



Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It

By Michael Dorff



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Prodded by economists in the 1970s, corporate directors began adding stock options and bonuses to the already-generous salaries of CEOs with hopes of boosting their companies' fortunes. Guided by largely unproven assumptions, this trend continues today. So what are companies getting in return for all the extra money? Not much, according to the empirical data.

In *Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It*, Michael Dorff explores the consequences of this development. He shows how performance pay has not demonstrably improved corporate performance and offers studies showing that performance pay cannot improve performance on the kind of tasks companies ask of their CEOs. Moreover, CEOs of large established companies do not typically have much impact on their companies' results. In this eye-opening exposé, Dorff argues that companies should give up on the decades-long experiment to mold compensation into a corporate governance tool and maps out a rationale for returning to the era of guaranteed salaries.

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Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It By Michael Dorff Bibliography

- Sales Rank: #1380411 in eBooks
- Published on: 2014-08-01
- Released on: 2014-05-10
- Format: Kindle eBook

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Editorial Review

Review

"A carefully stated *cri de guerre* against 'the current cult of leadership' that characterizes corporate culture—and leads to extraordinary paychecks. . . . A provocative thesis couched in measured, scholarly language. Watch the editorial pages of *Bloomberg News* and the *Wall Street Journal* to see whether it catches on."

(*Kirkus* 2014-07-15)

"Every director needs to read Dorff's new book. It's time to give pay for performance a new look."

(Stephen Bainbridge *Agenda* 2014-07-01)

"'Indispensable and Other Myths' is an all-guns-blazing attack on the way that Anglo-Saxon companies pay their bosses."

(*The Economist* 2014-10-25)

"Dorff argues convincingly, from the evidence available, that the behavioural theory developed in capitalism that performance-related pay is a significant motivator for employees does not hold up to scrutiny. . . . This is a must-read for human resources professionals and others willing to give serious thought to CEO and top management pay, and what those people realistically can and do deliver."

(Cary Cooper *Times Higher Education* 2014-09-04)

"Dorff makes a persuasive case that performance pay is overrated."

(Jonathan Low *The Lowdown* 2015-05-07)

From the Inside Flap

"*Indispensable and Other Myths* is a definitive work on the reality of how compensation affects executive behavior and the perils of 'pay for performance.' A must-read for anyone who wants to really understand what's going on in the boardroom and the corner office."—Lynn A. Stout, Distinguished Professor of Corporate and Business Law, Cornell University

"A thoughtful, comprehensive, and provocative examination of the toughest and most controversial issue in corporate governance today. This is an academic work with great relevance to the practical world of investing and finance."—Charles Elson, Edgar S. Woolard Jr. Chair in Corporate Governance and Director, John L. Weinberg Center for Corporate Governance at the University of Delaware

"Disruptive thinking based on solid research. This book will change your conclusions about CEO compensation structures based on the Pay for Performance mantra."—Carl Albert, Chairman, Boise Inc.

About the Author

Michael Dorff has taught at UCLA School of Law, Rutgers Law School, and the Peter F. Drucker and Masatoshi Ito Graduate School of Management. He is currently Professor of Law at Southwestern Law School, where he teaches corporate law and other business law topics.

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Paul Moore:

Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It can be one of your starter books that are good idea. Most of us recommend that straight away because this e-book has good vocabulary that could increase your knowledge in vocab, easy to understand, bit entertaining but nonetheless delivering the information. The article author giving his/her effort to get every word into satisfaction arrangement in writing Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It although doesn't forget the main position, giving the reader the hottest along with based confirm resource info that maybe you can be certainly one of it. This great information may drawn you into brand-new stage of crucial thinking.

Jean Hogue:

This Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It is great book for you because the content which is full of information for you who also always deal with world and have to make decision every minute. This book reveal it facts accurately using great arrange word or we can say no rambling sentences in it. So if you are read it hurriedly you can have whole data in it. Doesn't mean it only offers you straight forward sentences but tough core information with wonderful delivering sentences. Having Indispensable and Other Myths: Why the CEO Pay Experiment Failed and How to Fix It in your hand like obtaining the world in your arm, info in it is not ridiculous one particular. We can say that no e-book that offer you world throughout ten or fifteen moment right but this reserve already do that. So , this is good reading book. Heya Mr. and Mrs. occupied do you still doubt in which?

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