

## Abstract

# An Overview of the Structure and Determinants of Executive Compensations

PROFESSIONAL ARTICLE

Marija Polak<sup>\*</sup>  
Jurica Bosna<sup>\*\*</sup>  
Josip Miletić<sup>\*\*\*</sup>

The paper gives an overview of the structure and determinants of executive compensations and aims at defining the strategy of allocating these compensations while taking into account long-term strategic implications for the firm. The relationship between short-term and long-term compensations is analyzed with an emphasis on long-term incentives that serve as a way to keep the executive in the firm and with the aim of coming to long-term decisions vital for the firm's survival. The paper also analyzes how the firm's size, its growth, risk-taking opportunities, ownership, assets structure, and executives' age affect the amount of executive compensations. The basic managerial salaries should grow with the size of the company, outstanding formal qualifications and proven entrepreneurial ability. The basic salary should be competitive, or a "golden mean" between the highest and lowest basic salary of competing companies.

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<sup>\*</sup> Marija Polak, Senior Financial Officer, Zadar Airport,  
e-mail: marija.polak@zadar-airport.hr.

<sup>\*\*</sup> Jurica Bosna, Assistant, University of Zadar, Department of Economics,  
e-mail: jbosna@unizd.hr.

<sup>\*\*\*</sup> Josip Miletić, Senior Assistant, University of Zadar, Department of Croatian and Slavic Studies, e-mail: jmiletic@unizd.hr.