Our study confirms the widely held theoretical expectation that executive compensation is positively associated with firm performance. Yet it also reveals considerable cross-country variability in this relationship, which we trace to formal institutions like the rule of law and investor protection provisions and to informal institutions like concentrated ownership patterns and codes of good corporate governance. A core finding of this study is that formal and informal institutions are complementary, as the focal relationship becomes stronger when concentrated owners have access to well-functioning courts, and when informal norms of good governance are buttressed by formal shareholder protection laws.

Search Terms: executive compensation, meta-analysis, institution-based view

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This paper introduces an international cross-cultural workplace phenomenon that has not been systematically researched: Foreign Executives in Local Organisations (FELOs). Significant differences to expatriates in the foreign subsidiaries of multinational organisations are identified and discussed. This research employs a qualitative exploratory approach using data sourced from in-depth semi-structured interviews with foreign executives (n=46) from 13 countries and their host-country colleagues (n=25), in organisations founded and headquartered in Malaysia. Dyadic data is used to triangulate findings, while non-dyadic and socio-biographical data add further insight. The findings highlight that the FELO phenomenon is significantly different from expatriation in that, while issues of allegiance, trust and control are core to both, they also explain the rarity of FELOs. Only FELOs with significant levels of host-country involvement remain in their positions beyond temporary roles. The research makes a significant theoretical contribution to extant literature as it explores a cross-cultural workplace phenomenon that has been described in media and executive search firm publications as 'fairly new, highly visible, and sometimes controversial' with demand for FELOs in Asia 'likely to continue'.

Search Terms: Foreign Executive, Local Organisation, Malaysia

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To perform exceptionally well in global assignments, expatriates must understand the importance of proactive cognitive processes such as perspective-taking. Perspective-taking refers to a cognitive process that involves seeing the world from another person’s viewpoint. We present a framework that delineates how the perspective-taking process leads to an expatriate’s overall effectiveness. We provide propositions about which factors motivate expatriates to engage in active perspective-taking, and which factors influence higher accuracy of understanding of the host country nationals (HCNs) perspective. Our model then incorporates contact theory as the link between perspective-taking and an expatriate’s overall effectiveness. One significant contribution our model makes is the expatriate literature is the integration of a new construct, perspective-taking. This extends the expatriate literature by examining a new construct that may explain expatriate effectiveness. Thus, we take a new approach and focus on expatriates’ effectiveness rather than focusing on reducing stressors in order to attain increased adjustment. This research has the potential to open new areas for future research in the expatriate domain.

Search Terms: expatriates, perspective-taking, high contact interactions
The Love of Money is the Root of All Evil: Pay Satisfaction and CPI as Moderators

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By incorporating pay satisfaction at Level 1 and Corruption Perceptions Index (CPI) at Level 2, we investigated the relationship between the love of money and self-reported corrupt intent among 6,382 managers in 31 geopolitical entities across six continents. Our significant cross-level three-way interaction effect showed that for managers with high pay satisfaction, the intensity (slope) of the love of money to corrupt intent relationship was almost identical in high or low CPI entities but the former had the lowest magnitude of corrupt intent, whereas the latter had the highest. For those with low pay satisfaction, the slope was the steepest in high CPI entities, but was flat in the low CPI entities and the difference between the two was significant.

Search Terms: Love of Money , Corrupt Intent , Pay Satisfaction, CPI