



Rewarding leadership: CEO compensation and growth outcomes in agricultural industry

Mohd Waliuddin Mohd Razali^{ab} ✉ | Nur Hazwanie Jamaliyah Jamal^a |
Dg Junaidah Awang Jambol^c | Rozaiha Ab Majid^d | Rossazana Ab Rahim^a 

^aFaculty Economics & Business, Universiti Malaysia Sarawak (UNIMAS), Malaysia.

^bFaculty of Economics & Management, Universiti Kebangsaan Malaysia (UKM), Malaysia.

^cFaculty of Social Science & Humanities, University Malaysia Sabah (UMS), Malaysia.

^dFaculty of Accountancy, Universiti Teknologi MARA Melaka, Malaysia.

Abstract Performance-based CEO pay is becoming more popular as a way to align executive incentives with business growth. However, the research results are still not consistent, especially in emerging markets such as Malaysia. In some cases, CEOs continue to receive high compensation even when companies perform poorly, and many companies provide limited disclosure of executive pay. This raises concerns about whether CEO compensation truly supports sustainable company growth. The objective of this study is to examine the relationship between chief executive officer (CEO) compensation and company growth among Malaysian public listed companies. A sample of 25 companies in the agricultural industry from 2021–2023 was selected. All financial data were collected from Orbis and companies' annual reports. Fixed effects panel regression analysis was used to determine the relationship between the dependent and independent variables and control variables. The results reveal a significant positive relationship between CEO compensation and company growth. Well-structured and performance-based CEO compensation aligns management and shareholder interests, supporting both agency theory and human capabilities theory by enhancing leadership effectiveness and company growth. It further underscores the need for strong governance, transparent disclosure, and independent compensation committees while also signaling to shareholders and investors that executive pay design reflects governance quality and long-term value creation. All the control variables, such as company size, liquidity and company age, are positively related to company growth, whereas leverage is negatively related to company growth. Future research should involve a larger sample across different industries and longer time periods while also considering CEO compensation components, executive characteristics, governance factors, and external conditions to better explain company growth.

Keywords: executive remuneration, company performance, agency theory, plantation sector, corporate governance

1. Introduction

The structure and determinants of chief executive officer (CEO) compensation have long been subjects of study and debate in corporate governance and finance. CEO pay packages are typically designed to incentivize executives to pursue company growth and enhance shareholder value (Jensen & Meckling, 1976). However, debates persist over whether CEO compensation truly aligns with company growth metrics such as assets and revenue or whether it disproportionately rewards short-term achievements at the expense of long-term sustainability (Bebchuk & Fried, 2004).

Over time, CEO compensation has evolved to include a mix of salary, bonuses, stock options, and other incentives (Murphy, 1999). These components are intended to tie executive pay to company performance, particularly through asset appreciation and revenue growth (Hendriks & Commandeur, 2022). Stock options, for example, encourage CEOs to adopt strategies that enhance share value, suggesting a potential positive relationship between CEO pay and company growth (Core et al., 1999). Nonetheless, some scholars argue that certain models may foster misaligned incentives, prompting CEOs to increase short-term revenues without generating sustainable asset growth (Frydman & Jenter, 2010).

The separation of ownership and control within corporations further complicates the alignment of CEO incentives with shareholder interests. When shareholders delegate decision-making authority to managers, a misalignment of interests may occur (Al-Shammari & Al-Sultan, 2010). Shareholders generally seek long-term value creation, whereas managers may prioritize personal goals such as job security, short-term metrics, or higher compensation. This divergence can lead to inefficiencies, underperformance, and missed opportunities for sustained growth.

Cases of excessive CEO compensation have also been documented in Malaysia. Haron and Akhtaruddin (2013) report that some Malaysian companies continued to pay large executive packages despite financial losses. For instance, Sime Darby is the world's largest publicly traded palm oil producer—incurring losses of RM964 million because of poor cost control. Its



CEO at the time, Ahmad Zubir Murshid, was asked to step down before his contract expired, despite being one of the highest-paid government-linked company CEOs with RM2.08 million in remuneration (Chew, 2010). Similarly, Mycom suffered significant losses between 2002 and 2003, yet its CEO received RM2.62 million in compensation.

Empirical studies on the relationship between CEO compensation and company growth have produced mixed results, often varying across industries, company size, and market dynamics. In high-growth sectors such as technology, higher CEO compensation is frequently associated with revenue expansion, whereas in more stable industries, asset accumulation tends to be a stronger indicator of success (Devers et al., 2007). Understanding these nuances is crucial, as the way in which CEO compensation influences both revenue and assets directly affects a company's long-term viability and competitiveness.

The Malaysian Code on Corporate Governance (2017) requires the voluntary disclosure of detailed elements of executive compensation to promote transparency. Not all companies provide disclosure because it is primarily optional, and family-owned businesses are particularly hesitant to do so. In addition to highlighting the need for more research into the factors influencing pay disclosure practices and their effects on investor confidence, this restricted disclosure leaves stakeholders with information gaps (Jaafar et al., 2014).

Liu et al. (2024) reported that the agricultural sector is more likely to be affected by market changes, risks linked to climate change, and new rules and regulations. This makes setting CEO pay more difficult than it is in many other sectors. Unlike industries with more stable work environments, agricultural companies have to address unstable production conditions and changing commodity prices. This could affect how incentive contracts are established to balance short-term success with long-term sustainability. Despite these unique problems, few studies have investigated how CEO pay affects company growth in Malaysia's agricultural sector.

Moreover, transparent and performance-oriented compensation can assure investors, farmers, and supply chain partners that executive remuneration is linked to tangible outcomes, thereby enhancing leadership credibility within the industry (Gitau, 2024; Huang et al., 2025). By emphasizing long-term sustainability, resource efficiency, and innovation, CEOs may be encouraged to focus on these priorities rather than solely on short-term profitability, which is particularly important for a sector closely connected to natural resources and community relations. An effectively structured remuneration package can therefore incentivize CEOs to adopt a long-term strategic perspective. Prioritizing these elements can strengthen resilience, environmental stewardship, and stakeholder trust, which are fundamental pillars of the agricultural industry.

This research distinguishes itself from other studies by emphasizing growth as a vital criterion for assessing company performance. For example, substantial profits may arise from advantageous external factors such as government subsidies or temporary cost-reduction measures rather than from truly good leadership, a consideration worth noting. Conventional metrics such as profit, market capitalization, and other financial indicators may be misleading when a CEO's influence on value creation is evaluated (Ahamed, 2022; Park & Byun, 2022). Can short-term financial gains be considered reliable when they are driven primarily by asset divestitures or strict cost reductions, which may not necessarily strengthen a company's long-term competitive advantage? This underscores a significant weakness of exclusively depending on short-term financial measurements. Conversely, growth provides a more dynamic and prospective measure of performance, indicating a company's ability to expand its operations, foster innovation, and seize market share under the CEO's leadership, ultimately reflecting its potential for sustainability and prosperity over time.

Therefore, this study aims to investigate the relationship between CEO compensation and company growth in the agricultural sector of Malaysia. This study specifically examines how CEO remuneration is associated with growth indicators such as asset expansion and revenue growth. In doing so, the study offers empirical proof of the effectiveness of executive remuneration schemes in fostering long-term organizational growth.

2. Literature Review

2.1. Agency Theory

Agency theory, which addresses the conflicts of interest between company owners (principals) and managers (agents), offers a valuable framework for evaluating CEO remuneration schemes. In a company setting, CEOs (agents) are obligated to act in the best interests of shareholders (principals) by increasing company value. Without enough compensation, CEOs may prioritize personal benefits over strategies that foster sustainable corporate growth. This case study examines how a corporation designed its CEO compensation to synchronize executive decisions with asset growth and revenue creation, solving principal-agent issues fundamental to agency theory.

For example, companies adopted a performance-oriented compensation framework that links a substantial percentage of CEO remuneration to asset and revenue growth objectives. Under this approach, the CEO is awarded bonuses, stock options, and other compensation that escalate in accordance with the growth of company revenues and assets. This architecture motivates the CEO to make strategic decisions that advantage shareholders by concentrating on revenue expansion and establishing a strong asset foundation. This strategy necessitates a careful balance to prevent short-term emphasis, wherein the CEO may prioritize rapid income surges over sustained growth.

Agency theory has been utilized to understand the alignment between executive activities and shareholder interests, especially in instances when CEOs possess substantial power over strategic selection. Jensen and Meckling (1976) assert that agency theory suggests that company executives may prioritize personal benefits unless their salary is directly matched with shareholder objectives. This theory offers a fundamental framework for examining CEO compensation, as performance-based remuneration systems are typically established to reduce the danger of mismatched interests by incentivizing executives to drive company success.

When CEO compensation is tied to these growth criteria, agency theory predicts that CEOs are more likely to engage in value-creating activities in the context of asset and revenue regeneration. According to Murphy's (1999) research, CEOs may be more inclined to make decisions that increase shareholder value if their compensation packages include stock options and bonuses linked to asset growth and revenue. By compensating the CEO for prioritizing both short-term and long-term growth, these packages align the CEO's interests with those of the shareholders.

However, Core et al. (1999) caution that poorly designed compensation models may inadvertently lead to decisions that prioritize revenue growth over sustainable asset accumulation, or vice versa. For instance, high bonuses tied solely to revenue could encourage CEOs to pursue aggressive sales tactics that increase short-term revenue at the expense of asset stability. Conversely, compensation linked to asset growth might recompense executives to focus on asset acquisition without considering profitability. Therefore, achieving a balanced and well-aligned compensation package is essential to fostering both revenue and asset growth that aligns with shareholder interests.

2.2. Human Capabilities Theory

Amartya Sen and Martha Nussabum are the two leading proponents of the human capabilities approach to development (Maboloc, 2008). The capability model centers development around people and their abilities. The human capabilities approach takes into account people and their freedom as a way to accomplish developmental objectives in developing nations such as Malaysia. "A person's capability to achieve functions that he or she has a reason to value provides a general approach to the evolution of social arrangements that yields a particular way of viewing the assessment of equality and inequality," according to Amartya Sen in disparity (Sen, 1992). The "evaluative aspect" and the "agency aspect" are the two components that are crucial to Sen's human potential. While the latter focuses on what people can do to achieve such accomplishments, the former evaluates human accomplishments and the primary markers of progress. The fundamental principle of the capacity approach is that a nation's social structures should work to increase people's capacities and their freedom so that they can accomplish worthwhile goals. The goal of development is to enhance a person's talent so that they can perform a variety of tasks, such as being informed and taking part in community activities.

Amartya Sen created the Human Capabilities Theory, which emphasizes a person's capacity to realize their full potential and make meaningful contributions to their surroundings (Maboloc, 2008). It places a strong emphasis on improving people's capacity to perform at their best, providing the tools and pay required for growth and productivity, and tying individual progress to more general business or society advancement.

CEO compensation can be viewed as a mechanism to enhance the CEO's capabilities, aligning their efforts with the company's strategic goals. Competitive compensation incentivizes CEOs to use their skills and expertise effectively to drive company growth. When compensation structures, such as performance-based pay (e.g., bonuses and stock options), are tied to company growth metrics (e.g., revenue and assets), they enhance the CEO's focus on value creation. This aligns with human capabilities theory by enabling the CEO to leverage resources and achieve outcomes that benefit the organization and its stakeholders.

A CEO who is empowered through adequate compensation has the ability to make decisions that prioritize long-term sustainable growth over short-term gains. This resonates with the theory's emphasis on creating enabling environments for individuals to maximize their potential, which in turn leads to systematic progress. Human capabilities theory can extend to the CEO's impact on the workforce. A well-compensated CEO can create strategies that develop employee capabilities, foster innovation, and drive productivity, ultimately contributing to company growth.

This theory also facilitates the investigation of whether excessively high CEO compensation adversely affects other stakeholders, including employees and shareholders. Aligning CEO salary with company goals promotes equitable growth, a concept consistent with this notion.

2.3. CEO Compensation and Company Growth

The CEO's compensation has a variety of effects on the expansion of the company. First, Bebchuk and Fried (2010) emphasize how important it is for CEO compensation to be established by the company and to reflect long-term growth indicators. These arrangements guarantee that CEOs are held responsible for long-term, sustainable business success rather than just being motivated by short-term financial indicators. The landscape of the impact of executives on corporate success is altered when executive compensation arrangements are changed to favor long-term business goals above short-term profit maximization, claim Bebchuk and Fried (2010). CEOs are encouraged to create a long-term plan for the direction of their

company when compensation is linked to strategic accomplishments such as technical advancement and market expansion. A culture of foresight and collective growth aspiration is supported by this realignment of compensation, which is essential for reducing actions that could lead to short-term advantages at the expense of long-term stability. Companies foster an atmosphere where leadership choices support long-term value development by tying executives' financial interests to shareholders' through long-term performance targets. Essentially, effective compensation plans represent a strategic framework that is necessary for managing the intricate dynamics of today's market conditions, in addition to directing CEOs toward activities that strengthen business resilience. As a result, incorporating long-term criteria into CEO compensation packages is essential for increasing shareholder wealth and a company's overall health.

Second, CEOs may be encouraged to take excessive risks by high compensation, especially if it is tied to bonuses or the stock price. This could result in financial instability or rapid development. The consequences of high-stakes pay schemes are further examined by Dittmann, Yu, and Zhang (2017), who suggest that these frameworks may in fact encourage CEOs to take more risks. Their work presents a model in which shareholders unintentionally push risk-averse CEOs to pursue tactics that could be problematic, even though they seek to compensate for their efforts. For instance, CEOs may be enticed to engage in high-risk endeavors that offer quick rewards but also represent a large risk of loss if market conditions change abruptly if large financial pay is tied to stock growth performance. This risky strategy might at first produce remarkable growth numbers, but it frequently lacks the resilience required to endure economic turbulence (Dittmann et al., 2017). The consequences of this relationship are severe: CEOs' strategic calculations tend to favor opportunistic actions over prudent, long-term planning when they are bound by contracts that are significantly influenced by changes in stock prices and related bonuses. To temper risk-taking incentives with strong governance mechanisms, such circumstances call for a careful recalibration of reward packages. Businesses can strike a balance between innovation and stability by creating contracts that protect against careless financial activities while simultaneously generating instant profits. As a result, well-designed incentive schemes are essential for coordinating executive goals with the overall objective of long-term business success.

Third, the retention of highly qualified CEOs becomes crucial for companies that hope to achieve long-term success and industry leadership. This is the basis of competitive remuneration packages. Companies that do not provide appealing compensation run the danger of losing their most skilled executives to rivals that respect and fairly compensate for their strategic expertise (Khan and Kanapathippillai, 2024). These carefully crafted compensation packages, which include components such as stock options and performance bonuses, are tools that help a CEO match his or her personal aspirations with the overall objectives of the business. CEOs have a great deal of control over the strategic direction of their organizations, and their distinct skill sets, whether broad or specialized, are essential for navigating the complexities of the market and developing creative growth plans. Because they consider their financial success linked to the company, a CEO who receives a high salary is therefore more likely to be dedicated to promoting sustainable growth. By offering steady leadership, competitive packages that guarantee CEO satisfaction can also improve executive team stability, which is essential for adjusting to shifting market conditions. As a result, strategic compensation decisions are crucial investments in a company's ability to prosper in the face of fiercer competition, not merely in luring talent. Companies may ensure that they remain flexible and adaptable in attaining long-term success by creating an atmosphere where talented executives are inspired and in line with company principles and values.

Finally, but not least, certain companies tie CEOs' pay to innovation results, which greatly increases a business's emphasis on R&D and ultimately promotes sustainable growth through the successful development of new goods and services (Sheikh, 2012). Companies can direct CEO energy toward strategic initiatives that go beyond short-term financial results by incorporating innovation targets into remuneration packages. This is because such a model incentivizes CEOs to take a forward-looking stance, prioritizing initiatives that may not generate immediate profits but offer significant long-term benefits. Furthermore, Sheikh (2012) explains how several aspects of pay, such as stock options and performance-based bonuses, can be effective tools for encouraging executives to follow avenues that promote innovation and advancement when they are directly connected to innovation indicators. Investing in research and development is not just a risky financial move; it is a strategic approach intended to improve market position through ongoing technological innovation and product differentiation. To avoid any sway toward choices that could jeopardize the organization's larger goals, it is nevertheless imperative to ensure that these pay plans encourage moral and appropriate risk-taking. Businesses may successfully negotiate the intricacies of competitive environments by putting in place strong systems for monitoring innovation performance and rewarding results that actually enhance business viability. As a result, the strategic alignment of CEO compensation with innovation imperatives becomes a transformative driver of business growth as well as an adaptive mechanism, putting companies in a position to take advantage of future opportunities and gradually establishing their leading position in the industry.

Postpandemic research emphasizes that although CEO compensation is still a significant factor in determining a company's performance in emerging markets, its efficacy is highly dependent on institutional and structural circumstances. Khuong et al. (2024) show that CEO power has a major effect on company performance outcomes, especially in emerging countries where governance institutions are still developing. CEO power is frequently represented in remuneration structures. Stronger CEO influence, when combined with incentive-based remuneration, may improve company growth by facilitating

quicker strategic reactions to post-COVID changes, according to their findings. This is particularly important for uncertain agriculture-based companies.

In the agricultural industry, governance and remuneration frameworks collectively influence business performance and risk-taking behavior in emerging markets. Ahmad et al. (2024) demonstrate that governance structures, particularly executive remuneration incentives, substantially influence corporate risk-taking and financial performance in Malaysian agricultural companies. The research highlights that well-structured incentive packages motivate CEOs to engage in strategic risks that enhance productivity and profitability, which is crucial for agricultural companies navigating postpandemic instability and global supply chain issues.

Further evidence indicates that CEO remuneration is progressively linked to sustainability and environmental performance, thereby influencing overall company value in agriculture-related sectors. Alzyod et al. (2025) demonstrate that CEO remuneration linked to carbon performance and environmental measures enhances business performance, especially when bolstered by robust governance frameworks. This is particularly pertinent for agricultural companies in emerging countries, where environmental challenges such as climate change and resource shortages directly affect productivity and sustainable growth.

Additionally, regulatory interventions in CEO compensation have become more prominent in shaping company performance in postpandemic emerging economies. By aligning managerial incentives with long-term strategic objectives, Maqsood et al. (2025) argued that governmental regulation of CEO compensation improves company innovation outcomes. In agriculture-based businesses, where innovation is essential for enhancing yields and resilience, such regulatory frameworks guarantee that CEO compensation fosters sustainable growth rather than immediate profits.

Finally, recent research has underscored the importance of ESG-driven remuneration systems in enhancing the performance of companies in emerging markets. Saengchamnong and Wiroonratch (2025) report that executive remuneration related to ESG disclosure significantly improves company performance by promoting transparency and sustainable practices. This alignment is especially critical for agricultural companies in the postpandemic era, as stakeholders are increasingly demanding sustainable food production systems and responsible resource management. Consequently, the strategic significance of CEO remuneration in driving both financial and nonfinancial performance is further emphasized.

3. Methodology

3.1. Data and Sample collection

All the data were collected from the Orbis database and annual reports retrieved from the Bursa Malaysia website. Initially, the population of companies listed in the agricultural industry consisted of 43 companies. After considering data availability in both the database and company reports, the final sample comprised 25 companies, representing more than 50% of the population for the period 2021–2023. Although the number of companies is fewer than 30, the overall number of observations is sufficient for this research, as it accumulated to 75 observations over three years, or 25 observations per year. According to Keller and Warrack (2005), a sample is considered representative of the population if it includes a minimum of 30 observations.

3.2. Regression Model

A panel data regression model was used to analyze the relationship between CEO compensation and company growth metrics (growth assets and revenue) for publicly listed Malaysian companies from 2021 to 2023. The regression equation was specified as follows:

$$\text{Growth} = \beta_0 + \beta_1 \text{CEOCOMP} + \text{control variables} + \text{errors} \quad (1)$$

Where:

$$\text{CEOCOMP} = \text{CEO Compensation} \quad (2)$$

3.3. Data Analysis Technique

The data analysis technique includes descriptive statistics, correlation analysis, and regression analysis. Panel data regression analysis using Eviews is performed to account for unobserved heterogeneity across companies and time.

3.4. Measurement of Variables

3.4.1. Independent Variable

In this study, CEO compensation is measured as total cash remuneration, which includes salaries, fees, bonuses, and other cash benefits received by the CEO. The measurement aligns with prior research and corporate governance standards to ensure consistency and relevance (Bushman & Smith, 2001 and Jaafar, Waahab, & James, 2012). CEO compensation as follows:

$$\text{CEOCOMP} = \log_{10} (\text{Salary} + \text{Fees} + \text{Bonus} + \text{Benefits}) \quad (3)$$

3.4.2. Dependent Variable

There are two proxies for growth in this study: growth in assets and growth in revenue, which are widely used in corporate finance and performance growth research. The formulas supporting these metrics are as follows:

3.4.2.1. Growth in assets Metrics

$$\text{Growth Assets} = (\text{Total Assett} - \text{Total Assett-1}) / \text{Total Assett-1} \quad (4)$$

This formula calculates the percentage change in total assets between two periods (t and t-1), capturing the company's expansion in asset base over time. A study from (Richardson, 2006), overinvestment or free cash flow, highlights asset growth as a key indicator of a company's operational expansion and managerial efficiency. Another study used asset growth to assess how companies capitalize on investment opportunities (Chen & Wang, 2012).

3.4.2.2. Growth in Revenue Metrics

$$\text{Growth Revenue} = (\text{Revenuet} - \text{Revenuet-1}) / \text{Revenuet-1} \quad (5)$$

This formula measures the percentage change in annual revenue, reflecting the company's market growth and operational growth (Harris & Raviv, 1991), in relation to the theory of capital structure, and demonstrates the relevance of growth as a metric for assessing corporate success and market competitiveness. In addition, (Amato & Wilder, 1985). Effects of company size on profit rates in U.S. manufacturing. This study employs revenue growth to analyze the relationship between company size and financial growth performance.

3.5. Control Variable

3.5.1. Board Size

Board size is a key variable in corporate governance research, reflecting the number of directors serving on a company's board. It is often used to assess the impact of governance mechanisms on executive decisions and company outcomes.

$$\text{Board Size} = \text{Total Number of Directors} \quad (6)$$

According to information provided in the company's annual report, this comprises every executive and nonexecutive director on the board. Larger boards can improve decision-making supervision by providing a range of opinions and skills. On the other hand, overly large boards might have trouble coordinating and be less effective (Yermack, 1996). This study highlights the trade-off between efficiency and diversity by finding that smaller boards are frequently linked to higher corporate evaluations. A frequent indicator of board size in governance studies is the total number of directors (Dalton, 1999). It is closely related to corporate governance best practices and regulatory obligations.

3.5.2. Company Size

One important control variable in studies examining executive salaries and business growth is company size. It is typically measured using total assets or revenue, capturing the scale of a company's operations and its financial standing.

$$\text{Company Size} = \log_{10} \text{Total Asset} \quad (7)$$

The natural logarithm of total assets is employed to normalize the data and mitigate skewness resulting from significant disparities in asset size among companies. The size of a corporation, determined by total assets, serves as a dependable indicator of its operational capabilities and resource base, as indicated by research on corporate growth and financial structure. This formula emphasizes the application of the natural logarithm of total assets as a prevalent proxy for company size in corporate finance studies (Dang & Yang, 2018).

3.5.3. Leverage

Leverage quantifies a company's dependence on debt to fund its assets, indicating its financial risk and capital composition. The debt to total asset ratio is a widely utilized metric for leverage, reflecting the percentage of a company's assets funded by liabilities.

$$\text{Leverage} = \text{Total Liabilities} / \text{Total Assets} \quad (8)$$

Total liabilities refer to all financial commitments, encompassing both short-term and long-term indebtedness. Total Assets: The aggregate worth of all assets possessed by the corporation, as delineated on the balance sheet. This ratio indicates the proportion of a company's assets funded by debt and serves as a measure of financial risk and solvency. Elevated leverage

signifies increased financial risk stemming from a greater dependence on borrowed resources, affecting corporate growth and stability. The research of Modigliani and Miller (1958) revealed the fundamental link between capital structure and corporate value.

Leverage can either facilitate or hinder corporate growth, depending upon the cost of debt and the company's capacity to produce returns above loan expenses. Previous research has illustrated the dual function of leverage in enhancing growth via tax shielding while simultaneously posing a danger of financial crisis when debt levels are excessive (Berger & Bonaccorsi di Patti, 2006). In emerging economies such as Malaysia, leverage is essential for assessing corporate resilience and development potential under varying governance and financial circumstances. Research has examined the impact of capital structures in emerging markets on corporate governance and organizational results (Claessens et al., 2002). The governance framework affects the company's leverage decisions, influencing the utilization of debt for growth and operations. Jensen's (1986) study contended that debt mitigates agency costs by enforcing discipline on management to allocate free cash flow efficiently.

3.5.4. Company Age (Age)

The age of a company is a commonly utilized variable in corporate finance and governance research, representing the duration of its operational existence in years. It signifies the company's expertise, stability, and market sophistication, which might impact its financial strategies, growth trajectories, and governance frameworks. Established organizations typically possess defined company structures and resource availability, but newer companies may have increased risk-taking behaviors and aggressive growth tactics.

$$\text{Company Age} = \text{Current Year} - \text{Year of Incorporation} \quad (9)$$

This metric is based on a company's official year of incorporation, as indicated in its financial statements or registration documents. The age of a corporation is frequently linked to financial stability and operational efficacy. Loderer and Waelchi (2010) assert that established organizations exhibit enhanced financial resilience, although they may also have bureaucratic inefficiencies that impede innovation. Moreover, the age of a company is frequently utilized in corporate finance research to evaluate the influence of extensive experience on governance and growth (Coad, Segarra, & Teruel, 2013).

3.5.5. Liquidity

Liquidity is an essential financial indicator that evaluates a company's capacity to fulfill its short-term liabilities. It demonstrates the efficiency with which a corporation can transform its assets into cash to meet liabilities, hence assuring operational continuity and financial stability. Companies with elevated liquidity possess enhanced flexibility to invest in growth prospects, distribute dividends, and mitigate risks during economic recessions.

$$\text{Liquidity} = \text{Current assets} / \text{current liabilities} \quad (10)$$

This ratio is calculated from the company's balance sheet, where the current assets include cash, accounts receivable, and short-term investments, while current liabilities consist of obligations due within a year. A higher liquidity ratio suggests that a company is in a strong financial position to cover its short-term debt. Nazir and Saita (2013) reported that companies with higher liquidity levels tend to perform better in volatile markets, as they can absorb financial shocks more effectively. Additionally, liquidity management is crucial for corporate governance, as it affects executive decision-making on capital allocation and risk-taking (Baum et al., 2009).

4. Results and Discussion

4.1. Descriptive Statistics

Table 1 presents the results of the study of descriptive statistics across factors. It summarizes the observations, including the minimum, maximum, mean, and standard deviation. The growth in total assets exhibited a substantial range from -7.03 to 128.41, with a mean of 7.83 (SD = 22.21), whereas the growth in revenue displayed an even greater variation, spanning from -35.65 to 224.62, with an average of 18.56 (SD = 40.92). CEO remuneration varied from 4.56 to 7.66 after applying log10 transformation, with a mean of 6.20 and a standard deviation of 0.54, reflecting minimal variation among organizations. The board size varied from 3 to 15 members, with a mean of 8.09 (SD = 2.43). The company's size, quantified by total assets, ranged from 3.11 to 9.45, with a mean of 6.63 (SD = 1.52). The age of the companies varied from 14 to 129 years, with a mean of 49.28 (SD = 25.20). Leverage ranged from 0 to 180.91, with a mean of 30.17 (SD = 24.27). Liquidity ranged from a minimum of 0.16 to a maximum of 66.21, with a mean of 5.88 (SD = 9.65). The dataset had 75 valid observations, offering sufficient variation across all the variables for subsequent analysis.

4.2. Correlation Analysis

Table 1 Descriptive Statistics.

Variable	Minimum	Maximum	Mean	Std. Deviation
Growth in Total Assets	-7.030	128.410	7.829	22.211
Growth in Revenue	-35.650	224.620	18.563	40.916
CEO Compensation	4.560	7.660	6.204	0.543
Board Size	3.000	15.000	8.093	2.434
Company Size (Size)	3.110	9.450	6.629	1.519
Company Age (Age)	14.000	129.000	49.280	25.203
Leverage	0.000	180.910	30.168	24.270
Liquidity	0.160	66.210	5.880	9.654
Valid N (list wise)	75.000			

The results in Table 2 show that most of the variables are weakly correlated with each other, suggesting that there is no strong linear relationship overall. CEO compensation is positively and substantially correlated with company age ($r = 0.458$, $p < 0.01$), suggesting that older companies often offer higher CEO remuneration. The size of a company, measured by assets, is negatively correlated with its age ($r = -0.312$, $p < 0.01$), indicating that older organizations do not inherently possess greater asset size. Liquidity is inversely correlated with company size (assets) ($r = -0.309$, $p < 0.01$) but positively correlated with both company age ($r = 0.229$, $p < 0.05$) and revenue growth ($r = 0.243$, $p < 0.05$), indicating that older companies and those experiencing greater revenue growth are likely to sustain more robust liquidity positions. Leverage is positively correlated with company size (assets) ($r = 0.248$, $p < 0.05$) and negatively correlated with liquidity ($r = -0.268$, $p < 0.05$), illustrating the anticipated trade-off between debt financing and liquidity levels. Other relationships, such as those between total asset growth and board size, are weak and statistically insignificant.

The correlation coefficients indicate that multicollinearity is not a significant issue. None of the correlations are unduly elevated (e.g., exceeding 0.80 or 0.90, which would generally indicate serious multicollinearity). The most significant association is between CEO remuneration and company age (0.458), indicating a moderate relationship that does not warrant concern. Consequently, although notable connections exist, the correlations indicate that the independent variables are sufficiently separate for regression analysis without considerable multicollinearity concerns.

Table 2 Correlations.

Variable		Growth in Assets	Growth in Revenue	CEOCOMP	Board Size	Company Size	Age	Leverage	Liquidity
Growth in Assets	Pearson Correlation	1							
	Sig.								
Growth in Revenues	Pearson Correlation	.046	1						
	Sig.	.698							
CEOCOMP	Pearson Correlation	.156	.104	1					
	Sig.	.182	.374						
Board Size	Pearson Correlation	.039	-.022	.178	1				
	Sig.	.741	.852	.126					
Size	Pearson Correlation	.135	-.119	.149	.009	1			
	Sig.	.247	.309	.203	.938				
Age	Pearson Correlation	.005	.149	.458***	-.046	-.312***	1		
	Sig.	.967	.202	.000	.695	.006			
Leverage	Pearson Correlation	.091	-.097	.068	.056	.248**	-.134	1	
	Sig.	.436	.409	.561	.633	.032	.251		
Liquidity	Pearson Correlation	-.113	.243**	.072	-.023	-.309***	.229**	-.268**	1
	Sig.	.335	.036	.540	.845	.007	.048	.020	

Note: **. Correlation is significant at the 0.05 level (2-tailed), and ***. Correlation is significant at the 0.01 level.

4.3. Panel Regression Results (Fixed Effect Model)

Panel data regression analysis was used in this study to examine how the variables interacted with one another. The Hausman test, which is typically used to evaluate fixed effects and random effects specifications, is one of several diagnostic tests used to choose the most appropriate model. According to the test results, this dataset was better suited for the fixed

effects model. The fixed effects technique, which takes into consideration unobserved variation among companies and produces more reliable results in panel data analysis, was used in the final study.

The regression outputs for both models demonstrate strong explanatory power. In the growth in assets model, the constant value of 3.780 is statistically significant at the 1% level ($t = 3.71$), suggesting a baseline positive effect even without other predictors. Similarly, in the revenue model, the constant is 3.460 ($t = 3.64$), which is also significant at the 1% level, indicating a positive baseline effect.

The regression results in Table 3 demonstrate a positive and significant relationship between CEO salary and both asset growth and revenue growth. Greater CEO compensation is linked to increased corporate asset expansion and enhanced revenue performance. This discovery can be analyzed through the frameworks of agency theory and human capital theory. From the agency perspective, elevating CEO compensation aligns their objectives with those of shareholders, incentivizing them to implement tactics that increase company value through asset accumulation and revenue expansion. Lucrative compensation packages can mitigate agency conflicts by incentivizing CEOs to prioritize the company's interests over personal ambitions. Human capital theory posits that CEOs possess important skills, expertise, and experience that directly enhance corporate performance. Organizations that draw and maintain proficient executives via competitive remuneration gain advantages from their strategic leadership, decision-making skills, and innovative capabilities (Khan & Kanapathippillai, 2024; Dittmann et al., 2017; Sheikh, 2012), resulting in increased assets and revenue. Thus, the positive relationship observed in this study supports the idea that well-designed CEO compensation not only mitigates agency problems but also rewards and leverages the human capital embodied in top leadership to drive organizational growth.

Table 3 Panel Regression Results (Under Fixed Effect Data Analysis).

Variable	Growth in Assets model	Growth in Revenue model
Constant	3.780*** (3.71)	3.460*** (3.64)
CEOCOMP	1.900*** (4.87)	1.620*** (4.76)
Board Size	0.120 (1.60)	0.105 (1.61)
Company Size	0.750*** (2.68)	0.590** (2.57)
Leverage	-0.380** (-2.24)	-0.295** (-2.10)
Liquidity	0.053*** (3.12)	0.042*** (3.00)
AGE	0.021** (2.63)	0.018** (2.57)
R ²	0.615	0.583
Adjusted R ²	0.583	0.550
F-statistic	24.85***	21.83***

Note: **. Correlation is significant at the 0.05 level, and ***. Correlation is significant at the 0.01 level.

The control variable, which starts with Board Size, shows a positive but statistically nonsignificant correlation with both models. This implies that simply increasing the number of board members does not inherently lead to improved decision-making effectiveness or enhanced company performance in terms of growth. This outcome aligns with prior research from Vo and Phan (2013), which reported a negative effect of board size on company performance (ROA), and the mixed evidence highlighted by Iqbal & Kakakhel (2016) suggested that the effectiveness of a board might depend more on qualitative factors such as independence, diversity, and expertise rather than mere size.

The next control variable, Company Size, has a strong positive relationship with both growth in assets and growth in revenue at the 1% significance level. The findings consistently show that company size is positively and significantly associated with both growth assets and growth revenue. Larger companies, benefiting from economies of scale, greater resource availability, and the ability to attract professional talent, tend to demonstrate more robust growth in their asset base and revenue generation. This aligns with the empirical evidence from Iqbal and Kakakhel (2016), who reported a positive association between company size and various performance indicators, such as return on assets, return on equity, and return on sales.

The third control variable, leverage, has a negative and statistically significant relationship with both asset growth and revenue growth in the panel regression, indicating that elevated levels of indebtedness may hinder company expansion in the agricultural sector. Although debt can provide financing for investment, excessive leverage seems to increase financial risk and impose stricter constraints from creditors, thereby restricting managerial freedom in pursuing development prospects. This effect may be particularly prominent in agriculture because of its natural exposure to uncertainties, such as climatic variations and price volatility, which exacerbate the burden of loan commitments. Free Cash Flow Theory posits that debt helps regulate

management and mitigate agency issues; nevertheless, the current findings suggest that beyond an optimal threshold, leverage can hinder growth by promoting more conservative financial strategies. This aligns with findings from Liu and Mauer (2011), indicating that bondholder constraints might constrain enterprises' strategic choices. From an investor's perspective, this suggests that excessive leverage may indicate constrained growth potential rather than effective capital deployment, underscoring the necessity of sustaining a balanced capital structure.

Liquidity as a fourth control variable has a significant positive effect on both growth in assets and growth in revenue in the panel regression. This highlights that companies maintaining strong liquidity levels possess greater financial flexibility. This enables them to finance internal investment projects, respond effectively to unexpected expenditures, and seize growth opportunities without excessive reliance on external financing, thereby fostering sustained expansion. The relevance of liquidity to company financial health and growth is also alluded to in studies such as Smirnova and Zavertiaeva (2017).

Finally, Company Age (Age) is significantly positively related to both growth in assets and growth in revenue models. This suggests that older, more established companies tend to exhibit stronger growth (Barba Navaretti et al., 2022). This is because older companies benefit from accumulated resources, managerial experience, and established relationships, which enable them to navigate market challenges and capitalize on growth opportunities.

The R^2 values of 0.615 and 0.583 show that the models explain 61.5% and 58.3% of the variation in asset growth and revenue growth, respectively, whereas the adjusted R^2 values of 0.583 and 0.550, respectively, indicate that these models remain robust after adjusting for the number of predictors. Furthermore, the F-statistics of 24.85 and 21.83, both of which are significant at the 1% level, demonstrate that the explanatory variables collectively contribute to explaining company growth (Skiera et al., 2021). Overall, the results suggest that the models fit the data well, with both asset growth and revenue growth being positively anchored by the underlying predictors and supported by strong overall model significance.

5. Conclusions and Implications of the Study

The structure and determinants of chief executive officer (CEO) compensation have long been subjects of study and debate in corporate governance and finance. CEO pay packages are typically designed to incentivize executives to pursue company growth and enhance shareholder value (Jensen & Meckling, 1976). However, debates persist over whether CEO compensation truly aligns with company growth metrics such as assets and revenue or whether it disproportionately rewards short-term achievements at the expense of long-term sustainability (Bebchuk & Fried, 2004).

This study proves that CEO compensation is positively related to company growth. This consistently implies that higher CEO compensation is associated with stronger overall company growth performance. Properly structured performance-based incentives effectively align the interests of CEOs with those of shareholders, thereby motivating executives to enhance organizational performance outcomes and drive expansion. In the context of Malaysian public listed companies, where potential agency problems might arise from factors such as concentrated ownership or information asymmetry, these findings underscore the critical importance of well-designed compensation strategies in fostering company expansion and value creation.

There are several implications of the study. First, the results support agency theory by confirming the theoretical claim that properly designed executive compensation aligns management goals with shareholder interests. Additionally, the results of this study support human capabilities theory by emphasizing how competitive pay promotes CEOs to be the most effective leaders.

Second, executive remuneration packages are set mainly by boards of directors. To keep CEOs inspired to pursue tactics that support the growth of the company, compensation plans should incorporate performance-based elements such as bonuses, stock options, and equity-based incentives. CEO dedication, performance, and responsibility can all be improved with a well-rounded remuneration plan that takes into account both short- and long-term goals.

Third, the positive correlation between CEO pay and company growth emphasizes how crucial it is to uphold strict governance guidelines and oversight procedures for executive salary. To promote accountability and safeguard the interests of shareholders, regulators should continue pushing for clear disclosure standards on CEO compensation. To guarantee that compensation committees function autonomously and prioritize performance-aligned compensation plans, policymakers could consider strengthening corporate governance regulations.

Fourth, CEO remuneration plans may be interpreted by investors and shareholders as an indication of the company's commitment to expansion and the quality of its governance. Examining how companies create and reveal their executive compensation plans may help investors make better judgments, especially in regard to long-term value creation, risk-taking incentives, and growth performance indicators.

The results indicate that board size does not substantially influence company growth, demonstrating that the caliber of directors is more critical than their quantity. In contrast, company size and age have positive effects, as larger and older companies benefit from more resources, experience, and stability to support growth. Leverage has a negative effect, meaning that too much debt limits expansion because of higher risks and financial restrictions. Liquidity, however, contributes positively by providing companies with the flexibility to invest and respond to opportunities. Overall, company characteristics such as size, age, leverage, and liquidity explain growth better than board size does.

6. Limitations and Future Research

Despite providing meaningful insights, this study has several limitations that should be acknowledged, which also serve as avenues for future research. First, the analysis is restricted to 25 publicly listed agricultural companies in Malaysia, limiting the generalizability of the findings across industries and countries; therefore, expanding the sample to include companies from multiple sectors or different ASEAN markets would offer broader comparative insights.

Second, the study period spans only three years (2021–2023), which may not adequately capture the long-term growth effects of CEO compensation. This suggests that future research should adopt a longitudinal design to observe lagged impacts over a longer timeframe.

Third, CEO compensation is treated as an aggregate figure, without distinguishing between components such as salary, bonuses, stock options, or long-term incentives. Disaggregating CEO compensation elements in future studies could reveal which forms of compensation are most effective for stimulating growth.

Fourth, CEO-specific characteristics such as age, education, tenure, and ownership stake were excluded from this study. These factors may interact with compensation to influence decision-making and performance, highlighting the need to integrate demographic and professional attributes in future analyses.

Fifth, external economic conditions, regulatory changes, and industry shocks were not considered, which could have influenced both compensation practices and company growth. Thus, incorporating macrolevel variables and governance mechanisms such as board independence or ownership structure would provide a more nuanced understanding.

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7. Declarations

7.1. Ethical considerations

Not applicable.

7.2. Use of artificial intelligence (AI)

The authors declare that the generative artificial intelligence (AI) tool OpenAI's ChatGPT was used exclusively for language editing, grammatical improvement, and refinement of the manuscript's wording. The use of AI did not influence the scientific content, study design, data analysis, data interpretation, results, or conclusions of the manuscript. Full responsibility for the content remains with the authors.

7.3. Conflict of Interest

The authors declare no conflicts of interest.

7.4. Funding

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