

# Paying for failure at aig

[Business](#), [Management](#)



1. AIG is considered as one of the most important insurance companies of America. As revenues from the company contribute positively in the progression of US economy for years, therefore the US government could not afford to let such a milestone company to go down so easily. Failure of AIG would have a drastic impact on financial performance of US. Although, the company is one of the big companies in the country, but still the government leaders need to understand that even big companies can fall and instead of relying on one or two big companies the government should try to diversify their portfolio so that the whole economy can prosper.

2. Yes, the decision of rewarding the executives was a wrong or a failure decision, as they were the ones that took the company to this stage. It was not necessary for AIG to retain those executive who were not doing well to the company. Instead of rewarding them, they should have been fired and the company should have recruited more qualified, able and committed staff that had the experience of corporate crisis management and could help company to come out of the danger zone.

3. Yes, had I been the president of AIG, I would have refused to pay bonuses to the current executive staff because they did not deserve it. Plus when the company is already incurring huge losses, rewarding them was a wrong decision to make. Moreover, rewards must always be given on the basis of performance and in this case, they did not perform well. Rewards are a sign of appreciation and encouragement for the employees. But rewarding employees when the company is already suffering huge losses is not the right policy as this would discourage others who have worked hard. In this case, the employees who are being rewarded are the ones who are

responsible for the current losses of the company, and few are those who have already left the company thus that showed that they were not even loyal to the organization.

4. If I have received the bonus then I would have returned it because if I was one of those then I would know that I did not deserve to get a reward for doing nothing. I would have only accepted the reward after I could manage to get the company to come out of trouble, before that, I think I would have refused it.

5. Government should only use tax revenue to help boost the economy so that eventually it could help the common tax payers. But using that money unfairly is not just to the tax payers and economy itself. Investing money somewhere that will not directly produce any benefit to the masses is useless. Therefore, the government should only pay to companies if they need it for their survival.

6. This case is an important leadership lesson that needs to be learnt. When people started objecting about the issue of rewarding the executives, the CEO of AIG, Liddy returned the amount of bonuses that have already been rewarded to him and that ask many of other executives to return their bonuses as well. This actually showed that they had certain level of dignity. They showed some respect to the most raised objections.