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EXECUTIVE COMPENSATION DISPARITIES: ANALYSING PAY RATIOS ACROSS GLOBAL RETAIL SECTORS

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ABSTRACT

Purpose: The study aimed to analyze executive pay ratios across four global retail regions—USA, Southern Africa, UK & EU, and Asia—and assess how cultural and economic factors influence disparities in executive compensation.

Methodology: A quantitative design using purposive sampling of 16 global retailers was adopted. Pay ratio data from annual reports were analyzed using Kruskal-Wallis and Tukey's HSD tests, considering cultural and economic factors.

Results: The study found significant regional variations in executive pay ratios, with the highest ratios observed in the USA and the lowest in Asia. Post-hoc analysis revealed statistically significant differences between USA and both Asia and the UK & EU.

Conclusion: Executive pay ratios in the global retail sector are shaped by both cultural perceptions of fairness and hierarchical structures, as well as by economic variables tied to firm scale and market environment.

Recommendations: Retail companies should contextualize executive compensation strategies within regional cultural and economic frameworks. Policymakers may consider refining disclosure regulations to improve transparency and comparability, while boards should balance talent retention with equitable pay practices to mitigate potential reputational risks.

Keywords: *Corporate governance; executive compensation; CEO pay ratios; cultural compensation factors; economic compensation factors.*

INTRODUCTION

Executive compensation refers to the financial and non-financial rewards provided to top executives of a company. The primary components of executive compensation typically include a fixed base salary, short-term bonuses, whether cash or equity, long-term equity awards, including both restricted stock units (RSUs) and performance stock units (PSUs), stock options, and various other forms of benefits and perquisites.

These components of executive compensation are used by the Board's compensation committee to negotiate a personalized compensation package for each executive in such a way that the executive's wishes are fulfilled while at the same time the company's interests are promoted by attracting the best executives, motivating them to achieve the company's goals and objectives, and retaining them for a stable tenure in a market competing for top talent.

The 'executive pay ratio' is a metric that compares the compensation of a company's top executives to that of its other employees. The executive pay ratio can be calculated using a variety of methods, and should ideally be subject to carefully nuanced interpretations. The general purposes of the executive pay ratio are typically satisfying regulatory pay ratio disclosure requirements in many jurisdictions, as well as to provide shareholders and other stakeholders with an indicator of executive compensation and pay distribution.

Existing research on executive compensation and pay ratios has primarily focused on the components of executive pay, the calculation of pay ratios, and their implications for corporate governance and stakeholder perceptions. Studies have examined the relationship between executive compensation and company performance, the impact of pay ratios on employee morale and productivity, and the role of regulatory frameworks in shaping executive pay practices.

However, there are notable gaps in the literature. One significant gap is the lack of comprehensive studies on the impact of cultural and economic factors on executive pay ratios, particularly in the global retail industry.

Cultural norms and values play a role in shaping perceptions of fairness, hierarchy, and the acceptable magnitude of pay disparities between top executives and ordinary employees. In cultures high in dimensions such as 'power distance' and 'masculinity,' large pay gaps are often deemed acceptable or even necessary for maintaining competitive excellence.

Similarly, economic conditions and market dynamics are instrumental in determining the structure of executive compensation. Key elements in this regard involve company size and market competition, labour market dynamics, regulatory and governance frameworks, and local economic conditions, such as variations in cost of living, currency valuation, and overall economic development, which together influence how compensation packages are calibrated.

While some research has explored the influence of national culture on executive compensation, there is limited understanding of how these cultural dimensions interact with economic factors to shape pay ratios in in the same sector across different regions.

To address these gaps, this study seeks to answer the following research question: "What are the executive pay ratios in the retail sectors across four global regions, and how do cultural and economic factors influence them?"

The primary objectives of this study are accordingly to identify four of the largest retailers listed on the stock exchanges in four different regions around the world, which are the USA, Southern Africa, UK and EU, and Asia, to calculate each of these retailers' executive pay ratios and then to group them into regional averages, to test these regional averages statistically to determine if they are significantly different to one another, and finally to discuss the findings from the perspectives of both culture and economics.

LITERATURE REVIEW

The purposes and components of executive compensation

Executive compensation serves three main purposes: to attract and retain top talent, and to motivate executives to achieve the company's strategic objectives (Ferrarini & Ungureanu, 2024). These purposes may be systematically achieved through various elements of compensation, each designed to appeal to different aspects of an executive's priorities and incentives (Arsalidou & Labi, 2021).

Executive compensation is typically structured to include a mix of short-term and long-term incentives, designed to align the interests of executives with those of the company and its shareholders. The key short-term component is the base salary—an annual, fixed cash amount that offers stability and competitiveness, making it easier to attract and retain top leadership talent (Balogh et al., 2024). Complementing this are cash bonuses, which are performance-based incentives tied to short-term organizational or individual targets. These bonuses are instrumental in driving immediate results by rewarding executives for achieving financial or strategic milestones within a fiscal year (D'Mello et al., 2024).

Long-term components include equity-based awards and stock options, which link compensation to the company’s long-term performance and shareholder value. Equity awards typically come in the form of Restricted Stock Units (RSUs) or Performance Stock Units (PSUs), which vest over time or upon meeting specific performance goals (Ferrarini & Ungureanu, 2024). Stock options grant executives the right to purchase company shares at a fixed price after a vesting period, creating a strong incentive to enhance the firm’s stock performance. These mechanisms encourage strategic risk-taking and long-term commitment by ensuring that executives benefit directly from the company’s sustained growth (Balogh et al., 2024). Additionally, many compensation packages include personalized benefits such as retirement plans, personal security, or access to corporate assets. While these perquisites vary widely, they serve as tools to improve executive well-being and enhance retention (Balogh et al., 2024).

These components of executive compensation are used by the Board’s compensation committee to negotiate a personalised compensation package for each executive in such a way that the executive’s wishes are fulfilled while at the same time the company’s interests are promoted by attracting and retaining the best executives while also motivating them to achieve the company’s goals and objectives.

The purpose, calculation and interpretation of the ‘executive pay ratio’

An executive pay ratio is a metric that compares the compensation of a company's top executives to that of its other employees (Arsalidou & Labi, 2021). The purpose of disclosing this ratio is to provide shareholders and other stakeholders with a benchmark for evaluating executive compensation, and to shed light on a company's approach to human capital management and pay distribution (Paulo & Le Roux, 2016; Alan et al, 2021). It is also intended to reveal possible pay inequalities within the company (Boone et al, 2024).

There are various versions of the executive pay ratio. The most common is the US-style CEO pay ratio, which compares the total compensation of the chief executive officer (CEO) to the compensation of the median employee (LaViers et al, 2024).

Other methods of calculating the pay ratio in jurisdictions outside the USA may include comparing the pay of all the chief officers, executive directors, or the top five highest-paid executives in the company to the median employee pay, or to the average employee pay, or even to the average pay for a specific occupational stratum of employees (Balogh et al, 2024; and D'Mello et al, 2024).

The primary goal of calculating and disclosing executive pay ratios is to increase transparency regarding executive compensation. The pay ratio aims to provide a simple metric to help shareholders evaluate executive pay and make informed decisions during "say-on-pay" votes (Dambra et al, 2024).

Pay ratio disclosure may also serve as a tool to highlight pay inequalities and potentially influence pay practices (Liang et al, 2024). The public disclosure of pay ratios may encourage companies to reduce executive compensation that would otherwise appear excessive, or to increase employee remuneration (Lokin, 2019).

Some legislators have also suggested that the executive pay ratio is intended to enlighten employees about pay inequalities and whether executives also partake in the sacrifices they require from their workforce (Boone et al, 2024).

‘CEO pay’ typically includes short-term salary and bonuses and long-term equity awards and stock options, as well as other perquisites, changes in pension value, and nonqualified deferred compensation earnings (Johnson, 2022). The intention behind using the total of all components of compensation is to avoid changes resulting from ‘shifting,’ for example, where a CEO may take a well-publicised salary cut, as many did during the onset of the Covid-19 pandemic, but then increase their level of other compensation such that their total compensation remains about the same (Balogh et al, 2024).

‘Median employee pay’ is the total compensation of the single employee who falls at the mid-point of the company's compensation distribution (Lokin, 2019). Median pay is also a total annual figure, but in most cases consists of basic components such as wages plus overtime. Amongst large companies in the retail sector, the median employee may well be an unskilled, hourly-paid employee earning at, or close to, minimum wage. For example, Target disclosed that, “We estimate that the Fiscal 2023 total annual compensation for the median Team Member was $26,696. The median Team Member is employed part-time” (Target, 2024: 63).

Companies are given some flexibility in determining the median employee and calculating the pay ratio, including using statistical sampling. For example, some companies may exclude up to 5% of their employee population, such as non-US employees. Companies may also be allowed to make adjustments for employees who worked a partial year and make cost of living adjustments for employees outside the area of the CEO's residence (Lokin, 2019). Some companies include executives' deferred compensation to pension plans in their pay ratio calculations, while others may not (Newman et al, 2019).

Some firms may provide supplemental ratios that account for one-time events or other circumstances impacting CEO or employee pay (LaViers et al, 2024), typically calculated using different methodologies to the standard CEO pay ratio.

As such, pay ratios are typically disclosed using 'hedging' language, as exemplified by Costco's proxy statement, which states that, "This ratio may not be comparable to that reported by other companies due to differences in industries, scope of international operations, business models and scale, as well as the differences in estimates, assumptions, methodologies, and companies not having two CEOs during the year" (Costco, 2024: 25).

Executive pay ratios—such as those required in the UK comparing CEO compensation to the 25th, 50th (median), and 75th percentile of employee earnings—are intended to increase transparency, but they must be interpreted with caution (Lokin, 2019). These ratios are subject to considerable methodological variation, including exclusions, estimates, and assumptions that can significantly affect outcomes (LaViers et al., 2024). Even when consistent methodologies are used within the same jurisdiction, comparisons across companies or industries remain problematic due to differences in workforce composition, operational structure, and job roles (Boone et al., 2024; LaViers et al., 2024).

For instance, tech firms such as Meta, Alphabet, or Microsoft typically employ highly educated workers with high salary baselines—Meta's median worker earned $296,320 in 2022—whereas fast-food giants like McDonald's or KFC rely heavily on minimum-wage workers across global outlets (Fast Company, 2022). As a result, the executive pay ratio may appear disproportionately large or small depending on industry context. Moreover, such ratios often oversimplify the complex reality of executive compensation, which is largely shaped by market forces and performance-linked agreements aimed at attracting and retaining top leadership talent (Boone et al., 2024).

As such, other relevant ratios might include one executive's compensation versus the average compensation of other similar executives at other similar companies ('comparators'), or an executive's compensation versus the appropriate measure of value he or she has added to the company, such as its increase in stock price, gross revenue, EBITDA, etc. (Paulo & Le Roux, 2016).

However, while the executive pay ratio is not intended to expose excessive executive pay or unfair compensation practices, that may sometimes be the manner in which it is communicated by business journalists and thus understood by society in general (Boone et al, 2024). This is even more so in this era of sensational headlines used as online clickbait by algorithms designed for digital nudging or even provoking outrage, a lucrative commodity (Jung et al, 2022; Chang et al, 2023).

Larger executive pay ratios may be characterised in the media as ‘unfair’ and ‘contributing to income inequality’ (Fast Company, 2022). However, this is often both superficial and incorrect, in that it ignores the macro-economic impact that the top-performing and best paid executives have (Wang et al, 2021; Groysberg et al, 2021).

For example, even after several decades of globalisation, the top performing executives in the USA have typically increased their companies’ market share in the face of stiff, and often low cost, competition, creating more jobs for the employees of their companies, ensuring those jobs are sustainable in the long-term, paying more taxes in their home country that are used by the government to fund, amongst others, social welfare programmes, while at the same time boosting investor confidence and the company’s stock price (Groysberg et al, 2021).

Offering lower executive compensation could deter top talent, potentially weakening a company’s competitiveness, reducing market share, leading to layoffs, and worsening income inequality (Wang et al., 2021). Executive pay ratios are also subject to volatility due to fluctuating performance-linked incentives (Lokin, 2019). In the US, such incentives are often tied to dynamic benchmarks like stock index rankings or competitor performance, which can shift frequently. This results in executive compensation varying quarter to quarter, while median employee pay remains stable, causing inconsistencies in the pay ratio over time and across executives (Lokin, 2019).

Finally, to whatever extent disclosures of executive pay ratios may possibly result in shareholder, and even public, outrage, the focus on the ratio itself may possibly distract from the primary goal of improving employee wellness in general (Lokin, 2019). Employers can promote employee wellness in multiple ways, including through mental health, personal financial management, training and development, and work-life balance programmes, for example, as well as provisions for health care, remote work, and even retirement. These may be difficult to express as a specific cost component within the remuneration of the 'median employee.'

In fact, research suggests that the use of a pay ratio in isolation, and the social outrage that may ensure, may possibly even be counter-productive to the intention of improving employee wellness if it results in employers reducing or even cancelling employee-related wellness programmes from which they derive no reputational benefit (Lokin, 2019).

Factors influencing the executive pay ratio, especially in the retail sector

From a historical perspective, executive pay ratios have increased over time, particularly in the USA. The ratio of CEO pay to median worker pay in the S&P 500 was approximately 20:1 in the 1950s, 42:1 in 1980, and 120:1 by 2000. In 2012, it was estimated at 204:1, while the average S&P 500 CEO made 299 times the pay of the median worker in 2021 (Paulo & Le Roux, 2016).

One of the primary factors contributing to this rise is the increasing use of equity awards as a component of executive compensation over the past 50 years (Ning et al, 2024). While executive compensation in western countries typically consisted of salary and bonus in the 1970, the introduction of stock options surged from then until the turn of the century, with equity awards becoming the most popular form of executive compensation in the past 20 years (Ning et al, 2024).

Executive pay ratios in Europe are generally lower than in the United States. In 2017, the average executive pay ratio in US-listed companies stood at 312:1, compared to 167:1 in the UK (Alan et al., 2021). A related study showed UK CEOs earning 94 times more than the average employee, while the ratios in France and Germany were 91:1 and 89:1 respectively (Arsalidou & Labi, 2021). However, significant outliers exist, such as Amazon's CEO Andy Jassy, who earned 6,474 times the median worker's salary in 2021 (Jackson, 2022). Various factors influence these disparities, with company size being a key determinant; executive compensation tends to rise with organizational scale and complexity, whereas employee pay remains relatively stable regardless of company size (Ferrarini & Ungureanu, 2024).

Another factor is the sector of industry in which the company operates. Pay ratios can vary significantly across industries and even within the same industry, where in some cases the competition between similar companies for top talent may occasionally be regarded as existential (Ferrarini & Ungureanu, 2024).

A third factor is the geographic location of a company's headquarters and also the location(s) of its workforce. This naturally impacts pay ratios, as different regions have different costs of living, both within the same country and between different countries and currencies. For example, the non-US employees of multinational firms are likely to have lower pay in dollar value than their US-based counterparts, which can inflate the pay ratio (LaViers et al, 2024).

In addition, an individual executive's bargaining power can increase their compensation and the pay ratio. The market for executives is very much smaller than the market for ordinary employees, so companies compete for top executives' unique talents, which may command a pay premium (Alan et al, 2021). Executives with a demonstrated track record of success, and executives that offer the diversity characteristics a company may be seeking, such as gender, ethnicity, age, nationality, etc. tend to have higher compensation requirements than their counterparts, due to increased demand for successful and/or diverse executives (Alan et al, 2021).

The final factor affecting executive pay ratios is the practice of benchmarking, which leads to the phenomenon of ratcheting. Board compensation committees, or the executive search firms they may hire, work through a process of benchmarking their own executives' compensation packages against those at comparable companies (Lokin, 2019). If a company wishes to, or can only afford to, offer an average compensation package, then this does not affect the industry average. However, in many cases, a company wishes to offer a compensation package above the industry average in order to attract above-average executives, which leads to ratcheting, where the industry average is inexorably driven upwards by many companies constantly trying to offer above average packages (Lokin, 2019).

In the retail sector, high executive pay ratios are common due to large numbers of low-wage, front-line workers and outsourced operations (Urson, 2016; Nulla, 2013). These ratios can significantly influence employee morale, with higher-than-expected disclosures often leading to reduced pay satisfaction, lower perceptions of leadership, and decreased productivity (Boone et al., 2024). Perceived unfairness, especially in firms with aggressive wage policies, may further intensify negative employee responses (Arsalidou & Labi, 2021).

National culture and executive pay ratios

National culture significantly influences executive compensation and pay ratios (Bao & Li, 2024). Research suggests that multiple cultural dimensions such as power distance, masculinity, collectivism, and individualism play a role in shaping attitudes towards pay disparity and executive compensation (Kuang et al, 2024; Alan et al, 2021).

Countries with high power distance, like China, tend to accept and even support larger pay disparities within firms. In these cultures, hierarchical structures are considered important for maintaining order and promoting competition. Employees in these cultures may not resent large pay gaps as much as in cultures with lower power distance (Kuang et al, 2024; Yu et al, 2022).

In contrast, cultures with lower power distance, such as Japan and South Korea, may view large pay gaps as unfair or problematic, leading to more pressure to reduce pay inequality (Yu et al, 2022).

Furthermore, cultures with high masculinity, such as some western cultures, often align with a strong emphasis on competition and material success. These cultures may view pay disparities as a natural outcome of a competitive environment. In such societies, higher executive pay may be seen as a well-deserved reward for success (Kuang et al, 2024).

In cultures with lower masculinity, such as some traditional Asian cultures, there may be less emphasis on competition, and pay disparities may be viewed with more scepticism (Kuang et al, 2024).

Finally, philosophies such as Confucianism, prevalent in various Asian cultures, emphasise the importance of peace and harmony achieved, in part, through equity and fairness. This cultural emphasis may lead to lower tolerance for higher executive pay ratios. Even neuroscience research has demonstrated that, in Confucian cultures, people's neural responses to perceptions of fairness are activated more often, generating relatively stronger neural response mechanisms, consistent with greater perception of equitable compensation as fair (Yu et al, 2022).

Western cultures often associate wealth and success with individual effort, making large executive pay gaps appear justified as rewards for talent and hard work (Yu et al., 2022). In such settings, high pay ratios may act as motivational tools or "tournament incentives" (Qiao, 2024). Perceptions of unfairness are generally weaker if compensation is seen as performance-based rather than influenced by favoritism (Yu et al., 2022). This cultural outlook can shape corporate norms and may partly explain the under-representation of US-born Asian-Americans in leadership roles, despite their strong presence in other high-paying positions (Zhu, 2023).

Previous studies have revealed that executive pay, and also executive pay ratios, are significantly lower in Japan and South Korea as compared to the United States and the United Kingdom (Newman et al, 2019). This holds true even after accounting for differences in company size, company performance, and national currencies. This suggests that different cultural values and social norms play a role in influencing their respective corporate governance systems and determining their acceptable levels of executive pay (Alan et al, 2021).

China, despite its collectivist roots, exhibits a higher level of power distance and masculinity, which leads to a unique perception of pay disparity within Asian cultures. Chinese employees may support, rather than resent, pay disparity within firms, even to the extent that, when pay disparity is reduced, it can lead to a decline in employee productivity (Kuang et al, 2024).

National culture thus significantly influences how people perceive pay disparity. Asian countries like Japan and South Korea, with their emphasis on collectivism and fairness, tend to have lower executive pay ratios. Western countries, especially the US, with their emphasis on individualism, competition, and personal achievement, often exhibit higher executive pay ratios.

While this study builds on robust cultural frameworks to explain executive compensation, it is important to recognize the limitations inherent in relying on generalized cultural models. Traditional dimensions, such as those proposed by Hofstede, offer a broad heuristic for understanding national attitudes toward hierarchy and inequality but may oversimplify the inherent complexity of cultural processes (Carberry & Zajac, 2021).

Critics argue that these models can mask considerable within-country variation and the dynamic effects of globalization, which may challenge static cultural assumptions. Moreover, alternative perspectives suggest that institutional and economic forces sometimes exert a stronger influence on pay practices than cultural predispositions (Jin et al, 2023; Gašić, 2021).

By acknowledging these critiques, this study situates its use of cultural metrics within a broader, integrative framework that considers the interplay between culture, economics, and evolving institutional structures, thereby offering a more balanced interpretation of global executive compensation practices.

METHODOLOGY

This study adopts a positivist research philosophy and a deductive approach to test existing theories on executive pay ratios across global retail sectors. A quantitative methodology is employed, using a case study strategy with a cross-sectional time horizon focused on the 2023/24 financial year. The sample includes large publicly listed retail companies from the USA, Southern Africa, the UK & EU, and Asia, selected purposively and through convenience based on data availability. Executive and employee remuneration data were extracted from Integrated Annual Reports (IARs) and proxy statements, with US companies providing only median employee pay per SEC rules. The executive pay ratio was computed using average executive compensation and average or median employee remuneration, then analyzed using JASP software through ANOVA or Kruskal-Wallis tests, depending on data distribution, with post-hoc comparisons via Tukey's HSD.

This study employs both average and median measures of employee remuneration, reflecting the varying disclosure practices across regions. U.S. firms are required by regulatory standards to report median employee pay, while firms in other regions typically disclose average employee remuneration, or the raw data from which average remuneration can be directly calculated. These two different methods introduce potential measurement variability that cannot be entirely controlled for. However, rather than viewing this as a flaw, it is recognized as a reflection of real-world reporting practices. To mitigate its impact, the analysis employs robust non-parametric statistical methods, which are less sensitive to differences in data distribution and allow for a more nuanced interpretation of executive pay ratios within the context of each region's regulatory and reporting framework.

RESULTS

The findings from this study for each of the four regions are presented in Table 1 below.

Table 1: Raw Data

Region	Retailer	Currency	Average remuneration: Executive directors	Average remuneration: Employees	Pay Ratio: Company	Pay Ratio: Region Avg
USA*	Walmart	US $	16 121 088	*27 642	583	409
	Amazon	US $	18 398 455	*45 613	403	
	Target	US $	8 092 520	*26 696	303	
	Costco	US $	12 752 721	*47 092	271	
Southern Africa	Shoprite Holdings	Rands	47 643 500	121 755	391	183
	Pick 'n Pay	Rands	12 377 142	99 713	124	
	Woolworths	Rands	30 478 333	264 313	115	
	Foschini Group	Rands	21 046 450	210 582	100	
UK & EU	Tesco (UK)	Pounds	7 639 500	35 469	215	130
	Carrefour (France)	Euros	3 440 000	24 147	142	
	Sainsbury's (UK)	Pounds	3 647 500	38 550	95	
	Ahold Delhaize (Netherlands)	Euros	3 810 000	55 000	69	
Asia	Reliance Fresh (India)	Rupees (Crore)	11,875	0,074	160	87
	WinMart+ / Masan Group (Vietnam)	Dong	12 365 857 143	140 702 183	88	
	E-Mart (South Korea)	Won	10 755 250 000	147 789 439	73	
	Aeon (Japan)	Yen	51 153 846	1 881 412	27	

** Median, not average, employee remuneration for USA only*

Descriptive Statistics

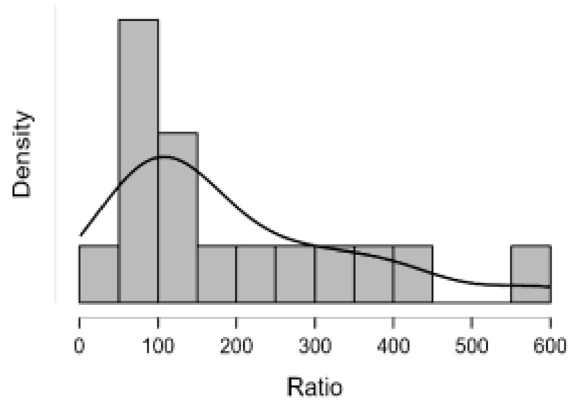
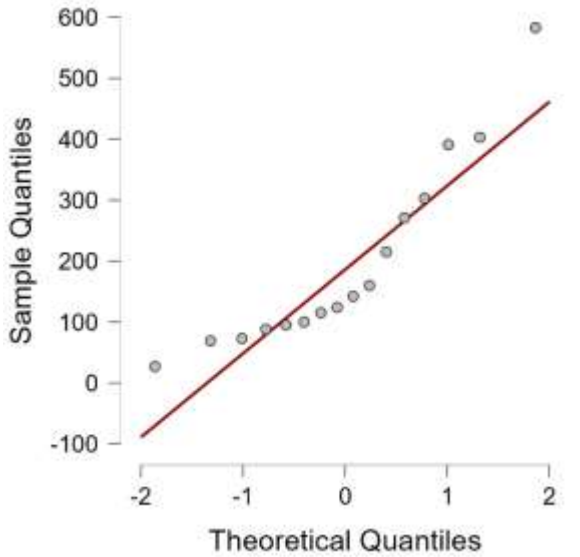
The descriptive statistics for this data set are presented in Table 2 below.

Table 2: Descriptive statistics

Region	N	Mean	SD	SE	Coefficient of variation
USA	4	390.000	140.414	70.207	0.360
Southern Africa	4	182.500	139.352	69.676	0.764
UK & EU	4	130.250	64.070	32.035	0.492
Asia	4	87.250	55.596	27.798	0.637

Normally, the skewness and kurtosis of a data set should also be measured to ensure that the data are sufficiently normally distributed that inferential statistics can be performed. The usual way of testing for normality is to measure the skewness and kurtosis, and then confirming with the Shapiro-Wilks test (Agresti et al, 2024). However, these measures and test are not suitable for data sets of this size (n = 16). As such, the distribution and Q-Q plots were generated as an appropriate alternative, and are presented in Table 3 below. The right-hand tail of the distribution plot, together with the upward curve of the Q-Q plot, visually indicate that these data are positively skewed, i.e. towards companies with higher executive pay ratios.

Table 3: Distribution and Q-Q Plots

Distribution Plot	Q-Q Plot
	

Inferential Statistics

The core finding of this study is the average executive pay ratio for each of four different regions around the world, based on four leading retailers within each region. Visually, there appear to be differences between these averages, but since the data do not conform sufficiently to a normal distribution, the Kruskal-Wallis test, not the parametric ANOVA, should be used to measure the significance of these apparent differences (Penn State, 2023; Agresti et al, 2024). The results of the Kruskal-Wallis are presented in Table 4 below.

Table 4: Kruskal-Wallis test

Factor	**Statistic**	**df**	**p**
Region	8.713	3	0.033

The low p-value of 0.033 indicates that there are statistically significant differences, above the 95% confidence level, between the medians of at least some of the four regions in this study. However, the Kruskal-Wallis does not indicate which specific groups differ from one another significantly, so the second inferential test in these circumstances is the Tukey HSD for *post hoc* comparisons (Agresti et al, 2024). The results of the Tukey HSD are presented in Table 5 below.

Table 5: Tukey HSD

Regions being Compared		**Mean Difference**	**SE**	**t**	$\mathbf{P_{tukey}}$
Asia	Southern Africa	-95.500	76.061	-1.256	0.606
	UK & EU	-43.250	76.061	-0.569	0.940
	USA	-303.000	76.061	-3.984	0.008
Southern Africa	UK & EU	52.250	76.061	0.687	0.900
	USA	-207.500	76.061	-2.728	0.075
UK & EU	USA	-259.750	76.061	-3.415	0.023

Note. P-value adjusted for comparing a family of 4

The low p-values of 0.008 for the difference between Asia – USA and of 0.023 for the difference between UK & EU – USA indicate that there are statistically significant differences, above the 95% confidence level, between the executive pay ratios of the Asian region versus the USA, and also of the UK & EU region versus the USA. The differences between the other regions, while visually noticeable, are not statistically significant.

DISCUSSION

The primary research question of this study is: “What are the executive pay ratios in the retail sectors across four global regions, and how do cultural and economic factors influence them?” This study finds that there is a clear regional hierarchy in executive pay ratios. The USA shows consistently higher ratios, suggesting stronger competition for top talent and possibly more income inequality, while Asian companies, at the opposite end, demonstrate more compressed pay scales. European companies show moderate ratios, aligned with stronger labour regulations, and finally Southern African companies show high variability, possibly reflecting economic transition.

To interpret regional differences in executive pay ratios, this study compares literature findings with empirical results. The literature emphasizes that national culture strongly shapes pay structures, with dimensions like power distance and masculinity influencing perceptions of fairness. In high power distance regions such as the USA and Southern Africa, large pay gaps are often accepted as reflections of hierarchy and competition, whereas countries like Japan and South Korea, with lower power distance, are more critical of such disparities. Similarly, Western cultures high in masculinity justify high executive pay through meritocratic ideals, unlike some Asian cultures that are more sceptical of pay inequality.

Our empirical analysis revealed significant differences in executive pay ratios across regions, supporting the influence of cultural factors. The USA exhibited the highest average executive pay ratio, consistent with its high individualism and competitive culture. In contrast, Asia, particularly Japan and South Korea, showed lower executive pay ratios, aligning with their collectivist and fairness-oriented cultural values. The UK & EU region also demonstrated lower pay ratios compared to the USA, reflecting a more balanced approach to executive compensation influenced by cultural norms emphasizing equity and social responsibility.

General economic factors such as company size, industry sector, geographic location, and executive bargaining power also influence executive pay ratios. Larger companies tend to have higher executive pay ratios due to the increased complexity and responsibilities associated with managing larger organizations. The specific industry sector also plays a role, with the retail industry offering not only high executive compensation packages to attract top talent in a competitive market, but also hourly wages at or near the minimum wage level to its large number of low-skilled and part-time workers who make up a significant portion of the workforce. In fact, Target indicates that, “We estimate that the Fiscal 2023 total annual compensation for the median Team Member was $26,696. The median Team Member is employed part-time” (Target, 2024: 63).

Our study found that economic factors significantly impact executive pay ratios in the retail industry. The USA, with its large and competitive retail market, showed the highest pay ratios, reflecting the economic scale and complexity of its leading retailers. Southern Africa and the UK & EU regions exhibited moderate pay ratios, influenced by their economic conditions and industry practices. Asia, particularly countries like Japan and South Korea, demonstrated lower pay ratios, consistent with their economic structures and cost of living. The findings also highlighted the role of executive bargaining power, with higher pay ratios observed in regions where competition for top talent is intense.

The alignment between the findings reported in the literature review and the empirical findings of this study emphasise the role of cultural and economic factors in shaping executive pay ratios. Cultural values influence societal acceptance of pay disparities, while economic conditions determine the practical aspects of compensation packages. The USA's high pay ratios reflect its cultural emphasis on individual achievement and vast economic scale, while Asia's lower ratios align with collectivist values and economic structures. The UK & EU region's moderate ratios indicate a balance between cultural norms and economic realities.

This study is important as it deepens understanding of how cultural and economic factors influence executive pay ratios in the global retail sector. It provides practical value to boards by emphasizing the need to consider regional dynamics in executive compensation decisions. The findings can also guide shareholders, policymakers, and employees in interpreting pay disparities, especially during “say-on-pay” votes in multinational firms.

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