

# Is corporate Nationality still a Relevant Concept?

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## Abstract

Do firms still have a nationality? The question may initially seem surprising, as if nationality were self-evident, and yet it keeps coming up despite this apparent self-evidence. The question recurred regularly in the writings of legal specialists, economists, sociologists, managers. A large number of academic and professional conferences examine the sources of the concept, seeking to assess its manifestations and the associated issues (Williamson, 1981, Mabry, 1998, Ottolenghi, 1990, Jones, 2006, Bouchikhi and Kimberley, 2007). In this age of globalisation, is nationality still a relevant concept? What is its influence on management practices?

The purposes of the present paper are: to provide deeper understanding of the concept of corporate nationality, to identify how different stakeholders use the concept of corporate nationality, and to determine to which extent corporate nationality influences managerial practices.

## Introduction

The development of merger and acquisition activity has led to a growing number of large groups resulting from combination of firms of various national origins. The capital of these groups is held by investors of several nationalities, and their management teams are often made up of executives from several different countries. Is it still relevant in these circumstances to talk of corporate nationality? The concept of corporate nationality is sometimes called into question to such an extent that some observers have put forward the idea of stateless firms (Reich, 1990).

## Methodology

The question of corporate nationality lies at the conjunction of several currents of thinking (history, philosophy, law, politics, economics, sociology, management) bringing very different sources and types of literature into play. Our paper seeks to draw those perspectives together.

Our paper is essentially based on a review of literature in both French and English, and illustrated with examples drawn from secondary sources. We use the stakeholder theory (Freeman, 1984, Donaldson, Preston, 1995) to analyze our data and show how the question of corporate nationality involves a set of complex and unstable relationships.

## Results

Our analysis will bring out the idea of corporate nationality as a “social construct”. Corporate nationality appears to be” a chameleon concept “for management

The stakeholder approach differentiates “external stakeholders” from “internal stakeholders”. In our paper we examine the positions of external stakeholders (courts, States and governments). Regarding internal stakeholders, the positions of employees and management will be analysed. These are deliberately restrictive choices, as our aim is not to draw up a full list of all possible stakeholders but to show to what extent, from this angle, the meaning of corporate nationality can be relative and unstable, and therefore associated with different practical issues.

### **Implications**

The concept of nationality has changed. Nationality is no longer merely an attribute; it is expressed in different ways by various actors, courts, governments, managers, and employees in specific contexts pursuing specific aims. It results from trade-offs and lies at the intersection of several dimensions that comprise both rational and emotional components. In the end corporate nationality is not only a constraint, but also a resource for management. Stakeholders, can assert a certain nationality, and depending on circumstances and issues may even claim to have more than one nationality or change nationalities, developing “chameleon strategies”.