper publications;
- Applicable legislation;
- Blogs, online forums and the like for insights, views and opinions on the research topic;
- Law reports;
- Standards published by professional bodies; and
- Thesis and dissertation that are relevant to the research topic.

The literature review will involve a comparison of South African transparency requirements for executive remuneration in terms of the Companies Act 61 of 1973, the Companies Act 71 of 2008 (as well as the 2024 amendments thereto), the King reports and codes on corporate governance (IoDSA, 2016; IoDSA, 2025), and the listing requirements of stock exchanges (for example, CTSE, 2017; LexisNexis, 2021), with such requirements in concurrent jurisdictions, to wit Australia (for example, Corporations Act

50 of 2001; ASX, 2016) and the UK (for example, Companies Act 2006; FRC; 2010, FRC; 2024).

1.7.2 Empirical study

The Research Onion, created by Mark Saunders in his research methodology system, is a concept that aids researchers in organising the several tiers of research methodologies and techniques employed in an empirical investigation (Melnikovas, 2018:33). It comprises several levels, with each layer building upon the previous one. The Research Onion framework will be utilised as follows for conducting an empirical study on the relationship between good corporate governance and excessive executive remuneration:

- **Philosophy (Outer Layer):** This symbolises the underlying research philosophy. For an empirical investigation, one has the option to choose between a positivist or interpretivist research philosophy. The decision hinges on whether one aims to prioritise quantifiable and measurable statistics (positivist approach) or to emphasise the comprehension of the significance and context of executive remuneration and corporate governance (interpretivist approach) (Melnikovas, 2018:34-38).
- **Approach (Layer 2):** A research approach that is consistent with the goals within the selected research philosophy must be chosen. When doing a quantitative study that aims to analyse correlations, it is customary to rely on a deductive approach. An inductive technique may be more suitable for a qualitative study that seeks to comprehend context and perceptions (Melnikovas, 2018:38).
- **Theory development (Layer 3):** There are three primary approaches to theory development: deductive, inductive, and abductive. Deductive reasoning is used to guide knowledge and control functions through physical argumentation. Inductive reasoning is used to control information by employing structural and categorisation argumentation. Abductive reasoning aims to identify structures, connections, contexts, and constraints by utilising cognitive argumentation (Melnikovas, 2018:38).
- **Strategy (Layer 4):** Thereafter, one must decide on the research methodology that is most appropriate for the research. If the study is based on empirical research, one

has the option to choose between conducting a survey, a case study, or a cross-sectional analysis (Melnikovas, 2018:38-39).

- Methodological choice (Layer 5): Within this layer, the sequential methodologies that will be employed to gather, scrutinise, and construe data must be delineated. The sampling methodologies, data acquisition strategies, and data analysis methodologies that will be utilised must be explained. For example, if one is examining executive remuneration data, the methods by which one will obtain and manipulate this financial information must be defined (Melnikovas, 2018:39). Data collection and data analysis (inner layers) refer to the process of gathering and examining information in a systematic manner.
- Time horizons (Layer 6): The chronological scope of the investigation must be specified, which may either be cross-sectional (data gathered at a single instance) or longitudinal (data collected over a prolonged duration) (Melnikovas, 2018:39).
- Procedures (Layer 7): The study design will focus on the collection and analysis of data. The selection of prior options directly influences the specific methods used for collecting and analysing fundamental data, ultimately leading to the resolution of the research topic (Melnikovas, 2018:39).

1.7.2.1 Research paradigm

A research paradigm is a collective set of beliefs, assumptions, methodologies, and practises that serve as a guiding framework for researchers in their approach and execution of investigations. The underlying framework plays a crucial role in shaping the researcher's perspective, influencing their selection of methodology, and informing their interpretation of findings. Research paradigms play a crucial role in facilitating a shared understanding and guiding the research process within a specific topic or profession (Ulz, 2023).

According to Ulz (2023), there are two main research paradigms that are commonly recognised in academic literature:

- The positivist paradigm refers to a philosophical framework that emphasises the use of scientific methods and empirical evidence to understand and explain phenomena.

The nature of reality is conceptualised within the framework of positivism, which posits the existence of an objective reality that can be comprehended and investigated via the application of systematic observation and measuring techniques. The scientific focus of positivism is on the establishment of causal linkages, prediction of outcomes, and hypothesis testing. Quantitative approaches, including experiments, surveys, and statistical analysis, are frequently employed in positivist research. The role of the researcher involves maintaining an impartial and objective position, with the aim of reducing personal biases. The objective of knowledge generation is to generate knowledge that is universally applicable and can be generalised.

- The constructivist / interpretive paradigm is a theoretical framework that emphasises the role of human interpretation and social construction in shaping knowledge and understanding. The nature of reality is a central focus of constructivism, which posits that reality is not an objective entity but rather a socially produced and subjective phenomenon. According to this perspective, reality is shaped by the interpretations and experiences of individuals. The primary focus of constructivist research lies in comprehending the interpretations and viewpoints that individuals assign to their personal experiences. The utilisation of qualitative approaches, including interviews, observations, and content analysis, is frequently employed to comprehensively investigate intricate occurrences. The role of the researcher encompasses active involvement in the study process while acknowledging their inherent subjectivity. The views and insights of the researcher are highly regarded. The objective is to produce comprehensive knowledge that is positioned within specific contexts, encompassing the intricacies of human experiences and views.

When contemplating the research paradigm for a study investigating the relationship between effective corporate governance and excessive executive remuneration in South African businesses, the selection between a positivist or a constructivist/interpretive approach will have an impact on the study's design, implementation, and interpretation.

This study will utilise a positivist paradigm in view thereof that scientific methods and empirical evidence will be utilised to understand and explain South African transparency requirements for executive remuneration and which will be compared with concurrent requirements in selected other jurisdictions.

1.7.2.2 Research approach

The methodical approach for performing research and the fundamental reasoning that directs this process are referred to as the research methodology (Collis & Hussey, 2014:64).

An appropriate research methodology for conducting an empirical investigation of the relationship between good corporate governance and excessive executive remuneration in South African enterprises, and comparing the same to the position in concurrent jurisdictions, should encompass the following components:

- investigate and analyse the research objectives stated in paragraph 1.5 above; and
- conduct an examination of the relationship between transparency, organisational performance and executive remuneration from a corporate governance perspective within the South African economic landscape.

The positivistic research paradigm, which emphasises a methodical and scientific examination of observable events that can be quantified and examined using statistical methods, will be used in this study. Because of this, the study will employ a deductive analytical framework that is highly suitable for investigating the relationship between good corporate governance practises and exorbitant executive remuneration.

1.7.2.3 Methodological choice

This research will be conducted in the form of a literature review. The objective of a literature review is to review the work that has been done by other academics on a particular subject (Leedy & Ormrod, 2013:70). A literature review has been described as a critical examination of the existing knowledge on the research topic, related themes, and the various viewpoints that have been expressed on it (Lambert, 2012:81), as well as a methodical assessment of the available material that finds, evaluates, and interprets their collective meaning (Fink, 2019:6).

A literature review is essential to research because it gives a thorough grasp of the body of knowledge already available on the subject and demonstrates the need for additional study (Brown University, 2024).

Studying differences and similarities between multiple scenarios is known as comparative research. When conducting comparative research, researchers use quantitative or comparative methods to examine a specific problem in different contexts. Based on certain subject areas of interest, comparisons are made at various levels, such as regional, national, or broader geographic boundaries. Comparative research aims to characterise, investigate, and elucidate the parallels and discrepancies between the examples being examined. The objectives of comparative research include gaining insight from other policy initiatives, enhancing global awareness of a certain issue, and assessing the importance and breadth of particular phenomena (Iranifard & Roudsari, 2022:3317). In this study a comparison will be done in respect of the transparency requirements for executive remuneration in a selection of countries that shares similar and comparable corporate governance and company law frameworks, being the UK and Australia.

1.7.2.4 Research strategy

Precise hypotheses that capture the anticipated associations between transparency and organisational performance metrics and executive remuneration from a corporate governance perspective will be formulated. For example, one hypothesis will propose that there is no statistically significant link between the implementation of transparency practices and executive remuneration linked to organisational performance, while an alternative hypothesis will propose that there exists a negative correlation between a lack of transparency practices and executive remuneration linked to organisational performance.

In studying executive remuneration, the systematic literature review (SLR) has become a crucial research technique as it offers a comprehensive, stringent, and open way to summarise previous research, identify gaps, and steer evidence-based policies (Lozano-Reina & Sánchez-Marín, 2020:4).

In order to document recent advances in relevant literature, articles and material from various databases, including JSTOR, EBSCOhost, WorldCat, and Scopus, will be analysed using the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) for the years 2010 to 2025 (PRISMA, 2020).

The following key terms will be used to obtain information applicable to the research question: 'corporate governance', 'executive remuneration' NOT 'remuneration', 'transparency requirements', 'accountability', 'stakeholders', 'alignment', and 'organisational performance'. The results of the research will be limited to the relevance and availability of articles and material based on titles and summaries.

The abovementioned criteria will be used to select the material and articles to be utilised. The availability and relevance of item will be considered while filtering the search results. An item will be deemed relevant if it was written in English, published between 2009 (the year King III was released) and March 2025, and its content matched the primary and secondary goals listed in paragraph 5 above. Items that are duplicates, published outside the designated time frame, or for which a full-length version cannot be found through database searches, will not be included.

The process of compiling, organising, and evaluating the body of current literature in a field of study is known as a classic SLR. Compiling in this process entails both establishing the literature review domain, core question, and source type/quality, as well as acquiring literature to be included. Defining the norms and structure, or organisation, and defining the inclusion and exclusion criteria, or purification, are scientific steps for an SLR. Establishing the future research agenda based on a gap analysis is the last phase. By following this procedure, a researcher can accomplish two primary goals: (1) giving guidance for future research based on what is unknown in a research domain; and (2) offering an in-depth understanding of what is understood in the field of study by establishing the field's description, identifying inconsistencies and their likely explanation, and establishing a framework to summarise previous research (Paul & Barari, 2022:1100).

Structured reviews focus on developing a research domain, including associated concepts, constructs, contexts, and methods, and writers use graphs and tables to offer a structured understanding of a research domain. Traditional SLRs include theory-based reviews, method-based reviews, and domain-based reviews. These reviews synthesise research in the same research field to expand the body of literature in this field. By combining diverse perspectives, authors can describe cutting-edge understanding of the research domain and identify helpful research avenues Paul & Barari, 2022:1100-1101).

The approach proposed by Paul & Barari (2022:1109-1100) will be used to analyse the extracted data in a structured manner.

1.7.2.5 Ethical considerations

The ideas that guide a research design and methodology are known as ethical concerns in research (Bhandari, 2021).

Permission and informed consent, anonymity, confidentiality, the Protection of Personal Information Act 4 of 2013, academic integrity, and research and publishing bias are some examples of ethical issues that should be considered in the overall research design. More factors, including the Hawthorne effect, the placebo effect, recall bias, observer bias, and self-selection bias, come into play when a qualitative research approach is used (McCombes & George, 2022).

In general, utilising secondary data is regarded as an ethical practice. The reasons therefor include maximising the benefit of the data gathering process, minimising the burden on participants, and lessening the demand for further funding (Damyanov, 2023). A common misconception is that using secondary data releases the researcher from having to ask for ethical approval. However, the following ethical requirements should be considered when using secondary data (Jol & Stommel, 2016:184, 187; Tubaro, 2015):

- Before being released to the researcher, data must be deidentified;
- It is reasonably assumed that study participants in the primary research have given their consent;
- The findings of the analysis must prevent study participants from being reidentified;
- The data may not be used in a manner that causes harm or suffering.

The nature, origin and content of the secondary data to be used in this study will be sourced and utilised with a view to adhering to the aforementioned considerations.

1.8 Contribution of the study

An investigation into the relationship between corporate governance and executive remuneration in South African businesses has the potential to provide valuable insights to both the academic field and the business sector, including the following:

- Academic contribution:
 - This study has the potential to enhance the theoretical understanding of the correlation between transparency, organisational performance and executive remuneration from a corporate governance perspective and may assist in improving or broadening already-existing ideas, like agency theory or stakeholder theory.
- Contribution to policy and business practices:
 - The outcomes of the study may be considered in making policy decisions. The research may provide valuable insights to politicians and regulators in South Africa regarding transparency and executive remuneration issues that may require addressing. This could potentially result in the formulation or modification of regulations pertaining to corporate governance.
 - The study may offer practical guidance to South African businesses on how to organise their corporate governance and executive remuneration practices in an efficient manner. This may assist businesses in navigating the particular obstacles regarding transparency.
 - The research may assist with shareholder activism by illustrating the influence of transparency on executive remuneration. Stakeholders may utilise the information to push for enhanced transparency and equitable remuneration practices.
- Corporate social responsibility:
 - The study might provide insight into ethical and social responsibility concerns regarding transparency and executive remuneration.
- Practical consequences:
 - South African businesses may be able to utilise the knowledge gained from the study to inform their strategic decision-making process about corporate governance frameworks and executive remuneration packages.

- Businesses may be able to detect and reduce risks related to governance and remuneration practises by understanding the correlation between transparency and executive remuneration.

Ethical considerations play a crucial role in ensuring the integrity and validity of data collecting, analysis, and reporting processes. By upholding the integrity of the research process and safeguarding the rights and privacy of the entities engaged, the study's viability is ensured.

1.9 Limitations of the study

This study may encounter many difficulties, as is common in research. Such constraints must be acknowledged to ensure that the findings are correctly understood within the relevant framework. Constraints to be considered include the following:

- The availability of data may be a substantial constraint. Privacy issues may limit access to extensive data regarding executive remuneration and corporate governance practises, particularly when handling sensitive financial information.
- Cross-sectional data refers to information collected at a specific point in time from a group of individuals or entities. It provides a snapshot of a population or sample at a given moment. If cross-sectional data is considered, it may not adequately depict the evolving nature of corporate governance or executive remuneration practices over time. Longitudinal data has the potential to offer a more precise depiction of trends.
- When examining the relationship between corporate governance and executive remuneration, it may be difficult to determine a cause-and-effect relationship. Various other elements and variables may potentially impact both corporate governance and executive remuneration, which will have the effect of complicating the process of attributing changes in one to changes in the other.
- The study may not comprehensively encompass the influence of cultural and ethical elements on corporate governance and executive remuneration practices. Although these elements may not be readily measurable, they can exert a substantial impact.

- Unaccounted variables or external factors that are not taken into consideration in the study may complicate the relationship between corporate governance and executive remuneration.

The regulatory landscape in South Africa, including corporate governance and remuneration legislation, is subject to potential changes in the future. If the study fails to include these changes, it may compromise the validity of its findings.

1.10 Conclusion

The aim of this study is to examine the complex interaction between corporate governance and transparency requirements for executive remuneration within the context of the South African legislative and corporate governance environment, in comparison to those of selected international jurisdictions. This research attempts to offer significant insights into the interplay and influence of several aspects, including the legislative framework, historical backdrop, existing corporate practices, and prospective impacts. In conclusion, an enhanced comprehension of this relationship has the potential to facilitate the development of better-informed policies, practices, and strategies that foster sustainable growth, societal welfare, and enduring success for businesses in South Africa and their various stakeholders.

CHAPTER 2 RESEARCH DESIGN AND METHODOLOGY

2.1 Introduction

Research, in its broadest sense, involves a deliberate and systematic effort to gather information, interpret evidence, and generate knowledge about a specific topic. Mishra and Alok (2017) describe research as a disciplined way of seeking answers, emphasising that the approach a researcher takes inevitably reflects deeper assumptions about what constitutes knowledge.

This chapter outlines the research design and methodology that inform this study. This research will be conducted in the form of a literature review. The objective of a literature review is to review the work that has been done by other academics on a particular subject (Leedy & Ormrod, 2013:70). A literature review has been described as a critical examination of the existing knowledge on the research topic, related themes, and the various viewpoints that have been expressed on it (Lambert, 2012:81), as well as a methodical assessment of the available material that finds, evaluates, and interprets their collective meaning (Fink, 2019:6).

The literature review was conducted by utilising the following resources within the selected group of countries:

- Academic books;
- Academic journals and newspaper publications;
- Applicable legislation;
- Blogs, online forums and the like for insights, views and opinions on the research topic;
- Law reports;
- Standards published by professional bodies; and
- Thesis and dissertation that are relevant to the research topic.

The literature review involved a comparison of South African transparency requirements for executive remuneration in terms of the Companies Act 71 of 2008, the King reports and codes on corporate governance (IoDSA, 2016; IoDSA, 2025), and the listing requirements of stock exchanges (for example, CTSE, 2017; LexisNexis, 2021), with such requirements in concurrent jurisdictions, to wit Australia (for example, Corporations Act 50 of 2001; ASX, 2016) and the UK (for example, Companies Act 2006; FRC; 2010, FRC; 2024).

2.2 Empirical study

The Research Onion, created by Mark Saunders in his research methodology system, is a concept that aids researchers in organising the several tiers of research methodologies and techniques employed in an empirical investigation (Melnikovas, 2018:33). It comprises several levels, with each layer building upon the previous one. The Research Onion framework was utilised as follows for conducting an empirical study on the relationship between good corporate governance and excessive executive remuneration:

- **Philosophy (Outer Layer):** This symbolises the underlying research philosophy. For an empirical investigation, one has the option to choose between a positivist or interpretivist research philosophy. The decision hinges on whether one aims to prioritise quantifiable and measurable statistics (positivist approach) or to emphasise the comprehension of the significance and context of executive remuneration and corporate governance (interpretivist approach) (Melnikovas, 2018:34-38).
- **Approach (Layer 2):** A research approach that is consistent with the goals within the selected research philosophy must be chosen. When conducting a quantitative study aimed at analysing correlations, it is customary to rely on a deductive approach. An inductive technique may be more suitable for a qualitative study that seeks to comprehend context and perceptions (Melnikovas, 2018:38).
- **Theory development (Layer 3):** There are three primary approaches to theory development: deductive, inductive, and abductive. Deductive reasoning is used to guide knowledge and control functions through physical argumentation. Inductive reasoning is used to control information by employing structural and categorisation argumentation. Abductive reasoning aims to identify structures, connections,

contexts, and constraints by utilising cognitive argumentation (Melnikovas, 2018:38).

- Strategy (Layer 4): Thereafter, one must decide on the research methodology that is most appropriate for the research. If the study is based on empirical research, one has the option to choose between conducting a survey, a case study, or a cross-sectional analysis (Melnikovas, 2018:38-39).
- Methodological choice (Layer 5): Within this layer, the sequential methodologies that will be employed to gather, scrutinise, and construe data must be delineated. The sampling methodologies, data acquisition strategies, and data analysis methodologies that will be utilised must be explained. For example, if one is examining executive remuneration data, the methods by which one will obtain and manipulate this financial information must be defined (Melnikovas, 2018:39). Data collection and data analysis (inner layers) refer to the process of gathering and examining information in a systematic manner.
- Time horizons (Layer 6): The chronological scope of the investigation must be specified, which may either be cross-sectional (data gathered at a single instance) or longitudinal (data collected over a prolonged duration) (Melnikovas, 2018:39).

Procedures (Layer 7): The study design will focus on the collection and analysis of data. The selection of prior options directly influences the specific methods used for collecting and analysing fundamental data, ultimately leading to the resolution of the research topic (Melnikovas, 2018:39).

2.3 Research approach

The methodical approach for performing research and the fundamental reasoning that directs this process are referred to as the research methodology (Collis & Hussey, 2014:64).

An appropriate research methodology for conducting an empirical investigation of the relationship between good corporate governance and excessive executive remuneration in South African enterprises, and comparing the same to the position in concurrent jurisdictions, should encompass the following components:

- investigate and analyse the research objectives stated in paragraph 1.5 above; and

- conduct an examination of the relationship between transparency, organisational performance and executive remuneration from a corporate governance perspective within the South African economic landscape.

The positivistic research paradigm, which emphasises a methodical and scientific examination of observable events that can be quantified and examined using statistical methods, was used in this study. Because of this, the study employed a deductive analytical framework that is highly suitable for investigating the relationship between good corporate governance practices and exorbitant executive remuneration.

2.4 Research strategy

Precise hypotheses that capture anticipated associations between transparency, organisational performance metrics, and executive remuneration from a corporate governance perspective was formulated. For example, one hypothesis will propose that there is no statistically significant link between the implementation of transparency practices and executive remuneration linked to organisational performance, while an alternative hypothesis will propose that there exists a negative correlation between a lack of transparency practices and executive remuneration linked to organisational performance.

In studying executive remuneration, the systematic literature review (SLR) has become a crucial research technique, as it offers a comprehensive, rigorous, and transparent approach to summarising previous research, identifying gaps, and informing evidence-based policies (Lozano-Reina & Sánchez-Marín, 2020:4).

To document recent advances in the relevant literature, articles and materials from various databases, including JSTOR, EBSCOhost, WorldCat, and Scopus, were analysed using the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) for the years 2010 to 2025 (PRISMA, 2020).

The following key terms were used to obtain information applicable to the research question: 'corporate governance', 'executive remuneration' NOT 'remuneration', 'transparency requirements', 'accountability', 'stakeholders', 'alignment', and 'organisational performance'. The results of the research were limited to articles and materials relevant to and available based on titles and summaries.

The abovementioned criteria were used to select the material and articles to be utilised. The availability and relevance of the item was considered while filtering the search results. An item was deemed relevant if it was written in English, published between 2009 (the year King III was released) and March 2025, and its content matched the primary and secondary objectives listed in paragraph 1.5 above. Items that are duplicates, published outside the designated time frame, or for which a full-length version cannot be found through database searches were be included.

The process of compiling, organising, and evaluating the body of current literature in a field of study is known as a classic SLR. Compiling in this process entails both establishing the literature review domain, core question, and source type/quality, as well as acquiring literature to be included. Defining the norms and structure (or organisation) and the inclusion and exclusion criteria (or purification) are scientific steps for an SLR. Establishing the future research agenda based on a gap analysis is the last phase. By following this procedure, a researcher can accomplish two primary goals: (1) giving guidance for future research based on what is unknown in a research domain; and (2) offering an in-depth understanding of what is understood in the field of study by establishing the field's description, identifying inconsistencies and their likely explanation, and establishing a framework to summarise previous research (Paul & Barari, 2022:1100).

Structured reviews focus on developing a research domain, including associated concepts, constructs, contexts, and methods, and writers use graphs and tables to provide a structured understanding of the domain. Traditional SLRs include theory-based, method-based, and domain-based reviews. These reviews synthesise research in the same field to expand the body of literature. By combining diverse perspectives, authors can describe a cutting-edge understanding of the research domain and identify helpful research avenues Paul & Barari, 2022:1100-1101).

The approach proposed by Paul & Barari (2022:1109-1100) was used to analyse the extracted data in a structured manner.

2.5 Methodological choice: literature review

This research was conducted in the form of a literature review. The objective of a literature review is to review the work that has been done by other academics on a particular subject (Leedy & Ormrod, 2013:70). A literature review has been described as a critical examination of the existing knowledge on the research topic, related themes, and the various viewpoints that have been expressed on it (Lambert, 2012:81), as well as a methodical assessment of the available material that finds, evaluates, and interprets their collective meaning (Fink, 2019:6).

A literature review is essential to research because it provides a thorough understanding of the body of knowledge already available on the subject and demonstrates the need for further study (Brown University, 2024).

Studying differences and similarities between multiple scenarios is known as comparative research. When conducting comparative research, researchers use quantitative or comparative methods to examine a specific problem in different contexts. Based on particular subject areas of interest, comparisons are made at various levels, such as regional, national, or broader geographic boundaries. Comparative research aims to characterise, investigate, and elucidate the parallels and discrepancies between the examples being examined. The objectives of comparative research include gaining insight from other policy initiatives, enhancing global awareness of a certain issue, and assessing the importance and breadth of particular phenomena (Iranifard & Roudsari, 2022:3317). In this study, a comparison was made of the transparency requirements for executive remuneration across a selection of countries with similar corporate governance and company law frameworks, namely the UK and Australia.

2.6 Techniques and procedures

Three techniques guided this study:

- Literature review: to determine existing knowledge and identify gaps.
- Scoping review: to map the field of transparency in executive remuneration.
- Thematic analysis: to identify patterns and themes across sources.

Sources included academic publications, books, policy documents, legislation, professional standards, case law and credible online commentary.

2.7 Ethical considerations

The ideas that guide a research design and methodology are known as ethical concerns in research (Bhandari, 2021).

Permission and informed consent, anonymity, confidentiality, the Protection of Personal Information Act, academic integrity, and research and publishing bias are among the ethical issues that should be considered in the overall research design. More factors, including the Hawthorne effect, the placebo effect, recall bias, observer bias, and self-selection bias, come into play when a qualitative research approach is used (McCombes & George, 2022).

In general, utilising secondary data is regarded as an ethical practice. The reasons therefor include maximising the benefits of the data-gathering process, minimising the burden on participants, and reducing the demand for further funding (Damyanov, 2023). A common misconception is that using secondary data relieves the researcher of the need to seek ethical approval. However, the following ethical requirements should be considered when using secondary data (Jol & Stommel, 2016:184, 187; Tubaro, 2015):

- Before being released to the researcher, data must be deidentified;
- It is reasonably assumed that study participants in the primary research have given their consent;
- The findings of the analysis must prevent study participants from being reidentified;
- The data may not be used in a manner that causes harm or suffering.

The nature, origin, and content of the secondary data to be used in this study will be sourced and utilised with a view to adhering to the considerations mentioned above.

2.8 Trustworthiness of the study

According to Lincoln and Guba (1982), the following criteria guide trustworthiness:

- **Credibility:** strengthened through triangulation and transparent analysis.
- **Transferability:** supported by detailed methodological descriptions.

- Dependability: enhanced through documentation of procedures.
- Confirmability: ensured through neutrality and reflective practice.

2.9 Contribution of the study

An investigation into the relationship between corporate governance and executive remuneration in South African businesses has the potential to provide valuable insights to both the academic field and the business sector.

2.10 Limitations of the study

This study may encounter many difficulties, as is common in research, including data availability, cross-sectional data considerations, challenges in establishing a cause-and-effect relationship, the effects of cultural and ethical factors on corporate governance and executive remuneration practices, unaccounted variables and external factors, and potential changes in the regulatory landscape. Such constraints must be acknowledged to ensure that the findings are correctly understood within the relevant framework.

2.11 Summary

This chapter presented the methodological foundation for the study, following the structure of Saunders' research onion. The literature review orientation of the study supports its aim of ensuring greater accountability towards all stakeholders and attaining better alignment between executive remuneration and organisational performance through the improvement of South Africa's transparency requirements for executive remuneration.

CHAPTER 3 TRANSPARENCY OF EXECUTIVE REMUNERATION IN THE SOUTH AFRICAN CORPORATE GOVERNANCE FRAMEWORK

3.1 Introduction

Transparency in executive remuneration has emerged as a pivotal issue in modern corporate governance, especially in South Africa, where significant socio-economic disparity, diminished public confidence in institutions, and persistent governance failures have intensified examination of senior executives' remuneration. Executive remuneration is no longer perceived solely as an internal company issue; it has become a wider social and ethical concern that involves fairness, accountability, legitimacy, and the relationship between salary and organisational performance. The legitimacy of remuneration methods depends not only on the amounts disbursed but also on stakeholders' ability to understand and critically assess the rationale for remuneration decisions.

The socio-economic environment of South Africa exacerbates these difficulties. The nation consistently ranks among the highest worldwide in Gini coefficients (Hasell, 2023), and this systemic inequality is prominently evident within organisations, where the disparity between the highest- and lowest-paid employees can exceed several hundred times. The public response to recent remuneration revelations highlights the conflict between corporate remuneration frameworks and community expectations. Instances include the Capitec CEO receiving in excess of R100 million (Khumalo, 2025), the R119 million disbursed to a banking executive sourced from a rival firm (Brand-Jonker, 2025), executives in state-owned enterprises earning substantial sums despite operational failures (Libera, 2025; Mabena, 2025), and critiques from civil society organisations regarding pronounced vertical wage disparities (JustShare, 2025; Zulu, 2025). These instances not only emphasise wage inequities but also show the importance of transparent remuneration systems in influencing perceptions of business and public-sector integrity.

In this context, transparency serves a vital governance role. It allows stakeholders, such as shareholders, employees, regulators, and society, to evaluate whether remuneration frameworks embody ethical leadership, effective governance, risk-appropriate incentives,

and authentic value creation. Transparency serves as a countermeasure to agency issues, diminishing knowledge asymmetry between leaders and their accountability holders. Furthermore, openness bolsters organisational legitimacy within stakeholder theory, fosters trust in the governance system, and advances the overarching objectives of corporate citizenship inherent in South African governance frameworks.

This chapter rigorously analyses the South African legal and governance framework pertaining to remuneration transparency. This chapter examines the transparency regime's promotion of accountability, fairness, and alignment between executive remuneration and organisational performance through an analysis of the Companies Act 71 of 2008, its 2024 amendments, the King IV report on corporate governance (IoDSA, 2016), the King V code on corporate governance for South Africa (IoDSA, 2025), and the listing requirements of the JSE and CTSE. This topic lays the groundwork for the comparative study in Chapter 4, which assesses the efficacy of the South African strategy relative to those of the UK and Australia.

3.2 Executive remuneration in the context of corporate governance theory

Executive remuneration is not independent; it is integrated into the overarching framework of corporate governance, which aims to reconcile organisational success, ethical leadership, and accountability. The theoretical foundation for pay governance provides an analytical framework for understanding why transparency has emerged as a crucial governance necessity in South Africa. Three fundamental theoretical frameworks – agency theory, stakeholder theory, and legitimacy theory – elucidate the governance challenges posed by executive remuneration and the significance of transparency in mitigating them.

3.2.1 Agency theory

Agency theory remains the prevailing intellectual framework for elucidating corporate remuneration schemes. It acknowledges the intrinsic distinction between ownership and control in contemporary corporations: shareholders (principals) confer decision-making authority to executives (agents), whose interests may differ from those of the organisation. In the absence of corrective procedures, CEOs may exhibit self-serving behaviour, such as seeking excessive remuneration, manipulating performance metrics,

or prioritising short-term profits above long-term sustainability (Al-Faryan, 2024: 1-2; Gichanga, 2025: 15-16).

Consequently, transparency serves as a fundamental governance mechanism for alleviating agency risk. Transparent disclosure of remuneration frameworks, performance indicators, long-term incentive programs, and salary disparity data mitigates information asymmetry and allows shareholders to assess the alignment of remuneration results with organisational performance. Thus, transparency facilitates alignment of executive incentives with long-term value creation, the fundamental objective of remuneration governance (Al-Faryan, 2024:3).

3.2.2 Stakeholder theory

Stakeholder theory broadens the governance perspective to encompass not only shareholder interests but also the wider array of individuals and groups impacted by company actions. In the South African environment, characterised by profound socio-economic disparity and a constitutional dedication to dignity and equity, stakeholder considerations are especially pertinent. Executive remuneration strategies affect employee morale, labour relations, customer trust, regulatory perceptions, and societal legitimacy (Gichanga, 2025:13-14).

Transparency functions as a means to uphold legitimacy by enabling stakeholders to assess whether remuneration systems align with society standards of justice, proportionality, and ethical leadership (Awa *et al.*, 2024:2). The introduction of wage-gap disclosures, ESG-related remuneration requirements, and the stakeholder-inclusive framework in the King IV report on corporate governance (IoDSA, 2016) underscores the increasing significance of legitimacy in remuneration governance.

3.2.3 Theory of legitimacy

Legitimacy theory asserts that organisations rely on continuous public approval and must consequently adhere to the norms and expectations of the society in which they operate. In South Africa, characterised by significant wealth disparity, CEO remuneration is acutely responsive to legitimacy constraints. Organisations that do not transparently disclose remuneration or cannot substantiate the equity or performance rationale for it jeopardise their social licence to operate (Gichanga, 2025:17-18).

Transparency functions as a means to uphold legitimacy by enabling stakeholders to assess whether remuneration systems align with society's standards of fairness, proportionality, and ethical leadership. The advent of wage-gap disclosures, ESG-related remuneration expectations, and the stakeholder-inclusive framework of the King IV report on corporate governance (IoDSA, 2016) all signify the increasing significance of legitimacy in remuneration governance.

3.2.4 Utilisation

The examination of executive remuneration transparency in South Africa, viewed through the prism of accountability and equity, is significant. Agency theory emphasises transparency to mitigate information asymmetry; stakeholder theory prioritises equity and social expectations; and legitimacy theory emphasises openness as essential to sustaining trust. Collectively, these theories elucidate the rationale for South Africa's legal and governance frameworks that prioritise transparent salary disclosure and establish the conceptual foundation for assessing the sufficiency of the existing transparency regime.

3.3 Transparency in accordance with the Companies Act 61 of 1973

The initial corporate governance framework in South Africa had significantly divergent expectations concerning disclosure, responsibility, and the function of executive leadership in business success and sustainability. The Companies Act 61 of 1973 (the 1973 Companies Act) was enacted during an era characterised by inward-focused corporate governance and managerialism, with minimal consideration of executive salary as a public issue (Schmidt *et al.*, 2010:33-34). The Act established limited transparency standards, resulting in substantial deficiencies in shareholder oversight and facilitating activities that subsequently led to governance issues.

3.3.1 Restricted disclosure responsibilities

According to the 1973 Companies Act, firms were mandated to publish directors' salaries solely in aggregate, without differentiating between individual directors or designated officials. This allowed boards to obscure discrepancies and hinder stakeholders from understanding the rationale or framework of remuneration. The 1973 Companies Act does not mandate that firms differentiate among salaries, bonuses, share-based rewards, pensions, or allowances.

3.3.2 Lack of performance-related disclosure

A significant deficiency was the total lack of performance-related disclosure. Contemporary governance standards prioritise transparent disclosure of performance measures to ensure alignment between incentives and the company's long-term interests. The Companies Act 61 of 1973 lacked a mechanism for shareholders to assess the justification of bonuses or incentives.

3.3.3 Absence of internal pay equity mandates

The 1973 Companies Act failed to acknowledge the principle of internal equity. No obligations existed to reveal pay disparities or remuneration distribution. The lack of regulation in South Africa has perpetuated significant wage disparities due to prevailing inequality.

3.3.4 Insufficient shareholder oversight

In the absence of comprehensive disclosure, shareholders are unable to contest exorbitant remuneration or hold boards responsible. Remuneration choices were confined to a limited cohort of directors.

3.3.5 Consequences for governance reform

The shortcomings of the 1973 Companies Act led to subsequent governance failures and prompted the improvements encapsulated in the Companies Act 71 of 2008 (the 2008 Companies Act).

3.4 Transparency in accordance with the 2008 Companies Act

The 2008 Companies Act established a contemporary transparency framework that superseded the restricted disclosure mandates of the 1973 Companies Act. It acknowledges that executive remuneration is a concern for stakeholders and incorporates comprehensive tools to enhance accountability and equity.

3.4.1 Personalised Remuneration Disclosure

Section 30 of the 2008 Companies Act mandates the disclosure of individual remuneration for each director and prescribed officer, encompassing salary, bonuses, incentives, share-based awards, pensions, perks, and termination payments.

3.4.2 Disclosure of remuneration policy and governance procedures

Narrative explanations are required in integrated reports detailing the remuneration policy, performance metrics, governance procedures, and alignment with strategy.

3.4.3 Wage gap disclosure mandates (2024 Amendments)

The Companies Amendment Act 16 of 2024 and the Companies Second Amendment Act 17 of 2024 amended the 2008 Companies Act, mandating the disclosure of the highest, median, lowest, and average employee salary, together with the ratios among these statistics. This indicates internal equity issues inside a markedly unequal society.

3.4.4 Precision of disclosure and function of auditors

Auditors validate the accuracy of remuneration figures but do not assess their equity. Responsibility for the suitability of remuneration resides with governance frameworks.

3.4.5 Augmenting shareholder supervision

Transparency promotes shareholder involvement and activism, allowing for objections to inappropriate remuneration. Instances encompass the criticism directed at Shoprite's R87 million CEO remuneration (Wilson, 2025).

3.4.6 Critical evaluation

The 2008 Companies Act markedly enhances disclosure and bolsters accountability; however, enforcement is predominantly market-driven, resulting in variable disclosure quality.

3.5 Transparency in the King IV Report on Corporate Governance

The King IV report on corporate governance marks a crucial advancement in South Africa's corporate governance framework, particularly in terms of openness and

accountability regarding executive remuneration. Released by the Institute of Directors in Southern Africa (IoDSA) in 2016, it employs a principles-based, outcomes-oriented framework for governance and underscores the need of ethical and effective leadership (IoDSA, 2016:3-7). In this context, pay governance is regarded not just as a compliance issue but also as a fundamental aspect of corporate citizenship, equity, and sustainable value creation (IoDSA, 2016:6). It consequently plays a pivotal role in advancing transparency goals.

3.5.1 Apply and explain: a novel transparency standard

The King IV report on corporate governance established the “apply and explain” framework (IoDSA, 2016:7), mandating businesses to implement suggested practices and elucidate how these activities fulfil the desired governance objectives. In the realm of remuneration, organisations must exhibit:

- the role of pay in advancing long-term strategy;
- the considerations of fairness and internal equity;
- how incentives facilitate sustained performance; and
- the alignment of remuneration with ethical leadership standards.

3.5.2 The three-part remuneration report

The King IV report on corporate governance mandates a three-part remuneration report (IoDSA, 2016:65):

- This section delineates the organisation's external environment, workforce context, principal remuneration decisions, and previous shareholder complaints.
- Remuneration policy: This outlines the organisation's remuneration philosophy, the framework of fixed and variable remuneration, performance metrics, and governance mechanisms.
- Implementation report: This document reveals the actual remuneration disbursed and illustrates the application of the remuneration policy, encompassing incentive results and discrepancies.

3.5.3 Shareholder voting and engagement

The King IV report on corporate governance mandates distinct non-binding votes on the remuneration policy and the implementation report (IoDSA, 2016:65). Should support fall below 75%, the board is required to consult with dissenting shareholders and provide a report on the results of these consultations.

3.5.4 Internal equity and fairness

The King IV report on corporate governance underscores the importance of equitable and accountable remuneration, with a focus on salary disparities and employee welfare. This principle is essential in South Africa's markedly uneven socio-economic landscape.

3.5.5 Conclusion

The King IV report on corporate governance improved transparency, reduced information asymmetry, fostered fairness, and strengthened accountability through structured reporting and stakeholder engagement.

3.6 Transparency in the King V Code of Corporate Governance for South Africa (Principle 2)

The King V code on corporate governance for South Africa, effective from 1 January 2026, signifies a substantial advancement in remuneration transparency. It reinforces anticipations regarding equity, sustainability, ESG performance, and long-term value generation. Principle 2 mandates that remuneration governance exemplifies ethical leadership and responsible value creation (IoDSA, 2025:7-8).

3.6.1 Integration of ESG into remuneration

King V mandates the use of environmental-, social-, and governance- (ESG) related performance metrics in remuneration frameworks. Remuneration committees must recognise significant ESG challenges, establish quantifiable objectives, and communicate the impact of ESG results on remuneration (IoDSA, 2025:7-8).

3.6.2 Equity, internal fairness, and workforce factors

King V emphasises fairness, requiring organisations to address salary disparities, employee welfare, and internal equity, while also disclosing the rationale for these considerations (IoDSA, 2025:7-8).

3.6.3 Enhanced responsibilities of the remuneration committee

King V broadens the remuneration committee's responsibilities (IoDSA, 2025:7-8). Boards are required to substantiate remuneration decisions, provide committee autonomy, and evaluate the long-term behavioural impacts of remuneration frameworks.

3.6.4 Enhancing the remuneration report

Reports in accordance with King V must furnish comprehensive elucidations of performance criteria, ESG measures, internal remuneration distribution, and remuneration rationalisation. This transitions the emphasis from descriptive to substantive disclosure.

3.6.5 Societal and governance context

Prominent remuneration disputes have heightened demands for transparency. King V incorporates principles of justice, sustainability, and stakeholder responsibility to address these issues.

3.6.6 Conclusion

Principle 2 of King enhances openness and accountability by establishing remuneration frameworks that are equitable, sustainable, and linked with ethical leadership and long-term value generation.

3.7 The Gini coefficient, social equity, and the necessity for transparency

The Gini coefficient of South Africa, one of the highest globally, highlights the critical need for transparency in remuneration (Statista, 2025). Executive remuneration is often scrutinised in local media, especially when it seems excessive relative to organisational performance or societal circumstances. Reports about executive remuneration at Capitec, Woolworths, Shoprite, and state-owned enterprises demonstrate how

remuneration methods can provoke public apprehension (Brand-Jonker, 2025; Khumalo, 2025; Libera, 2025; Mabena, 2025; Wilson, 2025; Zulu, 2025). Transparency facilitates the examination of equity, fosters accountability, and aligns remuneration with society norms.

3.7.1 The inequality profile and pay dispersion in South Africa

South Africa's coefficient index routinely places the country at or near the top of global inequality rankings. A significant portion of this disparity is attributable to labour market discrepancies, especially the considerable differences between CEO remuneration and average or entry-level salaries. In numerous JSE-listed corporations, vertical salary disparities surpass ratios of 1:200 or even 1:300 (JustShare, 2025). The JustShare 2025 investigation indicates instances where CEOs received more remuneration in one day than the lowest-paid employees earned in an entire month.

3.7.2 Public perception, legitimacy, and social justice pressures

Media coverage has heightened public apprehensions regarding the Capitec CEO's remuneration exceeding R100 million (Khumalo, 2025), executives in state-owned enterprises receiving multimillion-rand remuneration despite failures (Brand-Jonker, 2025; Wilson, 2025; Zulu, 2025), and public officials earning as much as R42,400 daily (Libera, 2025; Mabena, 2025). These prominent instances demonstrate the necessity of pay transparency for fostering public trust and social legitimacy.

3.7.3 Sustainable development goals, environmental, social, and governance criteria, and the ethics of remuneration transparency

Global frameworks, such as the Sustainable Development Goals (SDGs) and ESG standards, underscore the necessity for remuneration transparency. SDG 8 (UNDESA1, 2025) underscores the importance of decent employment and equitable labour practices; SDG 10 (UNDESA2, 2025) prioritises reducing inequalities; SDG 16 (UNDESA3, 2025) highlights the necessity of robust institutions and accountability. Transparent disclosure enables stakeholders to assess the alignment of corporate activities with sustainability commitments.

3.7.4 The rationale for openness in light of inequality

Non-transparent remuneration methods increase reputational, governance, social, and regulatory problems. Transparency serves as a corrective mechanism that facilitates justice assessment, bolsters ethical leadership, and enhances the social license to operate.

3.7.5 Conclusion

The alignment of inequality measurements, ESG standards, and wage-gap disclosures underscores the necessity for transparency to ensure justice and accountability in remuneration governance.

3.8 The responsibilities and accountability of senior management in remuneration governance

Senior management is pivotal in shaping organisational performance, strategic direction, and company culture, underscoring the need for transparent, accountable remuneration practices. Executive salary transcends mere reward for operational management; it embodies the value assigned to executive judgement, strategic insight, and the ability to manage complex risks in a competitive and uncertain landscape. Consequently, transparency in remuneration is crucial for guaranteeing equity, accountability, and alignment with long-term value generation (21st Century, 2021).

Executives impact organisational outcomes through several tasks, including resource allocation, risk management, stakeholder engagement, human capital development, and strategy planning. Their judgments can profoundly influence share price performance, market confidence, and the organisation's social legitimacy. Given the extensive ramifications of these decisions for shareholders, employees, and society, transparency in remuneration enables stakeholders to assess whether remuneration outcomes equitably align with the risks, responsibilities, and value creation associated with senior positions.

In South Africa, increased examination of executive remuneration, highlighted by scandals over substantial CEO salaries in the private sector and exorbitant pay in state-owned firms, has underscored the ethical obligations of senior management. Public

expectations increasingly require that remuneration be justified not only by organisational performance but also by fairness, internal equity, and societal effect. Transparent disclosure serves as a governance mechanism to assess the alignment of remuneration policies with ethical leadership and responsible corporate citizenship.

Clear and comprehensive remuneration reporting enhances accountability by illustrating how performance metrics, ESG considerations, and risk-adjusted measures influence remuneration decisions. Incentives for senior management should be structured to promote sustained value creation instead than immediate financial profits, and transparency is crucial for stakeholders to evaluate the appropriateness of these incentives. From this perspective, senior management's responsibility underscores the necessity for strong transparency procedures that protect organisational integrity and public trust.

3.9 Free market and developmental hybrid state: implications for remuneration transparency

The economic environment of South Africa is defined by a hybrid model that integrates free-market principles with robust developmental-state characteristics (NPC, 2012:354). This hybrid strategy embodies the nation's dual objectives: enhancing economic competitiveness and investment, while concurrently tackling historical inequality, unemployment, and structural socio-economic inequities (NPC, 2012:354). In this setting, CEO remuneration holds a particularly delicate status, influenced by market dynamics and wider cultural expectations. Transparency is crucial for reconciling these conflicting interests and promoting accountability goals.

From a free-market viewpoint, CEO remuneration is frequently rationalised by the struggle for limited managerial talent, global benchmarking, and the need to motivate high-impact strategic leadership (Bebchuk & Fried, 2004). The market-based pay model posits that executives ought to be compensated according to organisational performance, scale, and the complexity of the risks they oversee. This typically endorses elevated levels of CEO remuneration.

In contrast, the characteristics of South Africa's progressive state establish a normative expectation that remuneration should embody fairness, social cohesiveness, and distributive justice. The socio-economic environment, characterised by severe inequality and pervasive poverty, creates public demand for internal wage fairness and accountable leadership (NPC, 2012).

The interplay between these two perspectives generates tension. Transparency functions as the mechanism that reconciles these pressures by facilitating the examination of remuneration systems, performance metrics, and wage disparities.

Consequently, South Africa's mixed economic landscape underscores the significance of remuneration transparency as a mechanism for accountability and societal legitimacy.

3.10 The operation of the remuneration committee

The remuneration committee is pivotal in governing executive remuneration, guaranteeing that pay structures are equitable, transparent, and consistent with long-term organisational performance. The remuneration committee, as a designated entity of the board, functions as the principal means of fulfilling accountability for remuneration governance (Byrne, 2025).

The remuneration committee is tasked with formulating salary rules, evaluating executive performance, establishing short- and long-term incentive frameworks, guaranteeing internal pay parity, and supervising wage-gap reports. King IV (IoDSA, 2016) and King V (IoDSA, 2025) mandate that the remuneration committee operate independently and include a predominantly non-executive director composition to alleviate agency risks.

A primary function of the remuneration committee is to ensure that remuneration frameworks foster sustainable long-term success. This entails incorporating ESG-linked performance metrics and ensuring strategic alignment. Transparent implementation reporting enables stakeholders to comprehend the rationale for remuneration outcomes. The remuneration committee's role in shareholder engagement has gained significance in South Africa, where public scrutiny over excessive CEO remuneration persists. The efficient operation of the remuneration committee enhances ethical leadership, equity, and accountability in remuneration governance (IoDSA, 2016:66; IoDSA, 2025:10, 14, 17-18).

3.11 Integration of openness, governance, and sociocultural context

Legal frameworks, governance standards, economic forces, and public expectations influence remuneration transparency in South Africa. Transparency mitigates information asymmetry by mandating comprehensive disclosure of remuneration frameworks,

performance metrics, and salary disparities. It promotes equity by enabling stakeholders to evaluate internal fairness, particularly in a nation characterised by significant disparity.

Transparency enhances ethical leadership by requiring boards to rationalise remuneration decisions and link them to sustainability and ESG principles. In South Africa's mixed free-market and developmental-state context, transparency aligns market principles with public demands for fairness, accountability, and responsible corporate citizenship.

Ultimately, transparency is not solely a compliance obligation but a governance necessity. It is essential for ensuring accountability, equity, and ethical practices in the governance of executive remuneration.

CHAPTER 4 COMPARING EXECUTIVE REMUNERATION TRANSPARANCY IN SELECTED JURISDICTIONS

4.1 An introduction to the comparative framework

Executive remuneration transparency has become a key part of modern corporate governance worldwide. This is because people are more worried about justice, accountability, and the effects of growing income inequality on society (Siwendu & Ambe, 2024:1-2). Countries have different legal traditions, market structures, and ways of thinking about regulation, but they all face the same problem: how to ensure that remuneration practices help organisations create long-term value while remaining fair, moral, and socially acceptable (Siwendu & Ambe, 2024:10-11). This chapter contextualises the South African remuneration transparency framework by examining the methodologies used in the UK and Australia, two jurisdictions widely regarded as frontrunners in corporate governance reform and comparable to South Africa.

This comparative analysis aims to assess how South Africa's developing remuneration transparency framework corresponds with, deviates from, or could be enhanced by the governance structures utilised in other sophisticated markets. This dissertation benefits significantly from comparative governance analysis, as numerous issues that inspired reforms internationally – such as exorbitant executive salaries, public discontent with wage disparity, and scandals of misconduct – are similarly discernible in South Africa. It assesses the potential for adopting analogous systems from the UK and Australia to improve South Africa's regulatory and governance capabilities.

There are several reasons why South Africa is interested in the UK. The 2008 Companies Act draws heavily on UK company law. Second, the UK was one of the first countries to require a binding shareholder vote on remuneration policy following high-profile incidents of CEO remuneration deemed too high. Third, the UK Corporate Governance Code stresses fairness, accountability, and transparent reporting. These are all very important to South Africa's governance priorities as set out in the King IV Report on Corporate Governance (IoDSA, 2016) and the King V Code on Corporate Governance for South Africa (IoDSA, 2025).

Australia provides a different but still useful comparative view. Australia is devoted to market transparency, but it has a unique and strong way of holding people accountable: the “two-strikes rule”. This regulation can lead to the re-election of the entire board if shareholders are unhappy with the compensation they receive (Lasky, 2025). The Corporations Act 50 of 2001 in Australia also has very strict rules for reporting on remuneration, which make it very clear how executive remuneration is structured and why it is justified. The Australian approach combines a robust legal framework with active shareholder control. This is different from South Africa’s existing reliance on advisory votes.

A comparison approach also enables evaluation of regulatory capacity, an essential part of remuneration transparency. The Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), and the Australian Prudential Regulation Authority (APRA) are examples of well-funded and highly specialised regulatory bodies in places like the UK and Australia. These bodies ensure that companies follow the rules of corporate governance. In contrast, South Africa’s enforcement depends more on market discipline, rules made by the stock exchange, and the audit profession. Comprehending these institutional disparities offers insights into the prospective constraints and prospects for improving South Africa's governance framework.

Lastly, this comparison is not meant to bring foreign ideas to South Africa. Instead, it wants to learn from past mistakes and find rules that could strengthen South Africa's new remuneration transparency system, especially as people are becoming more concerned about the issue, new rules on reporting salary gaps have been introduced, and there have been governance problems in both the public and private sectors. The subsequent examination offers a systematic and critical comparison of the three jurisdictions, forming the analytical foundation for the concluding section of this chapter.

4.2 The justification for remuneration transparency in a comparative framework

In all major governance areas, openness about CEO remuneration has become a key necessity for strengthening accountability, reducing agency risks, and protecting the legitimacy of organisations. Even though national legal systems and governance rules differ, the basic reason for transparency remains the same: stakeholders need sufficient information to decide whether executive remuneration is fair, justified, and aligned with

the long-term goal of creating value for the business. Below are the common reasons for remuneration transparency, with explanations of why they are especially important in South Africa, the UK, and Australia.

A primary justification is the necessity to resolve the traditional agency dilemma (Naidoo, 2016:187), which emerges from the dichotomy between ownership and control. Executives have a lot of power over the company's strategy, how it spends its money, and how much risk it takes (Conmy, 2024), but their incentives may not always be the same as those of shareholders or other stakeholders (Blair, 2024; Hill, 2011:1-3; Summerfield, 2020). By showing the structure, amount, and performance links of CEO compensation, transparent remuneration disclosure lowers information asymmetry (Harvey *et al.*, 2020). In all three jurisdictions, this openness lets stakeholders check whether executives are being paid for long-term success rather than short-term financial gains or unearned bonuses.

A second reason is that stakeholder governance is becoming increasingly important, especially in places where people are concerned about economic inequality and the ethical conduct of businesses (IoDSA, 2016:17; Naidoo, 2016:386-387). People in both the UK and Australia have been unhappy with executive compensation for a long time, especially when it seems too high compared to workers' remuneration or is not linked to the company's performance. South Africa has considerably more social problems due to the huge wealth gap and a highly divided job market. In this situation, transparent remuneration reporting is necessary to demonstrate that a company is fair and responsible. High-profile remuneration instances, such as the Capitec CEO's R100 million package (Khumalo, 2025) or the multimillion-rand bonuses given to poorly performing state-owned companies (Mabena, 2025), show how important reputation is.

A third reason is that being open and honest helps keep the market in check by giving investors the power to become involved, ask questions, and change how much people are paid. The UK's binding shareholder vote on remuneration policy (Quain, 2013) and Australia's "two-strikes rule" (Lasky, 2025) both show that shareholders who have access to transparent, comparable, and easy-to-understand remuneration information can have a real impact on how companies are run. South Africa mostly uses advisory votes, but

openness remains the most important factor for shareholders to engage and maybe intervene.

The fourth reason concerns the rise of governance linked to ESG and sustainability, which is putting increasing pressure on CEO remuneration to support long-term organisational resilience (PWC, 2023). Investors in all three jurisdictions are increasingly examining whether compensation structures include significant ESG measures, such as diversity, climate risk, transformation, and ethical behaviour. Companies cannot “greenwash” their remuneration structures if they are open about them. Instead, they have to show a clear link between incentives and the creation of long-term value.

Lastly, being open and honest builds trust in institutions. When there is no good reason for high CEO remuneration, it can erode people’s faith in both businesses and government systems. Countries such as South Africa, the UK, and Australia that want to attract investment and keep their capital markets stable need strong governance systems to build trust. Transparent reporting of remuneration helps build that confidence by showing that boards take their remuneration duties seriously, ethically, and with fairness in mind.

The justification for remuneration transparency is both general and specific to the situation. All three jurisdictions aim for accountability, fairness, and performance alignment; nevertheless, South Africa’s socio-economic conditions intensify the moral and governance necessity for transparent and thorough disclosure. Comprehending these common and distinct factors establishes the conceptual framework for the ensuing comparative investigation.

4.3 The South African framework for remuneration transparency

Over the past 20 years, South Africa’s remuneration transparency framework has undergone significant changes. It went from limited, aggregate disclosure under the 1973 Companies Act to a more comprehensive, principles-driven, and stakeholder-inclusive system under the 2008 Companies Act, King IV (IoDSA, 2016), and King V (IoDSA, 2025). The South African framework is based on both global governance trends and local social and economic needs. For example, there is a lot of pressure on the government to be accountable and to look more closely at how much money private corporations and

state-owned businesses remunerate their employees (IoDSA, 2016:3). This part talks about the main parts of the South African transparency system and how they will be helpful in comparing in Chapter 4.

The 2008 Companies Act established precise and personalised rules for disclosing remuneration, intended to make people more accountable and reduce the information gap. Section 30(4) requires firms to disclose to the public how much each director and prescribed officer earns, including salary, bonuses, share-based awards, retirement benefits, allowances, and termination compensation. This must be included in the annual financial statements that an outside party checks. The Companies Amendment Act 16 of 2024 and the Companies Second Amendment Act 17 of 2024 also require companies to disclose the highest-, lowest-, median-, and average-paid employees, as well as the ratios between each and the highest-paid person.

King IV raised the bar for what good governance should look like with its three-part remuneration report: a background statement, a remuneration policy, and an implementation report. It stresses fair and appropriate remuneration, considering internal equity, and clear communication with shareholders. It also says that companies must engage with shareholders when the compensation report gets less than 75% support.

King V adds to these duties by requiring companies to demonstrate that remuneration is fair, linked to sustainability, and based on how well the company is performing. It also gives the Remuneration Committee greater responsibility to ensure that decisions are made openly and based on ethical leadership.

The Johannesburg Stock Exchange (JSE) and the Cape Town Stock Exchange (CTSE) introduced additional rules for listed firms, including the requirement for integrated reporting, the publication of incentive scheme rules, and compliance with King IV governance standards. Advisory votes are still not legally enforceable, but stock exchanges are paying closer attention to companies that do not provide sufficient information, especially when there is clear disagreement among shareholders.

In South Africa, enforcement is less centralised than in the UK or Australia. IRBA (auditing disclosures), the Companies Tribunal (resolving disclosure disputes), and the JSE (enforcing listing requirements) each have some oversight. However, public and media

scrutiny are very important for holding people accountable. This is shown by high-profile incidents of multimillion-rand executive packages in both private enterprises and state-owned companies.

Because of this, South Africa's hybrid transparency system combines laws, principles of good governance, and market forces. It is essential to understand this framework before looking at the UK and Australian models in the following sections. This is because it shows both strengths and weaknesses that are important for making comparisons.

4.4 The way the UK talks about remuneration

Many people think that the UK has some of the best laws in the world for clarifying remuneration and shareholder responsibility. Its regulatory framework integrates comprehensive statutory disclosure requirements with advanced governance standards and a robust enforcement mechanism. The UK model has had a significant impact on best practices worldwide, including the South African Companies Act 71 of 2008 and the King Codes. Because of this, it is an essential point of comparison for judging how well South Africa's remuneration transparency system works and where it should go in the future.

The Companies Act 2006 is the main law that underpins the UK disclosure system. The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 add to this by requiring listed companies to make a very detailed directors' remuneration report (DRR).

There are two essential parts that the DRR must have:

- The directors' remuneration policy must include the overall philosophy of remuneration, the structure of fixed and variable remuneration, performance measures, shareholding requirements, clawback and malus provisions, rules for termination remuneration, and an explanation of how the policy fits with long-term value creation and worker remuneration. At least once every 3 years, shareholders must vote to approve the remuneration policy, and no remuneration can be paid outside the policy without shareholder approval again.

- The annual remuneration report (ARR) shows how much each director actually gets paid, the overall amount of compensation in a single figure, how well they met their goals, the percentage change in CEO remuneration compared to employee remuneration, CEO remuneration ratios, and information about how engaged the workforce is. There will be an advisory shareholder vote on the ARR.

The UK Corporate Governance Code 2024, based on the “comply or explain” principle, stresses clarity, fairness, long-term alignment, and stakeholder involvement. Companies must show how they have taken wage and working conditions into account for their employees, report on ESG-linked KPIs, and discuss how well malus and clawback provisions function. The remuneration committee must give strong reasons for the results.

The UK is the world leader in giving shareholders greater influence by allowing them to vote on remuneration policies and to provide advice on how to carry them out. Institutional shareholder activism is well advanced, and pension funds and asset managers wield significant power.

The Financial Conduct Authority (FCA) enforces regulations on listing and disclosure; the Financial Reporting Council (FRC) checks compliance with reporting and governance requirements; and the Prudential Regulation Authority (PRA) establishes limits on how much financial institutions can remunerate their employees.

In the UK, there are many pressures stemming from public unhappiness with high remuneration and the “shareholder spring” rebellions (Grosden, 2016; Jolly, 2019). Controversies that have drawn significant attention have led to reforms and strengthened disclosure standards. The UK framework offers South Africa many lessons, including the advantages of binding policy votes, detailed statutory remuneration disclosures, strong enforcement bodies, and organised shareholder participation.

4.5 Australia’s system for making remuneration information public

Australia is known around the world for having one of the strongest and most strict executive remuneration systems (Sheehan, 2009:285). Its mix of strict legal requirements, significant shareholder rights, and robust regulatory oversight has made it a global model for remuneration (Sheehan, 2009:293-294). The Australian framework has influenced changes in other places, such as parts of the UK system (Safari & Parker,

2023:1468), and it is a significant point of reference for comparing South Africa's transparency standards.

4.5.1 The Corporations Act 2001 and the required report on remuneration

The Corporations Act 2001 establishes one of the most comprehensive systems for disclosing remuneration information in the world. Section 300A requires listed corporations to include a full remuneration report (RR) in their annual report. The RR must show:

- the policy and plan for remuneration;
- the remuneration structure for important management staff (KMP);
- the connection between performance and remuneration results;
- remuneration plans based on shares and conditions for vesting;
- performance criteria used to figure out variable remuneration;
- the real remuneration and benefits that were given and earned, both in cash and in kind;
- benefits of ending a position;
- the performance of relative share prices over time; and
- a blend of remuneration that shows fixed, short-term, and long-term rewards.

The Australian RR is far more thorough than the South African Companies Act 71 of 2008 requires to be disclosed. It also requires clear proof that remuneration helps long-term performance.

4.5.2 The “two-strikes rule”: a one-of-a-kind way to execute the law

The two-strikes rule, introduced in 2011, is Australia’s most distinctive innovation (Lasky, 2025). This rule states:

- Strike one happens when more than 25% of shareholders vote against the RR.
- When a second group of shareholders votes against the RR with a 25% or more majority, strike two happens.
- Then, there is a board spill, in which shareholders vote to remove and re-elect the whole board, except for the managing director.

This gives boards strong reasons to change how they remunerate their employees and to involve shareholders. There is no similar system in either South Africa or the UK.

4.5.3 ASX rules and suggestions for good corporate governance

The ASX Corporate Governance Principles (4th Edition) (ASX, 2019) states that businesses must (ASX, 2019:29-30):

- make sure that remuneration is in line with purpose, values, and risk tolerance;
- make sure the remuneration is fair, appropriate, and enough to get good leaders;
- tell people what the performance criteria are for incentives;
- keep a remuneration committee made up of outside directors; and
- make malus and clawback rules stronger.

These rules are based on principles, but they have a significant impact on the market.

4.5.4 Regulatory oversight: the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA)

ASIC ensures compliance with the Corporations Act 2006 and investigates any violations of remuneration disclosure requirements.

APRA has rigorous limits about how much banks, insurers, and superannuation funds can remunerate their employees. These rules include:

- limits on variable remuneration;
- requirements for deferral;
- required performance measures that take risk into account; and
- clawback rules.

Australia has a much stronger ability to enforce the law than South Africa.

4.5.5 Expectations of shareholders and the culture of the market

Australian shareholders, with the help of proxy advisers like ISS and Glass Lewis, often question how much they are paid. The Hayne Royal Commission (Hayne, 2019) showed that remuneration incentives weren't working well in financial services. This made people want even more openness and simpler compensation structures.

4.5.6 Importance for South Africa

Australia's system teaches South Africa a number of things:

- The two-strikes rule is an example of how shareholders might stop excessive remuneration.
- Mandatory, very specific reports on remuneration make it easier to compare and justify.
- Regulators with a lot of resources show how important enforcement is.
- Strong shareholder action shows that being open may lead to being held accountable.

The Australian model is a good way to judge possible changes in South Africa.

4.6 Important things that South Africa, the UK, and Australia have in common and that set them apart

The remuneration transparency systems in South Africa, the UK, and Australia all address the same governance issues, but they differ significantly in how they are set up, how deep they go, and how they are enforced. All three countries want to make people more accountable, reduce information asymmetries, and ensure that CEO remuneration aligns with the long-term success of the business. But their views on statutory transparency, shareholder rights, governance standards, and regulatory competence differ significantly.

4.6.1 Shared governance goals and theoretical foundations

All three jurisdictions want to reduce agency risks, make things more transparent, hold boards and remuneration committees more accountable, address public concerns about income inequality, and incorporate sustainability issues into remuneration systems. These goals are based on agency theory, stakeholder theory, and legitimacy theory.

4.6.2 Statutory disclosure: structure and depth

The 2008 Companies Act in South Africa provides that companies must publish their wage gaps and make individual disclosures. The King Codes are mostly responsible for qualitative justification.

The Companies Act 2006 and other laws in the UK require full reports on directors' compensation, including single-figure totals, CEO remuneration ratios, comparisons with staff, and links to performance.

The Corporations Act 2001 and other laws in Australia require full reporting on remuneration, including policy, structure, performance indicators, and the mix of remuneration. It is one of the strictest in the world.

4.6.3 Rights of shareholders and how to vote

South Africa: Advisory votes that are not binding; shareholders must become involved when more than 75% of them agree.

UK: A vote that decides the remuneration policy and a vote that gives advice on how to carry it out.

Australia: The two-strikes rule says that if there are two votes of 25% or more against the remuneration report in a row, the board must resign.

4.6.4 Codes of conduct and remuneration committees

The King Codes from South Africa stress fair and responsible remuneration, internal equity, ESG alignment, and clear reports.

In the UK, there is a significant focus on transparency, simplicity, employee involvement, and alignment with long-term value.

In Australia, there is a focus on aligning risks, making committees independent, setting performance standards, and using clawback mechanisms.

4.6.5 ESG, sustainability, and fairness within the company

South Africa: Setting the standard for reporting on the remuneration disparity and conceptualising social justice. ESG metrics are increasingly used.

UK: Supports metrics related to ESG and worker involvement.

Australia: Strong ESG governance in financial services; less focus on reporting wage disparity.

4.6.6 Ability to regulate and enforce

South Africa: Oversight is fragmented, and enforcement is primarily market-driven.

UK: There are strong regulators (FCA, FRC, PRA) that can enforce rules.

Australia: ASIC and APRA do a good job of enforcing the law, and the two-strikes rule makes the market more disciplined.

4.6.7 Contextual drivers: inequality, public opinion, and the culture of the market

There is a lot of pressure on South Africa to be fair because of the huge gap between the rich and the poor. People in the UK and Australia are likewise worried, but the inequality is less severe, and investor activity is more pronounced.

4.6.8 An overall evaluation

South Africa's laws are similar to those in the UK and Australia; however, they are not as detailed, shareholder-enforceable, or able to handle regulations. But it is quite good in terms of internal justice and fairness, reflecting its socio-economic setting.

4.7 What South Africa can learn from the UK and Australia

The comparative examination of South Africa, the UK, and Australia identifies many ways to enhance remuneration transparency and governance in South Africa. South Africa has made significant progress, especially with the King IV report on corporate governance (IoDSA, 2016), the King V code on corporate governance for South Africa (IoDSA, 2025), and the requirement to report wage gaps. However, there are still some fundamental issues. These constraints primarily pertain to statutory depth, shareholder enforcement rights, regulatory capability, and the degree to which salary transparency facilitates substantive oversight.

4.7.1 Making shareholder rights and enforcement procedures stronger

The UK's binding vote on remuneration policy and Australia's two-strikes law shows how shareholder power may make people responsible for their actions. Advisory votes in South Africa are not legally binding; thus, they rely on reputational pressure. South Africa

might consider a binding policy vote, a revised two-strikes system that triggers structured engagement, or a Companies Tribunal review.

4.7.2 Improving legal disclosure: going from description to reasoning

The laws in the UK and Australia require remuneration results to be explained in depth, not just in numbers. South Africa could adopt comparable rules requiring companies to disclose their performance indicators, ESG standards, internal equity issues, and rationale narratives.

4.7.3 Increasing the ability of regulators and centralising oversight

In South Africa, many different groups oversee various aspects, while in the UK and Australia, there are strong, centralised regulators. A stronger mandate for the Companies and Intellectual Property Commission, or a separate governance regulator, could make it easier to monitor and enforce compliance.

4.7.4 Making ESG and sustainability a part of remuneration structures

The King V code on corporate governance for South Africa (IoDSA, 2025) provides companies with the opportunity to use standardised ESG remuneration indicators. Stock exchanges might have corporations tell people about ESG-linked incentives, which would help align long-term value.

4.7.5 Making the remuneration committee stronger and more independent

The UK and Australia stress that committees should be independent, open, and well-justified. The King V code on corporate governance for South Africa (IoDSA, 2025) or a legal clarification could help South Africa meet these requirements.

4.7.6 Using wage-gap disclosure to make changes to governance

South Africa is the best at reporting remuneration gaps. To make its effect stronger, businesses should have to explain wage-gap trends and show how fair remuneration is built into their remuneration structures.

4.7.7 Lessons for South Africa as a whole

South Africa can use the UK's binding votes and extensive remuneration reporting, as well as Australia's enforcement procedures and risk-based oversight. South Africa is already quite good at fairness and transparency about salary gaps, but the biggest problem is still its ability to enforce rules.

4.7.8 Conclusion

The comparative analysis of remuneration transparency in South Africa, the UK, and Australia reveals that, despite shared governance objectives, their regulatory frameworks and enforcement mechanisms exhibit significant disparities. South Africa has a principled, stakeholder-focused framework based on fairness, internal equality, and social justice. However, it does not have the same level of legislative precision, binding shareholder controls, or centralised regulatory capability as the UK and Australia.

The UK model shows how important binding policy votes, uniform disclosure formats, and robust institutional control are. Australia, on the other hand, shows how effective shareholder-driven enforcement can be through the two-strikes rule and safety-focused regulations. These procedures ensure that the rules governing remuneration are not just ideas but can actually be enforced.

South Africa's greatest strengths are its constitutional ideals, its clear focus on fair remuneration, and its use of wage-gap reporting as a first. But to make these attributes even stronger, the rules need to be better enforced, disclosure rules need to be more consistent, and ways to hold people accountable need to be more meaningful. South Africa can improve the credibility and effectiveness of its remuneration governance framework by following international best practices. This can be done by strengthening statutory requirements, giving shareholders greater power, making remuneration committees more independent and accountable, and including ESG-linked indicators in remuneration policies.

The insights derived from this comparative analysis form the basis for the dissertation's concluding chapter, which will integrate findings from all chapters, assess South Africa's present and future status, and propose recommendations for enhanced remuneration

transparency in line with global best practices and South Africa's distinct socio-economic context.

CHAPTER 5 CONCLUSION

5.1 Introduction

This chapter summarises the study's main results by combining the findings from Chapters 2, 3, and 4. The conclusion aims to synthesise the conceptual, legal, and comparative analyses to assess whether South Africa's current remuneration transparency framework adequately addresses issues related to executive compensation, internal equity, and corporate governance, and whether international best practices offer feasible avenues for reform. This chapter explicitly addresses the primary research question:

“How do the proposed changes to South African company law, along with King IV and King V, improve transparency in executive remuneration? How does South Africa's situation compare to that of the UK and Australia?”

The conclusion also considers the secondary questions, which looked at the following:

- How corporate governance sees transparency;
- The progression of salary disclosure requirements in South African legislation;
- The way that remuneration governance systems work and what they do in the UK and Australia;
- The part that fairness, unfairness, and long-term viability play in setting remuneration expectations; and
- The real-world effects of global trends on South Africa's regulatory path.

Chapter 3 showed that being transparent about remuneration is an integral part of good governance because it helps level the playing field, hold people accountable, and ensure that leaders are fair and responsible. The analysis showed that South Africa has come a long way from the 1973 Companies Act, which required only limited disclosure, to the 2008 Companies Act, which has much broader requirements. Recent changes to the law, especially the requirement to report on the wage disparity, have made South Africa one of the few places in the world where remuneration governance is clearly linked to larger social and economic issues like fairness, internal equity, and distributive justice. King IV and the projected King V also set standards for responsible leadership, including the

needs of employees, all stakeholders, sustainability, and alignment with environmental, social, and governance (ESG) issues.

Chapter 4 broadened the examination by juxtaposing South Africa's status with two established governance jurisdictions: the UK and Australia. The comparison showed that South Africa's ideas about justice and openness are robust, but its enforcement systems, regulatory capability, and uniformity of disclosure are not as good as those in the UK and Australia. These places have well-developed legal systems (including detailed remuneration reports), strong mechanisms for shareholder voting, and combined regulatory organisations. South Africa does not have any of these right now. The comparison also showed that South Africa is ahead in certain areas, such as how it talks about the wage gap and how it frames equality and dignity in its constitution.

In this context, Chapter 5 brings all these ideas together to provide a complete picture of open remuneration in South Africa. It highlights the strengths and weaknesses of the current system, the opportunities for change, and how lessons from other countries can be applied to South Africa's specific social, economic, and corporate governance context. The chapter goes on to discuss how sustainability, fairness, internal equity, and governance integrity will be important themes in the future of oversight of CEO remuneration.

5.2 A summary of the main results

This study analysed the development, current state, and relative advantages of South Africa's remuneration transparency framework, focusing on proposed amendments to the 2008 Companies Act, King IV, King V, and emerging global best practices. The main findings answer the main and secondary study questions and include information from comparing the UK and Australia.

5.2.1 How South Africa thinks about openness and fair remuneration

The research indicated that transparency in executive compensation is a fundamental aspect of South Africa's corporate governance framework, rooted in constitutional principles such as human dignity, equality, and accountability. South Africa's governance ideology sees remuneration transparency not simply as a legal requirement but as a moral duty to promote fairness, reduce inequality, and build trust among stakeholders.

5.2.2 Changes in South Africa's rules about remuneration disclosure

South Africa has made substantial progress in its regulatory framework. The 1973 Companies Act required only minimal disclosure, whereas the 2008 Companies Act requires thorough disclosures for each person. South Africa is at the forefront of countries that connect remuneration governance to inequality issues, as it will require businesses to report on wage gaps starting in 2024.

5.2.3 King IV and King V make normative and practical transparency stronger

King IV and King V make people more accountable by clarifying what is expected of them regarding justice, internal equality, ESG issues, the responsibilities of the compensation committee, and the duties of stakeholders. Even if they are founded on principles, they have a significant effect.

5.2.4 A comparison with Australia and the UK

South Africa has a strong conceptual framework, but the UK and Australia do better in terms of statutory disclosure depth, enforcement mechanisms, regulatory capability, and remuneration committees' accountability. South Africa is the best at clearly combining justice and internal equity concerns.

5.2.5 The part that inequality, the Gini coefficient, and sustainability play

Because South Africa is so unequal, remuneration needs to be open and honest. Companies can address socio-economic concerns and demonstrate responsible leadership by using wage-gap disclosure and ESG-linked performance indicators.

5.2.6 An overall assessment

The amendments to the 2008 Companies Act, along with King IV and King V, clarifies the position. South Africa's system is still weaker than those of the UK and Australia in terms of enforcement and regulatory power. Targeted reforms are needed to strengthen practical accountability. They should be strong in theory but limited in practice.

5.3 Conclusions about the main research question

The main research question was whether the amendments to the 2008 Companies Act, along with King IV and King V, make CEO remuneration more open, and how South Africa's situation compares to those of the UK and Australia.

The results show that South Africa's remuneration transparency framework is sound in theory. The 2008 Companies Act requires full disclosure of the remuneration of directors and prescribed officers. The 2024 wage-gap reporting rules, on the other hand, significantly increase transparency by requiring disclosure of internal equity indicators. King IV and King V set higher standards for behaviour, focusing on fair and responsible remuneration, internal equity, stakeholder inclusion, linking remuneration to ESG factors, and giving the compensation committee greater power.

However, South Africa's operational structure lacks the enforcement power, legal clarity, and shareholder rights needed to turn normative expectations into consistent governance practice, as the UK and Australia do. While amendments enhance openness, their actual efficacy is constrained by inadequate regulatory oversight and the lack of binding shareholder votes or similar processes.

5.4 Conclusions about the secondary research questions

The secondary research questions looked at the legal, conceptual, and comparative aspects of remuneration transparency.

The study first concluded that making executive remuneration more open is important for making information more equal, making leaders more accountable, and encouraging fair and responsible leadership. South Africa's way of thinking is very different from that of places that are more market-focused. It is based on constitutional ideals and social justice issues.

The transition from the 1973 Companies Act to the 2008 Companies Act signifies a significant advancement, notably the implementation of compulsory personalised disclosure. Wage-gap reporting is another way to make things more open and fight inequality. No other country, including the UK or Australia, has done this.

Third, King IV and King V add a lot to what the law says. They provide clear rules on fairness, stakeholder involvement, remuneration structures, and performance measures tied to sustainability.

Fourth, the comparative research showed that the UK and Australia are stronger than South Africa in enforcement mechanisms, legislative depth, shareholder rights, and regulatory competence. South Africa is the best at fair disclosure, but its institutions are not as strong as those of other countries.

Overall, the secondary questions indicate that South Africa's framework is grounded in principles and advancing, despite structural and institutional constraints.

5.5 Concluding observations and suggestions for subsequent study

This study finds that although South Africa has established a strong set of rules for remuneration transparency, there remain significant problems with enforcement, institutional oversight, and the implementation of governance. By learning from the UK and Australia, South Africa could strengthen its framework by making statutory disclosure requirements stricter, making shareholder votes binding, changing the two-strikes mechanism, and consolidating regulatory oversight under a single, well-funded governance authority.

Future studies might examine how the 2024 wage-gap reporting rules will work in practice, how ESG measures are changing remuneration structures, and what will happen now that King V is implemented. More comparative research might examine new global trends, such as the requirement for sustainability reporting under international standards, and how they affect South Africa's remuneration practices.

The dissertation concludes that South Africa is well-positioned to improve remuneration transparency, but it needs to address institutional and enforcement issues to achieve real, sustainable change.

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