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INTRA-COMPANY VISITS AS AN INFORMAL
COMMUNICATION CHANNEL**

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Abstract

Communication research in multinational corporations has covered a wide variety of areas, from the use of modern technological innovations to interpersonal relationships. However, several conspicuous areas seem to have been overlooked: Inter-company visits as a communication channel within the internal communication network is one such case. This paper examines existing studies to date on the topic, and shows that even in this age of unprecedented technological marvels corporations still prefer face-to-face discussions in the form of intra-company visits as the best solution when the internal communication infrastructure is functioning inefficiently.

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MANAGEMENT COMMUNICATIONS: INTRA-COMPANY VISITS AS AN INFORMAL COMMUNICATION CHANNEL

Communication research in multinational corporations has covered a wide variety of areas, from the use of modern technological innovations to interpersonal relationships. However, several conspicuous areas seem to have been overlooked: Intra-company visits as a communication channel within the internal communication network is one such case. Why this should be so is difficult to answer, but perhaps it is because most researchers tend to try to quantify matters; they look for facts and data to analyse, and shun the more subjective areas of communication such as intra-company visits. This paper is only intended as an exploratory study of the topic. It reviews four existing studies that indirectly touch on the issue, and illustrates areas of potential research as strategic management within multinational operations develops.

Communication Objectives

The objective of the communication network within multinational corporations was seen previously as a means of control: a system by which the parent company controlled its various subsidiary companies (Warren, 1972). In relation to personal visits, Brooke and Remmers (1970) observed in their research that the principal object of such visits was to discuss operations, maintain pressure on the subsidiary's team, and improve overall relationships between the parties (p. 55). However, today this concept of control has given way to a new concept of co-ordination. Strategic management emerged as management's response to a growing need for greater co-ordination. Stronger geographical management was needed which could cope with the dispersed responsiveness from subsidiaries within a certain geographical area (Bartlett and Ghoshal, 1986). The basic communication channel through which this responsiveness can flow is made up of a mixture of personal visits and report writing.

Personal Visits

For proper decision-making within this new concept of co-ordination, management needs to have access at the right time to a broad range of information related to production, marketing techniques, competitors and finance. Interchange of this information can, to some extent, be standardized and arranged to take place at regular intervals. However, part of it must also

be non-standardized and irregular. Intra-company visits by executives and managers can be classified as part of this non-standardized communication process of a corporation. However, some problems do arise which hamper the smooth functioning of this communication channel. These difficulties are very often of a cultural nature and often stem from cross-cultural blunders.

Bulcke and Halsberge (1984), in their study of 245 North American multinationals with subsidiaries in Belgium, state that intra-company visits are generally regarded less highly by local managers than by representatives from the home office. They found that local management teams can easily develop an aversion to the presence of foreign visitors, owing to the feeling of being scrutinised or inspected which these visits become associated with; this can happen even with a friendly visit (p. 33). Brandt and Hulbert (1976), in their study of 63 Brazilian subsidiaries, suggested that the benefit of such visits for the home office may in fact be limited if neither party understands the visit's significance (p. 61). There is no evidence to suggest that this feeling of being scrutinised is confined to foreign subsidiaries. However, when it does exist together with slight differences in cultural attitudes, problems may arise which otherwise might not exist.

An interesting research area here would be a study comparing the value of inter-company visits as a communication channel between the parent company and its home and foreign subsidiaries. Within this area, the issue of issue of national and corporate cultures could also be looked at.

Culture and Control

Cultural idiosyncrasies within a company operating on a global basis may arise in a variety of ways. For example, people's concepts of individuality, organisation, and work differ greatly. People from Anglo-Saxon and Latin cultures often have a strong sense of what they mean by the term "individuality." Writers such as Stanley Davis have tackled cultural dichotomy from this point of view, and concluded that a gulf exists in the perception of this term. This is merely one example, but it does show that management within multinational organisations has to accept that people in different societies organise their activities and social relationships to fit in with their own society's values, culture and economies and that this will have a very definite influence on the informal communication infrastructure, of which personal visits are a vital part.

In the area of national cultures, there are abundant research possibilities.

Frequency of Personal Visits

Only two studies were found that dealt in any way with the issue of the frequency of visits by managers and executives to and from the home office. These two studies were commissioned by the International Labour Office in Geneva, and were directly concerned with the decision-making process. In both studies, the authors show that intra-company visits were not just a one-way traffic flow from the headquarters to the subsidiary, but took place in both directions. They provide statistics on the number of annual visits made not only by the chief executive officers (CEOs) but also by financial, marketing, production and personnel directors. Both surveys confirm that three out of four CEOs travel at least once a year, and that financial directors come a close second. However, a caution must be given because neither study

indicates whether the subsidiaries were organised on a geographical or regional basis with their activities co-ordinated or whether they were controlled directly by the home office.

The Belgian Study

In the Belgian survey, which was carried out in 1976, the authors Daniel Van Den Bulcke and Eric Halsberge suggested that North American multinationals exerted a strong indirect control over their Belgian offspring and that intra-company visits were an indirect method of corporate control and influence by the home office on the decision-making process at the subsidiary. This point is confirmed by a British study which was carried out some eight years later, in 1984, among 154 foreign-owned subsidiaries operating in the United Kingdom. However, in both cases no connections were made between the distances involved or other factors such as the companies' internal organisation structure (Ford's internal organisation structure in Great Britain differs from the organisation structure of other Ford plants in Europe, for example).

From Table 1, which concerns the Belgian study, we can see that three out of four CEOs visited their Belgian subsidiary at least once a year. Within this figure, some chief executive officers travelled more than once a year. Among the remaining 25%, periodic visits to headquarters were not the practice (which does not mean that they did not visit at irregular intervals).

Table 1

Annual Visits – Home Office to Subsidiary

Chief Executive Officer	75%
Financial Director	67%
Production Director	50%
Marketing Director	40%
Personnel Director	3%

This study also provides information on the number of North American nationals employed as CEOs, or as financial, marketing and personnel directors. However, this factor may have changed greatly in Europe over recent years. Today, with greater emphasis on regionalisation and co-ordination, caution must be exercised in using these statistics, as it has not been shown what link, if any, exists between the number of personal visits and the number of North American nationals employed in these positions.

What this survey shows in relation to management communications is that intra-company personal visits are very much part of the internal communication network of the majority of companies interviewed: three-quarters of the subsidiaries interviewed have their local managers visit their parent company at a regular rate.

The authors further state that “together with managers from other affiliates of the same multinational group, many local managers participate regularly in global or regional meetings. These are mainly set up to exchange information and evaluate subsidiaries' performances” (1984, p. 34).

The survey further shows that two-thirds of general executive managers of regional headquarters in Europe visited their subsidiaries annually. In addition, about one-third of the general

managers, financial managers and marketing managers and one fourth of the personnel and research managers at the regional headquarters surveyed visited their subsidiaries between three and five times a year (1984, p. 80).

As this study was carried out to investigate the decision-making process, it has left a huge number of management communication questions unanswered. Nevertheless, it provides an interesting basis for further research.

The British Study

This study was published in the Autumn of 1984 by a team of investigators from Strathclyde University (Young et al., 1985). As in the case of the Belgian survey, it was commissioned by the International Labour Office in Geneva and was also concerned with the decision-making process. Of the 154 firms surveyed, 82% of CEOs visited their United Kingdom subsidiary at least once a year: 40% of this figure visited at least four times a year and the rest at least once a year. Some 28 CEOs did not make regular annual visits but, as with the Belgian study, they made irregular visits.

Table 2

Frequency of Visits by Corporate Executives to United Kingdom Subsidiaries

Position	Weekly	Monthly	Quarterly	Annually	Never	Other
CEO	1	2	39	36	18	4
Personnel Director	1	2	7	21	21	50
Production Director	1	3	12	27	18	40
Research Director	1	3	5	27	21	43
Financial Director	1	3	21	34	23	17
Marketing Director	1	3	18	24	19	36

Table 2 above and Table 3 below show the existence of a two-way movement of personnel in the United Kingdom survey. Nearly two-fifths of the chief corporate executives visited their United Kingdom subsidiary on a quarterly basis and this was matched by a flow in the opposite direction. The number that did not visit was similar. With regard to functional managers (finance, production, etc.), visits were much less frequent.

Table 3

Frequency of Visits by United Kingdom Executives to Parent Company

Position	Weekly	Monthly	Quarterly	Annually	Never	Other
Managing Director	2	17	36	23	18	4
Personnel Director	1	3	10	18	20	47
Production Director	1	6	16	26	26	25
Research Director	1	5	14	23	21	37
Financial Director	1	7	20	36	24	13
Marketing Director	1	8	24	27	24	16

The British study differs from the Belgian study in the number of home nationals employed. In 64% of the subsidiaries surveyed, no non-British executives were employed. This left slightly more than one-third of firms employing expatriate executives; but it was rare to find more than one or two non-United Kingdom nationals being employed (p. 8). In the Belgian study, almost three-quarters of the chairmen and two-thirds of the members of the board of directors of foreign-owned firms were nationals of the home country (p. 8). On the other hand, the number of CEOs who visited their United Kingdom subsidiary was slightly higher than the Belgian figure.

Neither in the British study nor in the Belgian study was any attempt made to relate the number of inter-company visits to their content and mission. Therefore, as a communication channel all that is known is the frequency and author of the visits. This opens a wide area of investigation possibilities.

The Brazilian Study

The Brazilian study, “Patterns of Communication in the Multinational Corporation: an empirical study”, by Brandt and Hulbert, 1976, touches on two points relevant to intra-company visits: personnel visits made in both directions by CEOs and the number of annual meetings held for subsidiary CEOs either regionally or at the home office. This study was carried out among 63 North American, Japanese and European subsidiaries in Brazil. Table 4 below show the average annual number of visits made by home-office CEOs and subsidiary general managers to each others’ offices.

Table 4

Average Number of Intra-Company Visits

Nationality of firm	Home-office CEOs to subsidiary	Subsidiary General Manager to home office
American	2.4	2.4
European	1.6	1.3
Japanese	1.9	1.5

These figures show a consistent trend, where the North American firms show a slightly higher number of annual visits than both the European and Japanese corporations. These figures support Brandt and Hulbert’s contention that American firms rely more heavily on face-to-face interaction than the European or Japanese corporations (1976, p. 10). However, there are many other factors involved and these have not been explored by the research project, which means that any generalisation from these statistics alone would be false. Nevertheless, in management communication terms, they do confirm both the Belgian and the British study’s findings as to the importance placed by CEOs on intra-company visits as a communication channel.

This study opens up research areas concerning the multinational corporation’s country of origin, the political situation in the host country, the amount of trust involved, and so on. Are the communication channels, for example, with North American multinationals as controlled as those of Japan and Europe?

The Spanish Survey

The author, Jon Martínez, asked each of the 50 foreign subsidiaries interviewed for the total number of executives who visited the home office, sat on committees, participated in working groups and in-house training programmes, and attended meetings and conferences abroad.

In Table 5 below the average number of executives who visited the home office and other subsidiaries was 70.32%.

Table 5

Purposes of Intra-Company Visits by Spanish Executives

Committees/Working Groups	56.44%
Meetings and Conferences	52.07%
In-house Training	42.28%
Intra-company Visits	70.32%

(Survey results - Appendix 1 of Martínez's study)

In a breakdown of Martínez's study, some 15 high-technology firms were interviewed and the number of hi-tech executives who made intra-company visits was slightly higher (77%) than the overall average. In the pharmaceutical industry, a staggering 95% of executives participated in intra-company visits. At the other end of the spectrum, in the automobile industry only 46% of executives took part in intra-company visits. This figure supports the view that informal intra-company visits are more important as an internal communication channel in the high-technology and pharmaceutical industries than in other more traditional industries such as the automobile industry.

The Spanish study was interesting because it looked at co-ordination and dealt indirectly with management communication channels. An interesting research question here is the role played by communication channels within strategic management?

Conclusion

What these four studies show is that inter-company visits among executives are very much a part of the non-standardised communication infrastructure of multinational companies. No direct research can be found on the specific types of information communicated, since only the broad headings of marketing, finance, and production are given. The Belgian figure of three out of four local general managers making annual visits to headquarters is confirmed by the British survey where 78% made the trip. These surveys also show that intra-company visits were a two way process, with 75% of British firms and 82% of Belgian firms being visited by the CEO from headquarters. In the Brazilian survey, 41% of local general managers and 53% of CEOs, respectively, made the trip more than three times a year.

In relation to other executives, the Belgian survey showed that two out three finance managers, one out of two production managers, and some 40% and 30% of marketing and personnel managers, respectively, participated in periodic intra-company visits.

Finally, we turn to the Spanish survey, which dealt with the total number of executives involved. Here some 70% of the total number of executives employed in the 50 companies interviewed made periodic intra-company visits.

Although this paper is not concerned directly with the number of expatriates employed in overseas operations, it is interesting to note that in the Belgian study some 66% of chief executive officers, 70% of marketing managers, and 48% of personnel managers were non-Belgian nationals. However, this figure was not confirmed by the British survey and current trends indicate that firms are employing local managers rather than managers from headquarters. This point is confirmed in the Spanish survey.

For example, in General Motors España, six foreigners were employed, but only one of these occupied one of the top five positions in the company. In Ford Motor Company, on the other hand, only two of the six members of the Board were Spaniards: the other four came from other European countries. In the hi-tech industry, very few foreigners were employed: Nixdorf, Unysis, Thomson, and IBM had no foreigners while Hewlett-Packard, NCR, and Standard Electric employed only one each.

The relationship between the communication channels and the number of expatriate executives is another area of interest and remains untouched.

North American Experience

One of the few pieces of research done in this area was carried out by Dimitris Chorafas for the American Management Association. Entitled "The Communication Barrier in International Management", it dealt with the question of intra-company visits both within North America itself and overseas. No clear pattern seems to emerge from this study.

One of the companies interviewed was Carnation. Its practice was explained by its Vice-President, C.G. Todd:

"Ordinarily, a subsidiary executive will not come to the headquarters in Los Angeles more than once every three to five years. However, each of the foreign divisions' headquarters usually visit the subsidiary two or three times a year" (Chorafas, p. 31).

American Standard subsidiary executives within the North American region, on the other hand, visited headquarters three or four times a year and they in turn were visited each month by the home-office executives (p. 31). According to R.W. Lindgreen, administration manager at Hughes International at the time of the survey, executives from wholly-owned subsidiaries usually visited the Californian headquarters twice a year while headquarter executives visited each foreign location at least once a year.

Dr. Ballhus of Beckman Instruments confirmed this number of annual intra-company visits when he stated "an average of four to five executives from each of the two largest subsidiaries visit headquarters once or twice a year for an average visit of three weeks" (Chorafas, p. 30). These subsidiaries, in turn, are visited every year by approximately three executives from the parent company. In the opinion of Dr. Ballhus, the fundamental barriers to international communication seem to be distance, time, and local customs (he treats language as part of this). He concluded by saying that "more direct visits and oral and visual communication appear to be the best method of reducing communication barriers."

Proctor and Gamble apply a policy of annual visits by the subsidiary's top executives. Mr. D.F. Howe, personnel manager at Proctor and Gamble's international division, states there is no set schedule for visits by headquarter executives to the subsidiary, but they take place on a more or less regular basis (Chorafas, p. 31).

Further Research Areas

Even in this age of unprecedented technological marvels, the communication process can be highly inefficient. Face-to-face discussions in the form of intra-company visits are often the best solution when the internal communication infrastructure is functioning inefficiently. Research needs to be done into the current frequency and importance of intra-company visits as an internal communication channel, particularly in companies that have recently undergone or are undergoing structural changes with the introduction of greater co-ordination and integration on a local geographical basis. Previous research, such as the Belgian, British and Brazilian studies, can only act as indicators for future research topics as these were carried out before the current co-ordination trends took shape. Communication studies within this area must follow the dictates of developments in strategic management practices developed to address the need for co-ordination on a local geographical basis.

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