MULTINATIONALISM IN MANAGEMENT

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FOR DISCUSSION PURPOSES ONLY

ABSTRACT

This paper presents the hypothesis that multinational companies with a mixed integration of management--home and host country managers--will outperform multinationals with another composition of management, assuming similar experience, abilities, and international perspectives of managers and given equitable respect and recognition of the potentials of those managers in a multinational order.

The author discusses first the organization theory and philosophy of management. Second a brief description of multinational practices is presented, and, third, several arguments based on other propositions and selected studies are given to support the hypothesis. Finally the author briefly suggests further research to strongly validate the proposition.

Contents

Organization Theory: A New Dimension

Organization theory is already broad, taking in innumerable problems and variables which it attempts to solve or understand, and building a descriptive theory with the purpose of improving our organizations through the establishment of norms. However, the theory must also expand to accommodate all human environments of our changing world.

The theory of organizations must be based on a philosophy of management, which should be kept in mind during development of the theory. Unfortunately, this philosophy is not explicitly recognized creating confusion among theorists and researchers in the field. Such recognition would not give us immediate results, but indeed would help us to simplify the process of new discoveries and understanding, and perhaps to recognize two major branches in the theory: environmentalist and multi-environmentalist. (A multi-environmentalist approach is considered the ultimate environment. This idea will become clear in our context later in the paper.)

We define environment as a space bounded by acceptable cultural, economic, political, technical, legal, and social norms (legal and social norms may be included in others but because of their importance we mention them independently) which, while they

may change through time, are historically identifiable with a particu-

lar set of geographic, human, and political delineations. Therefore

a multi-environment would be that in which we include several en-

vironments which conform with the ultimate frame of our surroundings.

The acknowledgment of several environments creates a new

dimension which, although it appears to increase the complexities

of the theory of organizations, actually simplifies our analysis and

also allows us a better orientation in the search of new findings.

Looking at existing organizations, we observe that most

fall between the two categories--single and multi-environment--but

for practical purposes we identify them with one of the two. For

example a company with domestic operations would be enclosed in a

single environment; when the business expands its operation abroad

(outside national borders), however, we have to recognize a new

dimension that may develop into a totally new and full environment

(the ultimate environment). In the domestic part of our example we

take foreign supplies, as exogenous variables of the system; in the

totally international phase these exogenous variables may be deter-

mined by factors endogenous to the new geographic, human, and

political limits of the system; for example, supplies may come from

foreign subsidiaries. In the multi-environmentalist approach,

organization theory should be expanded to include this new dimension

and its effect on existent variables or elements.

In this paper we are interested in the management/performance relation of organizations working in a multiple-environment--specifically, in the management composition of the multinational corporation and its relationship with performance. My hypothesis is that multinational corporations (MNC's) having a mixed management (multinational integration) will perform better than similar organizations with any other composition of management. Mixed management includes managers from those countries in which MNC's are operating; thus we can state our hypothesis as follows:

> Multinational companies with an integration of
> management--home and host country managers--will
> outperform multinationals with any other composition
> of management.

Objective

The purpose of this study was to search the literature (selected periodicals 1969-75) to find previous research and arguments which may support this hypothesis and to present and comment on my findings. At the end I briefly suggest further research to validate more rigorously my initial findings.

Definitions

In order to pursue this objective we need a common basis for departure. The first question that we may ask ourselves is what is a multinational corporation or a multinational business (entity, organization, etc.)? In a simple form it is a corporation doing business outside the national borders of the country in which it first initiated operations (home-country). However this definition must be expanded to accommodate different stages of development of the corporation's international operations (here we use international and multinational as synonymous). The type (or stage) of operation and its intensity are going to have a great impact on the hypothesis and on the performance of management. The scope of operations does not necessarily make a firm multinational. The character of the firm (domestic vs. international) is not determined solely by the geographical delimitation of its operations, but also by its personality and self-esteem in the international order. Moreover, to be correctly characterized as multinational the firm should embrace a complete set of variables with multinational content.

Wooton [43] recognizes the following steps leading to a fully multinational corporation: (a) exports; (b) organizational structure represented in a foreign country; (c) transference of know-how; (d) establishment of foreign manufacturing facilities; (e) multi-

<u>nationalization of management from top to bottom</u>, and (f) multi-

<u>nationalization of ownership</u>. Stich [38] identifies four stages in

foreign involvements: (1) marketing-administrative; (2) initial foot-

hold (direct investment); (3) shared responsibility (shared owner-

ship, parent dominance), and (4) transnational (disregard of national

boundaries). These steps emphasize the final and broad scope of a

multinational character in the firm. The authors do not consider a

complete international nature to be attained only by the geographical

scope of a firm's operations. This distinction will be critical with

respect to the integration of management. As soon as a firm moves

toward multinationalization its problems expand dramatically and its

need for a high and broad managerial perspective increases even

further.

Another factor to consider is the intensity of multinationali-

zation, or the degree of internationalization of the overall entity.

In simple form, or as an expression of this factor, we may consider

the percentage ratio of foreign business to national business. How-

ever, by accepting any relationship in this order, we automatically

recognize an enterprise which is moving toward multinationalization

but which is in a stage previous to it. (Otherwise the measure is

meaningless, because the multinational character considered in the

final steps of development would qualify any operation of

international nature.) In practice it seems that there are few, if

any, firms in the final stage of multinational organization--i. e.,

most of the firms considered as MNC's are really in a previous

stage.

In summary, I considered as fully multinational an organi-

zation in which two or more nationalities contribute in all the orders

of the enterprise, mainly those related to ownership, management,

operations, and control. Most actual business entities are in one of

the stages before complete multinationalization (even though they

may remain static with respect to their present stage), and there-

fore, their level of mixed-management integration should be in pro-

portion to the intensity and degree of their multinationalism. (I con-

sider intensity the relationship of foreign to domestic operations,

and degree the stage of multinationalization.) Nevertheless my

hypothesis holds for any firm of multinational character but classi-

fied in any of those stages mentioned before.

Toward a Normative Theory of Management in MNC's

In practice MNC's (we are hereafter going to include all of

them, independent of their stage) usually separate or divide their

organizations as to domestic and foreign operations, therefore they

have two levels of management based on the location of operations

(we distinguish between location of operation and location of
management). The management or assignment policy of these
organizations varies according to the location of operations.
Perlmutter and Heenan [30] define four categories of appointed
managers: a) ethnocentric: home country nationals in key positions
throughout the world; b) polycentric: keeping locals in those posts;
c) regiocentric: assigning personnel on the basis of a common re-
gion; d) geocentric: from everywhere in the world serving anywhere
in the world. Undoubtedly this system of classification is oriented
to a firm which is not fully multinational, because it applies more
to the appointments that headquarters makes with respect to foreign
operations (subsidiaries' appointees).

I suggest "a mixed-management integration" which includes
personnel from home and host countries (I extend the concept of host
to those firms which deal only with foreign markets and which may
not have subsidiaries there) in different levels of management, but
especially in the principal management of the organization, both
domestic and foreign. My hypothesis suggests that nationals from
host and home countries in relatively high level positions will out-
perform any other organization having similar operations and dif-
ferent integration of management. Naturally the level of performance
would be a function of the organization design; however, comparing

two firms with similar organizations we may find a higher level of

performance in the firm having national managers from its host

countries.

In the optimum level of integration nationals from abroad

participate in the highest echelon of management and therefore con-

tribute to the general management of the firm without regard to

specific markets. (We also consider a scope of multinationalism

depending on the number of countries in which the firm operates.)

In this paper, however, we are mainly interested in the proposition

of multinational participation of management, as a function of the

countries in which the firm operates, and giving indirect con-

sideration to the organizational design (which may be the result of

the operations and philosophy of management of the firm). In this

respect we foresee a scheme in which foreign nationals would

manage foreign operations and also participate in the general manage-

ment of the whole firm. It is important that we interpret nationals

as those managers whose perceptions, understanding, and knowledge

of foreign markets allow them to operate internationally, however

marginally we accept the participation of other managers from

similar regions or from the neighborhood, but with similar indigenous

characteristics. (We use marginally in the sense of in the absence

of pure nationals and as a possible alternative due to economic

integration, common purposes, and similar socio-economic factors.)
However, as I pointed out, these managers' main characteristic
would be such that they may act and rationalize as pure local mana-
gers. A necessary condition of the hypothesis, and one of the most
important considerations in this study is the firm's recognition of
the potentials and abilities of foreign-local managers and of their
different philosophies of management. Without this condition the
system is not going to work as desired and, therefore, may not be
the optimum integration of management.

Present Situation

It is very difficult to find concise information about multi-
national corporations because: (1) this is a relatively new field in
academia (although in practice, as the concept of multinationalism
spreads, we find a parallel in the origins of exchange between
ancient tribes); (2) firms and governments are sensitive about dis-
closing their dealings; (3) research encountered has had different
objectives. The United States accounts for approximately 60 percent
of the total multinational corporations. Therefore, the trends of
U. S. MNC's should provide an idea of the expansion of such oper-
ations. According to Rhodes [32] the number of U. S. activities over-
seas (including new establishments, expansions, and licensing

agreements) increased from 1, 155 in 1961 to 11, 863 in 1972. Of

those firms few are using the services of foreign nationals. In a

survey of 150 of the largest MNC's Simmonds found that fewer than

1 percent of the senior headquarters positions were filled by foreign

nationals. Franko [6] found that "the percentage of foreigners

among all 647 European and 932 U.S. company board and manage-

ment members is only 0.9 percent for U.S. based companies and

2.9 percent for companies headquartered in Europe." Foreign top

managers in these firms are only 0.5 percent in the case of U.S.

firms and 2 percent for Europeans. (If Unilever, Shell, and Nestle

are excluded it drops to 0.8 percent.) It is important to note that

those studies refer to any foreigner and not only to nationals of

those countries in which the companies operate.

Franko also reports that in 1960 more than 70 percent of

the subsidiary heads in eight European multinationals were expatri-

ates. Even though, the pattern may differ over time. For example,

of those U.S. subsidiaries operating in Belgium before 1958, 24 per-

cent were managed by a U.S. expatriate, but of those formed be-

tween 1966 and 1968, 56 percent were headed by U.S. citizens.

In any case, the number of domestic expatriates operating

businesses abroad is extremely large. (Ivancevich reports that

more than 35,000 U.S. expatriates are currently working abroad

in 1970; the author thinks that this is an underestimation.) This situation imposes a huge barrier to the research for empirical evidence needed to support my hypothesis; however in the final section I suggest an approach to overcome these difficulties.

Advocating Integration of Mixed Management

In order to discuss arguments to support my hypothesis we must realize that firms pertinent to my study because of their stage of multinationalization are those in which we can distinguish between domestic and foreign operations (leaving aside considerations of the degree of their involvements abroad). The first consideration, therefore, is the dual character of the firms which pursue different attitudes according to the location of operations. Unfortunately in academia these conditions have encouraged research in management abroad either as comparative studies or as multinational problems in MNC's, which has led to a lack of research in the integrated management systems approach. Most of the literature, therefore, looks at management abroad (by country) by comparing different philosophies of management and the problems that MNC's encounter when they send their managers overseas. The proposition advocated in this paper evolves in the context of management in general, either in headquarters or subsidiaries. Most of the discussion is to

be oriented to management of subsidiaries, however, because of the aforementioned lack of information.

I will now discuss briefly several arguments that seem to support my hypothesis.

Environment

Skinner [37] considers four intermeshing systems in which the overseas manager must function: (a) cultural, (b) economic, (c) political, (d) technical. These four systems will interact (the dynamics will be a function of the intensity and degree of operation) in each country in which we may do business; therefore we must first concentrate on a single country.

The experience and simple intuition of a rational citizen may help show the complex effects of these systems in a single country, whereas many laymen and professionals do not understand the interaction; yet, as we know, understanding his environment is crucial for the businessman. Administrative sciences attempt to discover new techniques that allow managers to develop their task in an efficient manner, with the aim of optimizing the performance of the firm. As we encounter so many conflicting variables that are not well defined and explained (because of the state of the art), our first approach is to provide a rationale for our functions;* however

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*the point that I want to stress is the complexities that we encounter in a single country which are a challenge to the businessman.

the tools we apply to understand our environment, contrary to those

used in the pure technical sciences, are derived from the same

environment. In other words, culture, economic and political sys-

tems, and technical developments form the basis of the tools which

are going to apply to understand the same environment. *

We may argue that the preceding reasoning is not valid because

in different countries we may apply similar tools derived from other

environments and indeed, that may be true. Our main concern, how-

ever, is with the need to adapt any tool to the environment in which we

are going to utilize it; if we want to apply the tools in a different con-

text we have to pursue a new adaptive process. Therefore, as soon as

the enterprise operates in different environments, we are going to have

different approaches or techniques to use in each particular country

or region.

Multienvironment

Any firm that is considered multinational will have a final

environment, or multienvironment, in which we may identify differ-

ent characteristics of particular sub-environments. The complexities

we are discussing will increase with the number of locales in which

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*As we will discuss later, the same approach has been guiding
managers to understand different countries; however this may be
one shortcoming of MNC's management approach.

the firm operates. It is also important, therefore, to consider the degree to which operations are multinational, because the complexities and interactions are a function of this degree. In other words, a company which has separate and independent units working overseas will not have the same kind of problems it would have were its operations completely integrated--i.e., if its facilities produced in one country to serve other units in the same company. If the firm has independent units, the complexities of the multienvironment condition would be relevant in the highest echelon of the organization (centralized) but less important at the level of the independent units themselves.

In the multienvironmental condition, the complexities and interaction of the intervening variables in a simple environment will increase with the number of intervening environments and the firm will then be dealing with an endless chain of relationships. To cope with this final new environment I propose the mixture and integration of managers coming from those regions or countries which contain relatively important operations (relativeness and intensity should be considered in terms both of the firm and of competitors). A mixed group of managers with equivalent ability and background in their respective countries and with an international perspective will perform better than a group of managers from the same country. (We stress here headquarters management.) The reason for better

overall performance of the firm will be based on the highest under-
standing of the environment from which those managers come and
due to highest performance in the managers own countries. The
international perspective is determinant because it is the basis of
the integration of management, thus of the firm--an understanding
of international business.

Culture. Of the four systems suggested by Skinner the
cultural is the most important, because human beings are the most
active and important elements in the international business. There-
fore the values, beliefs, customs, motivating factors, status symbols
or role perceptions, social needs, and characteristics, etc., of
those individuals are the most relevant factors to consider in the
management of MNC's.

It is indispensable that managers from those companies
understand the culture of the countries in which they are operating;
doing so the best, given equivalent abilities and education, will be
managers who come from countries in which the firm participates.
Evidence that seems to support this argument is provided by
Thiagarajan [40] who studied the level of satisfaction and adjustment
of expatriate Americans from the initiation of their assignment to
their return home. (See also Miller [23].) He found that after the
assignee's excitement in the early period of his job overseas, his

level of dissatisfaction increases, but diminishes immediately when

he returns home. Thiagarajan discusses the expected behavior of

people and its relation to the society in which they developed:

> People who have spent most or all of their childhood and
> adult life in a particular socio-cultural environment
> learn to adapt themselves to the norms and expectations
> of that society; they respond psychologically and emo-
> tionally to situations and other people in certain pre-
> determined ways that are readily understood by their
> family, friends, colleagues, and others; they in turn
> understand the behavior of others and participate in a
> give and take of psychological and emotional gratification.

Obviously, the personality, characteristics, and behavior of managers

are shaped by the culture in which they developed, therefore it is

logical to expect that because of the strong influence of the environ-

ment in the initial stages of their education, managers are going to

understand and perform better in their native environments. (Al-

though we do not overlook that culture is dynamic, the identification

with previous stages reinforces the relationship with co-nationals,

and thus the manager's overall understanding of human behavior).

We must consider that performance of managers is not only

a function of their personal characteristics but also of the perceptions

of others with whom they do business. Therefore it is important

that managers come from environments similar to those of the

people with whom they are going to operate, to receive an open and

equitable attitude from people in the country. (We focus our

attention on the general or average culture of the country and not on a particular class.)

Shetty [33] discusses five qualities of the overseas executive: technical skills, belief in mission, cultural empathy, a sense of politics, and organizational ability. Fayerweather [5] recommends the overseas executive be objective, open-minded, tolerant, and well versed in the history and life of his host country. Of course a local-foreign manager (in the case of the subsidiaries) will perform better than anyone who has grown up and been educated in a different environment because the psychological, emotional, and behavioral norms cannot be learned (the learning curve always has limits). Furthermore the cultural empathy of local managers will improve their perceptions of co-nationals.

This will be an important element in headquarters management because foreign local managers will increase the understanding of foreign operations and facilitate different perspectives which will increase business success.

Management Style. Alpander [1] found that in foreign countries U.S. executives change their management style from employee orientation to task orientation and from a participative approach to a more authoritarian approach. Alpander distinguishes between personality and management style--i.e., between individual

differences and distinctive management approach. Considering that most managers are selected for overseas positions primarily on the basis of technical skills (see Miller [25]) this authoritarianism may not be a surprise. It is possible that the explanation for it would be found in the mistaken application of the techniques and approaches used in the United States without adaptation, and also in a lack or deficiency in skills and knowledge of psychology. It is not possible that this change in management style shows a failure to understand local workers. The change is toward an isolationist approach, from employee to task orientation. It is also possible that this result shows a lack of preparation or proper background of the appointee.

Alpander's findings are interesting and should be evaluated also from the point of view of home-country management style, i. e. , what differences do we have between pure local companies and the MNC's? If the end result is the same--equalization of management (similar approaches locally and in foreign basis)--those findings indeed support the idea that better training and the early adaptation of management techniques to different regions are needed. However it appears unlikely (from the present practices of sending strong technically oriented managers abroad) that we are moving toward a culturization and adaptation of this management style. In any case Alpander's study supports my hypothesis recognizing differences in

the management approach in overseas position--local managers may
be better prepared to overcome difficulties in their own environments,
and their presence on a headquarters board may enlighten general
management of MNC's as to the differences in business abroad.

Differences in management philosophies and management
approaches are found in several studies of comparative management
[17, 27]. If we accept those differences we may ask: what is the best
way to do business? The MNC's answer will be found when the per-
spective changes to: what is the best way to do business overseas?
The answer will be determinant, and if there is an answer (as
empirical studies suggest) we may agree that a local manager will
be in a better position to outperform any other foreigner having
similar skills and background.

Negandhi [27] found that environmental and cultural variables
are dominant factors in shaping management practices in a given
country, but relationships between environmentally attuned practices
and their effectiveness still must be determined. Therefore it seems
that management styles, approaches, philosophies, etc., are heavily
influenced by the environment, and the process of adaptation and
learning may be improved if the so-called MNC's really adapt a
multinationalization in personnel. This policy will have a higher
pay-off in the performance of the corporation as a whole. A few

companies are working in this direction, but they should accelerate

the pace for their own benefit.

Zinke [44] expresses his belief that there is a common denomi-

nator for multinational corporations based on human factors, or as

he called it "peoples-problem." If indeed this is one of the common

denominators for multinationals, it is also going to be one of their

great differences depending on the regions or countries in which

those companies operate. Therefore we have to have a multinational

perspective when we deal with our personnel, unfortunately this has

been neglected as is shown in several studies of the process of how

MNC's appoint personnel abroad [25, 33].

MNC's performance

Stich [38] developed a study to determine the performance

of MNC's having 25 percent of their sales and 20 percent of their

assets outside the United States. Stich compared the performance

of 900 companies (U.S. industrial firms) divided in four groups

according to the type of involvements abroad. Of the four groups

the highest comparative performance was found in the transition

group, i.e., in the shared responsibility stage (shared ownership,

parent dominance). Analysis of the four groups revealed that the

groups in which nationals participate the most (as owners therefore

influencing management, managers, or both) are also those which have higher success, even solely on the basis of U.S. standards. This finding supports my hypothesis relating performance to local managers. The key issue is local involvement--a better knowledge of the area and ways to do business locally. I would like to extend the research to differences in the performance-management relationship, but to do this we must select the variables by which we are going to judge performance and isolate the local managers' participation.

In appraising MNC's performance we must also consider differences in management philosophies as dictated by local and international factors, i.e., differences in productivity between countries, type of industry, protectionism, etc. Thus, we need to thoroughly analyze the multidimensional problem to separate the influence of external factors and management's performance per se. Is it possible, for example, that importing Japanese management to the United States allows us to improve productivity, or is it better for a U.S. manager to attempt to apply Japanese techniques in the United States? My hypothesis suggests that the best solution is the one in which both parties find a solution for the problem, i.e., a multinational management approach.

Shetty [34] found that most subsidiaries of international

corporations are significantly more efficient than local companies

whether efficiency is measured in terms of rate of return on invest-

ment, rate of expansion, or both. Even though these efficiency

measures do not consider differences in resources and technology

(economies of scale) it is possible that subsidiaries may be better

than local companies. This argument is not in conflict with my

hypothesis, however, because I suggest that multinationalism in

management is going to perform better than any other management

integration. If in fact those subsidiaries outperform local companies,

they would do better if they were managed by locals in the mixed

arrangement that I propose. (The study does not report the number

of companies in the sample that were managed by locals.)

Actual Practice

The information gathered presents some of the facts or

actual practices that companies are pursuing in doing foreign business

transactions and from which we can infer the need for improvements

in the management approach.

In a study about the information sources utilized by head-

quarters executives in multinational companies Keegan [18] found

that "human factors were clearly more important than documentary

and physical phenomena sources combined, accounting for 67 percent

of all important external information reported by respondents." This

is a critical issue if we consider that information is the basis for the

manager's decisions. My contention is that in a different culture or

environment this information will be available to those who can com-

municate. In other words the manager should be able to identify with

his environment and be acceptable and understandable by the elements

in that environment. In order to follow that goal MNC's are in a better

position if they have a local or local foreign manager. Although we

must recognize that the availability of information is not per se assur-

ance of a better performance, we should also recognize that to per-

form and make decisions, the guess-estimation that we have to make

will be more reliable if it is based on information and therefore the

availability of information will be a determinant of success.

MNC's show an ethnocentric attitude and, as Perlmutter

[30] indicates, "by [their] consistently relying on expatriates for key

head office and operating company positions, the hostility of local

managers is being heightened." Thus we have to think in terms of

the expectations of local personnel working in the subsidiaries: either

they may be dissatisfied with management, or management's qualifi-

cations are low in terms of the environment. When local workers

are not highly motivated because they cannot expect promotion to

higher positions in the firm, the actual policy of the MNC's is not

optimal. One supposes intuitively that a company with this type of

policy could not do better than one with a policy offering its personnel

some incentive. According to Perlmutter ethnocentric attitudes are

found in subsidiaries with the following symptoms: (1) a high percentage

of all communications between headquarters and subsidiaries deals

with problems of expatriate adaptation to overseas living; (2) person-

nel offices allocate more time to counseling expatriate managers than

domestic ones; (3) foreign MBA's are not considered to be as eligible

for international service as home-country MBA's; (4) there is a high

turnover of foreign managers (Miller reports 15-20 percent [25]).

It is self-evident that a company with a multinational-management

approach would overcome many of the above-mentioned problems,

which in practice mean lower efficiency.

Ethnocentric attitudes are also uncovered by Miller [25] and

Risto [33] in their studies about international selection decision.

Miller found that "the selection of managerial personnel for inter-

national assignments does not differ in principle from the selection

of individuals to occupy managerial positions in domestic operations."

Thus no consideration is given to the characteristics an individual

needs to work overseas. Miller also found that the most desired

characteristics for appointees were based on technical skills and

background and the least important were related to previous

experience in similar assignments. With the standards the same as domestic assignments, how do we assure a good performance from personnel sent abroad with a background of domestic environment and management philosophy? Possibly we should look for personnel with other characteristics, maybe those that are typically required in local-foreign managers.

In a different study Miller [23] found that expatriate Americans were dissatisfied with their jobs, depending upon the location of the position. This finding suggests that there are differences in the international environment and because companies are not paying attention to them in the selection process they create dissatisfaction in their appointees. Therefore, how can MNC's expect that the performance of managers will be outstanding if satisfaction--one of the gears to motivation, initiative, and success--is lacking.

Besides the impact that an expatriate failure can provoke in the subsidiary, we also face an ethical issue with the re-entrance of the home-manager to his country. From the point of view of the company this is also a failure of the selection process which, in turn, has an economic impact ($59,000 can easily be spent sending a manager abroad [28]) and can cause delays which may have a crucial effect in opportunity cost to the company.

Policy

Given the previous it seems logical to suggest that firms adopt a multinational approach to management because of the benefits they are going to attain in terms of higher performance. But even more than because of this short-run benefit, it seems wise to move in this direction in view of the increasing pressure by foreign governments to impose quotas and personnel restrictions on MNC's. As a matter of policy MNC's should internationalize their management to better cope with the nation-states in which those firms operate. Regularly we observe that foreign governments impose restrictions on MNC's; or sometimes they react abruptly against them. If mixed management is going to be a gain for operations, and thus performance, why not adopt it?

Conclusion

The evidence presented in this paper, based on findings reported in the literature, seems to support the hypothesis: Multinational companies with a mixed integration of managers--home and host country managers--would outperform multinationals with another composition of management (assuming similar experience, ability, and international perspective for managers as well as equal respect for and recognition of their potential).

Further Research

Evidently to reach a final and definite conclusion we have to design an ad-hoc study to validate the hypothesis. In order to do so we must analyze the multidimensional character of the issue and select appropriate variables for testing the proposal. In that respect we may critically evaluate potentially superior performance dealt with in our proposition, and given the differences in environments and companies, we need to select those variables which represent that variance. In other words we have to define the standards with which we are going to evaluate the companies. Definitely those standards should have an international character, therefore the first task should be to incorporate those variables which show differences in management and environments. The second step should be to classify companies by type of organization, sector, size, stage of development, location, objectives, etc., and, by cross-sectional analysis, evaluate their performance by use of the previously selected standards. (Since there may be few firms to study because of the actual practices which most of them follow, the future research may be developed by simulation or controlled experiments.)

Definitely this suggestion should be enlarged; however my main objective in this paper was to present a new hypothesis with the hope that it will encourage research to better understand and properly delineate our multinational organizations.

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