

# Top management in Europe- overpaid, not always honest and egoistical?

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Citizens of fourteen countries give their views on Europe's senior managers

Nuremberg, 17 June 2002 - A majority of Europeans believe that top managers are paid too much, are often not honest, and above all that they put their own interests first. As a result, almost two-thirds of those interviewed think that the earnings of top managers should be legally regulated and that the decisions taken in management suites should be more transparent. These are the results of a survey carried in co-operation with The Wall Street Journal Europe by GfK Ad Hoc Research Worldwide, during which about 13,000 people in fourteen European countries were interviewed.

The detailed results of the survey were published today in The Wall Street Journal Europe. 70% of all those interviewed in Europe believe that top managers are paid too much. One third of those interviewed go so far as to say they are without doubt overpaid. With a score of 60%, the British are particularly likely to hold this view. This also applies in Sweden and Central Europe, where one in every two people is of this opinion. The situation is very different in Denmark. One in every two Danes fully believes that top managers are paid appropriately. Only a minority regard them as overpaid.

Supervision needed

Two-thirds of those interviewed in Western Europe think that top managers should be compelled by law to publish details of their total earnings and benefits package. In Central Europe, three quarters of those interviewed supported this demand, and as many as 85% in Poland. 56% of Western Europeans and over three quarters of those living in Central Europe believe that the state should control or limit the pay of top earners. But 67% of Danes, 57% of Germans and 56% of the Dutch are against such government involvement.

The interests of the individual against those of the business

83% of those interviewed suspect CEOs of putting their own personal interests first. The view that top managers are not always honest is almost as commonly held. Germans, Dutch, Spanish and Poles are least likely to believe in the honesty of top management, with only 15% accepting their honesty. 42% of those interviewed believe that CEOs put the share price and the interests of shareholders first. Just as many believe that CEOs mainly direct their attention towards the customers and their interests. Only one fifth believe that top management concerns itself with the company's employees.

Sharing the good and the bad times

Not just top management should profit from the commercial success enjoyed by the business - interviewees in all European countries were agreed on that. 40% thought that if share prices rose, then the pay of all employees should be increased. This view is particularly likely to be held by Germans and Swedes, with a score of 50% in both countries.

Among those interviewed, 30% of Western Europeans as a whole, but 46% of Finns and 47% of French find it acceptable that when business is doing really badly, top management should be able to institute dismissals. But one in three believe that dismissals should only be undertaken if the staff council or the union agree. The influence of the unions is particularly strong in Germany: 55% of those interviewed in Germany would like dismissals only to occur with the agreement of those affected. Just 16% would recognise the threat of bankruptcy as an argument for cutting jobs.

The situation is similar in Austria. 51% of those interviewed believe that management should only be allowed to cut jobs if staff representatives agree. As few as 1 in 10 accept that a threatened crisis is a valid reason for dismissals.

In a crisis situation only two out of ten European citizens would allow the management a free hand. They believe that reducing the number of jobs can be viable, if management regards it as the correct course of action. Those in favour of freedom of action are primarily the Danes, on 46%. Then come the Belgians and Swedes of whom 30% are in agreement. Even then, 30% of those living in the two latter countries believe that the unions or perhaps the staff council must approve the planned dismissals. For as few as two out of ten in Central Europe, the agreement of the staff representatives and a crisis scenario as described by management are a good enough reason for accepting job losses.

Methodology

13,090 representatively selected people aged fourteen or over were interviewed in fourteen countries between March 14

and April 23, 2002: in Western Europe a total of 10,050 people were interviewed in Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Spain, Sweden and the U.K; in Central Europe 3,040 people were interviewed in the Czech Republic, Hungary and Poland.

#### GfK Group

Based in Brussels, GfK Ad Hoc Research Worldwide coordinates international projects for companies in the Ad Hoc Research division.

The GfK Group, a leading international market research organization, achieved total performance of EUR 525.6 million in 2001 (2000: EUR 469.0 million) in its four business divisions, Consumer Tracking, Non-Food Tracking, Media and Ad Hoc Research. In addition to 16 German subsidiaries, the company has over 110 subsidiaries and affiliates located in 50 countries. Of a total of 4,710 employees, approximately 1,408 are based in Germany. For further information, visit our website: [www.gfk.com](http://www.gfk.com).

#### The Wall Street Journal Europe

Based in Brussels, The Wall Street Journal Europe has a daily circulation of more than 100,216 (ABC July-Dec 2001) - an increase of nearly 20% from January 2000. It has an editorial staff of more than 80 based in Europe, the Middle East and Africa. It is part of the Dow Jones network of nearly 1,700 news staff - the largest network of business journalists in the world. A strategic alliance between The Wall Street Journal Europe and Handelsblatt, Germany's leading business daily, was announced in June 1999. In addition to a U.S.\$60 million investment programme in The Wall Street Journal Europe, the two newspapers began sharing news content. Founded in 1983, The Wall Street Journal Europe is printed in six countries; Germany, Belgium, Italy, Switzerland, U.K and Spain.

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