MULTINATIONALISM IN MANAGEMENT

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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.
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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 particular set of geographic, human, and political delineations. Therefore a multi-environment would be that in which we include several environments 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 determined 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-
nationalization of management from top to bottom, and (f) multi-
nationalization of ownership. 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 organization 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 therefore, their level of mixed-management integration should be in proportion to the intensity and degree of their multinationalism. (I consider 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 classified 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 region; 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 outperform any other organization having similar operations and different 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 contribute 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 consideration 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 management 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 managers. 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 multinational 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 disclosing 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 operations. According to Rhodes [32] the number of U.S. activities overseas (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 management 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 expatriates. Even though, "the pattern may differ over time." For example, of those U.S. subsidiaries operating in Belgium before 1958, 24 percent were managed by a U.S. expatriate, but of those formed between 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
described 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

*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 systems, 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, however, 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 context 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 different characteristics of particular sub-environments. The complexities we are discussing will increase with the number of locales in which

*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 com-
pany 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 per-
form 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 understanding 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. Therefore 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 emotionally 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 environment in the initial stages of their education, managers are going to understand and perform better in their native environments. (Although 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 perspective 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 investment, 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 headquarters 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 communicate. 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 assurance of a better performance, we should also recognize that to perform 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 qualifications 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) personnel 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 international 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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