

Performance Optimization Strategies in Multinational Corporations

Daniel Martin^{1*}, Claire Tremblay²

^{1*}Canadian Institute for Northern Innovation, Toronto, Canada.

²Canadian Institute for Northern Innovation, Toronto, Canada.

Received: 20 June 2025; Revised: 30 July 2025; Accepted: 05 September 2025; Published: 30 September 2025

Abstract

Operating within complicated multinational legal structures, performance optimization is both a key strategy for success and a challenging task for multinational corporations (MNCs). In this paper, the performance optimization strategies of MNCs are discussed, with a focus on cost effectiveness, innovations in the process of optimization, human resource competence, knowledge sharing and strategic orientations towards optimization. The paper incorporates both quantitative and qualitative research approaches by using surveys among 280 managers and executives in 55 MNCs and semi-structured interviews among 35 corporate executives. The methods include Structural Equation Modeling and regression analysis to examine the relationships between performance optimization concepts and business results. The findings indicate that performance optimization significantly affects operational efficiency ($\beta = 0.61$, $t = 6.84$, $p < 0.001$) which in its turn significantly affects the performance of MNCs ($\beta = 0.65$, $t = 7.43$, $p < 0.001$). Moreover, institutional environment influences the strength of relationships between the studied concepts ($\beta = 0.24$, $t = 2.71$, $p = 0.007$). Descriptive statistics show high average ratings for all aspects of optimization strategy indicating strong orientations towards optimizing practices. The future research directions are presented, involving the longitudinal study approach, comparative analyses by sectors, and the significance of new technologies for enhancing the performance management systems.

Keywords: Performance Optimization; Multinational Corporations; Operational Efficiency; Knowledge Sharing; Strategic Alignment; Institutional Context; Structural Equation Modeling.

I. INTRODUCTION

Multinational corporations represent one of the most consequential organizational forms in contemporary global capitalism, operating across a heterogeneous landscape of regulatory frameworks, cultural contexts, labor markets, and competitive dynamics (Buckley & Casson, 2009). The challenge of optimizing performance under such conditions is fundamentally different from that faced by domestic firms, requiring not only functional excellence but also the capacity to coordinate and integrate resources across multiple national contexts (Dunning, 2001). As global competition intensifies and market conditions grow increasingly volatile, MNCs must continuously refine their performance frameworks to sustain profitability and expand their strategic footprint (Kostova & Roth, 2002).

Performance optimization strategies for MNCs include a wide range of managerial processes such as operational effectiveness, talent management, knowledge management, innovation of processes, and financial control (Rugman & Verbeke, 2004). However, these strategies cannot be viewed separately because they are tightly interconnected, and the impact of the synergy between them is greater than their independent effects. There is evidence that companies which manage to integrate these strategies into their operations have much greater chances to perform better and maintain high performance for a long time compared to other firms (Collings et al., 2007). Besides, institutions and environments where MNCs operate differ from one another in many respects in terms of demands on management processes (Bhutta et al., 2024).

While there is a lot of empirical and theoretical evidence on MNC management, the problem of interconnections and interaction of different performance optimization strategies and the effect they create under specific institutional conditions remains largely understudied (Udayakumar et al., 2014). Indeed, previous literature studies individual aspects of optimization without paying due attention to synergies between different optimization processes (Collings et al., 2019). In order to close this research gap, the present paper proposes an integrated approach to performance optimization strategies that considers different optimization strategies together (Mellahi et al., 2016). The paper contributes to the existing literature in three respects. First, it develops an integrated conceptual framework linking performance optimization dimensions to firm-level outcomes. Second, it tests this framework using a robust mixed-methods design involving SEM and thematic analysis. Third, it provides managerial implications that are grounded in both quantitative evidence and rich qualitative insights from senior leaders of globally operating firms.

The rest of the paper is divided into the following parts. Section II will review the literature pertaining to the topic under discussion. Section III includes the objective and theoretical framework of the study. Section IV explains the methodology used in the research. Section V will provide the results along with discussion. Section VI draws conclusions and suggests further research directions.

II. LITERATURE REVIEW

The literature on performance optimization in MNCs is built on many fundamental theories. One such approach is the resource-based view (RBV), which considers the critical nature of unique, unreplicable assets and capabilities in gaining competitive advantage (Sen, 2024). The second theory related to optimization is dynamic capabilities, which builds upon RBV and stresses the significance of organization-level routines that help organizations adapt their resources in changing environments (Kolk & Pinkse, 2022). A third perspective is transaction cost economics (TCE), which examines the way organizations ensure the reduction of governance costs in cross-border operations by establishing effective organizational design (Radu, 2024). Collectively, these models offer a vast range of terminology to comprehend the ways MNCs can improve their performance by virtue of internal capabilities, adaptability, and structure.

A large body of empirical evidence indicates that cost efficiency is one of the key factors behind MNC performance. Organizations that implement strong cost management policies, such as lean production, logistics improvements, and financial controls, demonstrate superior results in terms

of profitability and corporate value (Árva et al., 2020). However, managing costs is not enough, since organizations also need to invest in innovations and build up competencies to perform well (Luo & Shenkar, 2017). Research studies have shown that companies that strike a balance between cost efficiency and innovation can be better placed to succeed not only in terms of cost effectiveness but also in gaining competitive advantage (Jaiswal et al., 2023).

Human resource management (HRM) has become an important factor that determines successful performance in MNCs. Human resource management in a multi-culture, multi-institution environment is complex and demands efficient HR systems that take into account differences while remaining globally coherent. Several research studies have confirmed that MNCs which train their employees on cross-cultural issues, allow movement of talent internationally, and develop knowledge sharing systems outperform others that depend upon standardized HRM systems. Effective role of leaders in encouraging cross-cultural interactions and integrating organizational values has also been highlighted in several studies. The other major factor in performance optimization is knowledge management and sharing within organizations. High-performing MNCs have the capability of transferring knowledge, such as best practices, process improvements, and information from foreign markets, across their organizational boundaries. Research indicates that firms which use knowledge management systems, such as intranets, communities of practice, and knowledge codification systems, are more innovative and efficient than firms that depend on informal knowledge transfers.

Several issues remain unresolved in the existing literature, however. For instance, most studies concentrate on just one performance optimization factor and ignore the interactions among the different dimensions (Udayakumar et al., 2014). Second, few studies consider how institutional contexts can influence performance optimization outcomes. Therefore, the lack of institutional context considerations in studies on performance optimization has been recognized as an area for future research (Udayakumar et al., 2014). This paper attempts to address both these issues. Furthermore, there is inadequate consideration of the impact of the moderating influence of the organizational environment such as regulation, cultural distance, and economic development in the existing body of knowledge on integrated performance optimization. This study attempts to address this gap by developing a multidimensional framework for performance optimization within MNCs.

III. RESEARCH OBJECTIVES AND CONCEPTUAL FRAMEWORK

3.1 Research Objectives

- To evaluate the multi-dimensional approaches to performance optimization that multinational corporations employ.
- To explore the connection between performance optimization, operational efficiency, and organizational performance.
- To evaluate the moderating effect of the institutional environment on the connection between performance optimization and organizational performance.
- To formulate practical suggestions for international managers in charge of managing performance worldwide.

3.2 Hypotheses

H1: The implementation of performance optimization strategies (cost effectiveness, process improvement, human resource capabilities, knowledge sharing, strategy congruence) positively affects operational effectiveness of MNCs.

H2: Operational effectiveness, which is enabled by performance optimization strategies, positively impacts organizational effectiveness and competitive advantage.

H3: Institutional context (institutional framework, cultural distance, economic context) moderates the effect of performance optimization on firm performance.

3.3 Research Questions

RQ1: Which are the performance optimization practices that are predominantly used by MNCs, and how do they differ depending on the institutional setting?

RQ2: How does the concept of performance optimization affect the efficiency of operations within MNCs?

RQ3: What is the connection between efficiency and performance in the setting of MNCs?

RQ4: How does institutional setting mediate the effect of optimization practices on performance results?

RQ5: What can be recommended for global managers in terms of improving performance optimization practices?

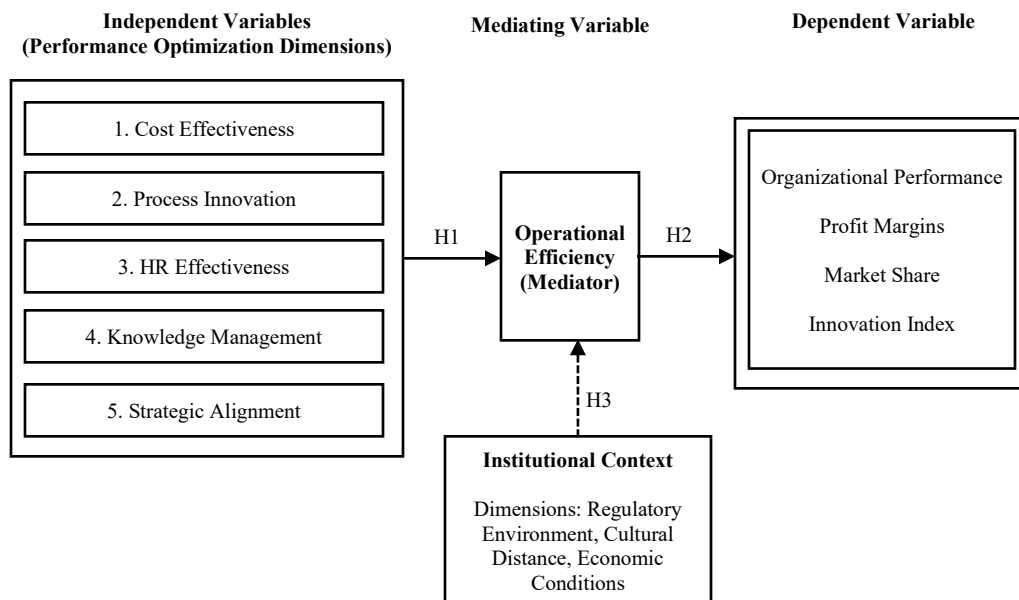


Figure 1: Conceptual Framework of Performance Optimization

In figure 1 demonstrates the conceptual framework for this research. The conceptual model highlights five dimensions of optimization – cost effectiveness, process innovation, HR effectiveness, knowledge management, and strategic alignment – as its main independent variables. All these dimensions have an impact on operational efficiency, which is suggested as a

mediating variable influencing organizational performance metrics such as profit margins, market share and innovation index.

This conceptual framework draws upon the concept of dynamic capabilities according to which international firms are supposed to constantly adjust their optimization efforts in light of changes in institutional context. Mediating effect of operational efficiency implies that operational performance enhancement represents the direct means through which the desired effect of optimization can be obtained. Moderating effects of institutional context represent the acknowledgement of the fact that optimization efforts may be less successful in some institutional contexts than in others.

IV.METHODOLOGY

4.1 Research Design

For this study, a mixed-methods approach is adopted where both quantitative survey and qualitative interview research methods will be employed simultaneously. For instance, in terms of the quantitative approach, structural equation modelling and regression analysis will be applied to test the hypothesized relationships, whereas in terms of the qualitative approach, data gathered from the experience of senior managers who have responsibility in MNCs for performance optimization will be analyzed.

4.2 Study Area and Sampling

The sample consists of managers and executives who work for multinational companies operating in at least three different nations. The sampling method adopted for this research is that of purposive sampling because the aim here is to have respondents representing a variety of fields, such as manufacturing, financial services, information technology, and fast-moving consumer goods. A total of 280 managers and executives belonging to 55 MNCs completed the questionnaire, whereas 35 top leaders underwent qualitative interviews.

4.3 Data Collection and Sources

The primary quantitative data were collected using a survey questionnaire that included Likert scale questions on each of the five dimensions of optimization, operational efficiency, and firm performance. A pilot survey with 20 managers was used to determine reliability and construct validity. The primary qualitative data were gathered through face-to-face and videoconference semi-structured interviews, each lasting from 45 to 90 minutes. Interview protocols investigated the process of optimization, obstacles during optimization, and performance outcomes of optimizations. The secondary data involved industry reports, financial statements, and scholarly publications.

4.4 Analytical Techniques and Model Details

The statistical tools utilized for the analysis of the quantitative data included SPSS and AMOS. Regression analysis helped to establish the bivariate relationships among the constructs, while SEM technique was used for testing the whole hypothetical model, including all types of relationships, namely direct, indirect, and moderated. The proposed research model includes the following variables:

- Independent variables: Cost efficiency, process innovation, HR capabilities, knowledge sharing, and strategic alignment
- Mediating variable: Operational efficiency
- Dependent variable: Performance of the firm (profitability, market share growth, and innovation index)
- Moderating variable: Institutional context (regulation, cultural distance, and macroeconomic stability)

The data obtained through qualitative methods of interviews were subjected to thematic analysis in accordance with the approach proposed by Braun & Clarke, and six steps.

V. RESULTS AND DISCUSSION

5.1 Overview of Findings

Quantitative results tend to substantiate all three hypotheses. High scores on composite optimization of performance have shown to correlate with a high degree of operational effectiveness, which in turn corresponds to a positive correlation between operational effectiveness and business success. Qualitative results offer additional information by explaining how optimization can be successfully achieved in the context of an MNC; cross-functional collaboration, commitment from the top, and adaptability to local conditions play an important role.

Table 1: Descriptive Statistics of Key Variables

Variable	Mean	Std. Dev.	Min	Max	Source
Cost Efficiency Index	4.08	0.65	2	5	Survey
Process Innovation	3.92	0.70	2	5	Survey
HR Capability	4.15	0.61	2	5	Survey
Knowledge Sharing	3.88	0.74	1	5	Survey
Strategic Alignment	4.02	0.68	2	5	Survey
Operational Performance	4.20	0.62	2	5	Survey

Descriptive statistics of the variables have been provided in table 1. Mean values for each construct tend to be quite high (between 3.88-4.20), suggesting that the sampled MNCs have sound strategic orientations in all the optimization factors. Talent management is rated with the highest mean value (4.15), indicating its significance in the performance of MNCs. Cross-border knowledge sharing is the variable showing the largest variation in mean values (3.88). Efficiency-related operational performance is rated with the highest mean (4.20).

In figure 2 provides the findings of the path analysis model. Hypotheses H1, H2, and H3 are validated. H1 is validated due to the presence of a highly significant positive path between performance optimization and operational efficiency ($\beta = 0.61$, $t = 6.84$, $p < 0.001$). H2 is validated due to the fact that operational efficiency significantly impacts the firm's performance ($\beta = 0.65$, $t = 7.43$, $p < 0.001$). Finally, H3 is validated because institutional context plays a role of moderator between performance optimization and firm's performance ($\beta = 0.24$, $t = 2.71$, $p = 0.007$).

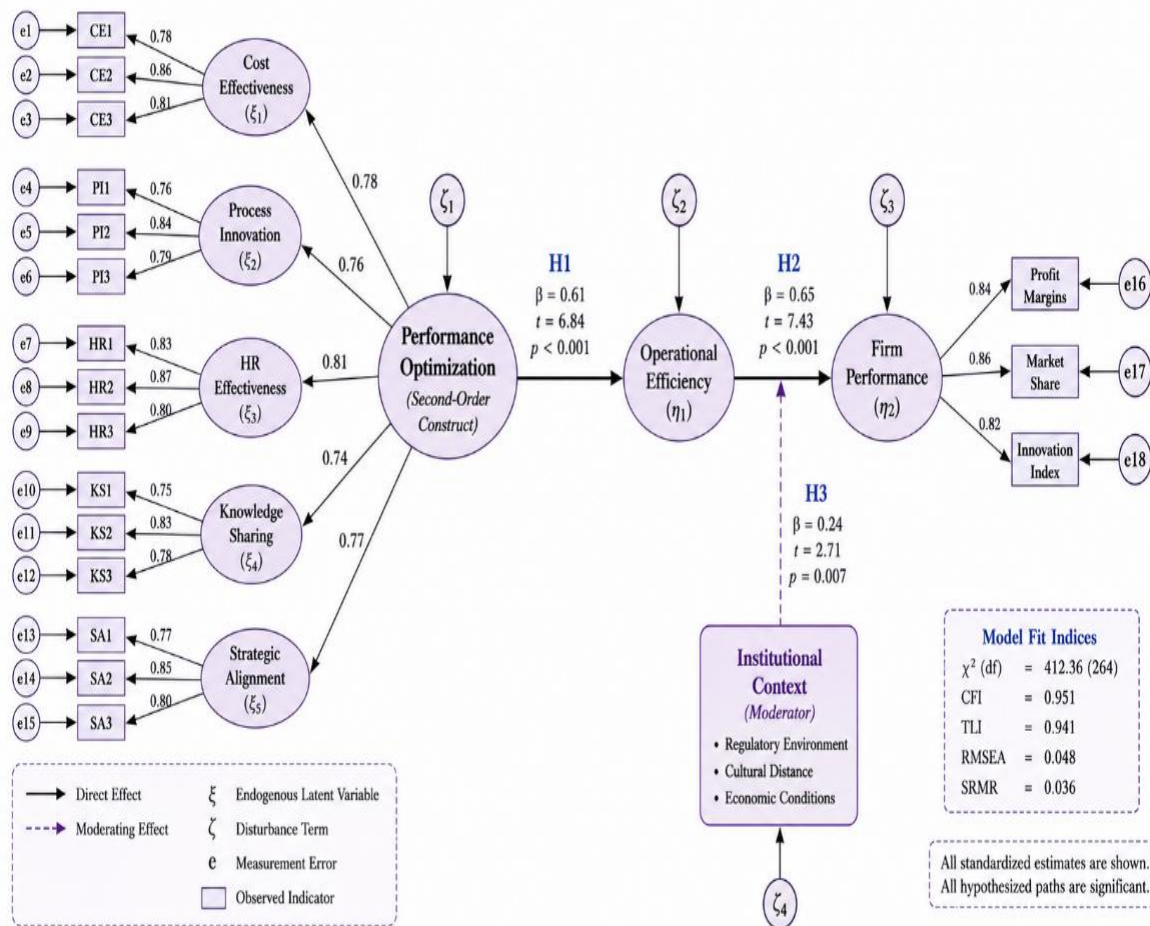


Figure 2: Performance Optimization, Operational Efficiency, and Firm Performance

5.2 Cost Efficiency and Competitive Positioning

The qualitative insights provided further details on how cost efficiency leads to competitive advantage based on the quantitative insights generated. The interview participants always highlighted the significance of adopting standard global procurement practices, lean manufacturing practices, and common shared services as means of minimizing costs while maintaining the high standards of quality products. Some of the leaders have pointed out that the combination of cost efficiency and innovation investment can help organizations avoid falling into the trap of cost cutting that may compromise their competitiveness.

5.3 Human Resource Capability and Knowledge Sharing

The interview results have found that there is a reciprocal relationship between human resource capacity and knowledge sharing in high-performing multinational corporations. Firms that develop cross-cultural management training programs create a strong culture of knowledge sharing because leaders that comprehend various organizational environments are better at sharing knowledge between subsidiaries. The most effective means of knowledge dissemination included informal communities of practice, knowledge bases, and internal talent movements.

5.4 Strategic Alignment and Institutional Adaptation

It is through the qualitative analysis that the moderating role of institutional environment on the relationship between optimization and performance has been explored. Management of firms working within institutional environments characterized by high levels of regulation found it more difficult to align strategically their parent organizations and subsidiaries. The firms that succeeded in dealing with the situation used a two-pronged approach involving both formal alignment procedures like global strategy summit and balanced score card cascading and informal approaches enabling the subsidiaries to localize the global framework.

5.5 Managerial Implications

There are numerous implications of these results on the work of global managers. First, global optimization should not be regarded as a series of individual projects but rather as a comprehensive multi-dimensional process. Second, global efficiency is not only a result of the global optimization process but also one of its main tools, which helps to achieve better company performance. Third, the importance of taking the institutional environment into account when conducting performance management cannot be underestimated, especially in emerging markets where local peculiarities may seriously boost or hinder the efforts of global optimization. Fourth, the mutual reinforcement of HR capacity and knowledge sharing means that the benefits from investing in people increase manifold when complemented by knowledge management systems.

VI. CONCLUSION AND FUTURE RESEARCH

In this paper, the empirical analysis of performance optimization strategies of multinational firms to show that multi-dimensional optimization plays a key role in determining efficiency and performance of organizations. The results from structural equation modeling indicated that the relationship between performance optimization strategies and operational efficiency ($\beta = 0.61$, $t = 6.84$, $p < 0.001$) was highly statistically significant, as well as the relationship between operational efficiency and firm performance ($\beta = 0.65$, $t = 7.43$, $p < 0.001$). The institutional setting turned out to be a significant moderator ($\beta = 0.24$, $t = 2.71$, $p = 0.007$). It is worth noting high average ratings for all optimization dimensions reflecting strategic orientations of MNCs involved in the study. The limitations of the research design encompass the fact that it is cross-sectional in nature and, therefore, does not allow drawing any causal inferences; sampling is based on a sample from companies of large scale only, which means that it cannot be generalized to SMEs in the international business environment. The use of self-reports can potentially cause bias in responses, but the fact that triangulation was used helps mitigate the limitation. For further research, longitudinal approaches need to be used to analyze the development process of the optimization strategies and their impact on performance dynamics. Comparative approaches involving different clusters, such as comparisons between countries and different legal systems (common vs. civil), will be beneficial. The increasing influence of IT and artificial intelligence on optimizing performance will also be an interesting angle to study.

REFERENCES

- [1] Buckley, P. J., & Casson, M. C. (2009). The internalisation theory of the multinational enterprise: A review of the progress of a research agenda after 30 years. *Journal of international business studies*, 40(9), 1563-1580. <https://doi.org/10.1057/jibs.2009.49>
- [2] Dunning, J. H. (2001). The eclectic (OLI) paradigm of international production: past, present and future. *International journal of the economics of business*, 8(2), 173-190. <https://doi.org/10.1080/13571510110051441>
- [3] Kostova, T., & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of management journal*, 45(1), 215-233. <https://doi.org/10.5465/3069293>
- [4] Rugman, A. M., & Verbeke, A. (2004). A perspective on regional and global strategies of multinational enterprises. *Journal of international business studies*, 35(1), 3-18. <https://doi.org/10.1057/palgrave.jibs.8400073>
- [5] Collings, D. G., Scullion, H., & Morley, M. J. (2007). Changing patterns of global staffing in the multinational enterprise: Challenges to the conventional expatriate assignment and emerging alternatives. *Journal of World Business*, 42(2), 198-213. <https://doi.org/10.1016/j.jwb.2007.02.005>
- [6] Bhutta, M. K. S., Alhawari, O. I., & Mohamed, Z. M. (2024). An integrated production–distribution optimization model for multinational manufacturing corporations. *International Journal of Management Science and Engineering Management*, 19(1), 29-45. <https://doi.org/10.1080/17509653.2022.2157900>
- [7] Udayakumar, R., Khanaa, V., & Thooyamani, K. P. (2014). Analysis of cost estimation metrics to review the cost of testing. *World Applied Sciences Journal*, 29(14), 248–252.
- [8] Collings, D. G., Mellahi, K., & Cascio, W. F. (2019). Global talent management and performance in multinational enterprises: A multilevel perspective. *Journal of management*, 45(2), 540-566. <https://doi.org/10.1177/0149206318757018>
- [9] Mellahi, K., Frynas, J. G., & Collings, D. G. (2016). Performance management practices within emerging market multinational enterprises: the case of Brazilian multinationals. *The International Journal of Human Resource Management*, 27(8), 876-905. <https://doi.org/10.1080/09585192.2015.1042900>
- [10] Sen, S. (2024). Strategic Management Practices in Multinational Corporations: A Comparative Study. *Journal of Advanced Management Studies*, 1(3), 36-39. <https://doi.org/10.36676/jams.v1.i3.18>
- [11] Kolk, A., & Pinkse, J. (2022). A perspective on multinational enterprises and climate change: Learning from “an inconvenient truth”? In *Crises and Disruptions in International Business: How Multinational Enterprises Respond to Crises* (pp. 245-285). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-030-80383-4_11
- [12] Radu, C. (2024). The Role of Innovation as a mechanism of enhancing Organizational performance. *National Journal of Quality, Innovation, and Business Excellence*, 1(1), 7-15.

- [13] Árva, L., Pásztor, S., & Pyatanova, V. (2020). Some thoughts on the relationship between multinational corporation strategies and the changing patterns of international trade: The geographical optimization principle. *Economy and Finance: English Language Edition of Gazdaság és Pénzügy*, 7(1), 56-77. <https://doi.org/10.33908/ef.2020.1.3>
- [14] Luo, Y., & Shenkar, O. (2017). The multinational corporation as a multilingual community: Language and organization in a global context. In *Language in International Business: Developing a Field* (pp. 59-92). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-42745-4_4
- [15] Jaiswal, A., Arun, C. J., & Varma, A. (2023). Rebooting employees: Upskilling for artificial intelligence in multinational corporations. In *Artificial intelligence and international HRM*, 114-143. <https://doi.org/10.4324/9781003377085-5>