W18060

Teaching Note

IGATE AND THE CEO: A BREACH OF AGREEMENT

Nidhi S. Bisht and Parul Gupta wrote this teaching note as an aid to instructors in the classroom use of the case iGATE and the CEO: A Breach of Agreement, No. 9B18M005. This teaching note should not be used in any way that would prejudice the future use of the case.

SYNOPSIS

This case discusses Phaneesh Murthy's controversial exit from iGATE Corporation. In May 2013, iGATE ended its employment agreement with Murthy, then chief executive officer (CEO), amid allegations of sexual harassment. iGATE maintained that Murthy had violated company policy; thus, it dismissed Murthy "for cause," effectively ending all of the company's severance obligations under the agreement. Murthy responded by filing a lawsuit against iGATE, claiming that he was fired under false pretences and that he had not committed any material violation of company policy. He accused iGATE of breach of contract, and of publicly maligning his personal and professional image. In March 2014, iGATE filed a countersuit demanding compensation from Murthy for the damages absorbed by the company due to Murthy's actions, in accordance with the indemnity clause in his employment agreement. The battle continued for more than a year, culminating in an out-of-court settlement.

Only a few months before Murthy's dismissal, the company had been praising Murthy's ability to reinvigorate iGATE, rewarding him with additional compensation and benefits. Now the two parties were engaged in a public, costly battle. Could iGATE justify its termination of Murthy's employment agreement? What were the implications of ending a senior executive's agreement for cause when there was ambiguity in defining "for cause"?

LEARNING OBJECTIVES

- Understand some typical provisions of an executive compensation agreement and the implications of those provisions when involving senior executives with significant stake in the organization.
- Appreciate the importance of aligning executive compensation with business strategies to create a long-term focus for senior executives and to distribute risks and rewards.
- Examine the challenges of drafting specific clauses of employment agreements that refer to organizational policies and documents.

POSITION IN COURSE

This case can be used in post-graduate management programs in the following types of courses:

- *Human Resource Management*: To teach the strategic importance of executive compensation in an organization.
- *Employment Law*: To illustrate the implications of ambiguity in senior executive employment agreements.
- *Contract Management*: To explain contract drafting and management, with a focus on the disputes likely to result from vague or improperly drafted contract clauses.
- *Compensation Management*: To acquaint students with the common challenges involved in designing executive compensation packages (including termination/severance benefits) that align with corporate strategies.
- *Corporate Governance*: To discuss corporate governance issues involved in executive compensation, highlighting the role of a board of directors in designing and making amendments to executive compensation plans.

ASSIGNMENT QUESTIONS

1. Discuss the importance of compensation for a CEO as a strategic tool for aligning a company's key talent with the overall business strategy.
2. How can organizations design executive compensation to align with business strategy using risk and reward distribution?
3. Examine the employment agreement between Murthy and iGATE and highlight the clauses that led to the dispute between the parties.
4. Why it is important for organizations to eliminate ambiguity in employment agreements with senior executives?

TEACHING PLAN

This case is suitable for a 90-minute session (as outlined in the table below). Some of the relevant readings may be given to students along with the case to improve analyses and discussion.

Discussion Point	Time in Minutes
Introduction	10
Aligning executive compensation with business strategy (see Exhibit TN-1)	15
Distributing risk and rewards in executive compensation arrangements	20
Examination of the employment amendment agreements between Murthy and iGATE	20
Ambiguity in the employment agreement and post-termination dispute	20
Wrap-up	5

RELEVANT READINGS

- "Amendment Agreement to the Senior Executive Employment Agreement Dated 1st January 2010 [Amendment Agreement]," March 29, 2012, EDGAR Online, accessed May 12, 2017, www.sec.gov/Archives/edgar/data/1024732/000119312512143011/d324727dex101.htm.]
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- Nidhi S. Bisht and Jyotsna Bhatnagar, *iGATE Corporation: Toxic Talent and Organizational Resilience* (London, ON: Ivey Publishing, 2017). Available from Ivey Publishing, product no. 9B17C002.
- William C. Last, Jr., "If There Are Disputes Concerning Ambiguities in a Contract, Whose Interpretation Should Prevail? An Overview of Contract Rules of Interpretation," Last & Faoro, Attorneys at Law (blog), August 2004, accessed April 6, 2017, www.lhfconstructlaw.com/Articles/If-There-Are-Disputes-Concerning-Ambiguities-In-A-Contract-Whose-Interpretation-Should-Prevail-An-Overview-Of-Contract-Rules-Of-Interpretation.shtml.
- Carola Frydman and Dirk Jenter, "CEO Compensation," *Annual Review of Financial Economics* 2, no. 1 (2010): 75–102, accessed November 22, 2017, http://web.mit.edu/frydman/www/COMP%20SURVEY%2008-02-10.pdf.
- Joseph J. Martocchio, Chapter 12 in *Strategic Compensation: A Human Resource Management Approach*, 7th international ed. (Harlow, UK: Pearson, 2012), 289–310.
- "Guide to Restrictive Covenants in the Employment Context," (Linklaters LLP, March 2014), accessed June 16, 2017, www.linklaters.com/pdfs/mkt/london/GC2081_Covenant_INT_Final.pdf.

ANALYSIS

1. Discuss the importance of compensation for a CEO as a strategic tool for aligning a company's key talent with the overall business strategy.

The case discussion may begin with an examination of the larger context, highlighting the importance of CEOs in organizations.

CEOs are expected to provide strategic direction to an organization, taking into account the business environment, organizational history, and past performance. CEOs formulate and implement company strategies, and, therefore, are largely held accountable for the company's performance and outcomes.[1]

CEO compensation can be used as an effective tool to supplement organizational strategy by tying incentives with growth and the company's profitability targets.[2] Compensation should thus be designed carefully to reinforce business strategies and encourage executives to prioritize the objectives set by the organization.

Senior executives, such as CEOs and chief financial officers, are generally compensated differently than employees at lower hierarchical levels. An executive compensation package typically consists of a base salary, bonuses, short-term incentives, long-term incentives, benefits, and loss-of-office payments.

Base Salary: This is a fixed compensation element, generally set to be competitive and benchmarked against the market.

Bonuses: Bonuses represent a key compensation variable determined by the achievement of specific goals. Most executives receive some type of bonus as a part of their compensation package. Four common types of bonuses in executive compensation packages are the following:[3]

- *Discretionary Bonus*: The board determines bonuses at its discretion, based on company profits, business conditions, and the financial condition of the company or prospects.
- *Performance Contingent Bonus*: Paid to executives on achieving specific performance criteria as determined by the board.
- *Pre-Determined Allocation Bonus*: Paid according to a fixed formula that determines a bonus pool largely based on company profits.
- *Target Plan Bonus*: Paid based on performance, with the bonus increasing commensurately with performance.

Short-Term Incentives: These serve to acknowledge the progress of executives toward fulfilling competitive strategy goals. They are usually provided through profit-sharing or gain-sharing plans.

Long-Term Incentives: These are given as deferred compensation to align the interests of executives and shareholders over the long term. Incentives include stock options, restricted stocks, stock appreciation rights, and phantom stocks.

Benefits: There are two types of benefits:

- *Enhanced Protection Program Benefits*: Discretionary benefits such as supplemental coverage, meant to elevate existing benefit systems.
- *Perquisites*: Exclusive employee benefits provided to executives, such as club memberships, personal use of company aircraft, or loans at below-market rates.

Loss-of-Office Payments: These are substantial severance payments given to executives, often referred to as “golden parachutes.” These payments serve three important functions:[4]

- Facilitate quick replacement of marginally performing executives without legal hassles.
- Motivate executives who might otherwise be reluctant to take a position in companies that have performed poorly in the past.
- Safeguard interests of target company’s shareholders in case of a hostile takeover.

<u>Aligning Executive Compensation with Strategy</u>

The compensation given to CEOs is often criticized for being outrageous, especially when organizational performance falls below shareholder expectations. The instructor may emphasize that CEO compensation is a complex and contentious subject. It is often argued that compensation, if not tied with shareholders’ value, can undermine an executive’s motivation to achieve excellence, amid the general rumblings of discontent about executive compensation. A well-designed compensation plan supports business strategies and talent imperatives. Strategically aligned compensation not only balances drivers and outcome metrics but also balances alignment and accountability (see Exhibit TN-1).

Driver and Outcome Metrics

It is important to prioritize the key drivers of an enterprise's value, which may also be used to establish the organization's calculated goals and performance metrics. A CEO and the organization's board members must agree on an appropriate criterion for assessing performance, and suitable compensation should be set according to the success in achieving these objectives. The metrics used for evaluation could be financial or related to key operational metrics, or could look into softer aspects like leadership effectiveness.[5]

Alignment and Accountability

The board must perform due diligence to ensure that pay for performance and equity compensation align with the company's goals and objectives. One of the ways to balance alignment and accountability is to improve "line of sight" by ensuring that executives connect their compensation to measures of the company's performance. The selection and weighting of performance measures to provide incentives is essential for encouraging executives to demonstrate behaviours and actions consistent with the overall business strategy. Thus, compensation can be viewed as a tool of communication, to inform executives of what is expected of them and how their performance will be rewarded.

A compensation plan should be revised as the company's priorities change. To ensure the continuous alignment of strategy and compensation, companies should review and re-assess whether compensation plans adhere to organizational strategy. If changes are necessary, the extent of such changes may be determined, and plans may be revised or replaced; otherwise, the plans can be reconfirmed and repeated. Even if a plan works well, it is important to continue re-evaluating to ensure strategic alignment.

2. How can organizations design executive compensation to align with business strategy using risk and reward distribution?

The current business environment demands a comprehensive compensation strategy that considers competition, corporate governance, and market volatility. Limited talent in top management further necessitates a carefully crafted executive compensation plan to attract and retain high-performing executives to achieve organizational goals.

The instructor may explain two key approaches for determining executive compensation largely relevant to publicly traded companies.[6]

Optimal Contracting Approach

The optimal contracting approach is based on the agency theory of corporate governance: a board acts on behalf of its shareholders (the principals) and delegates tasks to executives (the agents). The interests of the executives are not aligned with the shareholders. In this relationship, executive pay is negotiated to levels that dissuade executives from plundering wealth belonging to the shareholders, which would create an agency problem.[7] In optimal contracts, executives are paid more only when they exceed expectations of task performance in protection of the company's competitive interests. These contracts define the terms of employment as relative to performance standards, determining current and deferred compensation packages.

Managerial Power Approach

An alternate view to the optimal contracting model argues that compensation contracts in practice are not generally bargained with shareholders from a distance.[8] From this view, CEOs maintain fair influence over the board and use this influence to set their own compensation, in effect "extracting rent" from the organization.[9] These compensation arrangements are generally made in the form of payoffs, which are difficult to value or are less observable (e.g., perks, pensions, and severance payments).[10]

As mentioned earlier, there is a widely acknowledged scarcity of outstanding talent in top management. It seems reasonable that talented executives would command a premium in the competitive market due to this gap between demand and supply. A valuable CEO with significant control over business decisions could further shift the balance of power toward himself/herself. In such cases, board members may be so smitten with their CEO that they fail to act in the interest of their shareholders. As a result, the CEO's pay may be set as high as possible and subsequent amendments made that are not constrained to principal–agent problems.

The instructor may highlight Murthy's managerial power in determining his compensation. Murthy played a pivotal role in transforming a loss-incurring, mid-tier company into a billion-dollar entity. The founders and board of directors often credited him with the phenomenal growth of iGATE and gave him significant control over the board. After successfully assuming the critical role of strategic driver in the acquisition of Patni Computer Systems, Murthy took responsibility for integrating iGATE and Patni. Enjoying such significant power, Murthy managed to negotiate his salary from US$3.14 million in 2010[11] to $8.82 million in 2011.[12]

Not surprisingly, the board agreed to increase Murthy's severance notice period from six to 12 months in an amendment filed on March 29, 2012. This meant that should Murthy wish to leave the company, he would serve a one-year notice period. Likewise, if iGATE decided to terminate his contract, it would either give a notice of one year or offer a year's salary in lieu of notice.[13]

Murthy's employment-related compensation and benefits were further amended on March 19, 2013, and on May 1, 2013, as filed with the United States' market regulator, the Securities and Exchange Commission. Notably, the later amendment occurred less than 15 days before Murthy's termination to include a post-termination health insurance clause for him and his family, irrespective of the reason for departure. According to this clause, even if Murthy was terminated by iGATE for poor performance or even moral turpitude, this component of his payoffs would not be affected. This compensation would ensure that Murthy could enjoy a soft landing in the event of termination. (A soft landing in executive pay occurs when a pushed-out executive receives significant payoffs to cushion the executive's transition). Failed mediation between Murthy and Roiz and the subsequent sequence of events showed that possibly Murthy was aware that his relationship with Roiz could spill over. Thus, he used his managerial power to induct additional termination payments for future potential health care expenses just before 20 days of his termination.

Role of the Board of Directors

In its lawsuit against Murthy, iGATE alleged that despite being questioned by the board, Murthy denied his relationship with Roiz and only informed the board of the relationship on May 2, 2013, after the secret mediation with Roiz failed. It is worth asking: if the board had been privy to Murthy's relationship with his subordinate as he claimed in his lawsuit, why did the board still make amendments to benefit Murthy (i.e., promising continued health benefits and approving compensation perks), and why did the board not take a proactive stance amid rumours of Murthy's relationship with Roiz?

It is often observed that if executives are driven by self-interests and boards exhibit lax corporate oversight (or fail to take corrective courses of action), executives are more likely to indulge in self-serving behaviours at the cost of shareholder value.[14] If iGATE's board was aware of the relationship or the rumours about the relationship, the board not only failed to see through the ramifications of ignoring the rumours but was acquiescent in agreeing to additional payoffs, which were not required by the terms of Murthy's pre-existing contract. In doing this, the board failed to fulfill its fiduciary responsibilities toward its shareholders and demonstrated weak corporate governance.

In its claims against Murthy, iGATE claimed that it included provisions for termination "for cause" and indemnity in Murthy's executive's contract to mitigate risk in case of exigencies.[15]

<u>Indemnity Clause</u>

An indemnity clause is a way to shift potential costs to another party, obligating one party to pay the expenses or losses incurred by another under specific circumstances.[16] Relying on the indemnity clause in Murthy's contract, the company demanded that Murthy compensate iGATE for its losses incurred as a result of Murthy's failure to report his relationship with a subordinate.[17] iGATE wanted to recover its legal fees and other costs incurred to settle Roiz's claims against Murthy and the company.

<u>Clawback Provision</u>

Compensation "clawbacks" may be used in executive contracts as a type of indemnity clause, providing the company with another safeguard against losses. Compensation clawbacks authorize an employer to recover previously paid compensation from an employee in the event of financial statement errors (e.g., misstated earnings) or require an employee to forfeit deferred compensation such as unvested or other stock options. In some cases, the clawback can include deductions from, or non-payment of, severance payments for violating restrictions or engaging in ethical misconduct that amounted to termination for cause.

The addition of indemnity clauses, clawbacks, and termination for cause helps organizations to mitigate risk in cases of eventuality. (The implications of termination for cause are discussed in detail in the questions that follow.)

The instructor may conclude the discussion by emphasizing the need to balance risks and rewards in executive compensation, recognizing the importance of the CEO and highlighting the key role played by the board of directors in setting or amending CEO compensation from time to time. Boards are expected to fine-tune corporate governance policies to prevent executives' wants from taking precedence over organizational goals, which, in turn, may have financial and non-financial implications for the organization.

3. Examine the employment agreement between Murthy and iGATE and highlight the clauses that led to the dispute between the parties.

After a detailed discussion on designing executive compensation to align with business strategies, the instructor may draw students' attention to the employment agreement between Murthy and iGATE. The instructor may provide a brief background of the dispute before facilitating a detailed discussion (see Exhibit TN-2 for a summary of claims made by Murthy). The following points may be used for the discussion.

After Murthy's termination from iGATE for allegedly violating company policy by not reporting his relationship with a junior employee, Murthy filed a lawsuit against the company for wrongful termination.

Wrongful Termination

A wrongful termination is generally understood as termination of a contract by a party without having justified reasons. Neither the general principles of contract law applicable to the contracting parties nor the terms of the contract itself provide a reason. A wrongful termination repudiates the contract, making the termination, in itself, a material breach of contract.

In this case, the company denied the allegations of wrongful termination and justified Murthy's dismissal on the grounds that Murthy violated company policy in contravention of the terms of Murthy's employment contract with iGATE. Based on these alleged violations, the company considered Murthy's termination to be with cause. If iGATE's justification for terminating Murthy's contract was accepted under his employment agreement as a cause for termination, Murthy would not be entitled to claim his 12 months of severance pay, nor the other compensation and benefits provided under the employment agreement. He would also lose the ability to execute company stock plan options.

The following clauses of the employment agreement are worth discussing here:

- *Cause* was defined in the employment agreement as any material breach of Section 6.
- Section 6 of the employment agreement required Murthy to abide by all the rules, regulations, instructions, policies, practices, and procedures of the company, including occasional amendments as posted on the company's intranet.

Students may be asked to analyze these agreement clauses and identify the root cause of the dispute between Murthy and iGATE. The instructor may use the points below to moderate the discussion and identify the root cause(s) of the dispute.

Senior Executive Employment Agreement

Murthy's work and compensation as the president and CEO of iGATE was largely governed by a written agreement with iGATE. Several clauses of the agreement—those regarding salary and benefits—underwent numerous renegotiations since 2008. The subsequent amendments were recorded in writing and executed by both parties.

Revision of employment agreement clauses in favour of Murthy to regulate performance-based incentives: The employment agreement promised Murthy an annual base salary and a performance-based incentive bonus. This employment agreement was amended on several occasions to increase Murthy's annual base salary and performance-based incentive bonus, with further provisions for bonuses added depending on the company's performance. The amended employment agreement stated that Murthy was entitled to 12 months' notice of termination. Should iGATE fail to provide him with advance written notice, Murthy would be entitled to a severance package equal to 12 months of his annual salary and performance-based incentive.

Stock option clause and its implications: Another important component of Murthy's compensation was regular distributions of stock options pursuant to written stock option agreements executed by iGATE.

Murthy's stock options were vested in the agreement, and those stock options became exercisable according to various predetermined vesting schedules. By May 20, 2013, after 10 years of service, Murthy could accumulate over 500,000 fully vested, exercisable, and fully earned stock options worth millions of dollars according to their market value.[18] Murthy claimed that on various occasions prior to May 2013, iGATE convinced him to refrain from exercising and selling his vested stock options during his employment because the CEO's sale of stock could send a negative message to the market and have adverse impact on iGATE's stock price.[19]

Continuous additions of beneficial provisions for Murthy: iGATE agreed to pay for Murthy's and his family's long-term health insurance should he leave iGATE, regardless of the reason for his departure from the company. This health insurance provision was added to the employment agreement in May 2013.[20]

To wrap up the discussion, participants may be asked to prepare a summary of the claims Murthy made against the company (see Exhibit TN-2).

4. Why it is important for organizations to eliminate ambiguity in employment agreements with senior executives?

The instructor may start the discussion by citing some examples of ambiguity in employment agreements that led to disputes between employees and their employing companies. One such example is the 2011 case between Mattel Inc. and MGA Entertainment Inc. in the United States.[21] Mattel sued MGA for infringement of copyright, claiming that MGA was selling a doll that was originally conceived by the MGA employee when he was working for Mattel. The dispute involved ambiguity in the employment agreement Mattel had with the employee: the word *idea*, as covered under the definition of *inventions* in the agreement, was not clearly defined and, thus, it was uncertain whether the employee's concept of the doll belonged to Mattel or to the employee.[22]

After moderating a short discussion on this issue, the instructor may draw students' attention to the definition of *cause* in Murthy's employment agreement with iGATE. The following points may be helpful in building the discussion.

Murthy's lawsuit against iGATE is a classic example of a dispute resulting from a high-level employee's termination from a company for reasons unsatisfactory to the terminated employee. Most high-level employee contracts include hefty severance compensation and benefits should the employee be terminated "without cause," but no such provisions if terminated for cause. Disagreements hinge on whether the circumstances surrounding the employee's termination met the established definition of *cause*; thus, an ambiguous, unclear, or debatable definition may be the root cause of a dispute.

iGATE declared Murthy's termination to be for cause. Murthy rejected this determination, claiming that his termination was without cause. Thus, the definition of *cause* in the employee agreement must be analyzed.

Section 6 of the Employment Agreement: *Cause* was defined in Murthy's agreement as, among other things, "any material breach of Section 6" of the agreement. Section 6 required Murthy to abide by all company rules, regulations, instructions, policies, practices, and procedures, as amended on occasion and posted on the company's intranet. iGATE argued that Murthy's termination was for cause because he violated Section 6 by not disclosing his relationship with a junior employee.

Murthy alleged that the company wrongfully withheld not only his 12 months of severance pay and other compensation and benefits outlined in the agreement, but also his holdings in company stock plans. He claimed that the board members knew about his relationship with the junior employee in question, so he was not required to expressly report it to anybody. Murthy declared himself not guilty of any material breach of company policy, which would make his termination without cause.[23] In summary, iGATE expected Murthy to expressly disclose his relationship with the junior employee, while Murthy never felt any such requirement because the relationship was already known to the board members.

Careful examination of the definition of *cause* in the agreement and the company's policy on reporting relationships revealed that expressly disclosing the relationship would neither constitute nor prevent termination for cause. The terms of the employment agreement and the related company policy did not address the issue sufficiently. The employment agreement or company policy should have made it clear which actions and circumstances would justify a termination for cause.

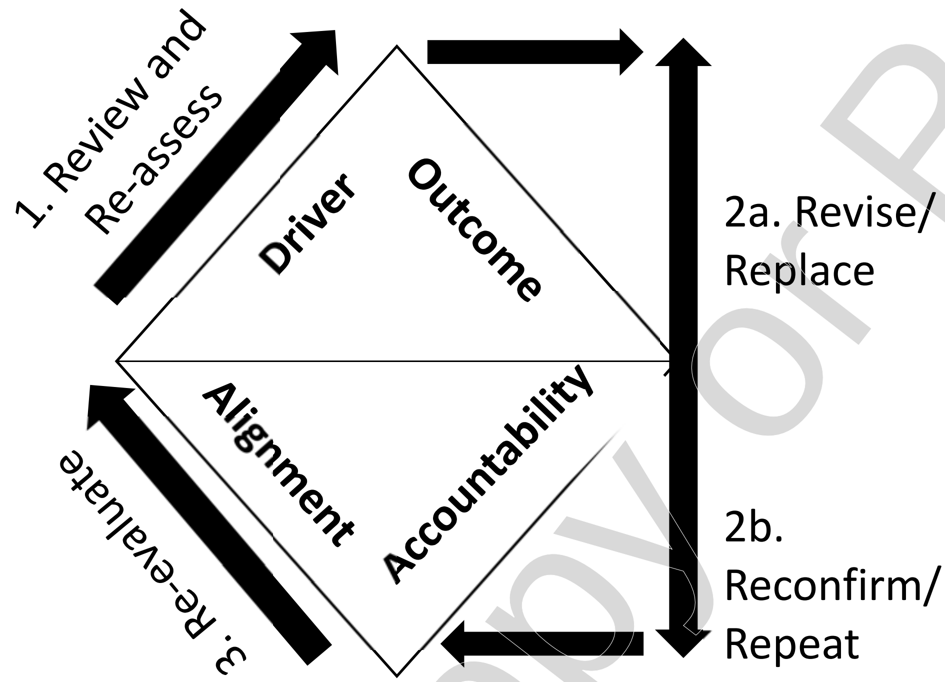
This case provides a lesson for companies that wish to avoid post-termination disputes. Demonstrably, it is important to give special care to definitions of *cause* in employment agreements with high-level employees. If the employment agreement references other documents, concepts, or sources (e.g., company policy), these documents, concepts, and sources must also be defined clearly. In the present case, the company's policy that no employee could materially breach the policy's clauses and still receive severance was supposedly available on the company's intranet. Another clause in the policy demanded that any employee engaged in a romantic relationship with a junior employee disclose the relationship to the company. However, company policy did not specifically require employees to report these relationships (like the one Murthy had with Roiz) in a specific manner; for example, was an informal disclosure sufficient or was the employee required to report the relationship in a letter addressed to the next senior employee? Therefore, there was some ambiguity in the company's policy.

The instructor may wrap up the discussion by concluding that terminating a contract should not be a first choice because it is a drastic step, and wrongful termination can invite litigation. Indeed, terminating a contract should be avoided if at all possible. However, under specific circumstances, it may be appropriate for the employee or employer to terminate the employment contract. Examples include when the terms of the employment contract or the law allow for termination and it is the best way to mitigate damages for both parties. Even under such circumstances, however, the employment contract should be terminated with caution, and only after guaranteeing that the terms of the employment contract provide sufficient grounds for termination under the prevailing circumstances.

WHAT HAPPENED

The dispute between Murthy and iGATE ended with an out-of-court settlement, with both parties agreeing not to disclose details about the terms and the nature of the legal settlement. The company was said to have paid a lump sum to settle the breach of contract and defamation case filed by Murthy.[24] In its annual earnings report of 2014, iGATE showed an expenditure of $4.6 million incurred for legal settlements to Murthy, though it did not reveal the details.[25]

EXHIBIT TN-1: HALLMARKS OF STRATEGICALLY ALIGNED PAY



Source: Adapted by the case authors from Richard Goeglein, Gregory Lau, Steven Van Putten, and Michael Ng, "Age of Alignment: Linking Compensation & Business Strategy" (presentation as part of "Compensation Series," Pearl Meyer & Partners, Boston, MA, December 16, 2014), accessed April 14, 2017, www.pearlmeyer.com/age-alignment-linking-compensation-and-business-strategy.pdf.

EXHIBIT TN-2: SUMMARY OF CLAIMS MADE BY MURTHY

Claim	Grounds for Claim
1. Compensation for breach of contract	• Refusing and dishonouring the written agreements offering stock options to Murthy. • Depriving Murthy of millions of dollars in fully earned income and benefits, and thus not fulfilling contractual promises and not paying compensation accrued to him.
2. Breach of the covenant of good faith and fair dealing	• Unfairly interfering with Murthy's ability to receive the benefits of the contract by wrongfully characterizing his termination as for cause. • Making false claims that Murthy perpetrated a material violation of the company's employment policies and using those claims to invoke forfeiture of provisions in the agreement. • Not acting in good faith and fair dealing.
3. False promises	• Misrepresentation by the company at the time of termination that Murthy would retain his vested stock options, and promising to accelerate the vesting schedule as part of a severance package. • Non-performance of the company's promise by locking Murthy's trading account, preventing him from executing vested stock options worth over 10 million dollars.

Source: Created by the case authors based on *Phaneesh Murthy v. iGATE Corporation, iGATE Technologies Incorporated, and Does 1-50*, No. RG13705190 (California Sup. Ct.), Statement of Claim, filed December 2, 2013, accessed April 4, 2017, www.suitsbysuits.com/assets/htmldocuments/Blog%20PDF/2013-12-10%20Murthy%20v.%20iGate%20-%20Complaint.PDF.

ENDNOTES

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[3] Joseph J. Martocchio, Chapter 12 in *Strategic Compensation: A Human Resource Management Approach*, 7th international ed. (Harlow, UK: Pearson, 2012), 293–294.
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[8] Weisbach, op. cit.
[9] "Rent extraction" or "rent seeking" suggests that a person is attempting to increase the person's own wealth without creating new wealth.
[10] Carola Frydman and Dirk Jenter, "CEO Compensation," *Annual Review of Financial Economics* 2, no. 1 (2010): 75–102, accessed November 22, 2017, http://web.mit.edu/frydman/www/COMP%20SURVEY%2008-02-10.pdf.
[11] All dollar amounts are in US$ unless otherwise indicated.
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[17] Phadnis, op. cit.
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