

# Contents

## Part 1

<b>Features of European Multinationals</b> . . . . .	1
<b>International Competitiveness of European Industry</b> . . . . .	5
<i>John M. Stopford</i>	
1. Introductory Remarks . . . . .	5
2. Framework for Analysis . . . . .	6
3. Economic Policy . . . . .	7
3.1 Fiscal and Monetary Policy . . . . .	7
3.2 Regulatory and Social Policy . . . . .	9
4. Business Policy . . . . .	10
4.1 Production Capability . . . . .	10
4.2 Corporate Strategy Adjustments . . . . .	11
5. Future Challenges . . . . .	14
<b>European Multinationals: An International Comparison of Size and Performance</b> . . . . .	15
<i>Alan M. Rugman</i>	
1. Introduction . . . . .	15
2. Size and Performance of European Multinationals . . . . .	15
3. Conclusions . . . . .	21
<b>Japanese and European Multinationals in America: A Case of Flexible Corporate Systems</b> . . . . .	23
<i>Yoshi Tsurumi</i>	
1. Japanese and European Paradox . . . . .	23
2. A Revised Theory of Product Life Cycle (PLC) . . . . .	24
3. Corporate Culture as a Firm-specific Technology . . . . .	29
3.1 Management Leadership Style and Ideology . . . . .	32
3.2 Human Resource Development . . . . .	32
3.3 Personnel Rewards and Job Performance Evaluation . . . . .	32
3.4 Management-Labour Relations . . . . .	33
4. Conclusions . . . . .	33
Appendix: Estimation of Technological Progress of the Japanese Automobile Industry . . . . .	35
<b>New Multinationals in Europe</b> . . . . .	39
<i>Michel Ghertman</i>	
1. Some Present Research Results about New Multinationals in Europe . . . . .	39
2. U.S. and European Multinationals in International Oligopolistic Competition . . . . .	41
2.1 The Static Model . . . . .	41
2.2 The Dynamic Model . . . . .	41

3. European Public Multinationals . . . . .	43
4. New Multinationals, Old and New Image . . . . .	46
4.1 The Image in 1974 . . . . .	46
4.2 The Image in French Public Opinion in 1982 . . . . .	48
5. Conclusion . . . . .	49
Role and Structure of German Multinationals: A Comparative Profile . . . . .	51
<i>Anant R. Negandhi</i>	
1. Factual and Methodological Framework . . . . .	51
1.1 German Foreign Direct Investments . . . . .	51
1.2 Corresponding Changes in Structures and Decision-making . . . . .	54
1.3 Research Methodology . . . . .	55
2. Analysis of Results . . . . .	55
2.1 Level of Formalization . . . . .	56
2.2 The Relative Influence on Decision-making . . . . .	57
3. Impact of Global Rationalization . . . . .	63
3.1 Headquarter-Subsidiary Relationship . . . . .	63
3.2 MNC-Nation State Relationships . . . . .	64
4. Implication . . . . .	65
Role and Structure of Swiss Multinationals . . . . .	67
<i>Emil A. Brauchlin</i>	
1. Introduction . . . . .	67
2. The National Environment . . . . .	68
3. Some Statistics on Swiss Multinationals . . . . .	68
4. Swiss Multinationals: Result of Environmental Influences and Entrepreneurial Initiatives in Past and Present . . . . .	72
5. Organization and Management . . . . .	74
6. Financial Results . . . . .	75
7. Concluding Remarks . . . . .	76
Role and Structure of British Multinationals . . . . .	79
<i>Neil Hood</i>	
1. Historical Context . . . . .	79
2. Overseas Investment Patterns . . . . .	80
3. The Role of British Outward Direct Investment . . . . .	85
3.1 UK Economy . . . . .	85
3.2 Sectoral and Corporate Competitiveness . . . . .	86
4. Conclusion . . . . .	90
Role and Structure of Swedish Multinationals . . . . .	93
<i>Erik Hörnell</i>	
1. Introduction . . . . .	93
2. Structure . . . . .	94
2.1 Where and When? . . . . .	94
2.2 Strategy . . . . .	96
2.3 Concentration . . . . .	96
2.4 Internationalization of Ownership . . . . .	98

3. Role . . . . .	98
3.1 Exports . . . . .	99
3.2 Employment . . . . .	100
3.3 Research and Development . . . . .	102
4. Conclusions . . . . .	102

**Role and Structure of Belgian Multinationals . . . . . 105**

*Daniel Van Den Bulcke*

1. Introduction . . . . .	105
2. Historical Perspective . . . . .	107
3. Importance and Main Features of Belgian Foreign Direct Investment and Multinational Enterprises . . . . .	109
4. Location Motives and Direct Investment Route of Belgian Multinational Enterprises . . . . .	114
4.1 Location Motives . . . . .	114
4.2 The Direct Investment Route . . . . .	116
5. Ownership Pattern, Organizational Structure and Control Relationship of Belgian Multinational Enterprises . . . . .	118
5.1 Ownership Pattern . . . . .	118
5.2 Organizational Structure . . . . .	118
5.3 Control Relationship . . . . .	120
6. Effects of Belgian Foreign Direct Investment Abroad . . . . .	123
6.1 Balance of Payment Effects . . . . .	123
6.2 Employment Effects . . . . .	124
7. Conclusion . . . . .	125

**Industrial Relations and Europe's Multinationals . . . . . 129**

*Wolfgang H. Staehle*

1. The Growing Significance of Multinational Corporations . . . . .	129
2. Dunlop's Industrial Relations System as a Conceptual Framework . . . . .	131
3. Responses to the Development of MNCs in Europe . . . . .	134
3.1 Union Responses . . . . .	135
3.2 Responses of International Organizations . . . . .	138

**Part 2**

**State and Future of Europe's Important Industries . . . . . 143**

**European Car Industry . . . . . 147**

*Stephen Young*

1. The Background of the World and European Industries . . . . .	147
2. The Size, Structure and Performance of the European Industry . . . . .	149
2.1 Employment . . . . .	149
2.2 Industry Structure . . . . .	149
2.3 Costs, Productivity and Competitiveness . . . . .	151
2.4 Production and Trade . . . . .	151
3. Corporate Strategies and the Internationalization of the European Industry . . . . .	154
4. The Future . . . . .	159

<b>Industrial Policy and Industrial Culture: The Case of European Petrochemical Industry</b> . . . . .	163
<i>Max Boisot</i>	
1. Introduction . . . . .	163
2. The Range and Depth of Industrial Policy . . . . .	163
3. A Conceptual Framework . . . . .	166
4. An Application of the Conceptual Framework: The European Petrochemical Industry . . . . .	173
4.1 General Background . . . . .	173
4.2 Diagnosis . . . . .	180
5. Conclusion . . . . .	183
<b>Steel and the European Communities</b> . . . . .	185
<i>Bruce Kogut</i>	
1. Introduction . . . . .	185
2. Institutional Background . . . . .	186
3. Historical Background to 1975 . . . . .	188
4. Historical Background since 1975 . . . . .	192
5. Conclusions . . . . .	200
<b>The European Aerospace Industry</b> . . . . .	205
<i>Milton S. Hochmuth</i>	
1. Introduction . . . . .	205
2. What is Aerospace? . . . . .	207
3. Large Airliners . . . . .	210
3.1 Market . . . . .	210
3.2 Development Times and Costs . . . . .	213
3.3 An Attempt at a Truly European Marriage . . . . .	215
3.4 The Search for a "Window" . . . . .	217
4. A-320 . . . . .	219
5. The International Ballet Resumed Again . . . . .	224
<b>Corporate Adjustment Strategies in the European Clothing Industry</b> . . . . .	227
<i>José de la Torre</i>	
1. The Forces of Change . . . . .	227
2. Elements of an Adjustment Strategy . . . . .	229
2.1 Limits of Technical Development . . . . .	229
2.2 Size and Scale of Individual Companies . . . . .	230
2.3 Wage Adjustment . . . . .	232
2.4 Product and Market Shifts . . . . .	233
2.5 Foreign Assembly and Sub-contracting . . . . .	233
2.6 Direct Foreign Investment . . . . .	235
2.7 Exit and Diversification . . . . .	236
2.8 Ability to Adjust . . . . .	236
3. Future Developments . . . . .	237
4. Protection as a Policy . . . . .	239

The European Microelectronics Industry and New Technologies . . . . . 241  
*Klaus Macharzina*

1. Europe's Market Position . . . . . 241
2. European Developments in Microelectronics and New Technologies . . . . . 244
  - 2.1 Integrated Circuits . . . . . 244
  - 2.2 Information and Communications Technology . . . . . 246
  - 2.3 Consumer Electronics and NC Machinery . . . . . 248
  - 2.4 Industrial Structure . . . . . 249
3. Industrial Strategies and Public Policies . . . . . 250
4. Conclusions and Outlook . . . . . 254

**Part 3**

**European Concepts of the Managerial, Financial,  
 and Personnel Function . . . . . 257**

Strategic Planning and Structuring of Organization . . . . . 261

*Michael Gaitanides*

1. Introduction to the Problem . . . . . 261
2. Theoretical Framework . . . . . 261
  - 2.1 Categories of Determination (Between Structure and Strategy) . . . . . 262
  - 2.2 Developments in the Basic Assumptions of Strategic Thinking . . . . . 262
  - 2.3 Six-Field-Matrix . . . . . 265
3. Types and Models of Strategy/Structure Relations . . . . . 265
  - 3.1 Models of the First Generation . . . . . 265
  - 3.2 Models of the Second Generation . . . . . 266
  - 3.3 Models of the Third Generation . . . . . 267
4. Types of Strategy Change and Resulting Consequences for Organizational Structuring . . . . . 268
  - 4.1 Thesis of Integration (Structure follows Strategy) . . . . . 269
  - 4.2 Thesis of Segregation . . . . . 271
5. Summary and Prospects . . . . . 272

Strategic Resource Management: Securing International Competitive-  
 ness through Competitive Resources . . . . . 275

*Werner A. Borrmann*

1. The Situation . . . . . 275
  - 1.1 The Competitive Game has Changed . . . . . 275
  - 1.2 Consequences for International Corporations . . . . . 276
2. The Concept . . . . . 279
  - 2.1 Resource Management is the Key . . . . . 279
  - 2.2 Seven Steps for Gaining International Competitiveness . . . . . 280
3. The Results . . . . . 282

Success Factors in International Management: The "Turnaround" Case  
 of a Multinational's European Subsidiary . . . . . 285

*Hellmut K. Albrecht*

1. Introduction . . . . . 285
2. Company Background: The Situation at the Outset . . . . . 286

## XII Contents

3. Strategic Position of German Subsidiary: Analysis of Strengths and Weaknesses . . .	287
4. Putting Management Concepts to Work: The 'Turnaround' Strategies . . . . .	289
4.1 Business and Market Philosophy . . . . .	290
4.2 Organizational Changes: Decentralization . . . . .	290
4.3 Overhead Reductions . . . . .	291
4.4 Communication with the Parent . . . . .	291
5. Conclusion . . . . .	292
<b>Financing Corporations in Major European Capital Markets . . . . .</b>	<b>295</b>
<i>Otto L. Adelberger</i>	
1. OECD Financial Statistics on Non-financial Enterprises: France, West Germany, Italy, United Kingdom and the United States of America . . . . .	295
2. Patterns and Trends in Financing West European Corporations . . . . .	305
3. Corporate Tax Systems and Financing Behavior of European Corporations . . . . .	308
4. Incentives for Personal Investing in New-issue Stocks and Investment Company Shares . . . . .	311
5. Potential for Financial Innovations . . . . .	312
<b>Margin and Risk Management in International Credit Transactions Undertaken by Banks . . . . .</b>	<b>317</b>
<i>Manfred Steiner</i>	
1. Current Discussion . . . . .	317
2. Definition of International Credit . . . . .	319
3. The Development of International Credit Transactions . . . . .	320
4. Explanation of the Behavior of Credit Institutes in International Credit Transactions	323
5. Cost and Profit Analysis . . . . .	326
6. Expansion in International Credit Transaction and Cost Functions . . . . .	329
7. The Risk of a Change in Interest Rates . . . . .	331
8. Conclusion . . . . .	332
<b>European Financial Reporting: Standards and Efficiency Problems . . . . .</b>	<b>335</b>
<i>Klaus Macharzina</i>	
1. European Financial Reporting Revisited . . . . .	335
2. State of European Accounting Harmonization . . . . .	337
3. Conceptual Model . . . . .	342
3.1 Objectives of Financial Reporting . . . . .	343
3.2 Financial Reporting Environment . . . . .	344
3.3 Methods of Financial Reporting . . . . .	344
3.4 Efficiency of Financial Reporting . . . . .	348
4. Quest for Decentralized Solutions . . . . .	349
<b>Personnel Management in Western Europe – Development, Situation and Concepts . . . . .</b>	<b>351</b>
<i>Andreas Remer</i>	
1. Basic Concepts . . . . .	351
1.1 Personnel Administration as an Element of General Management . . . . .	351
1.2 Situation and Adaptation of Personnel Management . . . . .	352
2. Development and Concepts of Personnel Management in Western Europe . . . . .	354
2.1 Classical Personnel Management . . . . .	354

2.2 Neo-classical Personnel Management . . . . .	356
2.3 Modern Personnel Management . . . . .	360
3. Consequences for a Form of Personnel Management Suited to the Situation . . . . .	363
<b>Public Administration and Civil Service in Europe</b>	
– Approaches to Reform . . . . .	369
<i>Walter A. Oechsler</i>	
1. The State of Public Administration and Civil Service and the Need for Reform . . . . .	369
2. Approaches to Reform . . . . .	371
2.1 Federal Republic of Germany . . . . .	371
2.2 United Kingdom . . . . .	372
2.3 France . . . . .	374
3. Comparison with U.S. Civil Service Reform . . . . .	376
<b>The Authors . . . . .</b>	<b>381</b>