Ethnocentric Behaviour and Business Performance of Multinational Enterprises (MNES): Evidence From South-West Nigeria

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Abstract—The globalised world has become more integrated and has witnessed an unprecedented dispersal of Multinational Enterprises (MNEs) across various nations and regions of the world. Most of these MNEs advertently or inadvertently exhibit tendencies that show them off as ethnocentric- possessing superior culture than those of their host country. This study assessed the effects of ethnocentric behaviours on the performance of MNEs in the South West of Nigeria. Adopting a survey design, the study made use of primary data collected mainly through administering a set of questionnaire to 207 management staff of selected MNEs from Oyo, Lagos and Ogun states respectively. Findings inter alia revealed that: engaging expatriates in strategic positions by MNE's leads to increased operating costs; foreign culture of MNE's home country negatively affects the local acceptance of management techniques by employees in host countries and MNE's standardized marketing strategies encouraged customers' loyalty and patronage in the Nigeria business environments. The work among other things, recommends that local employees in host nations must be incorporated into key decisions to aid MNE's continuous effectiveness. The work, in addition to that, also advised that MNE's should guide against culture shock i.e. the disorientation, cultural risks and stress associated with being in a foreign environment.
Keywords—Culture, Ethnocentrism, Global, Standardization, Multinational Enterprises (MNE's), Nigeria.

I. INTRODUCTION

In many ways, cultural issues represent the most elusive aspect of international business. In an era when modern transportation and communication technologies have created a global village, it is easy to forget how deep and enduring the differences among nations can be [1]. The fact that people everywhere drink Coke, wear blue jeans and drive Toyotas doesn't mean we are all becoming alike. Each country is unique for reasons rooted in history, culture, languages, geography, social conditions, race, and religion. These differences complicate any international activity and represent the fundamental issues that inform and guide how a company should conduct business across borders.

When a firm sells across the borders of nations, it faces certain global decisions and issues. Kotler and Keller [2] explain that ethnocentrism is one of the greater issues facing many multinational organizations. Ethnocentrism is a tendency to judge foreign people or groups by the standards of one's own culture or group, and to see one's own standards as superior [3]. Sinkovics and Holzmüller [4] argue that individual sentiments towards other cultures might influence the manager or management as a whole in terms of certain cross-cultural decisions.

If managers are to function effectively in a foreign setting, they must understand how cultures influence both how they are perceived and how others behave. One of the most sensitive issues in this regard is how culture plays out in terms of ethical behavior [5]. Issues of right and wrong get blurred as we move from one culture to another, and actions that may be normal and customary in one setting may be unethical, even illegal in another. One major concern lately is that despite some obvious differences among cultures, studies [6][7] suggest that regardless of nationality or religion, most people embrace a set of five core values: compassion, fairness, honesty, responsibility and respect for others. These values lie at the heart of human rights issues and transcend more superficial differences among Americans, Europeans, Asians and Africans. Finding shared values such as these allows companies to build more effective partnerships and alliances especially across cultures.

Ideally, the challenge of managing across borders and the issues of ethnocentric belief come down to the philosophies and systems used by multinational enterprises to manage people. In moving from domestic to international management, firms need to develop a wide portfolio of behaviors along with the capacity to adjust their behavior for a particular situation. Bateman and Snell [1] posit that the adjustments should however not

compromise the values, integrity and strengths of the multinational enterprises (MNE's) home country. When global firms can transcend national borders and move among different cultures, they can leverage the strategic capabilities of their organization and take advantage of the opportunities that our global economy offers [8].

In the Nigeria contemporary organizations, conflicts and lackadaisical attitudes among the employees have become one of the recent trends facing many global firms. Although what constitute the bulk of the causes of these issues emanate from many forces among which is the issue of super-imposed foreign culture of the multinational enterprises parent country on the employees and as well bringing in foreign management techniques which may be seen by the local personnel as ethnocentric in nature [9]. To the employees, their individual local norms and values are very important to them and as a result of this, some of them abscond and others leave the firms whenever available better opportunities surface.

Generally, multinational enterprises (MNEs) are to operate and functions in countries where there is cheap labour, high market potentials and cheap economies of scale in order to minimize cost and maximize the values for the firms' stakeholders. It is usually expected from these MNEs to decentralize their managerial activities in order to stimulate sense of belongings among their diverse workforce.

Hence, when operating overseas, MNEs have a choice among sending expatriates (individuals from the parent country) or using host-country nationals (natives of host country). Unfortunately, virtually most MNEs operating in Nigeria, due to the ethnocentric belief, use expatriate in strategic positions rather than host country (Nigeria) natives. An investigation into many of these organizations revealed that 75% of the top and middle level management workforces are of foreign origin, a factor that some think may be detrimental to the overall effectiveness of these firms.

Furthermore, global firms and multinational corporations have, in recent times faced with the problem of choosing among standardized global strategies or adapted/localized one. For most MNEs, adapting to the host nations marketing activities has been a concern due to their ethnocentric superior belief. In addition, those who utilize the localized strategies only applied it in the area of marketing communications. It has also come into concern that virtually some of the products bought in Nigeria today is as the same with the ones you see when you travelled overseas. Consequently, most MNEs believe that standardization has become the main strategy in the global selling even when there is strong need of pressure for local responsiveness to adapt to the changing consumer tastes and preferences among countries.

It is crucial to note that inability to conduct a study that unravel the issue of ethnocentric behavior among MNEs, may endanger global firms' to improperly understand the adverse implications of these ethnocentric activities on their operating costs, labour union concerns and overall effectiveness.

It is against this background that this study seeks to examine how ethnocentric behavior among global firms can impact positively or negatively on the overall business performance of MNEs in Nigeria. It is believed that its findings will facilitate strategic options that will help MNEs to be very productive. Hence therefore, the study aimed to achieve the following objectives:

i. To examine how the influence of foreign culture of MNE's home country would affect the local acceptance of management techniques by employees in host countries.

ii. To assess the impact of using expatriates rather than host country employees on the operating costs of MNEs.

iii. To determine the effect of utilizing global standardized marketing strategies on customers' patronage and loyalty in host countries of operations.

Guided by the study objectives, the following research questions are raised:

i. To what extent does the foreign culture of MNE's affect the local acceptance of management techniques brought from the headquarters by employees in host country?

ii. How would the engagement of expatriates, rather than host country employees impact on the operating costs of MNE's?

iii. What effects could standardize marketing strategies of MNE's have on customers' patronage and loyalty?

II. REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK

Ethnocentrism Concept: Origin and Definition

The term ethnocentrism was introduced to the social science literature more than a century ago by Sumner in 1906 [10], who defines it as the technical name in which one's own group is the center of everything, and all others are scaled and rated with reference to it. It is generally a disposition where a group of people believe that their values, beliefs, standards and norms are superior to that of others.

Conceptually, ethnocentric persons hold attitudes and behaviors toward in-groups(their members) that are

different from attitudes and behaviors toward out-group (non-members). Specifically, the attitudes and behaviors of ethnocentric persons are biased in favour of the in-group, often at the expense of the out-group [11][12][13]. Attitudinally, ethnocentric persons see the in-group as superior to out-group. Behaviorally, ethnocentric person's foster cooperative relations with in-group members while competing with, and perhaps even battling, with out-group members.

Although ethnocentrism is generally thought to be a negative trait, Sharma, Shimp, and Shin [14] argue that ethnocentrism fosters in-group survival, solidarity, conformity, cooperation, loyalty, and effectiveness.

In the beginning, ethnocentrism was a purely sociological construct, describing in-group vs. out-group conflicts. Sumner defines ethnocentrism as: The view of things in which one´s group is the center of everything, and others are scaled and rated with reference to it. Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders [10]. Later studies dealt with ethnocentrism as a psychological construct, describing the tendency of an individual to identify strongly with her own in-group and culture, the tendency to reject out-group or the tendency to view any economic, political, or social event only from the point of the in-group. Psychologist

Donald Campbell and his associates [15][16] have shown that all people have tendencies to:

i.   define what goes on in their own cultures as "natural" and "correct" and what goes on in other cultures as "unnatural" and incorrect";

ii. perceive in-group customs as universally valid; that is, what is good for us is good for everybody

iii. think that in-group norms, roles, and values are obviously correct;

iv. believe that it is natural to help and cooperate with members of one´s in-group;

v.   act in ways that favor the in-group;

vi. feel proud of the in-group; and feel hostility toward out-groups.

Ethnocentrism, Business Performance and International Business

The issue of performance is critical to business organisations because it is the basis for the realisation of corporate objectives. During the 1980s, with the recognition of the limitations associated with traditional performance measurement systems, the interest in the theory and practice of performance measurement started to grow. The main issues associated with traditional performance measurement includes but limited to: lack of alignment between performance measures and strategy; failure to include non-financial and less tangible factors such as quality, customer satisfaction and employee

morale; mainly backward looking, thus poor predictors of future performance; encouraging short-termism; insular or inwards-looking measures giving misleading signals for improvement and innovation [17][18][19].

Contemporary approaches to performance measurement include the intangible dimensions, such as public image and perception, customer satisfaction, employee satisfaction and attrition, skills levels, innovations in products and services investments into training and new value streams and so on Forslund, [20].

Today, there is a general consensus that the old financial measures are still valid and relevant but these need to be balanced with more contemporary, intangible and externally oriented measures. The discourse on contemporary approaches to performance measurement highlights how shorter term operational measures affect business performance and measures in the longer term. This debate led to the development of the notion of leading and lagging indicators where the leading indicators are the indicators that provide an early warning of what may happen in the future and the lagging indicators communicate what has actually happened in the past [21, 22].

The literature identifies a number of leading indicators that serve to predict future performance of an organisation. These include customer oriented operational indicators such as delivery performance, lead times, flexibility and quality performance Digalwar & Sangwant, [23] as well as human resource oriented indicators such as employee satisfaction and morale [24, 25]. In fact, authors such as [26] as well as [27] highlight the strong, and complex, relationship between employee satisfaction, customer satisfaction and overall performance.

Djordjevic [28] states that a person who assumes that his or her home country is superior to the rest of the world is said to have an ethnocentric orientation. Ethnocentrism is sometimes associated with attitudes of national arrogance or assumptions of national superiority; it can also manifest itself as indifference to marketing opportunities outside the home country. Company personnel with an ethnocentric orientation see only similarities in markets, and assume that products and practices that succeed in the home country will be successful anywhere [13].

Djordjevic (28) argues that in the ethnocentric international company, foreign operations or markets are typically viewed as being secondary or subordinate to domestic ones. (We are using the term domestic to mean the country in which a company is headquartered). Fackler [29] explains that ethnocentric company operates under the assumption that "tried and true" headquarters knowledge and organizational capabilities can be applied in other parts of the world. Although this can sometimes

work to a company's advantage, valuable managerial knowledge and experience in local markets may go unnoticed. Even if customer needs or wants differ from those in the home country, those differences are ignored at headquarters.

Bartlett [30] has explained that the relevance of the ethnocentrism concept in various fields of international corporate management is obvious when considering social interactions. There is necessity for highly efficient social exchange relations between individuals and/or groups in cross-border management processes [31]. If we have to cooperate or negotiate with people from another culture and if we are to act as advisers, superiors or partners, what we need to know is what makes our counterparts tick. One important aspect of individual behavior and, as a consequence, group behavior in organizations is the prevailing level of ethnocentrism [4]. Depending on the level of ethnocentrism within several stakeholder groups, international corporations will have to develop specific business strategies. Possibly the concept of ethnocentrism is also appropriate for the assessment of specific foreign-market conditions and can contribute to the standardization of single corporate strategies on a global basis [3]. The current relevance of the ethnocentrism problem can be clearly seen when looking at the emerging nationalistic and xenophobic sentiments in many countries and regions of the world. This process is especially true for the formerly centrally-governed countries of Eastern Europe. For this reason, it seems advisable to integrate ethnocentrism in the international corporate strategy development process [8].

Several models have been developed by scholars [1][32] to guide the global business operations. Others [33][34] identify why management differs from culture to culture across borders by specifying theories that guide global business.

The form and substance of a company's response top global market opportunities depend greatly on management's assumptions or beliefs-both conscious and unconscious – about the nature of the world. The world view of a company's personnel can be described as ethnocentric, polycentric, and geocentric [32]. Management at a company with a prevailing ethnocentric orientation may consciously make a decision to move in the direction of geocentricism. The orientations are collectively known as the EPRG framework.

Apart from the main ethnocentric model, the other orientations are; **Polycentric** orientation/model which is the opposite of ethnocentrism. The term polycentric describes management's belief or assumption that each country in which a company does business is unique. His assumption lays the groundwork for each subsidiary to develop its own unique business and marketing strategies

in order to succeed; the term multinational company is often used to describe such a structure. This point of view leads to a localized or adaptation approach that assumes products must be adapted in response to different market conditions. **Regiocentric** orientation/model mainly used by a company with a region orientation, a region becomes the relevant geographic unit; management's goal is to develop an integrated regional strategy. What does "regional" mean in this context? A U.S. company that focuses on the countries included in the North American Free Trade Agreement (NAFTA) – namely, the United States, Canada, and Mexico – has a regiocentric orientation. Similarly, a European company that focuses its attention on Europe is regiocentric. What unites us through our brands, markets, and business is the group's identity, which we refer to as 'a worldwide business with local presence'. Everywhere we operate, our priority is to create or develop a strong brand that reflects consumer needs in that market as closely as possible [35]. Some companies serve markets throughout the world, but do so on regional basis. Such a company could be a viewed as a variant of the multinational model discussed previously. For decades, a regiocentric orientation prevailed at General Motors: Executives in different parts of the world – Asia Pacific and Europe, for example – were given considerable autonomy when designing vehicle s for their respective regions. Company engineers in Australia, for example, developed models for sale in the local market (Hawkins, 2004). Lastly is a **geocentric** orientation/model in which a company views the entire world as a potential market and strives to develop integrated strategies. A company whose management has adopted a geocentric orientation is sometimes known as a global transnational company [35].

In the work of Amble [33] and Carla [34], they widely discussed how management theories change across borders and cultures; and how multinational enterprises can arrange their global business operations to reflect the comparative theories of management around the world. Three theories were discussed by Carla [34]:

The **universalistic theory** of management claim that the phenomena of management and organization are subject to the same universal laws everywhere in the world. An example is the positive relationship between the size of an organization and its degree of internal differentiation, which has been found in, many studies. Universalistic theory posits that this relationship is valid everywhere in the world, because it is based on fundamental characteristics of human bahaviour. Universalistic theory tends to predict that cross-national differences in management and organization, in so far as they exist, will disappear in the future. A driving force for this homogenization process is globalization. As more and

more markets become subjected to world-wide competitive pressure, less efficient ways of management and organization will give way top best practices, regardless of the nationality of the company, management or employees. Existing cross-national differences may be seen as temporary disequilibria, which will disappear when obstacles to the free market are removed.

The **contingency approach** is another model that was developed by the Aston School in the 1960s. Much of the contingency theory research studied organizational structure and for this reason is usually referred to as structural contingency theory. This theory posits that, given similar circumstances, the structure of an organization – that is, the best patterns of control, coordination and communication – can be expected to be very much the same wherever it is located. The theory further posits that, if they are to be successful, organizations, must structure in response to a series of demands or contingencies posed by then scale of operation, usually expressed as size, the technology employed and the environment within which operations take place. The contingency theory states that the mechanistic structure (hierarchical, centralized, formalized structure) fits a stable environment because a hierarchical approach is efficient for routine operations.

Given the routine nature of operations, the management at the upper level of the hierarchy possesses sufficient knowledge and information to make decisions, and this centralized control fosters efficiency. In contrast, the organic structure (participatory, decentralized, unformalized structure) fits an unstable environment and situations of high task uncertainty. A major source of task uncertainty is innovation, much of which comes from the environment of the organization, such as technological and market changes.

Particularistic Theory of management was developed by Amble [33] who explains that the particularistic theory of management predicts that cross-national differences in management and organization will persist. The reason is that management and organization reflect expectations and preferences that differ between countries. This theory strongly believed that organizations and management in different countries can differ fundamentally, and that different explanations are necessary for different countries. Furthermore, particularistic interpretation of organization and management imply that history matters, as national systems of management and organization are past-dependent. For instance, the question may be asked whether Japanese management and organization can be truly understood without taking into account Japan's late industrialization halfway through the nineteenth century, leading to dramatic changes in a society that still bore the characteristics of the feudal era.

Review of Related Studies

In a work published by Sinkovics and Holzmüller [4], their paper evaluated ethnocentrism as a key determinant in international corporate strategy formulation. The work shows that Managers who are familiar with and open to foreign cultures showed fewer (manager) ethnocentric tendencies than those who are not; patriotic managers also showed stronger ethnocentric tendencies than less patriotic individuals; conservative individuals show more ethnocentric tendencies than less conservative managers; people with collectivistic goals also revealed more intensive ethnocentric tendencies than those with individualistic goals; and finally the acceptance of foreign management techniques increased with a lower level of managerial ethnocentrism.

Similarly, in another related paper 'the influence of ethnocentrism in organization contexts: Perception of interviewee and managerial attractiveness, credibility and effectiveness' done by Neuliep, Hintz and McCroskey [36], the paper presents the results of two studies that examine the influence of ethnocentrism on interpersonal perceptions of attractiveness, credibility, and managerial effectiveness. In Study I participants (N =117), results reveal that ethnocentrism was negatively and significantly correlated with perceptions of social attraction, competence, character, and hiring recommendations among MNE's. Participants completed measures of ethnocentrism, interpersonal attraction, credibility, generalized attitudes about the manager, and managerial effectiveness. They believed ethnocentric affect management structures, systems and techniques used by firms across the globe.

In a research paper published by Onodugo [35], titled 'Multinational Corporations (MNCs) and Employment and Labour conditions of Developing Countries: the Nigerian experience', the paper, having studied a sample size of 385 personnel which was derived from the total population of 13,446 of the selected 6 multinational firms from oil, banking and manufacturing sectors, revealed that the activities of MNCs have resulted in the employment of more expatriates in the Nigerian organizations. The finding of the work shows that the activities of MNC's, no doubt, will worsen the unemployment situation of the country which is bad enough presently.

Similarly, the work conducted by Kolajo and Tessy [9], revealed that multinational enterprises have failed to imbibe the spirit of collective and universality in human resources management as there are a lots of discrimination in placing people since most of the post were giving to expatriates.

In another significant work published by Kamaruddin, Mokhlis and Othman [37] it was argued that

standardization of marketing activities may not necessarily leads to global business survival since most consumers are also ethnocentric in nature favouring only those products that emanate from their cultural and border backgrounds. The research measures five variables vis-à-vis customers' patronage and found out that five characteristics become vital in buying and these are: openness, conservative, collectivism, fatalism and materialism. Having studied 248 consumers in Malaysia Province using Ordinary Least Square Regression, it was discovered from the paper that Malaysian consumers' attitude in making choice of products in the marketplace are greatly influenced by their ethnocentric sentiment. Specifically, the study reveals that openness to foreign culture; conservatism and fatalism play a significant role in determining consumers' level of ethnocentric emotion towards local versus imported products.

III. METHODOLOGY

The research adopts survey method and design. The area of this study consists of Lagos, Ogun and Oyo states, Nigeria. These states were selected because they have the highest concentrated number of multinational enterprises in Nigeria.

The population of the work consists of the staff of selected three multinational enterprises which were selected purposively. The populations of this staff were 444. The researcher determined the size of the sample. A total of 207 samples were derived from the study population with the use of Trek [38] formula. Data for this study were collected mainly from primary source through questionnaire that were self-administered. The answer options for the questionnaire were developed using Likert scale with: SA – Strongly Agree, A – Agree, U – Uncertain, D – Disagree, SD – Strongly Disagree.

IV. ANALYSIS, RESULTS & DISCUSSION

Out of the two hundred and seven (207) questionnaires administered, only one hundred and ninety eight (198) representing 95.7% were returned and found good for the data analysis.

The biographical information of the respondents from the analysis revealed that many of the respondents of the selected three MNE's were male (74%). Also, majority of the respondents in the organizations were of middle and low level managerial positions (87.9%) which definitely give the work more meaningful responses since the issues relating to ethnocentric behaviours affect these management cadres most. Furthermore, most of the respondents (85.4%) were host country employees. This is a pointer that the findings would give sound outcomes since the works majorly emanate from the concern for the host staff. The issues relating to using expatriates rather

than the host employee would also be significantly captured. Finally, our respondents come mostly from marketing (37.8%) and production (28.8%) departments. This give us a true representation to justify the issues of marketing standardization strategies and as well as the issue of expatriates.

Testing of Hypotheses

Three hypotheses were formulated and are tested as follow using ANOVA, z-test and chi-square. Hypothesis one was tested with One-way ANOVA, two tested with z-test and hypothesis three was tested with chi-square test. **SPSS** was used to analyze the various tests.

Hypothesis One:

   HO: the dominance in foreign culture of MNEs home country will not significantly affect the local acceptance of management techniques brought from abroad

   HA: the dominance in foreign culture of MNEs home country will significantly affect the local acceptance of management techniques brought from abroad.

Table.2: Test of Homogeneity of Variances
Mgt Techniques & Acceptance

Levene Statistic	df1	df2	Sig.
.993	4	190	.441

Source: SPSS analysis of field data 2016

Table.3: One-Way ANOVA
Management Techniques & Employee Acceptance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	6755.300	4	1688.825	0.013	.002
Within Groups	3417.500	193	227.833		
Total	10172.800	197			

Source: SPSS analysis of field data 2016

Hypothesis Two

HO: engaging expatriates rather than host country employees will increase the operating costs of MNEs.

HA: engaging expatriates rather than host country employees will reduce the operating costs of MNEs.

Table.4: One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Decisions on employees & Operating Cost	198	39.6000	19.84103	3.96821

Table.5: One-Sample Test

	Test Value = 0					
	Z	Df	Sig. (2-tailed)	Mean Diff	95% Confidence Interval of the Difference	
					Lower	Upper
Decisions on employees & Operating Cost	0.079	197	.000	39.60000	31.4100	47.7900

Source: SPSS analysis of field data 2016

Hypothesis Three

HO: standardized marketing strategies of multinational enterprises cannot have effect on the customers' patronage and loyalty

HA: standardized marketing strategies of multinational enterprises affect on the customers' patronage and loyalty.

Table.6: Chi-Square Test Statistics

	Standardized marketing strategies	Customers patronage
Chi-Square	154.17	21.03 [b]
Df	2	12
Asymp. Sig.	21.03	1.000

The chi-square is computed at 0.05 level of significant

Source: SPSS analysis of field data 2016

Foreign culture of MNEs affects local acceptance of management techniques brought from abroad

Data for the test of this hypothesis were obtained from responses from the questionnaire. The one-way ANOVA was used to test the validity of how foreign culture of MNE's significantly affect the local acceptance of management techniques brought from abroad. **Tables 2&3** reveals that while the f-distribution result shows the existence of significant result on the variables (F = 0.013 at p< 0.05). The significant level is 0.002, and due to this we reject the null hypothesis and accept the alternate one which states that *the dominance in foreign culture of multinational enterprises home country negatively affects the local acceptance of management techniques brought from abroad in the host countries.*

Although, the empirical findings made by Li and Karakowsky [39] differs sharply from this results. The work of both pointed out that the structure and organanizational styles adopted by global organizations do not have any implications on how employees around the world behave in their workplace. Similarly, work conducted by Dissanza and Legge [40] signifies that foreign culture of international organizations have much to play in the global business survival, hence it determines how the workplace people interact and communicates.

The effects of engaging expatriates rather than host country employees on the operating costs of multinational enterprises.

A careful analysis of the data from the questionnaire using one-sample z-test to examine if the engagement of expatriates' rather than host country nationals will have a positive impact in the reduction of operating costs of MNE's. Resusts from **tables 4&5** coupled with z-test analysis show the existence of significant result on the variables (z = 0.013 > at p< 0.05). The significant level was found to be 0.00, and due to this we reject the null hypothesis and accept the alternate one which states that *engaging expatriates rather than host country employees increased the running/operating cost of multinational enterprises* in *Nigeria.*

This finding is closely related to the work done by Onodugo [35] which showed that the activities and presence of MNCs have resulted in the employment of more expatriates in the Nigerian organizations than the local nationals due to the advent of globalization. This has a lot of implications to management of business in Nigerian economy of today among which is how corporate decisions are made and as well as the cost implications. The work of Nwaba [41] supports our submission. The result of his paper was that the non-use of local employees in multinational organizations may spirals out industrial issues leading to discontents, strikes, conflicts and lack of commitments and continuing running costs for MNEs. The research finding of House [42] also supports our findings. The main argument was that the costs of using a single expatriate may be a cost of three host local employees'.

The effects of standardized marketing strategies of MNEs on the customers' patronage and loyalty.

Having analyzed the third hypothesis on **table 6** with chi-square (x^2), we found out that the calculated figure is greater than the tabulated figure (x^2Calc=154.17 > x^2Tab=21.03), we reject the null hypothesis and accept the alternate which signifies that *standardized marketing strategies of multinational enterprises have positive effect on the customers' patronage and loyalty through sales increased*.

This study found out that standardized marketing strategies tend to be more effective in the global arena especially for product that lends itself to sales in the global markets, i.e. new innovative brands. However, this

may not be the same all over the world as the works of Kamaruddin, Mokhlis and Othman [37] did suggest. This is so because consumers have their own ethnocentric actions that portrait where and how they buy goods that meet their tastes. In the work of Malnight [43], it was discovered that global standardization tends to be more effective in a developing economies than the developed ones. The implication of this is that consumers in the developing nations buy whatever meets their income dispositions unlike their counterparts in the western world. The research outcome of Malnight [43] is similar to our findings which stated that buyers in international markets are becoming alike and buying homogenous goods due to the advent of globalization.

V.   CONCLUSION AND RECOMMENDATIONS

This work examines the determinant of business performances of multinational enterprises by reviewing their ethnocentric behavior and by finding how the latter affect the former. Even though many previous works highly criticize the activities of MNEs in the areas of cross-cultural decisions, this work discovered that there are certain areas in which the issues of ethnocentric actions can be relevant and this mostly are in the areas of global human resources and marketing decisions.

The core focus of the cross-border cultural aspects is that it is inward/outward oriented, which means inter-cultural aspects are in the forefront of the global business analysis. This implies that cultural determinants regulate how people/firms interact between cultural entities. Though, attitudes concerning the relationship between firms are not included herein, but from our point of view, these determinants are of special significance to international corporate management.

Lastly, ethnocentric behavior among global firms is a multifaceted issue that affects virtually all areas of global management. In this work, the phenomenon was analyzed from two vital aspects of international business which are global human resources belief (using expatriate rather than host employee) and global standardized marketing strategies decision (selling the same products in all the MNE's foreign countries of operations).

In line with the key study findings and key conclusions drawn, the following recommendations are offered:

i. Multinational enterprises (MNE's) should structure task/job assignment clearly in the host country by developing clear reporting relations and job responsibilities. Performance measurements needs to be developed and should be based on the individual productivity irrespective of the origin of the employee. These would reduce the problem of non acceptance of management techniques developed by the MNE's.

ii. Sending of expatriates to host country, though can minimize the running costs in some situation but it costs a lot of money for MNE's if they are not effectively selected. Therefore, global firms can re-strategies in this area and make limited use of few expatriates and as well develop local talents. Moreover, in a developing country like ours, the security of expatriates is an issue. As a result, MNE's may send their expatriates' on shorter assignment and engage in teleconferencing, telecommuting, and other electronic means to facilitate communication between their international divisions.

iii. To reduce the problem of low workforce productivity among the host employees as a result of foreign nationals, local employees need to be incorporated into strategic decisions. Although, developing a valuable pool of expatriates is important, local employees are more valuable, tend to be familiar with the culture and language, and usually cost less because they do not have to relocate.

iv. MNE's in the global arena must also guide against **culture shock** i.e. the disorientation and stress associated with being in a foreign environment. Managers of global firms must be able to navigate this transition. They must be able to be sensitive to their surroundings, including social norms, and customs, and readily able to adjust their behavior to such circumstances.

v. Finally, MNE's must be very certain about which global marketing strategies to pursue in the global arena. A successful standardized global strategy in a particular country may fail in some others. Hence, multinational firms must conduct adequate situation analysis by profiling international marketing environments so as to determine which strategies fit for which particular global countries.

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