



Prescription for a society with distorted values

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From Dr Gerry Brady.

Sir, Further to Will Hopper's letter on the bonus culture and executive remuneration (September 8), I cannot see how a chief executive can be paid hundreds of times more than the neurosurgeon who operates on his child's brain. A society that allows this will reap the rewards of a very distorted value system.

If you want to create a team with a distorted decision-making process, just offer some members many hundreds of times greater remuneration than others. This will guarantee a poor flow of information, poor team interaction and result in poor decisions. Members on much lower pay scales will be intimidated and unwilling to share their expertise.

If you tie individual executive compensation to share prices, you will see further distortion. If there is one thing we have all learnt over the years, it is that shares can become overvalued and not reflective of economic reality for very long periods.

If a doctor were rewarded for taking excessive risks, he would soon end up with no patients.

The key to successful corporate incentives and remuneration is to reward teams - not the individual - for achieving clearly defined and agreed long-term goals.

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