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IMPACT OF FOREIGN EXPERIENCE ON EXECUTIVE COMPENSATION

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1. Introduction

The growth and greater complexity of corporate relations brought about profound changes in the ownership and control structure of companies (Gounopoulos & Pham, 2018), resulting in the existence of distinct groups, the owner of capital (principal), who hires the manager (agent) to make decisions according to your interest (Shleifer & Vishny, 1997). Based on the assumption that both the parties aim to maximize their personal benefits, one need to considered that the agents' actions will not always have, as a purpose, attended to desires of the principal (Jensen & Meckling, 1976). This fact suggests the lack of a perfect alignment between the interests of owners and managers, characterizing the agency conflict (Shleifer & Vishny, 1997).

In this context, compensation through executive incentives would be a corporate governance practice able of facing agency problems (Jensen & Murphy, 1990). This fact occurs because the incentive policy would purpose to align the interests of owners and managers (Jensen & Meckling, 1976), which would be possible, through motivations based on the performance of companies (Tirole, 2006). Due to this issue, executive compensation can be seen as a mechanism to protect the interests of shareholders, which would have a positive impact on welfare of owners and performance of companies (Jensen & Murphy, 1990).

However, there is no unanimity about the effective influence of the executive remuneration policy on the creation of value and on the performance of companies (Kashif & Lone, 2018; Sridhar & Kumar, 2015). Studies such Fee et al. (2018) and Garvey and Milbourn (2006) question the relationship between remuneration and performance, and argue that executives are paid by “luck”. Therefore, it is possible that high salaries are not necessarily connected to a higher performance of the company (Kashif & Lone, 2018). An exacerbated increase in compensation can induce executives to make decisions with negative long-term impacts (Bennett et al. 2017).

For Jensen and Murphy (1990) remuneration, based on accounting data, would encourage executives to pursue projects with immediate profits, even if it is less valuable to the company in the long-term. In addition, compensation packages based on stocks and options can encourage accounting manipulations by executives, in order to obtain benefits from the increase in unrealistic share value (Bergstresser & Philippon, 2006), making executives more likely to undertake riskier projects.

Based on the theoretical assumption, the owners offer the most diverse types of contracts for different managers, according to the agents' skills, knowledge and behavior (Macho-Stadler & Pérez-Castrillo, 1997). In this sense, a remuneration policy would represent compensation for the effort and risk assumed by the executives (Jensen & Murphy, 1990). This policy would generate an efficient compensation package to face agency problems, as long as it takes into account the skills and experiences of managers (Cui & Shibata, 2017).

The foreign experience would reduce the uncertainties regarding the qualifications of the executives, indicating a probable accumulation of personal and professional cultural knowledge (Daily et al. 2000). It is believed that executives with experiences abroad would be more receptive to the adoption of superior management policies, which would improve the results of companies (Conyon et al. 2019). Companies with directors and officers with experiences abroad would adopt strong corporate governance practices and be closer to an internationalization of corporate relations (Giannetti et al. 2015).

In the corporate finance literature, studies focusing on the relationship between executive compensation and foreign experience are scarce. Giannetti et al. (2015) investigated

the relationship between foreign experience, company performance and executive compensation in the Chinese market. In South Korea, Nam et al. (2018) tested the relationship between managers professional experience abroad and the companies' performance. In addition, Conyon et al. (2019), in the United Kingdom, and Schmid and Wurster (2016), in Germany, studied the influence of foreign experience on executive remuneration policy.

In Brazil, Machado and Sonza (2018) investigated the influence of foreign experience on the performance of publicly traded companies and Perlin et al. (2019) tested the effect of the level of internationalization of managers' education on companies' performance and risk. However, there is no empirical evidence to explore foreign experience as a possible determinant of executive compensation. In this context, the problem question in this study is: What is the influence of foreign experience on the executive compensation policy? To answer this question, the purpose of this study is to identify the influence of foreign experience on the executive compensation policy for publicly traded companies in Brazil.

Although the topic of executive compensation is recurrent in the academic literature, the empirical evidence is not conclusive. In addition, the relationship between foreign experience and executive compensation is an issue little explored by previous empirical studies. By addressing the theme of experience abroad, the present study fills a gap in the empirical literature related to the Brazilian reality. Knowing the implications of foreign experience on executive compensation can help in the definition of internal remuneration and qualification policies of managers (Wen et al. 2020). This information is also useful for shareholders, concerned with the efficiency of incentives for executives, especially in countries with weak legal protection, such as Brazil.

The main empirical evidence suggests that Brazilian companies tended to value, with higher salaries, the experience of working abroad and the foreign nationality of their executives. However, an international academic experience and the increase of foreign owners, causes executives to receive lower salaries. In addition, large companies are better able to retain talented executives, and are willing to offer them higher salaries. However, financially leveraged companies tend to pay CEOs lower salaries. Related to the sensitivity of remuneration to performance, companies with growth opportunities had better remunerate their CEO's to attend the market regarding the supply and demand for executive skills and knowledge, which is not observed in relation to the accounting performance of companies.

2. Foreign experience and executive compensation: conceptions and hypotheses

The separation between ownership and control has created agency problems resulting from the conflict of interest between shareholders and managers (Zhang et al. 2019), which agents can make decisions misaligned with the principal's interests, harming the company (Gounopoulos & Pham, 2018). In this sense, agency conflicts would result in inefficient management decisions and costs able of influencing companies' performance and value creation (Elsayed & Elbardan, 2018).

It is assumed that a strong and effective corporate governance system would be able to minimize the problems and costs of the agency (Ataay, 2018), by monitoring the behavior of managers and incentive policies aligned with the principal's interests (Tirole, 2006; Zhang et al., 2019). In this line, the executive remuneration policy is a central corporate governance mechanism that monitors, disciplines and encourages executives (Ataay, 2018), by rewarding the effort, skills and risks assumed by managers (Jensen & Murphy, 1990).

In recent years, the discussion on executive compensation has received attention in academia and the corporate world (Kashif & Lone, 2018; Maloa, 2018; Mehadi & Mazumder, 2017; Page, 2018), especially after scandals in the early 2000's (Sridhar & Kumar, 2015) and

the subprime crisis (Gande & Kalpathy, 2017; Kashif & Lone, 2018). Furthermore, a large part of society believes that there are excesses in the amounts paid to executives (Murphy & Jensen, 2018). This argument is supported by empirical studies that point to a gradual increase in the amounts received by CEO's, especially in the United States (Bennett et al., 2017).

For Jensen and Murphy (1990), more important than investigating how high are the salaries paid to CEO's, is the understanding of "how" executives are remunerated. A good incentive policy would be an important tool for companies' sustainability and competitiveness (Ali Shah et al. 2009), by retaining "good" executives at a low cost (Jensen et al. 2004). There are several mechanisms for executive compensation (Jensen & Murphy, 1990), including: (i) base salary; (ii) bonus and variable incentives; and (iii) long-term compensation, such as share-based incentives (Elsayed & Elbardan, 2018; Rahman & Mustafa, 2018).

Although there is a considerable number of theoretical and empirical studies and research, focusing on executive compensation (Kashif & Lone, 2018; Page, 2018), its results are not conclusive (Mehadi & Mazumder, 2017; Page, 2018; Rahman & Mustafa, 2018). There is no consensus on the determinants of the executive compensation structure and its impact on firm's performance (Ataay, 2018; Maloa, 2018; Page, 2018). From the perspective of Agency Theory, the remuneration policy would be designed to mitigate agency problems, aligning the interests of owners and managers, by connecting compensation packages to the company's performance (Jensen & Murphy, 1990). The sensitivity of remuneration to performance would encourage executives to maximize their efforts and pursue greater corporate results (Jensen & Murphy, 1990).

However, executive compensation and its relationship to the company's results is a complex and controversial theme (Kashif & Lone, 2018; Sridhar & Kumar, 2015), in which the sensitivity of CEO compensation to company performance is questioned (Ataay, 2018; Zhang et al. 2016). An argument that supports these questions is the influence of executives in determining their own compensation packages (Hoi et al. 2019), which may indicate opportunistic remuneration practices, that would not necessarily be together with the interests of shareholders (Hoi et al., 2019; Rahman & Mustafa, 2018).

There are evidences that executives exercise their managerial influence to manipulate remuneration contracts by targeting performance parameters through changing accounting data (Bergstresser & Philippon, 2006). In addition, performance-based compensation would encourage managers to decide on short-term projects (Pogach, 2018), which would generate a "managerial myopia", with possible negative impacts for the company in the long-term (Bennett et al., 2017; Kashif & Lone, 2018).

In contrast to studies that relate to executive pay and traditional accounting metrics, there is greater interest in investigating the influence of personal attributes on amounts paid to executives (Conyon et al. 2019; Maloa, 2018; Rahman & Mustafa, 2018). This is because a small increase in the formal education of executives would increase the value of the company and the incentives paid as a reward for the higher quality in the management of firms (Rahman & Mustafa, 2018), it suggests that individual skills and experiences of CEOs would be determinants of corporate remuneration policy (Page, 2018).

In terms of human capital, the foreign experience would have an important impact on the cognitive orientation of executives (Herrmann & Datta, 2005), and would influence their skills and perceptions for decision-making (Conyon et al., 2019). The experience abroad would provide valuable knowledge to managers, which would increase the competitive advantage of companies in the international market (Conyon et al., 2019) and access to foreign capital (Giannetti et al., 2015).

Empirical studies have proven the corporate advantages arising from the foreign experience of top managers in company (Conyon et al., 2019). In the United States, the executives' foreign experience would be connected to a better financial performance of

companies (Carpenter et al. 2001; Daily et al., 2000) and better conditions for strategic decision-making (Herrmann & Datta, 2005). In China's emerging market, the foreign managerial experience would positively influence corporate innovation (Yuan & Wen, 2018), and corporate social responsibility (Zhang et al. 2016).

For Conyon et al. (2019), although it is well established in the empirical literature that foreign experience is beneficial for the company, its benefits for executives are still unclear. In this line, an experience abroad provides skills to the executives that are difficult to replace (Carpenter et al., 2001; Daily et al., 2000). Thereby, it considered that these attributes, in addition to generating competitive advantages for companies, increase the CEO's market value (Conyon et al., 2019).

However, majority empirical literature focuses on the potential returns that foreign experience would generate for the company, neglecting possible personal benefits for the executives (Nielsen & Nielsen, 2010). The payment received by CEOs would be one of these personal advantages, and the influence of foreign experience on the remuneration received by executives is also little explored in investigations on determinants of firm's compensation policy (Fernandes et al. 2013).

In the sense, studies such as Schmid and Wurster (2016) in Germany and Conyon et al. (2019) in the United Kingdom, investigated the impact of foreign experience on executive compensation, suggesting similar results. German executives with academic and professional experiences abroad tended to receive higher variable remuneration, which does not happen in relation to their fixed salary (Schmid & Wurster, 2016). In the same line, British executives with foreign professional experience would receive significantly higher levels of total compensation compared to CEO's without this attribute. As a result, it is believed that payment premiums are more attributable to experience abroad and to foreign corporate networks maintained by executives than to broader managerial skills (Conyon et al., 2019).

This "favorable" view in terms of corporate and personal advantages derived from the managers' foreign experience is also questioned (Conyon et al., 2019), in the sense that the complexity of international negotiations can be managed by regional, local executives or through consulting (Carpenter et al., 2001). The doubts about impacts of foreign experience follows the line that knowledge and skills in a specific area may be more relevant than abroad experience (Conyon et al., 2019). In addition, there is little empirical support for human capital factors, explaining the variation in executive compensation (Leonard, 1990). Based on these assumptions, the following hypothesis is formulated:

Hypothesis 1: The greater the foreign academic experience, the higher the executive remuneration.

Hypothesis 2: The greater the foreign professional experience, the higher the executive remuneration.

3. Methodological Aspects

In order to analyze the influence of the foreign experience on the accounting and market performance of the companies listed in Brazilian stock exchange (B3), a descriptive and quantitative research was developed, based on secondary data. The population of the present study comprises all publicly traded companies in Brazil. However, non-industrial companies and companies with Q of Tobin less than zero and greater than ten were excluded from the sample (Almeida & Campello, 2007). The period of analysis is from 2010 to 2018, due to the disclosure of the information regarding the members of the board through the reference forms

of the CVM (Brazilian Securities and Exchange Commission). Thus, the final sample includes 230 companies or 1,727 unbalanced observations.

The variables referring to the executives were collected in companies' reference forms available at the central system of the Brazilian Securities and Exchange Commission (CVM). Data on executive compensation were collected in item 13 (management compensation), and in relation to foreign experience, as well as aspects related to the composition of the executive boards, in item 12 (meeting and management). In addition, the data to constitute the variables of size, performance and indebtedness of the companies were collected in Economática®. Table 1 shows the dependent variables, referring to remuneration, their descriptions and main studies.

Table 1 – Dependent Variables – Remuneration.

Variables	Description	Authors
TOTAL – Total Executive Compensation	Log (Total Executive Compensation). (1)	Carpenter et al. (2001); Chen et al. (2011); Conyon et al. (2019); Cordeiro et al. (2013); Jensen and Murphy (1990); Schmidt and Wurster (2016)
VARIA – Variable Executive Compensation	Log (Profit-Sharing + Bonus + Other Variable Compensations). (1)	Jensen and Murphy (1990); Schmid and Wurster (2016)
FIXO – Fixed Executive Compensation	Log (Salaries + Other Fixed Compensations). (1)	Conyon et al. (2019); Jensen and Murphy (1990); Schmid and Wurster (2016)
AC - Stock and Options Owned by executives	Log (Executive Compensation in the form of Stock and/or Options). (1)	Carpenter et al. (2001); Conyon et al.(2019); Jensen and Murphy (1990)
BEN – Direct and Indirect Executives Benefits. (2)	Log (Executive Compensation in the form of Direct and Indirect Benefits). (1)	Jiang and Zhang (2018); White (2018)

(1) Total values published in the CVM Reference Forms. (2) Corresponds to benefits such as medical and dental plan, life insurance, private pension plans, expenses with education, among others.
Source: Elaborated by the authors.

In addition, Table 2 includes the independent variables, their descriptions, main studies using them and the expected sign according to the theoretical assumptions.

Table 2. Independent Variables – Foreign Experience.

Variables	Description	Authors	Signal
EEA	(Number of executives with academic foreign experience / Total number of executives).	Conyon et al., (2019); Giannetti et al., (2015); Schmid and Wurster (2016); Yuan and Wen, (2018);	+
EEP	(Number of executives with professional foreign experience / Total number of executives).	Conyon et al., (2019) Giannetti et al., (2015); Schmid and Wurster (2016); Yuan and Wen, (2018)	+
Cest	(Number of foreign directors / Total number of directors).	Giannetti et al., (2015)	+
Dest	(Number of foreign executives / Total number of executives).	Conyon et al., (2019);Giannetti et al., (2015); Iliev and Roth, (2018);	+
Pest	Percentage of stocks owned by foreign investors.	Chen et al. (2011); Cordeiro et al. (2013);	+

Source: Elaborated by the authors.

Table 3 presents the control variables related to the characteristics of the executive board, their descriptions, main studies and the expected signal according to the theory.

Table 3. Control Variables.

Control Variables – ***Executives***			
Variables	Description	Authors	Signal
NEX	Log (number of main executives).	Carpenter et al., (2001); Schmid and Wurster, (2016)	+
TEX	Log (average tenure of the executives).	Giannetti et al, (2015); Schmidt and Wurster (2016);	+
		Kaplan and Minton (2012); Hermalin (2005)	-
DUAL	Dummy:1 – CEO and Chairman are the same person; 0 – Otherwise	Conyon et al., (2019); (Cordeiro et al., 2013)	+
IME	Log (Average age of the executives)	Conyon et al., (2019); Iliev and Roth, (2018); Jensen and Murphy (1990); Schmid and Wurster (2016); Zhang et al., (2016)	+
EEXEC	Board level of formal education: 0 - undergraduate; 1 - graduated; 2 - MBA; 3 - Master; 4 – PhD; 5 – Post Doctoral.	Giannetti et al. (2015); Schmid and Wurster, (2016)	+
Turnex	Dummy: 1 – Year of the turnover of CEO; 0 – other years.	Chen et al. (2008); Jenter and Kanaan (2015)	-
Control Variables – ***Performance***			
ROE	Net Profit/ Equity	Gianetti et al. (2015); Schmid and Wurster (2016).	+
ROA	Operating Income / Total Assets	Carpenter et al. (2001); Conyon et al. (2019); Giannetti et al. (2015)	+
MB	(AT-PL+VM)[1] / Total Assets	Cordeiro et al. (2013); Conyon et al. (2019); Gianetti et al. (2015)	+
Tobin's Q (Q)	(MVE+PS+D)[2] / Total Assets	Bugeja et al. (2014); Giannetti et al. (2015); Sridhar and Kumar (2015); Maloa (2018)	+
Contrlol Variables – ***Size***			
Total Assets (AT)	Log (Total Assets)	Giannetti et al., (2015); Iliev and Roth, (2018); Zhang et al., (2016)	+
Control Variables – ***Indebtedness***			
Leverage (AL)	Current Liabilities + Non-Current Liabilities) / Equity	Conyon et al. (2019); Giannetti et al., (2015); Shue and Townsend, (2017); White (2018)	+
		Huang et al., (2018)	-

[1]AT - Total assets; PL - Stockholders' Equity; VM - Market Value.
[2] Suggested by Chung and Pruitt (1994), whose market value is the sum of MVE - firm's stock price multiplied by the number of common shares outstanding, PS - settlement value of the preferred shares outstanding and D - total debt (Current Liabilities minus current assets plus inventories and long-term debt).
Source: Elaborated by the authors.

The variables were collected and submitted to the statistical program STATA14®. Equation (1) presents the regression model in panel data estimated by the GMM-Sys method, applied in this study:

$$Rem_{it} = \alpha_i + Rem_{it-1}\,\varphi + EE_{it}\gamma + w_{it}\delta + \Sigma_i^n EFset_i + \Sigma_i^n EFtemp_t + \varepsilon_{it} \quad (1)$$

Where Rem_{it} represents executive compensation variables, Rem_{it-1} compensation lagged in a period of time; EE_{it} represents the variables relating to foreign experiences, W_{it} are the control variables, α is the intercept, φ, γ and δ are the coefficients. In addition, $EFset_i$ represents the sector fixed effects, $EFtemp_t$ are the temporal fixed effects, ε represents the error term, i indicates the companies and t the period of time.

In order to capture the influence of the executives' foreign experience on remuneration, regressions were applied using the GMM-Sys method. The Generalized Moments Method (GMM) allows greater efficiency in obtaining asymptotic estimators. In this case, there are two types of estimators that can be used, the GMM-Dif (in differences) developed by Arellano and Bond (1991) and the GMM-Sys (Systemic), developed by Blundell and Bond (1998). The differential of the estimators is in the moment conditions of each one, depending on the number of instruments available in the analysis. The reason for GMM-Sys's choice is centered on the acceptance of a set of available instruments and from the perspective of more precise estimates, although the assumptions about the initial conditions are more restrictive. Moreover, for Bond (2002), GMM-Sys has a more robust assumption, which reduces the efficiency gains allowed by the homoscedasticity condition.

The following validation tests were applied for the validation of the method: (i) Arellano and Bond (1991): to identify whether there is a serial correlation in the residues; (ii) Correlation and VIF (Variance Inflation Factor): to identify the existence of multicollinearity; (iii) Chi-square (χ^2): to check if there is an association between variables; (iv) Hansen (1982): to check if there is an overidentification of the instruments. The variables were winsorized to 1% and corrected according to the IGP-DI.

4. Analysis of results

To better explain the results achieved, this section is divided into two parts: (i) descriptive statistics and correlation; and, (ii) results of the regression model and validation tests.

4.1.Descriptive statistic and correlation

Before performing the analysis of the results, the correlation between the variables was verified. According to Hair et al. (2005), those that have a correlation above 0.70 should be avoided. Only the performance variables Tobin Q (Q) and Market-to-book (MB); and Return on Assets (ROA) and Return on Equity (ROE) showed a high correlation with each other. Thus, to avoid multicollinearity problems, the estimated models did not include these variables with high correlation. After removing these variables, the VIF test was applied, identifying that none of the remaining ones has an index greater than 5.

In order to certify the consistency and adequate treatment of the data, the descriptive statistics of the variables used in the present study were estimated. On average, the amount received by Brazilian executives reaches $3.85 million dollars a year, with $2.14 million representing the fixed remuneration, $740 thousands for the variable portion, $810 thousands representing the compensation through shares and options and $160 thousands representing compensation through direct and indirect benefits. These values indicate that the compensation policies of Brazilian companies are predominantly based on fixed salary, which may be indicative of a favorable corporate environment for the increased bargaining power of executives (Schmid & Wurster, 2016).

In addition, the CEO's tenure is around 4 years, the number of members on the executive boards is around 5 executives and their age, on average, are 51 years old, with an level of

education of 1.68, indicating that most of them have between higher education and MBA. Regarding size and indebtedness, on average, companies have total assets of $6.19 billion dollars and a leverage level of 1.99. In terms of performance, profit represents 0.04% of total assets, and 0.08% of equity. The Tobin's Q indicates that the market value exceeds the equity value by 0.61%, and for the market-to-book, the market value represents 0.68% of the equity value. Finally, all remuneration variables, as well as size, presents considerable differences between their means and medians, and a high standard deviation. Thus, it was decided to apply Neperian logarithm to the following variables: total remuneration (TOTAL); variable remuneration (VARIA); Fixed remuneration (FIXED); Shares and Options (AC); remuneration through direct and indirect benefits (BEN) and Total Assets (AT).

4.2. Regression results and validation tests

In order to investigate the influence of Foreign Experience on the executive compensation policy, firstly, the tests for the validation of the model are estimated, shown in Table 4. In this sense, the Chi-square test (Chi2) indicates the rejection of the null hypothesis, which presupposes the existence of an association between variables. In the Hansen test (1982), the null hypothesis cannot be rejected, suggesting that there is no correlation between the instruments and the regression error. Finally, in the Arellano and Bond test (1991), the null hypothesis for first order serial autocorrelation (Ar1) is rejected, but it cannot be rejected for the second order (AR2). Thus, it is assumed that the regressions present serial autocorrelation of order 1, justifying the use of the dynamic Systemic Generalized Moments Method (GMM-Sys).

Table 4. GMM (SYS) validation tests

Tests	**Regressions**				
	TOTAL	**VARIA**	**FIXO**	**AC**	**BEN**
Chi2	428.73	181.64	429.07	360.52	146.62
Chi2_p	0.00	0.00	0.00	0.00	0.00
Hansen	42.05	68.70	67.92	31.89	70.,75
Hansen_p	0.99	0.99	0.99	0.99	0.99
Ar1	-4.3814	-3.3573	-3.6746	-2.2818	-2.5945
Ar1_p	0.0000	0.0008	0.0002	0.0225	0.0095
Ar2	1.5347	1.5193	1.0609	1.3778	-0.8794
Ar2_p	0.1249	0.1287	0.2887	0.1683	0.3792

Source: Elaborated by the authors.

After checking that GMM-Sys is the best model to be applied, Table 5 presents the results of the study. The variable foreign academic experience (EEA) is significant for regressions referring to total compensation (10%), fixed (5%) and direct and indirect benefits (10%). These three models showed a negative relationship with executive remuneration, that is, the 1% increase in the proportion of executives with academic experience abroad decreased their remuneration from 0.05% to 0.08%. These results suggest that the greater the proportion of executives with academic experience abroad, the lower the executive remuneration, which is similar to the findings by Machado and Sonza (2018), who consider the foreign experience in Brazil to be an institutional isomorphism, an institutionalized ritual by Brazilian society.

In the same line, the foreign ownership variable (PEST) is significant for the model related to total compensation (10%) and compensation through stocks and options (1%) with a negative impact on both models, where, an increase of 1% in the foreign ownership of companies decreases the total remuneration by 0.01%, and the executive compensation through shares and options by 0.02%. This result contradicts studies like Chen et al. (2011) and Cordeiro et al. (2013), and indicates that the higher the proportion of foreign owners, the lower the total

compensation and stock and options owned by the executives. This is because foreign owners implement global governance practices in companies, which would increase the levels of monitoring, hampering private control benefits and excess executive remuneration (Choi et al. 2012).

Table 5. Regression results

Regression results – GMM (Sys)					
Variables	**Dependent Variables – Remuneration**				
Z	**TOTAL**	**VARIA**	**FIXO**	**AC**	**BEN**
D (-1)[(1)]	**0.46*****	**0.57*****	**0.73*****	**0.65*****	**0.69*****
	(4.57)	(7.27)	(9.23)	(5.27)	(7.14)
EEA	**-0.08***	-0.02	**-0.05****	-0.03	**-0.06***
	(-1.76)	(-0.46)	(-2.08)	(-0.38)	(-1.72)
EEP	0.01	**0.07***	-0.01	-0.03	-0.00
	(0.32)	(1.63)	(-0.47)	(-0.43)	(-0.20)
CEST	0.06	-0.01	-0.01	0.08	-0.02
	(0.82)	(-0.14)	(-0.46)	(0.65)	(-0.55)
DEST	0.04	-0.03	0.08	**0.35***	**0.17****
	(0.36)	(-0.27)	(1.48)	(1.69)	(2.40)
PEST	**-0.01***	-0.01	-0.04	**-0.02*****	-0.04
	(-1.63)	(-1.41)	(-1.04)	(-2.64)	(-0.97)
NEX	0.02	0.05	0.05	-0.01	**0.10*****
	(0.40)	(0.95)	(1.30)	(-0.12)	(2.98)
TEX	-0.04	0.03	-0.01	**-0.11***	**-0.03***
	(-1.54)	(1.01)	(-0.83)	(-1.84)	(-1.72)
IME	-0.02	-0.01	**-0.02*****	**0.05*****	0.02
	(-0.84)	(-0.62)	(-2.52)	(1.87)	(1.02)
EEXE	0.01	-0.17	-0.07	-0.08	-0.16
	(-0.84)	(-0.80)	(-0.71)	(-0.37)	(-0.87)
DUAL	0.07	-0.42	0.04	0.45	0.22
	(0.26)	(-1.44)	(0.23)	(0.92)	(0.92)
TURNEX	**-0.39***	**-0.51****	-0.20	0.02	**-0.43*****
	(-1.70)	(-2.33)	(-1.39)	(0.08)	(-2.77)
LAT	**0.38*****	**0.27****	**0.20****	0.28	**0.22*****
	(3.52)	(1.99)	(2.37)	(1.34)	(2.56)
AL	**-0.04****	**-0.02***	**-0.02***	**-0.07****	**-0.05****
	(-2.02)	(-1.72)	(-1.75)	(-2.25)	(-1.94)
ROA	0.09	-0.12	-0.28	1.31	**-1.24****
	(0.19)	(-0.12)	(-0.95)	(1.26)	(-2.26)
Q	0.02	0.03	**0.07***	0.04	**0.11*****
	(0.59)	(1.18)	(1.81)	(0.39)	(2.51)
Constant	**4.34****	2.68	**2.45***	1.57	**-0.10**
	(2.08)	(1.29)	(1.81)	(0.50)	(-0.08)

* - significant at 10%; ** - significant at 5%; *** - significant at 1%
Note: [(1)] D (-1): Dependent variables with a time lag.
Source: Elaborated by the authors.

On the other hand, the foreign professional experience (EEP) is significant at 10% for the model, with a positive impact on the variable remuneration (VARIA), that is, the increase of 1% in the proportion of executives with professional experience in others countries, increases their variable remuneration by 0.07%. This result corroborates the findings of Conyon et al. (2019), Giannetti et al. (2015), Schmid and Wurster (2016), Yuan and Wen (2018), and suggests that executives with professional experience abroad tended to receive larger variable remuneration. For Conyon et al. (2019) executives with foreign work experiences have personal and professional network with companies and international consulting services, which they would not have through purely academic experiences. These social networks lead to greater bargaining power for CEOs regarding the values of their salaries (Schmid & Wurster, 2016).

In the same line, the variable referring to the proportion of executives with foreign nationalities (DEST) is significant for the model with respect to compensation through stock and options (10%) and compensation through direct and indirect benefits (5%), with a positive impact on both models. This means that the increase of 1% in the proportion of foreign executives, increases compensation through stocks and options by 0.35% and increase the direct and indirect benefits by 0.17%. These results are similar to the studies by Conyon et al. (2019), Giannetti et al. (2015) and Iliev and Roth (2018), and indicate that the higher the proportion of foreign CEO's, the higher the executive remuneration. Traditions and cultural differences can weaken the monitoring of the behavior of foreign executives, which would make it easier to obtain private benefits (Giannetti et al., 2015). In addition, professionals who come from abroad, end up generating a greater interest of the companies, causing the remuneration to be higher. (Conyon et al., 2019).

In addition, the number of executives (NEX) is significant for the model at 1%, with a positive impact on executive compensation through direct and indirect benefits, that is, the 1% increase in the size of the executive board, increases by 0.10% the compensation for other benefits. This finding is similar to the findings of Carpenter et al. (2001) and Schmid and Wurster (2016) and suggests that the larger the size of the executive board, the greater the demand for supervision of CEO's behavior (Chen et al., 2008; Sonza & Kloeckner, 2014), which it would hamper the efficiency of executive monitoring, and facilitate private benefits.

The CEO's tenure (TEX) is significant for the model at 10%, with a negative impact in relation to compensation through stocks and options and direct and indirect benefits. In other words, the increase of 1% in the tenure of executives, decreases compensation for stocks and options by 0.11%, and direct and indirect benefits by 0.03%. Differently of studies such as Giannetti et al. (2015) and Schmid and Wurster (2016), this result indicates that the higher the tenure of the main executives, the lower the executive remuneration would be, resembling to the findings of Hermalin (2005) and Kaplan and Minton (2012). Based on the assumption that implicit and explicit incentives are substitutes (Tirole, 2006), and that the greater the tenure of the CEO, the greater his sense of stability in the position, the tenure would compensate for the payment of lower remuneration (Peters & Wagner, 2014).

Another aspect that seems to influence CEO's remuneration is the average age of executives (IME), which is significant at 10% for the model with a positive impact on compensation for stocks and options, in which a 1% increase in the average age of executives increases this type of compensation by 0.05%. This finding corroborates the studies made by Conyon et al. (2019), Jensen and Murphy (1990), Schmid and Wurster (2016) and Zhang et al. (2016), and suggests that older executives are more rewarded with stocks and options. This is because older executives find it easier to create networks of power (Jensen & Murphy, 1990), weakening corporate governance practices (Iliev & Roth, 2018), which could accentuate the search for private benefits. However, in relation to the fixed remuneration, the variable (IME) is significant at 1% for the model, with a negative impact, in which the 1% increase in the variable (IME), decreases by 0.02% a fixed executive compensation. This result indicates that older executives would have lower amounts of fixed compensation. For Herrmann and Datta (2005) older executives are better decision makers for companies, which tends to decrease the search for private benefits.

In addition, the occurrence of CEO turnover (TURNEX) is significant for the model at 10%, 5% and 1%, in relation to total, variable remuneration and direct and indirect benefits, with a negative influence on the three models. These results are similar to the findings of Jenter and Kanaan (2015), and suggest that the change of CEO frequently tends to decrease the amounts of executive compensation. The CEO's turnover may indicate that the company is experiencing financial difficulties due to the misconduct of the former chief executive, which means that it hires a new, less expensive CEO (Gilson, 1989), or that the company has effective

monitoring, which allows identifying more easily executives who are more likely to have private benefits (Chen et al., 2008). In addition, problems of adverse selection when hiring a new CEO, in which the company does not directly observe the qualities of the candidates, may be the cause of lower salaries in the beginning of the activities (Boyer & Ortiz-Molina, 2008).

The Total Assets (AT) variable is significant for the regressions referring to total compensation (1%), direct and indirect benefits (1%), fixed (5%) and variable (5%) compensation, with a positive impact on the four models. In other words, the 1% increase in total assets increases the total remuneration by 0.38%, the variable by 0.37%, the fixed by 0.20% and the direct and indirect benefits by 0.22%. These results corroborate the findings of studies of Giannetti et al. (2015), Iliev and Roth (2018) and Zhang et al. (2016), and suggest that the larger the size of the company, the higher the remuneration paid to executives. This is because large companies are better able to hire more experienced and qualified executives and would be willing to offer higher salaries in order to not lose their talented CEO's (Rahman & Mustafa, 2018; White, 2018).

In addition, financial leverage (AL) is significant at 5% for models referring to total compensation, compensation for stocks and options and direct and indirect benefits, and at 10% with respect to the fixed and variable compensation, with a negative impact on all models. In other words, the 1% increase in corporate leverage decreases the total remuneration by 0.04%, the fixed and variable remuneration by 0.02%, the compensation for stocks and options by 0.07% and direct and indirect benefits by 0.05%. These results contradict the studies made by Conyon et al, (2019), Shue and Townsend (2017) and White (2018), and are similar to the findings of Huang et al. (2018), suggesting that the higher the companies' indebtedness, the lower the executive remuneration. This is because indebted companies may incur in reducing agency costs for debt financing, resulting from greater external monitoring by creditors and bondholders (Ortiz-Molina, 2007).

Finally, the accounting performance (ROA) is significant at 5% for the model with a negative impact in relation to compensation through direct and indirect benefits, in other words, the 1% increase in ROA decreases the executive compensation through others benefits by 1,24%. It is aligned with studies such as Carpenter et al. (2001) and Conyon et al. (2019), and suggests that the higher the accounting performance, the lower the compensation for executives through direct and indirect benefits. In this sense, the sensitivity of remuneration to performance is accentuated in emerging markets, with weak governance practices, largely due to the control structure concentration (Ataay, 2018). For Jensen and Meckling (1976), a control structure concentrated minimizes agency problems through efficient monitoring, thus inhibiting the search for private benefits by executives (Mehadi & Mazumder, 2017).

On the other hand, the market performance (Tobin's Q) is significant for the model with respect to the fixed remuneration (10%) and for direct and indirect benefits (1%), with a positive impact on both models. In this line, the 1% increase in the companies' market performance increases the fixed remuneration by 0.07% and the direct and indirect benefits by 0.11%. These results are consistent with the study by Bugeja et al. (2014), Giannetti et al. (2015) and Sridhar and Kumar (2015) and suggest that the higher the market performance, the higher the executive remuneration. This is because the market performance demands greater knowledge and effort from the executives, in addition to increasing the risk, which makes the CEO's seek higher levels of compensation (Bugeja et al., 2014). These results are similar to the studies by Maloa (2018) and Sridhar and Kumar (2015), in the sense that executive remuneration seems to be more sensitive to market performance than the accounting performance. While accounting performance would not be a determinant of the CEO's compensation policy, market recognition for the good performance of companies would influence executive remuneration (Sridhar & Kumar, 2015), because market conditions determine supply and demand of executives' skills and knowledge (Maloa, 2018).

5. Final Remarks

In order to analyze the influence of foreign experience on the remuneration of executives of Brazilian companies, regression models were estimated with panel data using the GMM-Sys method, using executive compensation as a dependent variable. As a result, it was found that, in all models, at least one variable of foreign experience is statistically significant, however, the magnitude of its influence on executive compensation changes, depending on the type of compensation analyzed.

In this sense, the greater the proportion of foreign academic experience, the lower the total compensation, the fixed remuneration and the direct and indirect benefits paid to the executives. Thus, differently, the reality of the United Kingdom (Conyon et al., 2019), China (Giannetti et al., 2015) and Germany (Schmid & Wurster, 2016), it is suggested that, in Brazil, having foreign academic experience it would not be a motivator to increase executive compensation. This situation approaches the findings of Machado and Sonza, (2018), who argue that the foreign academic experience in Brazil would be an institutional isomorphism. In this sense, hypothesis 1 of this study is rejected. In the same line, the greater the foreign ownership, the lower the total remuneration and compensation amounts through executive stock and options. This result evidences that, in Brazil, the increase in informational asymmetry, enhanced by the geographical distance between companies and their owners, in addition to cultural aspects (Khlif et al. 2017), would negatively influence the executive compensation.

On the other hand, the foreign professional experience would increase the remuneration of the executives of Brazilian companies, which is similar to the reality of German companies (Schmid & Wurster, 2016). This result is consistent with the empirical evidence that the foreign experience would promote an accumulation of human and social capital, able of generating competitive benefits for companies, increasing the amount of remuneration paid to executives (Conyon et al. 2019). Also, it can be inferred that executive compensation becomes more sensitive to performance when executives have experiences abroad (Ginnetti et al. 2015). Thus, hypothesis 2 of this study is not rejected, assuming that, the greater the proportion of foreign executives, the higher the remuneration through stocks and options and direct and indirect benefits. The presence of foreign executives would increase the demand for quality of the CEOs, which would increase the amount of remuneration (Masulis et al. 2012). Thus, these results suggest that Brazilian companies tended to value foreign professional experience and the fact that the executive is from another country.

In addition, the characteristics of the executive board influence the CEO's compensation policy, where, the greater the number of executives, the greater the remuneration through direct and indirect benefits. However, the tenure of the executives decreases the compensation through stocks and options and direct and indirect benefits. In the same line, the CEO's turnover tends to decrease the total and variable remuneration and through direct and indirect executive benefits. The average age also impacts the amount of executive compensation; however, the results are not conclusive. This is because older executives tended to receive higher long-term compensation, through stocks and options, and lower amounts of fixed compensation.

Also, the size of the companies influences the executive compensation policy, as large companies tended to pay higher total, variable and fixed compensation and through direct and indirect benefits. Another aspect that seems to influence executive remuneration is the companies' indebtedness, because the greater the financial leverage of the companies, the lower the executive remuneration would be. In addition, the higher accounting performance is related to a lower compensation through direct and indirect benefits, and the greater growth opportunities are related to the greater fixed remuneration and direct and indirect benefits.

It should be noted that the relation between the variables may be endogenous, and is limited to the information available in the reference forms published at the central system of

the Brazilian Securities and Exchange Commission (CVM). Finally, it is believed that research on the impact of foreign experience, considering countries and their respective legal origins, would be good paths for further research.

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