

Do Local National Managers Improve Multinationals' Performance? - Evidence from Korean Firm-level Data

Chin-Hee HAHN

Department of Economics, Gachon University, Korea

Kazunobu HAYAKAWA

Bangkok Research Center, Institute of Developing Economies, Thailand

Tadashi ITO

Inter-disciplinary Studies Center, Institute of Developing Economies, Japan

Abstract: This paper investigates the trade-off between the home country national (HCN) managers and the parent country national (PCN) managers argued both in the economics literature and the management literature. Using a confidential data set of Korean origin FDIs in the world, it finds that HCN manager ratio induces productivity improvement in uncertain business environment (developing countries) but not in stable and predictable business environment (developed countries) and that HCN manager ratio raises firm productivity only in less R&D intensive industries. Some policy implications are drawn from these findings.