**Think-Tank**

**Curbing the rise of the hero-CEO**

By Ho Kwong Peng

HAVE argued on various occasions, including this column, that any reform of the form of the global financial system that is based solely on regulatory changes and unaccompanied by fundamental changes in societal values will not work.

In a speech by former US President Bill Clinton in Singapore last week, he implicitly said that corporate culture is at the heart of the success or failure of a company.

The danger of the hero-CEO culture is that it corrodies the spirit of collegiality and collaboration that is at the heart of every successful corporate culture and often the source of its competitive advantage.

Unfortunately, a community of peers does not necessarily promote the incremental improvement of values. Peer groups can be very venal, so I am reminded of this truth when I recall my years serving on the remuneration committee of a large public-listed company.

All the financial institutions were supposed to reflect the better values of society in general, and to guard against self-serving management. But through the committee consisted of reputable chief executive officers (CEOs) of eminent companies, a group of backscratching. As an outsider, I watched with bemusement at how performance targets were lowered or stock options "re-set" — essentially moving the goal posts so that the ball could be said to have scored a goal — on management could remain unchanged and bonuses and stock options as before even though the company was not doing well.

Whether it be a jury or a remuneration committee filled with peers, each group can be expected to reflect values that are often self-serving. Only a brave soul or a fool would wish civil society can be truly representative of a society's evolving values.

This, I have wondered whether I was naive to believe in the importance of values as the determinants of behavior — public or private. But I am not in believing this, as I found recently. In a speech — entitled whimsically, if I could have a vision of society that I admired, I would have listed several ideas. The one that elicited the most applause was the suggestion that an incentive for a bonus of six months' salary be tied at 75 per cent and forthright to primary and secondary school teachers, who are the most important transmitters of values after parents.

This was a suggestion made only half in jest. The part not taken to be seriously was the possibility of its adoption. What was not in jest was the point that it was not enough for us to publish the salaries. We must also reflect the values in society by instituting those whose roles are to serve the public.

In rural Asia, although their salaries are very low, teachers enjoy a social status higher than in the West and — unfortunately, this is especially so in Singapore. Until fundamental values — the very values that school teachers embody, and are still supposed to transmit — are seriously debased by grossly underpaid teachers who are now seen still schoolchildren, nothing will change.

The leadership of any company is critical to the success of the mission — but no individual is mission-critical. Incentive schemes — which determine corporate culture — must reflect and reinforce this ethos. A society with corporate superstars, like superheroes, born bright and then fade out, leaving a dark hole behind them — that is not my vision for Singapore.

As SIA is the pride of Singapore, so too should it be our ethos. We should aspire to be an extraordinary society comprised of ordinary citizens, reeling in our diversity and united in purpose. The writer is chairman of the board of trustees of the Singapore Management University, Think-Tank is a weekly column aimed at engaging readers in debate and reflection.