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Bebchuk, Lucian. **Pay without performance: the unfulfilled promise of executive compensation**, by Lucian Bebchuk and Jesse Fried. Harvard, 2004. 278p bibl index afp ISBN 0674016653, \$24.95

Bebchuk (Harvard Law School) and Fried (Univ. of California, Berkeley) challenge the "official" view of executive compensation which states that corporate boards operate at arms length from executives whose pay they decide and that boards cost-effectively serve shareholders. In contrast, the authors contend that executives with more social and psychological power over boards receive higher pay than performance might warrant. Higher pay can be camouflaged from shareholders through post-retirement perks, executive loans, bonuses for acquisitions, split-dollar life insurance policies, consulting arrangements, deferred compensation, unusual stock option arrangements, and inaccurate financial reports. To reduce executive pay problems, the authors suggest that boards be more independent of executives and more dependent on shareholders by making board positions less secure; improving the link between bonus plans and executive performance; placing a monetary value on executive compensation from all sources; and improving shareholder access to the corporate ballot box. Numerous academic references and corporate examples provide the basis for the authors' conclusions. The AFL-CIO's *Executive PayWatch*

<<http://www.aflcio.org/corporateamerica/paywatch/index.cfm>> provides more corporate examples of high executive pay. This volume will be of particular value to corporate boards, business school programs, and government policy makers. **Summing Up:** Recommended. Upper-division undergraduate through professional collections. -- G. E.

Kaupins, Boise State University