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## Transnational Roles and Transnational Rewards: Global Integration in Executive Compensation\*

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### Introduction

Illusions, particularly illusions that have contributed to organisational mythmaking, are persistent and not easily put to rest. Perhaps no greater and more enduring myth exists in North American management theory than the myth of the 'generic manager' – a 'one size fits all' manager that, once identified, can be progressively given increasingly important assignments with wider scope and attendant resource responsibility (Bartlett and Ghoshal, 2000: 761–762).

According to the myth, once administrative competencies (leadership, vision, industry or discipline skills, etc.) are identified careers are then sculpted to progress to new stages of increasing size and scale over time. We label this myth, 'the Myth of the Matryoshkas.' Like the matryoshkas – Russian Dolls – that seemingly endlessly emerge from each other, so that 'at each level of the hierarchy, the manager is similar

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but bigger [in size and scope of operational responsibility] than the manager a level below' (Bartlett and Ghoshal, 2000: 762). These generic managers share a typical US executive compensation system made up of four components: base salary, benefits, perks, short-term incentives and long-term incentives (Milkovich and Newman, 2002: 498–502). Once inside the 'executive club' these four components grow and expand with advanced responsibility.

A fifth reward component, career development opportunities, has been added to a 'total rewards' model, that characterises the horizontal and hierarchical progression of these managers (O'Neal, 1998). This career development component is linear and vertical in the traditional 'Russian Dolls' model – climbing the ladder to the top of the pyramid. This form of executive compensation system is explained and justified in terms of three models.

### **Buying Wardrobes for the 'Russian Dolls'**

The first justification of this model relates to the internal hierarchical nature of organisations to justify vertical internal pay differentials – the so-called 'internal equity argument' for proportionality of differentials (Milkovich and Newman, 2002: 496; Wallace and Fay, 1988: Chapter 3). The internal equity argument helps explain base salary, benefits and perks as extreme versions of already existing hierarchically based pay systems. These pyramidal hierarchies create tournaments, in which winners at one level move up to the next level of play, and must be motivated by ever-greater prizes and payoffs. Internal tournament models only make sense to the degree that traits, skills and experiences associated with success at one level are indeed 'generic' and therefore relevant at the next level in the hierarchy (Bartlett, and Ghoshal 1997: 211).

While firms claim to have downsized, flattened, shed vertical layers and decentralised decision making between 1980 and 1999, CEO pay has gone from 42 times the average of workers' pay to 475 times the average of workers' pay (Business Week, 2000). Granted, much of this increase in CEO pay is based on the explosion of short and long-term incentive components and size effects due to mergers and consolidations over the period, yet still the gap is alarming in its variance.

Next, market comparison arguments are often made to justify pay packages on the grounds that there is a limited supply of these generic managers, and we must act decisively to corner the market on this scarce and critical talent. This 'external equity' justification is reflected in the bidding wars for executive talent (Colvin, 2001; Loomis, 2001); however – some

evidence on the return on executive investments finds size of firm and the correlation between executive pay levels and the pay levels of members of the Board of Directors explains pay more than external equity models (O'Reilly *et al.*, 1988; Tosi *et al.*, 2000).

'Agency theory' models of executive pay provide a partial explanation for the explosion in long term and short term incentives over the last ten years (Colvin, 2001; Fox, 2001; Milkovich and Newman, 2002: 499). According to agency theory, executives, given significant latitude and control over the economic destiny of the firm, must be motivated (bribed?) into taking the long term interests of the shareholders into account, – hence the need to tie their personal interests to rising stock values (Crystal, 1991; Eisenhardt, 1989). When there are significant gains in all sectors of US financial markets – as in the 1990's, executives hold on to these options, and every one appears to be gaining (Fox, 2001). These 'generic managers,' survivors of the internal tournaments and the sirens' song of the external bidding wars, are essentially assumed to be individualistic competitors – American heroes embodying American values.

Finally, in a recent quasi-strategic explanation of current trends in executive compensation, an empirical analysis of 90 US-based Standard and Poors 500 firms by Carpenter and Wade (2002) found an association between executive cash compensation and executives in roles associated with 'strategic resource allocation choices,' and a further association 'when [the executives] had functional responsibilities similar' to the Chief Executive Officer (p. 1097). Other recent research (Combs and Skill, 2003) found a 'contingency' approach to be a useful explanation, with human capital factors and firm size (and concomitant diffusion of control and increased resource access) combined to explain executive pay premiums.

### **What about Strategy?**

To this point compensation packages of the 'Matryoshkas manager' have been explained in the literature in terms of the size of the firm, internal hierarchies, external market conditions, agency theory, social comparisons theory and being in the right place at the right time. However, few scholars have reviewed the phenomenon through the lens of strategic intent.

If human resource practices exist to facilitate strategic implementation, and if executive compensation is to be a legitimate human resource practice, then linkages between strategy and compensation must be evident (Lawler, 2000; Mahoney, 1979; Milkovich and Newman, 2002; Mitra *et al.*, 2002). Given this standard, not only are executive compensation

practices 'fighting the last war' (old domestic US strategies in stable, certain environments with defunct hierarchical or social assumptions), but evidence suggests that traditional executive compensation practices may never have effectively contributed to winning that 'last war.'

## **Transnational Strategies, Transnational Roles**

According to Bartlett and Ghoshal, enduring global competitiveness for many firms can best be pursued by simultaneously achieving three goals: (1) global efficiencies of scale – global standardisation; (2) multinational flexibility to local conditions – local differentiation; and (3) world wide learning – the global diffusion of innovation (Bartlett and Ghoshal, 2000: 241–242). These goals can only be achieved by leveraging and coordinating the technical and environmental capabilities necessary to exploit national differences, economies of scale, and economies of scope (Bartlett and Ghoshal, 2000: 247–251).

By combining and simultaneously balancing these three goals and means in what Bartlett and Ghoshal call a 'transnational strategy' the firms must radically depart from existing strategies which were based on strengths and capabilities in only one or two of these three goal areas (Bartlett and Ghoshal, 2000: 253–255).

The assumption in their model is that firms must control their members' activities primarily by means of social 'clan' control as opposed to traditional bureaucratic structural control (Ouchi, 1981), while decentralised federation, coordinated federation and centralised hub structures must be present as an 'administrative heritage' and to provide partial control (Bartlett and Ghoshal, 2000: 507–512).

The primary control device in the transnational firm is not the 'anatomy' of organisational structure, but a balanced constellation of 'anatomy' (structure), 'physiology' (informal networks of personal relationships) and 'psychology' (a shared organisational culture) (Bartlett and Ghoshal, 2000: 515–519). It is the 'mind matrix,' the social control system, which acts as the primary control device in the transnational firm (Engle and Stedham, 1998). International human resource (IHR) systems can act as repositories and levers to support cultural change and can help derive this gradual transition, first by changing 'individual attitudes and mentalities,' then 'interpersonal relationships and processes' and finally, almost incidentally, 'formal structure and responsibilities' (Bartlett and Ghoshal, 2000: 520; Stedham and Engle, 1999).

Given the critical nature of individual attitudes and interpersonal relationships, Bartlett and Ghoshal go on to present three new roles for

transnational managers: operating level entrepreneur, senior management developer, and top level leader.

### **Operating level entrepreneurs**

These locally-embedded, 'aggressive entrepreneurs' are responsible for creating and pursuing new opportunities, improving ongoing productivity in these 'frontline units' by 'doing more with less,' while 'taking responsibility for continued growth through innovation' (Ghoshal and Bartlett, 1997: 214). These individuals operate at the local-national or regional (product/functional or geographic region) level and have primary responsibility for delivering the local differentiation capabilities to the transnational firm with a secondary responsibility for the diffusion of innovation activities (Bartlett and Ghoshal, 2000: 247–251).

### **Senior level developers**

As supporting coordinators, these regional or global coaches must 'provide support and coordination' as well as 'bring the resources and experience of a larger company to bear on the smaller [entrepreneurial local or regional] units' (Ghoshal and Bartlett, 1997: 214–215). These 'idea champion' managers provide personal and political support to new ideas, 'leverage' entrepreneurial innovations across units by 'linking dispersed resources and transferring best practices across units' while coordinating the 'inevitable tension between the pressure for short term performance and the challenge of ambitious long term visions' (Ghoshal and Bartlett, 1997: 216). Much of their effort and time is spent as coaches and mentors, identifying, developing and supporting front line entrepreneurial talent. This group operates at the regional or global level and have primary responsibility for providing worldwide learning and the diffusion of innovation as well as secondary responsibility for buffering and balancing global standardisation and local differentiation (Bartlett and Ghoshal, 2000: 247–249).

### **Top level leaders**

These 'culture gurus' are responsible for framing a sense of direction, gaining commitment to this direction from the other two groups and the rest of the organisation and providing the firm with 'the vision and vitality to move beyond refining its past achievements to developing the ability to continuously renew itself' (Ghoshal and Bartlett, 1997: 216). These charismatic leaders balance iconoclasm with trust building so as to 'challenge conventional wisdom and established objectives, replacing them with higher standards,' while 'embedding corporate [support] cooperation and trust' and most importantly, they 'create a

sense of purpose and ambition that may [eventually] give rise to a set of strategic objectives' (Ghoshal and Bartlett, 1997: 216). These individuals operate at the global level and have primary responsibility for balancing local differentiation, global standardisation, and the diffusion of integration, with a secondary responsibility for ensuring global standardisation (Bartlett and Ghoshal, 2000: 247–251).

## Transnational Roles, Transnational Rewards

These radically different roles espoused by Bartlett and Ghoshal must be reinforced by the IHR system if we are to survive within any change initiative to 'go transnational.' What type of IHR system can be developed to facilitate these roles and forward transnational strategy? Before we present such an approach, let us first discuss two dimensions that are central to such a model: 'Time' and 'Scope of Role/Level of Activity'.

### Time – the horizontal dimension

The timing of employee work contributions and attendant organisational inducements has long been an issue of interest to students of compensation (Jaques, 1961). Technically, timing distinguishes between rewards and incentives (Mahoney, 1979) and is critical in distinguishing between base salary (in the present) and the short term and long term incentive components of a traditional pay package. Obviously, time can be analysed in the past tense, the present tense and the future tense.

In his presentation of group incentive plans, McAdams (1996) distinguishes between 'leading' measures (similar to our past tense), – such as sales, market share, and customer satisfaction; 'operational measures' (similar to our present tense), – such as productivity, internal quality, cost reduction, attendance, safety, output cycle time, and projects in work; and 'lag (Financial)' measures (similar to our future tense), – such as profitability, earnings or revenues, returns (on equity, assets, etc.), and publicly traded stock price (161–177). These three time frames are associated with distinct yet complementary sets of performance measures.

In the past tense, an individual's past work experiences, activities, performance and achievements are the basis for rewards. This category of rewards is an *input* to the present work role and based on *personal* characteristics, not based on current job performance (Mahoney, 1989). To provide a more traditional frame of reference, this category may be viewed as analogous to the base salary component of executive pay systems or as the 'Fixed Base' component of World at Work's 'Total Reward' model (World at Work, 2000).

In the present tense, an individual's ability to handle the *activities* of their present job is the basis for rewards. This category of rewards is based on *processes* critical to the present work role and is based on the *job* (role) characteristics and not the person or his/her performance (Mahoney, 1989).

Again, in terms of a frame of reference, this category is analogous to the merit component of executive compensation, largely determined based upon successful activities in work processes. In terms of the 'Total Rewards' model, it is akin to the 'Fixed-Differential' component (World at Work, 2000).

In the future tense, an individual's ability to transition processes into performance *results* is the basis for this category of rewards. This category of rewards is based on *outputs* from the relevant organisational unit and is based upon direct performance, not the person or the job (Mahoney, 1989). As a final point of reference, this component is analogous to short term incentive or long term incentives or what is presented in the 'Total Rewards' model as 'Variable - Profit' ('performance sharing, incentives, bonus and equity') (World at Work, 2000).

### **Scope of role and level of activity – the vertical dimension**

With this dimension we return to the idea that transnational firms must balance local, regional and global concerns. As stated earlier, operating level entrepreneurs operate primarily at the local-national level with some regional interests, senior management developers operate primarily at the regional level while balancing local and global interests, and top level leaders operate at the global level while balancing forces of change and continuity. This provides us with three vertical foci: local, regional and global.

### **A Globally Integrative Model of Pay**

By combining the two dimensions above, we offer a prescriptive model that links the input-process and output pay dimensions for all three transnational roles. Pay for each of these three role configurations will be discussed. Figure 4.1 represents a proposed pay configuration for the entrepreneurial role.

Triangles in Figure 4.1 represent the relative emphasis placed on pay for the various time and level coordinates. No triangles mean 'no pay' for the aspect in question. One triangle (e.g., point 'a' in Figure 1) represents

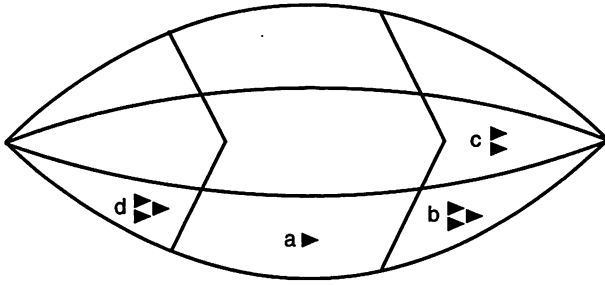


Figure 4.1 Integrative Pay Configuration – Entrepreneurial Role

a low emphasis in pay – perhaps keyed to comparison of local labour market ‘floors’ (Gerhart and Milkovich, 1992) – for the achievement of those activities. A low emphasis in this pay situation exists due to the notion that entrepreneurs should be paid for results, so it is best to let them apply their own idiosyncratic processes to achieve those results.

Two triangles (e.g., point ‘c’ in Figure 4.1) represent a medium emphasis in pay (notice that at this regional vertical level the comparison is against the average of regional labor markets). Medium pay emphasis situations exist when managers must achieve not only local results, but coordinate entrepreneurial activities that, when diffused across other units in the region, produce results across and within the region.

Three triangles (for example, points ‘b’ and ‘d’ in Figure 4.1) represent a high level of emphasis on pay. In this role the presence of both past experiences related to entrepreneurship and an in-depth regional knowledge associated with local responsiveness (point ‘d’) as well as producing results from the local unit (point ‘b’) are critical. This high level of emphasis on pay may also be related to comparisons of local product market ‘ceilings’ (Gerhart and Milkovich, 1992). The components emphasised in this pay configuration reinforce and reflect key role requirements. Figure 4.2 represents a proposed pay configuration for the developer role. Notice first the three-triangle emphasis for past experiences (an in depth understanding of people and their motivations across numerous cultures), present activities (coaches must engage in processes that diffuse innovation throughout the region or globe) and future results (regional synergism and the diffusion of innovation as a critical and measurable outcome).

Interestingly enough, an empirical investigation of high tech firms (many with global activities) showed a strong relationship between innovation and CEO short term compensation as well as some relationship between innovation and CEO long term compensation (Balkin *et al.*,



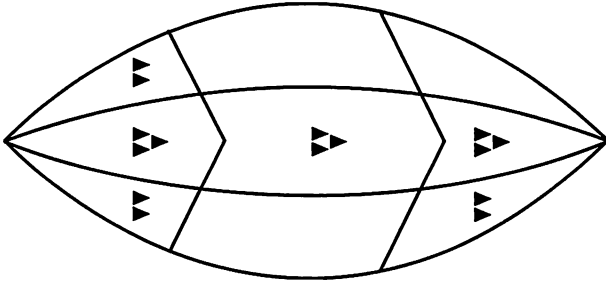


Figure 4.2 Integrative Pay Configuration – Developer Role

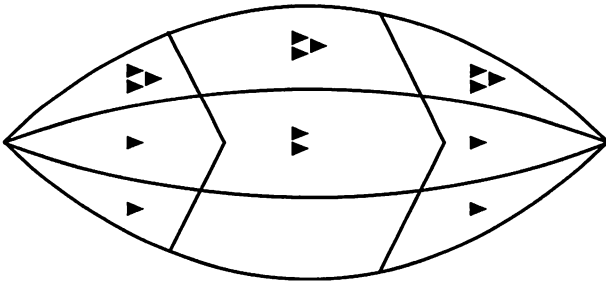


Figure 4.3 Integrative Pay Configuration – Leader Role

2000). An additional three-triangle emphasis on entrepreneurial results (in the bottom right area) is based on the developmental aspect of these developer roles – successful coaches have high performing athletes.

Experiences related to understanding local conditions faced by both local entrepreneurs and global leaders (the two sets of two triangles located at the top and bottom left ‘global and local-experiences’ section of the figure) is also critical if the developer is to reconcile differences while maintaining a balance between short term priorities and long term interests (Ghoshal and Bartlett, 1997: 216). For these regionally-based coaches, these three triangle ‘highs’ are scaled to compare to regional and not local product market ‘ceilings.’ Finally, Figure 4.3 represents a proposed pay configuration for the leader role.

Note how critical (three triangle) experiences, processes and results are on the global (top) level of the model. Experiences are required to provide a ‘grounded understanding of the company, its businesses and operations,’ while extensive process competence provides the ability to ‘create an exciting, demanding environment ... [the] ... ability to inspire confidence and belief ... [and] ... the ability to combine conceptual

insight with motivational challenges,' while results are seen in terms of 'setting stretch opportunity horizons and performance standards' and seeing that those standards are met (Ghoshal and Bartlett, 1997: 222).

Next, secondary criteria (represented by two triangles) include understanding the process of balancing local differentiation, global standardisation and the criticality of the diffusion of innovation. Additional minimal role expectations (represented by one triangle) are required for an understanding of regional and local experiences (to provide a local/regional context for global integration decisions) and to better understand the intricacies of local and regional performance outcomes. For global leaders and cultural gurus the primary focus of pay comparison is at the level of global product market 'ceilings' (Gerhart and Milkovich, 1992).

### Linking Global Integrative Pay with Career Development Issues

Managers who are operating off of globally integrative pay principles will have career development needs that differ from traditional managers. Managers who work in a transnational work culture will engage in careers that have been termed 'boundaryless' by career theorists. Boundaryless careers do not follow the traditional vertical ladder of career success, or even the more gradual, spiraling corkscrew that characterises the Japanese 'elite cohorts' (Evans *et al.*, 2002: 372–375).

In an essentially domestic (US) based presentation of 'boundaryless organisations' Ashkenas *et al.*, introduce the idea of 'career banding' their version of 'broad banding' which involves combining a series of jobs 'around broad, flexible career categories' so that 'people can focus on becoming the best in career band instead of aiming for vertical advancement up that single ladder' (2002: 85–86). In terms of global capabilities, such a system will provide the quality of a 'fluid workforce' and 'move people [note the subtle shift in unit of analysis for a broad grouping of jobs to persons and competencies] with flexible sets of skills from location to location or task to task to respond to customer needs' (293). These authors cite ASEA Brown Boveri's (ABB) practice of moving 'managers *laterally* [our emphasis] to positions in other countries so they develop a wider understanding of local markets' (293). For a more complete assessment of ABB's development practices, see Barham and Heimer (1998: 326–350).

In a reader on 'boundaryless careers' (Arthur and Rousseau, 1996) these same horizontal linkages amongst persons inside and outside the formal firm boundaries are expressed as: (1) an essential response to new competitive strategies and structures (Miles and Snow, 1996); (2) a basic

requirement for the timely diffusion of learning and the assessment, identification and movement of competencies around the firm's network of activities (Bird, 1996); (3) a key expression of the firm's 'social capital' (Raider and Burt, 1996); and (4) fundamental if we are to give employees the sense of personal satisfaction and an integrated identity in a world of uncertainty and broken psychological contracts (Mirvis and Hall, 1996). If these potential outcomes are said to exist for firms operating in the complex and dynamic domestic (US) environment, how much more important are these qualities in the transnational environment?

### **Boundaryless career development programs**

How can transnational firms develop frameworks to manage careers of their people in boundaryless contexts? Nohria and Ghoshal (1997) stress the development of 'interpersonal networks' (151) in order to speed the dissemination of information within and across geographically and functionally dispersed subunits. This personal communications network can take advantage of opportunities for internal arbitrage (resources or capabilities at a surplus in one unit can be transferred to other units where such resources are at a premium), stimulate innovation, build trust levels and extend the boundaries of limited personal cognitive capabilities. These networks are said to be built through practices that hold employees thereby building tenure in the firm, *horizontal* mobility, [our emphasis] expatriate status, an extensive organisational commitment to initial socialization, and mentoring relationships (Nohria and Ghoshal, 1997: 155–161).

Evans, *et al.* (2002) emphasise the need for transnational firms to focus control on the 'deep structure' (i.e. culture) of the firm and to develop a 'global mindset' among key employee groups (381–397). Development activities such as 'projects, experiential methodologies and action learning' provide for 'the exchange and confrontation of different perspectives that develop the understanding of dilemmas to global management' (2002: 393). Action learning is particularly critical as it is 'typically focused on projects, [and therefore] is holistic. It develops second-order learning skills, the ability to frame problems in their contexts, and it satisfies the principle of requisite variety (the complexity of the learning process should reflect the complexity of the outside environment) (2000: 393).

Drawing from Galbraith (2000) we propose the concept of network building through rotational assignments and management audits. Rotational assignments are pursued to create 'a person network' contributing to a firm's overall network. 'If individual networks are not specifically being developed along the company's important strategic dimensions, the company could benefit by making rotational assignments' (Galbraith, 2000: 116). These

rotational assignments enhance networks in four ways. First, they provide global experiences that translate into an increased 'talent pool.' Second, regional subsidiary personnel can 'learn' new and innovative processes. Third, assignees can 'make links' and learn during their rotation who holds what competencies and how things get done in other subsidiaries. Finally, subsidiaries in some regions can leverage their competency 'leadership' across other functional and geographic subsidiaries (2000: 117).

'Management audits' are the practice of creating cross-national groups of 'promising young people' to review and assess financial, managerial and process activities in other subsidiary locations. These teams have the potential to 'spread best practices,' expand personal networks within the audit team as well as between the team members and the subsidiary personnel, 'shape the values and mindsets of the participants' and provide 'early tests to see who is adept at cross-border experiences and working across cultures' (Galbraith, 2000: 117-118).

Note the horizontal nature of these career-enhancing experiences. We are not giving these associates promotions in the traditional sense of the term. Integration, peer based and competency-based exchanges are the focus of building networks.

An extensive investment in these integrated networks is both a major prerequisite to global competitiveness as well as a major inducement for those employees seeking to find their way through the global workplace. How may these new horizontal careers be best visualized? What imagery can provide a foundation for ongoing analysis and understanding?

### **Widening career weirs**

Borrowing from the Global Development Opportunity element in the Work Experience component of the transnational Total Rewards model we suggest that the notion of a 'widening career weir' can be of assistance in comprehending global careers in the twenty-first century. A 'weir' is a device that is designed to trap fish as they attempt to swim through a gradually tightening net or wickerwork trap. However, we reverse the imagery of gradual tightening, and view global careers in the transnational context in an ever-widening process. Figure 4.4 provides a visual representation of these widening career weirs. Rather than 'weir' in the traditional meaning of the term, these are widening career weirs. These metaphorical widening career weirs are designed to keep each of the three role members in their respective transnational roles while simultaneously expanding their experiences, activities and areas of responsibility in ever widening cultural, functional, product and customer assignments and activities (Engle *et al.*, 2001).

Note the synchronisation of the three roles is maintained while individuals within each of the three roles may readily expand their

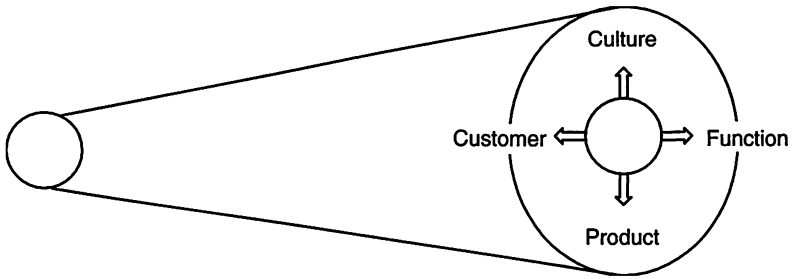


Figure 4.4 Widening Career Weir

experience base via new product development assignments, cross-cultural team collaboration, and/or customer focused projects. These projects and assignments may take the form of action learning, rotational assignments or management audits (Evans *et al.*, 2002; Galbraith, 2000; Nohria and Ghoshal, 1997). The horizontal careers of operational entrepreneurs, managerial developers and top level leaders are presented in terms of a sequence of 'action learning' assignments and integrative customer and product development projects (Nohria and Ghoshal, 1997). The planned pattern of these projects acts to expand the role-incumbents' experiences and capabilities across geographic, functional, product, customer and project boundaries (Bird, 1996).

It is this ever-widening net of horizontal personal connections and project experiences that provides not only the strategic integration and balance required in the transnational firm, but also the sense of personal and professional progression and excitement so critical in firms with limited vertical career development opportunities (Evans, Pucik and Barsoux, 2002; Miles and Snow, 1996). Payoffs result in terms of strategic implementation and capability on the one hand and enriched and invigorated personal career interests on the other hand.

## Conclusion

A series of closing comments are as follows. First, the dimension of time provides a dynamic and not static variable of analysis. The past slides into the present, the present rolls into the future and future promised incentives come to fruition only in the present. The reduced cycle time experienced by the transnational firm means that the overseers (compensation committees on Boards of Directors) of globally integrated pay systems must be able to provide a much more timely and regular, hands on and real time review and control process.

The role of these global integrators (as administrative agents) vis a vis the role of those in a position of fiduciary oversight for the owners of these global firms is uncertain and understudied at this time (Evans *et al.*, 2002). All that can be said is that activism by those responsible for fiduciary oversight is required at a whole new level of timeliness, complexity and detail (Milkovich and Newman, 2002: 498).

Second, the accurate assessment of integrative activities are, by the very definition of the integrative task, problematic (Jones, 2001; Lawrence and Lorsch, 1967). Issues related to transfer pricing; assessing experiences, processes activities and result contributions; and role based contributions to mutual adjustment integration processes require a thoroughly held and shared understanding of the relationships between culture guru, coach and entrepreneur.

It is our contention that a pursuit of these issues is absolutely essential for members of the transnational firm if IHR practices are to reinforce transnational values, roles and cultural assumptions (Schein, 1985). Intense integration is at the heart of the transnational solution – integration across products, functions and regions (Bartlett and Ghoshal, 2000). This integration must be mapped, recognized and celebrated if the strategy is to be successfully implemented.

A final caveat – the transnational firm will ultimately stand or fall based on the firm's cultural capability in combining 'anatomy,' 'physiology' and 'psychology' and not on the intricacies of IHR processes (Bartlett and Ghoshal, 2000: 515–519). In Etzioni's terms, the successful transnational is first and foremost a 'moral-normative' control system with only secondary and supportive 'calculative-renumerative' characteristics (Etzioni, 1961: 12–16). The ironic danger is that by supporting too overwhelmingly the transnational strategy we will replace the individual role incumbent's intrinsic motivation for task mastery with a less flexible and completely extrinsic motivation for task mastery (Frey, 1997).

The timing of pay changes is always an issue for compensation strategies used in support of corporate strategic change. In this case we recommend introducing globally integrative pay only after major cultural changes are complete. In this way globally integrative pay simply echoes the messages of social control, reflecting and reinforcing normative cultural values and role expectations (Lawler, 2000; Milkovich and Newman, 2002).

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