

Foreign Multinationals in the United States

Management and performance

Edited by

Geoffrey Jones and Lina Gálvez-Muñoz

Routledge International Studies in Business History



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London and New York

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Why do so many foreign firms in the United States experience disappointing performances?

The United States is the world's largest host economy for foreign multinationals. Although the growth and impact of these firms in the United States has been the subject of extensive studies, their management and performance has been largely neglected.

In this volume, leading scholars in international business and business history in the United States, Europe and Japan examine the experiences of a range of firms in the US. They look at British, Canadian, French, German, Spanish and Japanese firms, and span sectors including automobiles, banking, electrical goods, petroleum and steel. Together, their contribution presents a unique evolutionary and comparative perspective on the management and performance of foreign companies in the United States over the past 50 years.

This book will be of essential interest to all those with a professional or academic interest in international business, management, business history, or business in the United States.

Geoffrey Jones teaches at the University of Reading, UK, and at Harvard Business School, US. He has published widely on the history of international business, including *The Evolution of International Business* (1996) and *Merchants to Multinationals* (2000). He is currently completing a history of Unilever since 1965. Professor Jones is a former President of the European Business History Association, and currently President of the Business History Conference in the United States.

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Preface

The idea of this book originated in a conference on *Management and performance of foreign companies in the United States*, held in Unilever House in Rotterdam in August 2000, and sponsored by Unilever within the Unilever History Project directed by Geoffrey Jones. During the research on the history of Unilever it emerged that that company, although one of the world's largest multinationals, accustomed to operating in diverse political and economic environments, had experienced acute difficulties managing in the United States. It seemed appropriate to establish whether this experience was unique, or part of a wider trend. It turned out that it was not easy to establish such a comparative picture. The United States is by far the world's largest host economy for multinationals, yet there is considerable anecdotal evidence about the managerial problems experienced by foreign companies investing in that country. Yet the number of well-documented case studies of such problems is remarkably small. We started to be as interested in the uniqueness of the United States as a host economy as the companies treated in this volume. Like them, we also had our 'American Dreams' and the conference and this volume is the outcome. We were lucky to attract an international team of scholars, drawn from the United States, Japan and Europe to participate in the project. Although each of the chapters in this book began their lives at the Rotterdam conference, they have all been rewritten extensively for publication.

We would like to thank Unilever for both sponsoring the project and allowing the editors absolute autonomy. Several individuals made important contributions to the successful completion of the project. We would like to thank Jaap Winter and Ton Bannink from Unilever for their helpful assistance and many kindnesses when organizing the conference. In addition to the team of contributors, who rewrote their original conference papers with remarkable thoroughness and speed, we would like to thank Ferry de Goey, Peter Miskell, Keetie Sluyterman, Barry Supple, Rob von Tulder and Joop Visser for their help as chairmen and commentators during the conference. We hope that the following pages will demonstrate the contribution

business history can make to the study of major issues in contemporary business.

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Lina Gálvez-Muñoz
Boston and Reading, January 2001

Contributors

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1 American dreams

Geoffrey Jones and Lina Gálvez-Muñoz

This volume is concerned with foreign-owned companies in the United States. During the postwar decades academic and media attention was focused on the enormous size and impact of US multinationals on foreign countries. They were variously lauded for transferring superior US management and organizational skills to the recipient countries (Dunning 1958) and condemned for their threat to national sovereignty (Servan Schreiber 1968). Multinationals were often treated as synonymous with American firms, and the reverse story – of foreign companies in the United States – was barely considered an issue. An article in the leading journal for the study of multinationals, *Journal of International Business Studies*, published in 1974, observed that ‘almost nothing is known about foreign manufacturing investments in the United States’ (Arpan and Ricks 1974). By then, however, foreign multinational investment in the United States was mounting. Twenty years later foreign investment in the United States was almost equal to American investment overseas. There has over this period emerged an extensive literature on the growth and impact of foreign business, written both by scholars and by others concerned especially to warn of its alleged dangers and threats.

The wide-ranging literature on foreign multinationals in the United States is reviewed below, but the purpose of this study is to focus on one major issue – the management and performance of foreign firms – and to examine it at the micro-level. While there is considerable anecdotal evidence about the managerial problems experienced in the United States by foreign companies, the number of well documented case studies is minimal, and the issue has never been addressed in a book-length study. This volume is distinguished by its attention to the experience of individual firms examined over substantial time periods since 1945. The studies include some of the largest inward investors in the United States, but also cover examples of smaller companies and non-traditional investors in the United States. The following chapters are written by some of the world’s leading scholars on the multinational enterprise and business history. They are distinguished by their range of expertise and by the variety of national experience. The remainder of this chapter will provide