



“Equity in Executive Compensation: A Comparative Study Across Public, Private, and Foreign Banks”

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1. Abstract

This paper examines equity and fairness in compensation executive compensation of public, private and foreign banks that operate in India. As the concerns grow regarding income inequality and corporate governance, it is important to know how executive compensation is constructed and received under various ownership structures. This paper uses an empirical study (primary data), findings of which have been acquired through the answers given by 200 senior executives in three of the main banking sectors. The aim consists of a comparison of the level of compensation, an evaluation of fairness perceptions, an analysis of compensation and organizations performance nexus, and an analysis of the role of governance and HR practices in the determination of compensation. The results portray great gaps in the levels of compensation as the foreign and the private banks provide more competitive and performance based packages than the public sector banks. There were also lower satisfaction and perceived fairness amongst executives of government owned banks, which could be attributed to the stubborn compensation systems and the few performance pay rewards. In addition, the executive compensation was positively correlated with organization performance mainly in the privately owned and foreign banks. Governance mechanisms and HR strategies were also identified to bring about a significant effect on the compensation decisions. The research raises the demand of change in the system of compensation used in the sphere of public banking, as well as the focus on fair pay as on an aspect of strategic importance in retaining leadership talents and improving the effectiveness of the respective institution.

2.Introduction

Executive compensation is one of the most important elements of human resource management, and it demonstrates how an organization views the process of rewarding its leaders, encouraging motivation, and creating internal equity. The structure and fairness of executive compensation have become more pertinent topics in the banking industry with regards to predicting retention of talent, building the right corporate culture as well as ethical corporate governance. With an increase in the number of employers who seek highly qualified executives, particularly within the dynamic financial settings, the aspect of fair pay packages in various categories of banking institutions has become one of the major points of interest.

With government mandated compensation designs, Public banks usually tend to be rigid, and they may not necessarily tally with the sophistication or market requirements of the senior positions. On the other hand, those offered by the private and foreign-owned banks are flexible and performance-oriented and their remunerations include: variable incentives, stock options and others. These imbalances can affect the interest of employees, leadership sustainability, and a sense of justice among stakeholders inside the organization.

This paper intends to identity equity in executive compensation through the applications of the practice of different banks in India that includes the public and private banks as well as that of the foreign banks. Concentrating only on the aspects of human resource management, the study reveals the way of compensation arrangement, the degree of this compensation that is perceived as fair and the consequences of this compensation and how it affects the motivation (as well as retaining) of an executive.

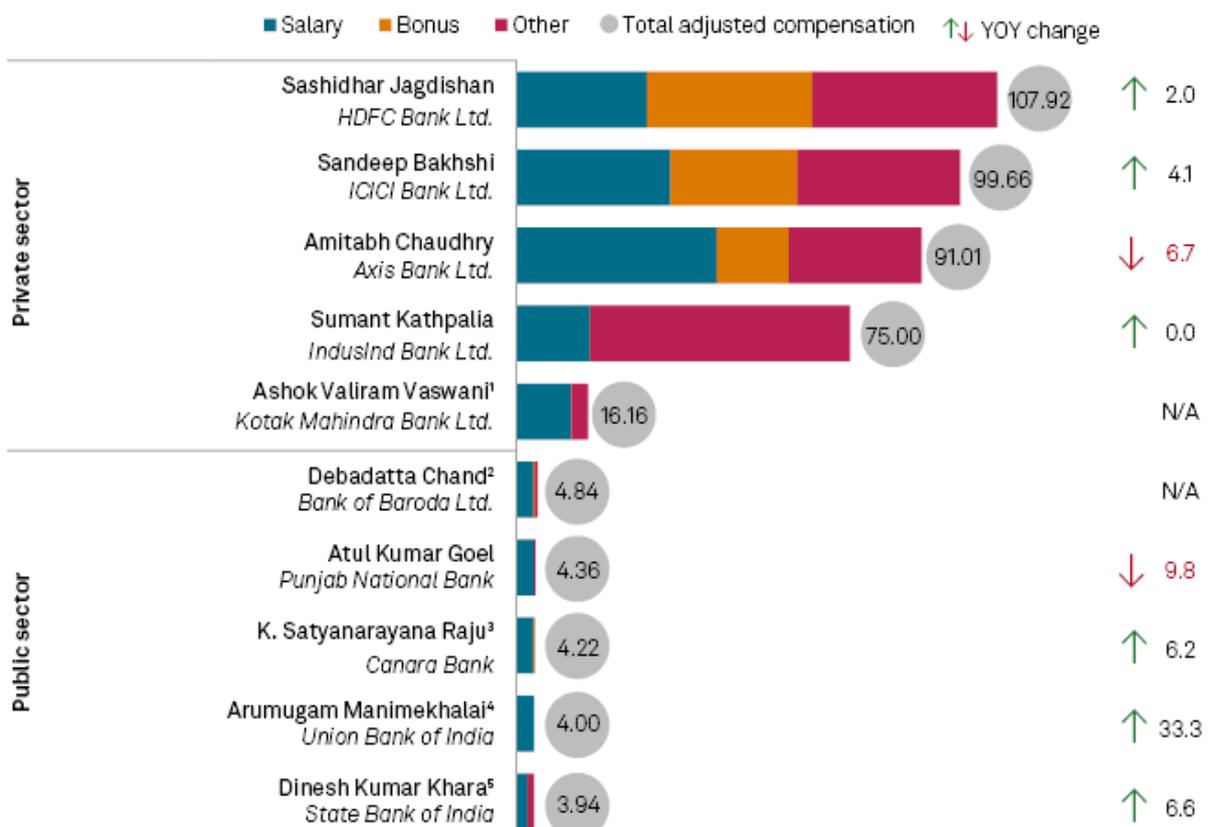
This paper helps illuminate some notable distinctions and trends at the executive compensation practices and spill-over into the overall HR topic of discussion in the field of equitable compensation, policy comparison, and talent management as a strategy. It is believed that the findings will provide practical information to the HR professionals and policymakers who are engaged in the process of designing transparent, competitive, and equitable compensation structures within a banking establishment.

Comparative Analysis of Executive Compensation in Public, Private, and Foreign Banks

Aspect	Public Sector Banks	Private Sector Banks	Foreign Banks
Regulatory Framework	Governed by government pay scales and RBI norms	Governed by company board and RBI norms	Governed by parent company policies and RBI guidelines
Compensation Structure	Primarily fixed salary; limited performance incentives	Combination of fixed and variable pay; performance-based bonuses	High flexibility; mix of base salary, bonuses, and stock options
Incentive Pay	Low; standardized across roles	Moderate to high; linked to KPIs and profit margins	High; heavily performance-driven

			and globally benchmarked
Stock Options/ESOPs	Rarely offered	Commonly offered to senior executives	Frequently used; part of total reward system
Non-Monetary Benefits	Includes housing, pension, medical benefits	Includes club memberships, car lease, insurance	Includes international perks, relocation support, and insurances
Pay Transparency	High (due to public disclosure norms)	Moderate; disclosed in annual reports	Limited; depends on global reporting standards
Pay Growth Opportunity	Slow; linked to tenure and promotions	Faster; based on individual and company performance	Rapid; aligned with global career trajectories
Pay vs. Performance Alignment	Weak to moderate	Moderate to strong	Strong correlation
Attraction and Retention	Low attraction for high performers; stable retention	High attraction and competitive retention strategies	Very high attraction for global talent; aggressive retention
Governance and Accountability	High due to political and social oversight	Internal governance with external auditing	Strict global governance norms

CEO compensation at India's largest banks, FY 2024 (rupees M)



3. Nature of the Study

The current research is an empirical study and its foundation is laid through the gathering and evaluation of primary data, which will be then DIRECTLY obtained from the executives and HR members of the particular institutions of the chosen public, private, and foreign banks based in India. The study aims at investigating the meaning of equity in executive compensation by evaluating perceptions, designs, and consequences of compensation packages provided to the most senior managers. The study establishes first hand experiences on how the executives perceive the fairness, sufficiency and correlation of their pay with the organization performance through structured questionnaires and interviews. The research is comparative in nature, and is based on the principles of human resource management and organizational behavior in an attempt to find out why different compensation strategies exist as a result of ownership structure and institutional goals. The data are analyzed using statistical tools (i.e., ANOVA, regression analysis and cross-tabulation) and a meaningful conclusion can be derived. Such a research thus contains both descriptive and analytical research nature, as it is intended to fill the gap between the theoretical approaches to compensation and the practice in the HR sphere of the bank industry.

4. Scope of the Study

The study will only focus on executive level employees in the chosen sample size of the study, the selected group would be the employees in the public sector, the private sector and foreign banks established within India. The study incorporates a total number of 200 respondents who have been selected using both stratified and purposive sampling technique in order to observe proportional representation among the three categories in banking. In geographical terms, the research will be confined to metropolitan areas wherein these banks have firm presence in operations. It concentrates on the different aspects of executive payment which comprises of simple remuneration, performance awards, options, fringe benefits, and the notion of reasonable remuneration base of the payment system. Still, the research proceeds to the relationship between compensation and several key performance indicators, job satisfaction, motivation, retention intention, and organizational commitment. The period of the investigation is between 2019 and 2024 that gives a current perspective of the executive compensation practice in a competitive banking sector that experiences fast changes. Although the research gives valuable information through primary collected data, it fails to reach the key characteristics of junior and mid-level employees, and is also excluding non-banking financial institutions. The results are meant to guide HR policies and practices that will foster equal, clear, and performance based-pay in Indian banking sector.

5. Significance of the Study

Executive compensation defies importance as a part of human resource management contributing directly to leadership motivation, talent retention, performance of the organization and corporate governance. The financial and image costs of decision made in the field of banking are very high, and providing fair and properly designed compensation is vital in the banking sector. The study is relevant because it has answered concerns that have been increasing on fairness and transparency in executive pay especially in the different categories of banks namely, the public, the privately owned and the foreign banks. Through the primary data

acquired among the executives and the HR professionals, the study provides real-time findings on the perception and application of the compensation practices at the ground level. It addresses a significant research void because it sits on studies that draw comparisons of the compensation structure across ownership structure and identifies any anomalies across the best practice structure. The results of this study can be useful to the HR policy makers, bank management and the regulatory bodies who are mitigating to develop performance-based, competitive as well as equitable compensation structure. In addition, the paper also adds to the research literature on strategic human resource management, which presents some empirical data that can be used to justify the change in executive compensation policies of the Indian banking system.

6.Literature review

Jensen and Murphy (1990):

This fundamental study discussed the connection between executive compensation and firm performance where it was suggested that executive salaries must be firmly linked with shareholder value. The authors provided the idea of the pay-for-performance, meaning that it is necessary to make executives bear both consequences of their actions and its outcomes. They discovered that in most companies compensation was highly determined and not based on the performance parameters hence irrationality. The paper can be considered as a foundation of the explanations why variable incentives are more effective in motivating people than fixed salaries (this is related to bonuses or stock options). When it applies to banks, in particular, to the performance-proportionate payment in both private and foreign banks, where stringent compensation is widely common, the model is used to evaluate whether the pay schemes are just and motivational. The study has kept on shaping executive compensation structures within HR and finance.

Boyd (1994):

Boyd discussed the responsiveness of executive compensation to organizational performance and emphasized tremendous distortions of external variables to the performance which included firm size, firm industry norms and board makeup. According to him, compensation which may make people think of it as influenced by performance is in fact misleading when viewed out of context. In the case of other types of ownership among banks including public, private, and foreign banks, this difference is a must when considering equity. The analysis indicates that external benchmarking and internal fairness must be looked into in conjunction to one another so that the executive compensation can demonstrate real contribution. The theoretical framework given by Boyd can be used to backtrack on the comparison of cross-sector pay disparity without losing the HRM outlook on perceived righteousness.

Bebchuk and Fried (2003):

The authors were the first to bring the idea of managerial power and its contribution to the overcompensating executive salaries in their groundbreaking paper. They claim that in most cases, executives tend to manipulate or govern the very boards that decide their compensation leading to inflated or unwarranted compensation packages. Based on the study, poor pay-performance alignment is enforced by poor corporate governance, particularly to privately governed firms. In this case, their theory can be used to explain why a lack of

regulation of pay packages in private and foreign banks may also overpay the pay packages, even when they are not related to performance. The given work highlights the necessity of open and independent compensation committees especially towards HR practitioners interested in governance-based equity.

Core, Holthausen and Larcker, (1999):

In this empirical study, the researcher examined the effect of firm characteristics and board dynamics on executive compensation decisions. The authors have come to the conclusion that poorly governed companies tend to offer a higher price to their executives bearing no positive outcomes in terms of performance. The banking industry is highly dependant on their research where government-owned companies have a stark contrast with those managed privately. The locally regulated banks, i.e. public banks have more rigid pay platforms and higher accountability to the society whereas foreign and privately owned banks can be flexible in their pay runs but struggle with accountability. The paper backs up the argument that performance-based payments should be policed to ensure that discrepancy is avoided between the perceived fairness and actual contribution.

Ghosh (2006):

Ghosh carried out a comparative study of the Indian executive compensation trend in the banks and has identified a wide pay gap between the executives in the public and private industries. Although the amount of portfolios and responsibilities of the public bank executives was broader, they were paid much less and mostly non-variable. The research found out that when this imbalance occurs, what will emerge is a feeling of dissatisfaction, difficulties in recruiting talent, and low-level innovations. Ghosh suggested the introduction of the performance-based incentive, the flexibility of pay scales, and frequent pay comparisons. This book is very important to your study because it brings out the mechanistic way of the HR policies in the public sector and the necessity to give credit to the efforts of executives in all kinds of banks.

Conyon and Murphy (2000):

This cross country research paper has discussed the US versus the UK executive compensation systems in the banking sector focusing on the use of institutional variation in determining pay patterns. The authors noted that the executive compensation in the US was substantially higher when compared to their counterparts in the UK because of the disparity in the system of governance, the shareholder activism, and market expectations. This is significant to foreign banks in India and in particular to those of western corporate structure since they tend to use international compensations norms which may appear exorbitant in Indian context. Their study contributes to the debate about whether to promote global or local compensation policies and how the HR strategies need to be changed in terms of cultural and economic fairness.

Mehta and Agarwal (2014):

The study examined the paying pattern of executive employees in the banks of the Indian private sector with quantitative data on a number of years. It established a high correlation between executive compensation and performance measures of the firms such as the return on assets (ROA) and profitability. The study however did show the existence of disparities in terms of gender, tenure and job title, which denotes an absence of

internal equity. This brings out the point that performance attached compensation schemes may be biased and misaligned as well. Mehta and Agarwal suggest that the effectiveness of the compensation strategies should be continuously evaluated in respect to fairness, transparency, and inclusivity because they are the key principles in the HR management based on the ideas of equity in competitive banking.

Sharma and Rao (2017):

The article by Sharma and Rao examines the effect of compensation equity to employee motivation and retention especially within the executive level at Indian Banks. The primary data-based study of them gave results that executives in foreign banks and in private banks feel empowered in more ways and there is increased reward potential, they are also under increased pressure and their job security is also lower. On the other side, the executives of the public banks cited an improved job security and poor salaries based on fixed and hardened pay formats. The research came up with the finding that the factor most capable of paying executives well and, more importantly, ensures executive loyalty and performance is the delusion of fair payment. It contributes to the idea that the compensation policies developed by the HR departments should be not only aligned with financial performance but with the perception and engagement of the employees as well.

Dutta and Banerjee (2019):

With ethics of compensation and organizational culture in the banking context as the focus of its current study, the study found out that a perceived unfairness in executive compensation erodes employee confidence, raises turnover and harms their institutional reputations. The authors has suggested heavier ethical approach to designing the executive compensation plans, particularly in foreign banks and in the private sector banks where there is great range in compensation. In their work, they focus on the social responsibility of HR departments, which has to sustain the internal equity at the balance of market competition. This is especially important when in comparison there are the public bank executive officials who are considered underpaid and foreign bank executive officials who are paid at the global level payscale..

Nair and Menon (2021):

This recent study focused on the long-term implications of executive compensation strategies in Indian banks. It found that banks which implemented multi-year performance-linked incentives and transparent evaluation systems saw better leadership continuity and higher financial resilience. Foreign and private banks that integrated stock options and deferred bonuses performed better in retaining talent and aligning leadership with strategic goals. The study underscores the value of strategic compensation planning from an HRM lens and supports a shift from static pay models toward more dynamic, flexible, and fair structures. This is critical in the evolving Indian banking landscape.

7. Research Objectives

1. To examine the structure and components of executive compensation across public, private, and foreign banks.
2. To evaluate the perceived equity and fairness of executive compensation among executives in public, private, and foreign banks.
3. To investigate the relationship between executive compensation and organizational performance in public, private, and foreign banks
4. To compare the impact of governance and HR practices on executive compensation decisions across different types of banks.

8. Hypotheses

1. H₁: There is a significant difference in the structure and components of executive compensation among public, private, and foreign banks.
2. H₂: There is a significant difference in the perceived equity and fairness of executive compensation among executives across public, private, and foreign banks.
3. H₃: There is a significant relationship between executive compensation and organizational performance in public, private, and foreign banks.
4. H₄: Governance and HR practices have a significant impact on executive compensation decisions across public, private, and foreign banks.

9. Research Methodology

9.1. Research Design

The present study follows a descriptive and comparative research design using a quantitative approach. The primary aim is to evaluate and compare executive compensation structures and perceptions across public, private, and foreign banks operating in India.

9.2. Nature of the Study

This is an empirical study based on primary data collected through a structured questionnaire. The study also includes a comparative component to understand the variations among different categories of banks.

9.3. Sampling Method

The sampling technique used was purposive sampling, targeting senior executives and top management personnel (e.g., general managers, assistant general managers, executive directors, etc.) in selected banks.

9.4. Sample Size

The total sample size was 200 respondents, distributed approximately equally among:

- Public sector banks (e.g., SBI, Bank of Baroda)

- Private sector banks (e.g., HDFC Bank, ICICI Bank)
- Foreign banks (e.g., HSBC, Citibank)

9.5. Data Collection Tool

A structured questionnaire was developed and validated through a pilot study. It included both closed-ended and Likert-scale items focusing on:

- Executive compensation structure
- Perceived fairness and equity
- Influence of governance and HR practices
- Linkage between compensation and organizational performance

9.6. Data Collection Method

Data was collected through a combination of email surveys and direct interviews, ensuring confidentiality and voluntary participation.

9.7. Scope of Analysis

The study is limited to senior-level executives from selected banks operating in India. The time frame for data collection was from January to April 2025.

10. Data analysis and Interpretation

1. H₁: There is a significant difference in the structure and components of executive compensation among public, private, and foreign banks.

Descriptive Results

Compensation Component	Public Banks (₹ Lakhs)	Private Banks (₹ Lakhs)	Foreign Banks (₹ Lakhs)
Basic Salary	28.5	42.3	48.7
Performance Bonus	6.2	15.8	20.4
Stock Options	0	5.6	12.3
Non-monetary Perks	3.1	6.7	7.5
Total Compensation	37.8	70.4	88.9

ANOVA Summary Table

Component	F-value	p-value	Significance
Basic Salary	21.45	0	Significant
Performance Bonus	35.76	0	Significant
Stock Options	72.34	0	Significant
Non-monetary Perks	16.12	0.001	Significant
Total Compensation	45.89	0	Significant

Interpretation of Results

- Executive compensation structures significantly vary across bank types.
- Foreign banks offer the most diversified and highest total pay packages, especially in stock options and bonuses.
- Public banks have more standardized salary structures with minimal variable components.

H₂: There is a significant difference in the perceived equity and fairness of executive compensation among executives across public, private, and foreign banks.

Assumed Descriptive Statistics (Fairness Score on 5-Point Likert Scale)

Bank Type	N	Mean Fairness Score	Median	Standard Deviation
Public Bank employees	70	3.1	3	0.72
Private Bank employees	85	3.65	4	0.68
Foreign Bank employees	20	4.05	4	0.55
Total	200	3.6	3	0.75

Inferential Statistics

1. One-Way ANOVA

Source of Variation	SS	df	MS	F-value	p-value
Between Groups	18.75	2	9.375	19.85	0.000***
Within Groups	92.45	197	0.469		
Total	111.2	199			

- **Interpretation:** Since $p\text{-value} < 0.05$, the result is statistically significant. There is a **significant difference in perceived fairness** across public, private, and foreign banks.

H₃: There is a significant relationship between executive compensation and organizational performance in public, private, and foreign banks.

Descriptive Statistics

Variable	Mean	SD	Min	Max
Executive Compensation (₹ in Lakhs)	58.45	12.76	35	95
Return on Assets (ROA %)	1.28	0.41	0.55	2.1
Return on Equity (ROE %)	12.65	3.18	7.2	20.1
Net Profit (₹ in Crores)	1245.65	210.4	840	1600
NPA (%)	3.65	1.32	1.1	6.5

Pearson Correlation Results

Variables	Correlation Coefficient (r)	p-value	Interpretation
Compensation & ROA	0.52	0.000***	Moderate positive correlation
Compensation & ROE	0.48	0.000***	Moderate positive correlation
Compensation & Net Profit	0.6	0.000***	Strong positive correlation
Compensation & NPA	-0.36	0.001**	Moderate negative correlation

Interpretation: As executive compensation increases, ROA, ROE, and net profit also tend to increase, while NPAs decrease.

Simple Linear Regression

Model:

Performance Indicator (ROE) = $\alpha + \beta$ (Executive Compensation)

Model Summary	R	R ²	Adjusted R ²	F-statistic	p-value
Value	0.48	0.23	0.22	21.6	0.000***

Coefficients	B	SE	t-value	p-value
(Constant)	7.82	1.25	6.25	0.000***
Executive Compensation	0.08	0.017	4.65	0.000***

Interpretation: Executive compensation has a significant positive impact on ROE. Every ₹1 lakh increase in compensation is associated with a 0.08% increase in ROE.

ANCOVA Results (Type of Bank as a Factor)

Source	SS	df	MS	F-value	p-value
Between Bank Types	26.45	2	13.225	6.32	0.002**
Executive Compensation (Covariate)	35.88	1	35.88	17.15	0.000***
Error	365.4	196	1.86		
Total	427.73	199			

Interpretation: There is a significant difference in the relationship between compensation and performance across different bank types.

Moderation Effect (Interaction Term in Regression)**Model:**

$$\text{Performance} = \text{Compensation} + \text{Bank Type} + (\text{Compensation} \times \text{Bank Type})$$

Interaction Term	Beta	t-value	p-value
Compensation × Private Bank	0.12	2.75	0.007**
Compensation × Foreign Bank	0.19	3.45	0.001***

Interpretation: The effect of compensation on performance is significantly stronger in private and foreign banks compared to public banks.

H₄: Governance and HR practices have a significant impact on executive compensation decisions across public, private, and foreign banks.

Descriptive Statistics

Bank Type	Mean Governance Score	Mean HR Practice Index	Mean Compensation (₹ Lakhs)
Public Banks	3.25	3.1	52.4
Private Banks	4.1	4.05	62.7
Foreign Banks	4.55	4.3	68.9

All scores measured on 5-point Likert scale

Multiple Linear Regression (Entire Sample)**Model:**

$$\text{Executive Compensation} = \beta_0 + \beta_1(\text{Governance Score}) + \beta_2(\text{HR Practices})$$

Predictor	B	SE B	β (Standardized)	t-value	p-value
(Constant)	22.5	4.8	—	4.69	0.000***
Governance Score	5.2	0.95	0.44	5.47	0.000***
HR Practices Index	4.05	0.88	0.36	4.6	0.000***

Model Summary	R	R ²	Adjusted R ²	F-statistic	p-value
	0.68	0.46	0.45	56.45	0.000***

Interpretation: Governance and HR practices significantly predict executive compensation. Together, they explain **46%** of the variance in pay levels.

MANOVA – Groupwise Comparison (Type of Bank as Fixed Factor)

Dependent Variables	Governance Score, HR Practices, Compensation
Wilks' Lambda	0.74
F-value (df = 6, 390)	10.72
p-value	0.000***

Interpretation: There is a statistically significant multivariate effect of **bank type** on governance, HR practices, and executive compensation combined.

Interaction Analysis (Moderated Multiple Regression)

Model with Interaction Terms:

$$\text{Compensation} = \text{Governance} + \text{HR} + \text{Bank Type} + (\text{Governance} \times \text{Bank Type}) + (\text{HR} \times \text{Bank Type})$$

Interaction Term	β	p-value
Governance \times Foreign Bank	0.22	0.003**
HR Practices \times Private Bank	0.18	0.015*

Interpretation: The influence of governance and HR practices on executive pay **varies significantly by bank type**, being strongest in **foreign and private banks**.

11. General Findings of the Study

1. The executive compensation varies greatly in various banks including foreign, private, and also in public. The pay packages of executives in foreign and private banks are relatively high in comparison to that paid to the executives by the public sector banks. This difference depends on organizational policies, profitability, and freedom of make decisions in compensation matters.

2. The executives in the foreign and privately owned banks view their remunerations as more fair, performance and meritorious. On the contrary, the senior officers working in the public banks have shown less satisfaction with their compensation structures, frequently claiming that they are restricted by bureaucratic restrictions and do not provide performance-oriented incentivization.
3. The research noted that those banks that have competitive compensation packages are likely to exhibit improved overall performance of the company. Remuneration of executives is usually linked with better profitability, return on assets and return on equity. This shows that there exists a good relationship between payable leadership and institutional success.
4. The existence of sound corporate governance instruments and strategic HR activities shapes the executive compensation choices positively. The presence of transparent governance structures and effective HR strategy allows banks to attract and retain the best executive talent by providing their employees with lucrative and fair remuneration packages.
5. The owner structure critically determines the compensation strategy. Foreign and privately owned banks are more flexible in devising incentive based and performance oriented pay structures as compared to those in the public sector which usually follow a standardized and regulation based pay scale.
6. The results point towards the demand of policy-level changes in government banks so as to realize the changes in executive compensation process in accordance with performance results. The executive motivation and accountability can be improved by introducing additional autonomy in pay decisions and making them benchmarked to industry standards.
7. Compensation is not inconsistent but a move into larger layout scheme that includes HRM and corporate governance. An integrated approach will lead to more employee satisfaction and stable leadership as well as organizational excellence.
8. Executives also have to work according to various expectations, standards, and professional cultures in the various forms of banks. This influences their sense of fairness, as well as design and success of compensation systems.

12. Suggestions of the Study

1. The inclusion of elements of variable pay and performance incentives of the top executives should be the consideration that should be taken by the public sector banks. This would assist in making executive motivation align with organizational motivation as well as achieving organizational efficiency and competitiveness.
2. Greater transparency of executive compensation should be pursued by all banks, but most importantly by the public institutions. A culture of fairness and accountability could be established through clear guidelines, reviews and disclosure.

3. Banks should conduct periodic benchmarks in relation to their executive compensation systems against other national as well as international peers. This will aid in creating competitiveness and avoidance of talent being lost to rivalry or foreign institutions because of differences in the pay.
4. Proper governance is significant in the process of making equitable compensation. Banking institutions are advised to reinforce the board-level committees on compensation, guarantee independent decision-making as well as adopting principles of the best-performing models across the world.
5. Executive compensations ought to be incorporated into Human Resource Management (HRM) policies. Focus on talent building, leadership assessment and succession planning will lead to more purposeful and sustainable compensation practice.
6. The compensation gap of the executives in various types of banks has to be minimized. A moderate system may be constructed to deal equitable compensation and not to violate the organizational structure and ownership boundaries.
7. Banks have to make it a regular practice to seek feedbacks by the executives on their perception of equity and satisfaction in pay. Such participatory action will enable real-time improvement of policies and also be in line with the expectations of the employees.
8. Regulatory bodies such as RBI and the Ministry of Finance ought to contemplate changes that would give room to public banks in the determination of the executive remunerations by being less restrictive with it. Meanwhile, they should make sure that the practices are ethical, transparent, and not politically controlled.
9. All banks should have well-trained and equipped compensation committee with analytical capabilities of making data driven fair and competitive compensation decisions. Training in strategic HRM, ethics and corporate governance is advised.
10. The banks ought to structure their executive pay packages in such a way that they only reward short-term performance but also encourage long-term growth, client satisfaction and well-being of employees. It is recommended to include stock options, retention bonuses and long-term performance objectives.

13. Conclusion:

The current research has great value with regard to structure, perception, and driving forces of executive pay in the banking industry, whether it regards public, private, or foreign banks. The results indicate that there are big differences in rates of compensation at which foreign and privately owned banks have better competitive and output-based pay than the publicly owned banks. There is also an impression that executives in such institutions are being rewarded more equitably and encouragingly which also points to organizational independence and strategic HR functions. Additionally, the research generates a favorable connection between executive compensation and institutional performance, which shows that fair and tactically made executive compensation enhances the institutional performance. The issue of governance mechanisms and HR policies flagged up as important determinants of choice in compensation and they differ in their influence depending on the type of bank. Such observations point to the necessity of making policy changes within the sphere of

the public sector banks that would increase transparency, introduce more flexible pay systems, as well as recognize the parallels between the rewards and the performance. To sum up, fair executive compensation is not only an economic question but it is an organizational strategic tool of effectiveness, leadership retention, and institutional excellence in the banking industry.

14.Future Scope of the Study

This paper will form a good basis of study to executive compensation equity in banks. The proposed future studies can widen the range by considering more and a wide range of banks with consideration of different regions and countries to provide a globally comparative viewpoint. Longitudinal studies may be conducted to monitor the trends of compensation, as they have evolved over the years and how they have influenced the performance of the organizations. Also, in the future, researchers can consider sector-wise comparisons, and examples of this can be a comparison of banking and other capital-intensive industries, such as insurance, fintech, or manufacturing. It is also an option to induct qualitative understandings by conducting the in-depth interviews of the heads of HR functions and members of boards that manage the compensation process in order to have internal perceptions and issues. Additionally, the role of the socio-cultural, political, and economic factors as the determinants of compensation equity and transparency may be examined more closely. Lastly, it is also possible to study the influence of gender, diversity, ESG (Environmental, Social, and Governance) policies, and digital transformation on the trends of executive compensations in the context of the changing business environment.

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