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Institutional investors need to change aim

Big-game hunters like to square off against beasts that are in their prime. But animals that actually have to live off their prey go after the weakest specimens. It looks like some of the institutional investors protesting against high executive pay are more interested in trophies — in the form of impressive but ineffective shareholder vote tallies — than in the red meat of actually blocking rewards for failure.

The latest target is Tesco. Corporate governance consultants have advised their clients to vote down the highly successful retailer's remuneration proposals at its annual meeting on Friday.

It's a bit like trying to down a charging elephant with a pea-shooter. Some Tesco executives may well be taking home more than they deserve. But in a general way, high rewards would seem to be justified at one of the few remaining British companies that is a world leader.

A no vote of 10 percent will be considered a moral victory, but is not likely to change the elephant's behavior. So

the retailer is set to join the list of industry leaders whose shareholders backed well-respected managements.

At Reckitt Benckiser, arguably the most successful consumer goods company in the world, 16 percent joined a pay uprising. At HSBC, which probably suffered the least damage of all the big banks in the financial crisis, the tally was 13 percent. Even at Xstrata, the fast-growing mining company wounded by the collapse in commodity prices, the naysayers garnered only 32 percent of the vote, well short of a majority.

The protesters should rethink. The greater outrage is not possibly excessive rewards for success but huge rewards for failure. Advocacy groups would have a better chance of a kill if they set their sights on the bosses of companies that are in trouble, not those that are successful. ALEXANDER SMITH

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