

Want to improve your company's performance? Here's why hiring directors with international experience can help

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Credit: Binghamton University, State University of New York

New research from Binghamton University, State University of New York shows that companies perform better when they hire board

directors with some international professional experience. Just one caveat: their existing board members must function cohesively as a team.

The study's findings could benefit multinational firm leadership by helping them understand how to ensure the international experience hired executives accrue translates into desirable bottom-line results.

"When you've been around the world, exposed to different things, you can bring them back to your market and apply them in ways your competitors might not necessarily be thinking of," said Andre Havrylyshyn, the assistant professor of strategic management who conducted the study.

"That can be very advantageous, but since boards of directors don't get together as often as other groups in the workplace, it's even more critical that they perform cohesively as a team."

Havrylyshyn's research centered on a review of 105 manufacturing firms in the U.S. from 2010 to 2014. He assessed their short- and long-term performance using both an accounting-based measure of return on assets and assessing stock market performance.

Any international work experience in the public or [private sector](#) can allow directors to learn from societal differences impacting the organizational and managerial process, the study said, and this enables them to gain valuable insights that open up new decision-making approaches.

"Although we only really see that this idea of having more directors who have worked abroad leads to better firm performance when it's combined with this idea of cohesion, one can see how it's relatively intuitive: is everybody working with everybody, seeing things as a unit? When that's happening, plus bringing members who have worked

abroad, then we start to recognize how that can lead to better decision-making and, in turn, better profit," Havrylyshyn said.

An unexpected outcome of the study was that other than team cohesion, factors such as sharing knowledge or ideas and [social capital](#)—both proven to be especially valuable processes in team building for middle management or frontline workers—did not appear to affect a firm's performance even when those firms included board directors with professional international experience.

Havrylyshyn said this further demonstrated why bringing in someone with international experience alone shouldn't be viewed as a cure-all for boosting profitability.

"One explanation of the findings is that if you want to figure out ways of creating good teams in your company, you need to think about where those teams are in terms of frontline versus upper echelons of the organization and even more about who's in them," Havrylyshyn said.

In the study, Havrylyshyn noted directors who bring professional international experience to the boards they serve on have also likely developed relationships with a wide array of influential people. As a result, these people likely have access to a wider network of international resources a firm could utilize.

"This research suggests that maybe we need to think less about the skills that are more measurable and quantifiable and, instead, focus more on developing those better interpersonal relationships," Havrylyshyn said. "You want more skill, more ability, more talent. But if the people on your board have really bad relationships or don't function well together, it's very likely that addressing such a problem would likely make a significant impact for the better."

The study, "[The Role of Emergence in Leveraging the Value of Board Director International Experience](#)," has been published in the *Journal of Business and Management*.

More information: The Role of Emergence in Leveraging the Value of Board Director International Experience, *Journal of Business and Management* (2024). [DOI: 10.6347/JBM.202406_29\(2\).0002](https://doi.org/10.6347/JBM.202406_29(2).0002)

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