

Giving Executives Their Due

Just Pay, Desert, and Equality

Alexander Andersson

Department of Philosophy, Linguistics,
and Theory of Science

Thesis submitted for the Degree of Doctor of Philosophy in Practical Philosophy, to be publicly defended, by due permission of dean of the Faculty of Arts at the University of Gothenburg, on December 10, 2021, at 1:15 pm, in J222, Humanisten, Renströmsgatan 6, Gothenburg. Faculty opponent: Thomas Mulligan.



UNIVERSITY OF GOTHENBURG

Abstract

Title: Giving Executives Their Due: Just Pay, Desert, and Equality
Author: Alexander Andersson
Language: English
ISBN: 978-91-7963-085-0 (printed)
ISBN: 978-91-7963-086-7 (pdf)
ISSN: 0283-2380
Keywords: Just pay, desert, equality, incentives, CEO compensation, maximum income policies, egalitarianism, financial ethics

Before, during, and after the global financial crisis of 2008, executive pay practices were widely debated and criticized. Economists, philosophers, as well as the man on the street all seem to have strong feelings towards how much, in what ways, and on what grounds executives are paid. This thesis asks whether it is possible to morally justify current executive pay practices and, if so, on what grounds they are justified. It questions those who find no quarrel with pay practices due to their minimally moralized view of the market and – perhaps more importantly – it asks for a sophisticated critique from those who criticize current pay practices.

The discussion on just pay is clearly one of distributive justice. One reason for why some people consider CEO pay practices to be (fairly) unproblematic while others find them objectionable stems from the availability of different understandings of, and principles for, just pay. We tend to associate justice in pay with such things as proper incentivization, being the outcome of a fair procedure, being deserved on the basis of effort or contribution, and/or satisfying the ideal of equality. Parts of this thesis are devoted to these different understandings and what they entail for the moral justification of CEO pay. Another reason for the conflicting views on CEO pay stems from how issues of justice go beyond the confines of economics and applied ethics, extending all the way into the domain of political philosophy. Parts of this thesis explore this connection, in particular how the concept of economic desert relates to the broader concept of moral desert. Lastly, I discuss the criticism that the superrich (including executives) are being paid too much and are in possession of too much wealth. The issue at hand here is how to morally justify the interventions that seem suitable to rectify the situation.