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Something for the weekend

By Linda Anderson

It is a commonly held belief that the more international experience an executive has, the more he or she is likely to be promoted to the top echelons of the company.

But although travel may well broaden the mind, the latest research indicates that it does not increase an executive's chances of promotion. In fact, if anything it hampers them.

Academics from Rouen Business School in France and IE Business School, Spain have examined the career paths of chief executives of the 500 largest companies in Europe and 500 of the biggest US companies. Of these chief executives 32 per cent had experience of international assignments.

In their analysis, Burak Koyuncu, an assistant professor in the management and strategy department at Rouen and Monika Hamori, a professor of human resource management at IE demonstrate that the longer a chief executive spent outside their domestic company and the more international assignments they had, the longer it took them to become a chief executive.

The authors of 'Career advancement in large organisations in Europe and the United States: Do international assignments add value?' suggest that working outside the home organisation means that executives are removed from the social networks of a company's headquarters. Many of the international divisions of a company "often represent the periphery, a place far from headquarters resources and information".

The authors acknowledge that while it is of course important to gain international experience, nevertheless "those who embark on fewer assignments, have assignments that last for a shorter time (one year or so) or gain international experience by staying in the company headquarters and periodically visiting foreign divisions may reach top positions faster," says Prof Koyuncu.

To ensure that they are never far from the thoughts of their bosses, the authors advise executives posted overseas to remain in constant contact with the home office, pay frequent visits and also encourage visitors to their division so that they keep their social networks active.

The article was published recently in the International Journal of Human Resource Management.

● As well as the disadvantages of overseas postings, it would appear that chief executives also have to contend with job insecurity in the early years of their tenure. Academics have looked at the correlation between poor performance and years on the job and have discovered that those chief executives with fewer than five years in the top job are far more likely to be fired for poor performance than their peers who have served for longer.

Dhananjay Nanda, a professor of accounting at the University of Miami School of Business Administration says that seasoned chief executives are given more breaks than those bosses presiding over similar poor performance but with less tenure. In fact researchers have discovered that for each negative quarterly performance the chances of a chief executive being fired increased by 34-43 per cent for shorter tenured chief executives, compared with 4-11 per cent for longer-tenured executives.

“Our results suggest that this is because seasoned executives have a track record that represents superior managerial ability rather than because their firm is poorly governed,” says Prof Nanda.

The study - Performance surprises and uncertain managerial ability: evidence from CEO turnovers

was co-authored by Shane Dikolli an associate professor of accounting and William Mayew an assistant professor of accounting both at the Fuqua School of Business, Duke University.