

Do stays abroad influence compensation? The role of duration, timing and breadth of CEOs' international experiences

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The compensation of CEOs continues to rise, which raises the question why compensation packages of top executives are becoming increasingly excessive. In this paper, we focus on the effect of international work experience on compensation. Based on human capital theory, we argue that the duration, timing and breadth of international work experiences affect CEO compensation. With data from Europe's largest stock-market firms, we provide empirical evidence that the longer the duration of international work experiences, the further they date back and the more numerous they are, the higher is a CEO's compensation. We also suggest that CEO maturity influences the relationship between international work experience and compensation. Based on our sample, we find that the maturity of the CEO moderates the relationships between duration, timing and breadth of international work experiences and compensation. We conclude that maturity allows a CEO to take advantage of international experience and to receive a higher payoff.