



**TheCaseSolutions.com**

Number 1 in case studies solutions

# **EXECUTIVE COMPENSATION AT GENERAL ELECTRIC (A)**

# INTRODUCTION

**The case under analysis “Executive Compensation at General Electric (A)” from The Case Solutions demonstrates the specifics of the executive remuneration system at one of the global leaders. General Electric’s is among the many industry leaders in General Electric (GE) that has experienced technological advancement and growth in its operational fields; however, the company has been criticised on how it handles executive remuneration.**

# **HISTORICAL CONTEXT**

**The performance-based compensation system was adopted by General Electric during the time that the company was under the leadership of its famous CEO Jack Welch with the purpose to link the motivation of executives to the achievement of the company's strategic objectives. This approach was supposed to increase performance and shareholder value**

# CHALLENGES AND CRITICISMS

**However, it is noteworthy, that despite the evident e-digitization of GE's compensation practices the company was criticized for it, especially during crises. Skeptics claimed that large director remuneration structures might result in the misbalance concerning the relation between managerial incentives and organizational performance, given emphasis on short-term profit at the expense of stability.**

# CONCLUSION

**The purpose of the “Executive Compensation at General Electric (A)” case is to illustrate the issues of designing and implementing an efficient system of compensation for executives. It shows the difficult of establishing relationship between pay and performance and gives the skeptical view on the outcome of such approaches towards making corporations successful.**

# RECOMMENDATION

**This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.**

**Resource: Visit [thecasesolutions.com](https://thecasesolutions.com) for detailed analysis and more case studies.**