

Remuneration and Riots: Rethinking Corporate Governance Reform in the Age of Entitlement

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Corporate governance reforms of the past 30 years have made our elite remuneration problems worse. Corporate governance initiatives during this period have created a regulatory edifice that has neutered executives and distanced shareholders from important internal governance matters, such as remuneration, while treating the disclosure of elite salaries as a legitimizing tool. In the public sector, the mimicking of private sector agency cost-reducing norms and transparency initiatives has had a similar accelerating effect on the salaries of the elite. The result in all sectors has been high elite pay, as neutered executives and public servants have sought remuneration as a proxy for power, prestige, and service. In turn, there has been a steady increase in public awareness of, and unhappiness about, elite remuneration. This article argues that the answer to remuneration problems lie in returning discretionary managerial power to executives and public servants, by removing agency cost-reducing initiatives. Real solutions are likely to be found by: ending quarterly financial disclosure; exempting public sector salaries from Freedom of Information requests; ceasing to use performance-related targets; reducing the influence of Non-Executive Directors; increasing the cost of exit for shareholders; allowing boards to use their powers to defend takeovers; utilizing average pay ratios and employee say-on-pay rights; and removing remuneration disclosure requirements.

Alan Dignam is Professor of Corporate Law at Queen Mary, University of London. He joined Queen Mary in 1998 having been a lecturer in law at Dublin City University and Sussex University. He has written widely in domestic and international law journals on company and commercial law matters as well as public/private law crossover with regard to human rights. He is the co-author with Professor John Lowry (UCL) of *Company Law* (Oxford University Press, 2012), with David Allen QC (7 Kings Bench Walk) of *Company Law and the Human Rights Act* (Butterworths, 2000) and with Michael Galanis (Leeds) of *The Globalization of Corporate Governance*, (Ashgate, 2009). He is also the author of *Hicks and Goo's Cases and Materials on Company Law*, (Oxford University Press, 2011). In November 1999 he was awarded the Fredrick I Medal for contributions to Academia by the Department of Political Science, University of Naples. He has been an adviser to Amnesty International's Business Group since 2001. For the Academic year 2002-2003 he held a visiting fellowship at the Law School, University of Melbourne and was a Parsons Scholar at the Law School, University of Sydney. He was appointed in 2004 to the International Advisory Committee to the South African Department of Trade and Industry Company Law Review and is an adviser to a number of other governments on company law and development reform. He is a former convenor of the Company Law Subject Section of the Society of Legal Scholars. In 2003 he was appointed by Lord Millet to the Editorial Board of *Gore Brown on Companies*. In 2004 he was made a Fellow of the Centre for International Legal Studies (Salzburg). He has been the European Editor of the *Company and Securities Law Journal* since 2005. In July 2009 he was appointed by the Irish Universities Quality Board as international reviewer for the Institutional Review of Irish Universities. In 2010 he gave one of the three 'Society of Legal Scholars (SLS) Centenary Lecture's' on 'The Future of European Legal Scholarship'. He currently holds visiting Professor positions at the University of Verona, the Faculté Jean Monnet, Université Paris Sud and Queen's University Belfast. Since 2007 he has been working in partnership with Vanderbilt Law School in the US on a comparative corporate governance project funded by the Alfred P. Sloan Foundation into the role of corporations with global operations in spreading culture, values, business and legal norms/practices, and technology throughout the world.

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