Regional Heads at the Top: An Unexplored Microfoundational Factor for Inter-regional Growth in Multinational Enterprises

Most of the world's multinational enterprises (MNEs) concentrate their economic activities mainly in their home regional area – the so-called *regionalization phenomenon*. This phenomenon has been regarded as a cause of inter-regional economic fragmentation, and an impediment to global integration in an era of high geopolitical uncertainty. This has led scholars to stress the need for examining the factors that enable MNEs to move away from their regionalization tendencies and realize growth across regions. We inform this area of research via a microfoundational lens. Integrating the Microfoundational View of International Business (MVIB) with the Penrosean Theory of Growth, we argue that a largely neglected yet important microfoundational factor associated with structural capability and administrative efficiency – i.e., the presence of *regional heads* in the MNE's top management team (TMT) – enables the MNE's top managers to economize on the bounded rationality and bounded reliability challenges of operating across regions, and thus boosts growth in these regions. We also postulate that this effect varies with the attributes of the CEO and the characteristics of the region. We test our framework using data from the global automotive industry between 2003 and 2019. Theoretical contributions, practical implications and future research directions are discussed.

Keywords: Regional Heads, Microfoundations, Regionalization, Penrosean theory of growth

INTRODUCTION

As early as 2004, Rugman and Verbeke's seminal study revealed that the vast majority of the world's largest multinational enterprises (MNEs) concentrate their economic activities mainly in the home region in which they are headquartered (Dunning, Fujita, & Yakova, 2006; Rosa, Gugler, & Verbeke, 2020; Rugman & Verbeke, 2004). This regionalization phenomenon occurs due to the compounded distance (i.e., cultural, economic, institutional and geographic distance) and associated risks that MNEs face when expanding across regional areas. The multidimensional distance that occurs from cross-regional activity associates with the limited information in the hands of managers at the MNE's head office to evaluate the local context when making decisions (a bounded rationality (BRat) challenge) and to establish reliability interfaces with regional actors (a bounded reliability (BRel) challenge) (Rugman, Verbeke and Nguyen, 2011). The heightened BRat and BRel of cross-regional activity, in turn, renders it hard for the MNE to grow across regions, and eventually leads MNE managers to focus on their home regional areas (Rugman and Verbeke, 2004). At the aggregate, such regionalization tendencies of MNEs generate regional fragmentation and act as an impediment to global economic integration (Cui, Tian, Yu, 2025). Especially in an era of high geopolitical uncertainty (Luo and Tung, 2025), MNEs increasingly struggle to realize inter-regional growth – which eventually leads them toward a more pronounced home-regional orientation (Verbeke, Coeurderoy and Matt, 2018). This has led international business (IB) scholars to stress that there is a need for examining the enabling factors that allow MNEs to overcome their home-regional tendencies and realize growth in across regions (Ghobadian, Rugman and Tung, 2014; Verbeke and Assmusen, 2016).

In this study, we advance this area of research by adopting a microfoundational lens that emphasizes the structural role of managerial actors in MNEs (Georgakakis, Wedell-Wedellsborg, Vallone and Greve, 2023; Georgakakis, Heyden, Oehmichen and Ekanayake, 2022). Examining the structural role of managerial actors as enablers of host-regional growth is key as, according to the Penrosean theory of growth, managerial capability and administrative effectiveness are considered the two fundamental principles that enable firms to expand and grow within and across regional areas (Verbeke and Yuan, 2007). Given that MNEs do not orchestrate resources and do not make strategic decisions by themselves, but only through the decision-making actors and their interactions (see e.g.,

Georgakakis et al., 2023; Cuypers et al., 2022), taking a micro-foundational lens to inter-regional growth is key for appreciating the processes through which international organizations can move away from regionalization tendencies by growing across regions. In an era of high geopolitical risk and uncertainty where MNEs struggle to expand and grow across locations, appreciating the role of micro-actors can help to advance our knowledge on the regionalization phenomenon and its drivers.

In advancing this, we integrate elements form the Penrosean Theory of Growth (PTG) (Tan et al., 2020) with the Micro-foundational View of International Business (MVIB) (Georgakakis, Wedell-Wedellsborg, Vallone, & Greve, 2023; Kano and Verbeke, 2019) to argue that an important yet relatively neglected factor – the presence of managers with regional responsibilities in the MNE's top management team (TMT) – plays a central role in predicting inter-regional growth. Central to our framework are two core microfoundational processes: i.e., BRat and BRel. BRat refers to the limits of managers "to access, process and act on information", while BRel reflects the limits of "a manager's reliability to fulfill commitments" (Kano and Verbeke, 2019: 121; see also: Georgakakis et al., 2023). We postulate that having in the MNE's top management a regional head in charge for a specific region will help the MNE's strategic leadership to economize on the heightened inter-regional BRat and BRel at the time of decision making, and hence promote growth in this region. Further, embracing the reality that regional heads in the TMT make decisions in interaction with the MNE's most prominent strategic leader (i.e., its CEO) (Georgakakis, Heyden, Oehmichen and Ekanayake, 2022; van Doorn, Heyden, Reimer, Buyl and Volberda, 2022), and since managerial decisions are also affected by the attributes of the region (Rugman et al, 2011), we suggest that the hypothesized relationship will become more pronounced when: (a) the MNE's CEO is a non-native to the firm's home country (i.e., a foreign CEO), and (b) the region is characterized by high levels of complexity, defined as the number of countries existing in a region.

We test our framework using a unique dataset from the global automotive industry between 2003 and 2019. The global automotive industry's context is key, as firms in this context increasingly face pressures to attend inter-regional differences and realize growth across regions in order to survive in a competitive global business arena. Focusing on this context hence allows us to examine our theory

in an environment where cross regional presence and growth is fundamental for remaining competitive (Kano, Tsang, Yeung, 2020).

Our study makes several contributions. First, it advances regionalization theory by bringing 'back on stage' the key role of micro-level actors in driving the MNE away from a regional strategic posture. According to Rugman, Verbeke and Yuan (2011), although the role of managers has received limited attention in the regionalization literature, IB scholars should not neglect the key influence decision makers have in shaping the MNE's strategic posture. By modeling the relations between the TMT's regional responsibility and regional growth, our study reveals that moving beyond regionalization tendencies is, to a large extent, a microfoundational matter. To this end, our work advances knowledge on the regionalization perspective of the MNE by highlighting the importance of micro actors, regional heads, in the regionalization process. It also stresses the need to pay attention to the structural role of the MNE's upper echelons so that to appreciate why and how MNEs attend growth across different geographic areas and regions (Cuypers et al., 2022). In this regard, our work responds to the calls for considering microfoundations as a toolkit for explaining IB phenomena and for appreciating why MNEs behave and act the way they do (Santangelo, Phene, Coviello, Tung and Felin, 2024).

Second, our study contributes to the Penrosean Theory of Growth via its focus on the roles that micro-actors enact in promoting structural capabilities and administrative efficiency in MNEs. Based on the notion that growth is a phenomenon that is generated through internal managerial processes and interfaces, our study highlights that regional heads and their role in bridging the regional contexts with the MNE's head office can act as boosters of inter-regonal growth in international organizations. In fact, one of the most fundamental tenets of the PTG is that administrative structure and interactive managerial capabilities are the key factors in enabling the formation of knowledge and promoting internal growth beyond local/regional boundaries (Pitelis, 2000). Advancing this area, our framework offers a structural-role lens – where regional heads in interaction with the MNE's CEO facilitate the transfer and formation of knowledge by bringing together the head-office and the host-regional context. In this regard, our study advances PTG by underscoring the important role of strategic leadership interfaces in MNEs (Georgakakis, Heyden, Oehmichen and Ekanayake, 2022; Georgakakis et al., 2023; Van Doorn

et al., 2022). It also stresses that understanding international growth requires attention to the interfaces between managerial actors (i.e., the CEO and the regional head) who enact decision making roles and set the boundaries of the MNE's international activity.

Third, our work offers implications on how TMT composition and structure can facilitate cross-regional activity. Scholars have recently developed the notion of multipolar geo-strategies in MNEs – stressing that in the face of geopolitical conflicts and uncertainly, MNEs are likely to strategize based on multipolar structures to enable effective operation and performance across geographic locations and regional areas (Luo and Tung, 2025; Luo, 2024). Extending this, our research underscores the micro-level considerations of multi-polar strategizing that may facilitate inter-regional growth and avoid reginal fragmentation in an era of high geopolitical risk and uncertainty. Our theory and findings highlight that regional heads in the TMT enable the MNE's head office to take into consideration the multi-polar particularities of regional contexts, and by informing home-office decision making about host-regional realities, to help the MNE attend inter-regional growth. As such, our work points out a number of important parameters that international business scholars, practitioners, and policy makers may wish to consider in understanding regional versus global MNEs.

THEORY AND HYPOTHESES

Region as Locus of MNE Strategy: BRat and BRel Micro-Processes

It is a challenging task to manage a network of subsidiaries around the globe (Rugman and Verbeke, 2004). Coordination and integration at the regional level help MNEs to operate in remote locations (Arregle, Miller, Hitt, & Beamish, 2018; Lampert, Kim, Hubbard, Roy, & Leckie, 2019). This is because firm specific advantages (FSAs) developed in one regional area tend to have limited transferability across regional borders (Collinson & Rugman, 2008; Rugman & Verbeke, 2004; Yaprak & Karademir, 2011). Yet, the ability of managers to appreciate, manage and translate regional knowledge into a growth advantage depends on the structural roles based on which the firm is governed (Georgakakis et al., 2022) and how the MNE's strategic leadership can facilitate knowledge integration across regional markets through its top managers (see:Georgakakis et al., 2023; Cuypers et al., 2022).

In fact, the key role of influential decision makers in boosting growth and other organizational outcomes has been emphasized by the Penrosean Theory of Growth. From its tenets, the PTG implies that only when administrative structures allow managers to understand and account for the particularities of regional areas, MNE are expected to grow across regions and establish a global strategic posture (Pitelis, 2000; Rugman and Verbeke, 2004). Given that the role of micro actors (i.e., managers) is central in evaluating environmental stimuli and generating administrative structures and effectiveness, understanding how regional responsibility is distributed in the MNE's management is key. In this regard, our framework implies that an important yet underexplored form of managerial structure – the presence of a regional head at the MNE's top management – may allow MNE managers to economize on the factors of BRat and BRel when operating across regions and thus achieve growth in these regions.

First, BRat occurs from the fact that individuals are unable to possess perfect information in evaluating complex organizational stimuli (Cyert and March, 1964). BRat and limited information heighten in contexts characterized by accumulated distance (cultural, political, geographic and institutional distance), like in the case of leading across regions. This raising distance makes it more difficult for managers at the MNE's head office to make decisions that embrace the everyday reality of regional contexts. Due to the heightened BRat of operating across regions, managers at the MNE's head office may thus underestimate inter-regional differences or avoid engaging with growth opportunities in such host-regions – thus adopting a home-regional strategic posture (Alfoldi, McGaughey, & Clegg, 2017; Burt, Coe, & Davies, 2019; Georgakakis et al., 2023; Kano and Verbeke, 2019). Especially in an era of increasing geopolitical risk and uncertainty, also called by some scholars as an "era of global disorder" (Luo, 2024: 127), understanding how managerial structures facilitate managers to reduce BRat and BRel and boost inter-regional growth is key.

Second, beyond the problem of BRat, operating businesses inter-regionally can also make managers run into difficulties as a result of bounded reliability (BRel) (Kano & Verbeke, 2015, 2019; Rugman & Verbeke, 2005; Verbeke & Asmussen, 2016). Managers of foreign units in a host region, for example, may prioritize their own regional goals by disregarding corporate goals and strategy. This can generate diseconomies at the interface between regional and corporate-level management. That is,

despite ceremonial commitment to pursue corporate goals, managers in distant regions may fail to reliably deliver an outcome to meet home-office expectations – either due to opportunism or unintentional deceit and reprioritization of actions to serve regional goals (Kano and Verbeke, 2019; Lee, 2022; Yamin & Forsgren, 2006). Such reprioritization to serve regional interests is likely to occur because of the subsidiary's information advantage about its business and regional institutions vis-à-vis the MNE's head office (Conroy & Collings, 2016). Yet, such reliability limits that heighten in firms that operate across regions may be affected by the degree to which managerial structures and administrative systems enable managerial actors (i.e., regional heads in the TMT) to assume roles at the interface between the MNE's head office and the host regional context in which the MNE operates. Understanding such managerial structures that enable the economization of BRat and BRel between the MNE's head office and the regional contexts is therefore key, as it will enable us to appreciate how micro-actors and their structural role enactment can lead MNEs toward more or less regionalization.

In fact, recent developments in the regional strategy literature point out that MNEs may use regional coordination to alleviate internationalization challenges (Arregle et al., 2018). When integrating investment decisions in the same geographic region, MNEs are more likely to learn from previous experiences in the region. Studies about regional management centers, for example, demonstrate that regional management functions as a "strategic mid-way house" (Yeung, Poon, & Perry, 2001: 165) that adapts corporate strategies to formulate regional strategies, coordinates activities of subsidiaries within a region (Enright, 2005b), facilitates communication by streamlining information flow (Mahnke et al., 2012; Piekkari, Nell, & Ghauri, 2010), and guides knowledge transfer both bottom-up and top-down (Asakawa & Lehrer, 2003; Lunnan & Zhao, 2013). Nevertheless, little attention has been placed on the managers' role in realizing the potential benefits of regional management. This is an important omission, as regional knowledge and experience can also lead to accumulated benefits when key decision makers attempt to economize on BRat and BRel and reach optimal decisions that lead to growth and desirable outcomes at the regional level (Georgakakis et al., 2023).

Our framework (see Figure 1) implies that the presence of a regional head at the MNE's top management will enable interfaces between the home office and the host regional context – which will in turn mitigate BRat and BRel and promote host-reginal growth in the MNE. We also consider the

CEO's foreign nationality as a proxy of international dynamic managerial capability in the MNE's strategic leadership to appreciate inter-regional challenges and opportunities for supporting regional growth (see e.g., Tasheva and Nielsen, 2023). Beyond the role of the CEO, we also consider attributes of the region – specifically its complexity – as a key factor that influences the role of the regional head in the MNE's TMT. As we shall argue, these factors are likely to affect the ability of the firm to benefit from the presence of a regional head in the top management team and promote inter-regional growth. Below, we discuss the role of managerial actors in MNEs and develop our hypotheses.

[Figure 1 about here]

Regional Heads in the TMT and Regional Growth.

Assigning regional management roles to TMT members is a deliberate corporate strategic decision associated with how the MNE's executive group is structured to respond to the various regonal demands of the international organization (Georgakakis et al., 2023). In an era of high geopolitical uncertainly where inter-regional differences become more important and MNEs are called for multipolar modes of structuring and leading their international operations (Luo and Tung, 2025; Luo, 2024), assigning such regional roles may act as a way for dealing with different host-regional demands. Yet, little is known about the impact of regional heads on the MNE's regional outcomes. In this study, we shall argue that the presence of a regional head in the MNE's TMT is likely to help the international organization to realize regional growth. Our arguments pertain to the following reasoning.

First, according to the fundamental tenets of the Penrosian theory of growth, managerial actors play a pivotal role in providing resources and knowledge to mitigate informational and reliability constrains and thus promote growth in different locations (Pitelis, 2000). A regional head's role to closely interface with host-regional subsidiary managers (Alfoldi et al., 2017; Enright, 2005b) can facilitate information exchange between the regional area and the head office and inform corporate strategic decision making. This is likely to reduce BRat for MNE top managers when making decisions around the regional context, enabling them to appreciate the particularities of the region, draw informed strategic decisions at the regional level that connect with corporate strategy, and hence achieve growth in host-regions. Similarly, as regional heads will be in more direct contact with regional-subsidiary

managers, they will be in a position to appreciate cross-regional bounded reliability (BRel) limits, and to take actions for ensuring effective delivery and monitoring of tasks and targets in the regional context. This will mitigate BRel issues, facilitate the effective delivery of actibities at the interface between the head office and the regional context, and in turn promote regional growth.

Second, a key role of regional heads is to act as those responsible for identifying and resolving regional performance hazards that stem from the misalignment of interests and resources among different MNE actors – e.g., actors at the head office and foreign regional subsidiaries (Alfoldi et al., 2017). This bridge-building function will improve the TMT's overall information processing capacity at the regional level and may result in a smooth interface of knowledge exchange between the regional context and the MNE's head office, and promote regional growth and higher performance (Asakawa & Lehrer, 2003). In addition, when a regional head is a member of the corporate TMT of the MNE, this individual typically has influence on resource allocation decisions. Their role-focus on the regional environment will enable them to consider regional opportunities at the time of decision making and to allocate resources to attend growth in their regional areas (Georgakakis et al., 2023). Put differently, their role focus at the regional level will equip the TMT to deal with interregional differences, become more confident in dealing with cross-regional demands, and thereby allocate resources in a way that boosts regional growth.

Third, because of their proximity to the regional context, regional heads can more effectively interact with local subsidiaries' managers to resolve intra-regional role conflicts (Enright, 2005b). As a TMT member and being fully in charge of a geographic region, the regional head has the role mandate to optimize regional operations by coordinating different value chain activities to ensure improved complementarity between the regional context and the overall strategy of the head office (Schlie & Yip, 2000; Verbeke, Kano, & Yuan, 2016). Such a clear leadership role across value chain activities and responsibility for regional performance also supports an agile response to local requirements (de al Torre, Esperanca, & Martínez, 2011; Piekkari et al., 2010), and hence promotes host-regional growth.

Hypothesis 1. The presence of regional head to the MNE's TMT will positively affect the MNE's regional growth.

The Role of the CEO-Regional Head Interface

Prior studies have shown that strategic leadership is a shared activity that occurs at the interface between top managers who enact a given role in the executive group and other managerial actors (Buyl, Boone, Hendriks, & Matthyssens, 2011; Georgakakis et al., 2022; van Doorn et al., 2022). A central actor in this process is the CEO of the firm – the individual who not only composes and creates roles and structures for executives, but also the one who interacts with them to draw critical decisions on behalf of the organization and its units (Georgakakis et al., 2022). In this regard, a attribute which has been regarded as key in connecting to the individual's international cognition and managerial capability is foreign nationality – or in other words whether the CEO is a non-native to the MNE's home country (Tasheva and Nielsen, 2023; Thams and Rickley, 2024). A non-native (foreign) CEO as TMT leader may buttress the positive impact of a regional head on regional growth – for the following reasons.

First, foreign CEOs have been exposed to different national contexts and therefore have developed an ability to understand international challenges and adjust their mental schemas to appreciate and account for prevailing norms across different geographic locations (Tasheva and Nielsen, 2023). This not only helps foreign CEOs to adapt but also makes clear to them the importance of local embeddedness in processing information and in making effective decisions in a foreign environment. In this regard, non-native CEOs are more likely to respect and value the opinions of the regional heads serving on the TMT, appreciate the importance of their role-focus in a host region, and empower them in the enactment of their regional roles. This allows regional heads to more actively incorporate the particularities of the regional context in MNE decision making, accounting for cross-regional differences, economize for BRat and BRel issues in MNE decision making, and thus reach more optimal decisions that boost inter-regional growth.

Second, given their relative 'outsidership' for the home country of the MNE and related liability of foreignness, non-native CEOs are also more likely to face scrutiny for their actions (Legrand, Ariss, & Bozionelos, 2019; Shields & Harvey, 2010). They may be attuned to avoid any decision-making biases and to prioritize objective information, thereby again deferring to high-quality knowledge from regional heads and reducing the prevalence of BRat about foreign markets at the head office. For example, since they operate under greater scrutiny by stakeholders in the MNEs home country, they

will place more attention on a regional head's views about how to deal reliability problems (such as opportunism) that may occur in the regional context (thus mitigating BRel), as well as their information concerning how regional environments and their stakeholders may behave after the enactment of an inter-regional strategic decision (thus mitigating BRat). Their reliance to develop more frequent strategic interfaces with regional heads, and the eventual mitigation of BRat and BRel issues may eventually lead to a more optimal decision making for host-regional contexts – promoting informational and reliability advantages that boost interregional growth.

Hypothesis 2. The positive relationship between the presence of a regional head serving on the TMT and the MNE's regional growth will become more pronounced when the MNE is led by a foreign CEO.

The Role of Intra-regional complexity

Some regions are more complex than others, as they consist of countries with different institutional environments and operational systems. The general assumption is that the more the intra-regional complexity the greater the BRat and BRel managers at the MNE's head office experience in understanding such contexts. We suggest that the presence of a regional head in the TMT will be more critical for promoting growth in regions with high (versus low) complexity, and thus, the main relationship will be more pronounced in highly complex regions. Our argument is derived from the following logic.

First, MNEs operating in regions with high complexity face a wider array of stakeholder demands and should comply with diverse institutional requirements. When a regional head is a member of the TMT, he or she will be able to inform the executive group about the particularities of the complex region and to reinforce the TMT's ability to deal with the BRat and BRel for managing complexity. Put differently, the more the complexity in a region the higher the need for regionally focused top managers who emphasize to comprehend information about the region in strategic decision making (and mitigate BRat issue), as well as to establish reliability processes that ensure the effective allocation of resources within and across regions (i.e., this mitigate the BRel issue). In such contexts the administrative efficiency and structural capabilities that are obtained from the presence of a regional head in the MNE's

TMT will be more crucial, as regional heads will inform decision making at the MNE's upper echelons concerning the complexity of the region. This will eventually enable MNE's top management to appreciate challenges and opportunities, handle regional complexities, and -- by considering recombination or resources within and across regions – to realize sustained growth.

Second, studies have shown that – if utilized adequately – regional environments with a variety of institutional contexts in them can offer greater opportunities for resource recombination and innovation in MNEs. That is, when the regional context offers diverse institutional knowledge, the MNE can significantly benefit from the recombination of such diverse knowledge, boost innovation and eventually realize growth and competitive advantage. The presence of a regional head in the TMT will be better able to understand the knowledge recombination needs that exist within complex regional environments, and realize opportunities for transforming this diverse knowledge and resources into innovation, growth and competitive advantage. This will enhance the MNE's to attend regional growth in order to benefit from the potential opportunities diverse regional environments can offer, realizing synergies and generally improving the MNE's international reach and competitive edge. On this basis, we suggest that the positive effects of regional head on the MNEs interregional growth will become more pronounced for regional contexts characterized by high levels of complexity – as follows:

Hypothesis 3. The positive relationship between the presence of a regional head serving on the TMT and the MNE's regional growth will become more pronounced when regional complexity is high.

DATA AND METHODS

Sample and Data Sources

Empirical setting and sample. We tested our hypotheses with data from the automotive industry between 2008 and 2018. The automotive industry is especially suitable for examining the role of regional heads in MNE TMTs because it includes companies with diverse reservoirs of FSAs that pursue a wide variety of international strategies. Between 2008 and 2018, this industry was subject to several large-scale disruptions: these include, *inter alia,* the rapid growth of the automobile market in China,

the rise and fall of the market in Africa, extreme volatility in Latin America, combined with fierce competition in the traditional Triad markets **of** Europe, North America, and Japan. MNEs in this industry had to adapt continuously their international strategy and elements of their organizational structure (including TMT composition), either to maintain existing competitive advantage or to challenge established players in foreign markets.

To identify the population of relevant automobile MNEs, we compiled a list of the 50 largest automobile companies worldwide, based on 2019 revenues, and defined these as firms with a primary SIC code of 3711 (Motor vehicles and passenger car bodies) and 3713 (Truck and bus bodies). For this compilation, we used the Orbis database, complemented with *Automotive World*'s (2020a, b) lists of world car and truck manufacturers, each containing 2019 data. After excluding companies with substantial missing data, 44 automobile original equipment manufacturers (OEMs, for example, Toyota, Ford, Volkswagen) were included in the database. In 2019, these 44 OEMs from 12 countries produced over 90% of all automobiles worldwide. The final dataset has 428 firm years of observations in 73 countries.

Data Sources. We collected company information and part of the TMT data from the Thomson Eikon database. Then we complemented this database-type information by hand-collecting data from the companies' annual reports. To complement the TMT data, we made use of the BoardEx database. Country institutional data came from the Fraser Index of Economic Freedom (Banalieva & Dhanaraj, 2013; Gwartney, Lawson, Hall, & Murphy, 2019). For culture clusters we used the Ronen and Shenkar's (2013) updated cultural zone scheme. This selected approach has been regarded as one of the most popular ones to comprehensively capture the multifaceted notion of culture.

We collected country-level macroeconomic data from the World Bank (2020), and micro-level information on the MNEs' sales data in each country and for each year considered, from S&P Global Mobility (previously IHS Autoinsight) database. The latter database is widely used in the automotive industry to track new vehicle sales information (Boston Consulting Group, 2020; General Motors, 2020; McKinsey, 2018; Volkswagen, 2017).

Regions. There is no consensus in the extant regional strategy literature on how countries should be grouped into regions. Scholars have been encouraged to ground their regional grouping scheme in

theory (Flores, Aguilera, Mahdian, & Vaaler, 2013). Following this suggestion, but also taking into account managerial reality in many firms, and considering prior regional categorization efforts in scholarly analyses, we selected geographically well-defined groupings of countries, with boundaries that often include significant interregional geographic barriers (Adler & Hashai, 2015). Managerial reality in many MNEs, for instance when looking at their geographic divisions, does reflect this distinction among five regions, each representing a continent or part thereof: Asia Pacific, Europe, Latin America, Middle East and North Africa, NAFTA (replaced by USMCA since 2020), and Sub-Saharan Africa.

The parallel conceptual framing for our choice of regions is based on two elements. On the one hand, there are the region-boundedness of FSAs and the transaction costs associated with operating internationally, and especially across regional borders (Rugman, Verbeke, & Yuan, 2011a; Rugman & Verbeke, 2005; Verbeke & Asmussen, 2016; Verbeke & Kano, 2016). On the other hand, there is the role of managers' facing BRat and BRel challenges, which require governance mechanisms to overcome them, including in the regional organization sphere (Kano & Verbeke, 2019; Narula & Verbeke, 2015). Both these theory-based perspectives align with the empirical reality of sometimes high compounded distance between countries, together with significant spikes observed at the regional border. Geographic barriers between regions (for example oceans and deserts) can hinder peaceful international exchange and make coordination more difficult to achieve, both at the micro- and macro-levels (Adler & Hashai, 2015; Verbeke & Asmussen, 2016). Here, countries within one region will tend to grow more similar over time as compared to countries.

Variables

Dependent variable. *Regional growth performance* was defined as sales improvement and measured as year-on-year increase in sales (in thousand units) in a region. Since we are interested in MNE internationalization activities, domestic sales in home countries were explicitly excluded.

Independent variables and moderators. *Regional head in TMT* was measured as a dummy variable and took the value of 1 in cases where there was at least one TMT member **r**esponsible for **a** region. We relied on each MNE's own reports to identify the TMT, which is the top tier of MNE

executives (Barkema & Shvyrkov, 2007; Greve et al., 2009; Kaczmarek & Ruigrok, 2013). *Regional head without functional responsibility* was identified according to the description of the executive's responsibilities. If an executive's responsibilities included both regional and functional roles, such as "Head of Asia and R&D", this manager was identified as regional head with functional responsibility.

Non-native CEO was defined as a CEO whose nationality is different from the MNE's home country (Bertrand et al., 2021).

The *regional economic growth* was measured as year over year GDP growth rate in percentage points.

Control variables. We added additional variables to control for their possible impacts on MNE regional growth performance or their effects on the relationship between having a regional head on the TMT and regional growth performance.

At the firm level, firm size and age were added as control variables because they have often been found to correlate positively with MNE internationalization activities (Hitt, Tihanyi, Miller, & Connelly, 2006). We calculated *firm size* as the natural logarithm of firm revenue in million Euro. *Firm age* was calculated as the difference in number of years between the year of measurement and the founding year. *Financial leverage* was measured as debt to asset ratio; it was used here as a control to reflect financial agency costs during internationalization (Low & Chen, 2004). We also controlled for *R&D intensity*, measured as R&D investment divided by total revenues and *marketing capabilities*, measured as 'selling, general, and administrative expenses' divided by total revenues. These two variables were used as proxies of technological advantage and marketing capabilities respectively, each reflecting a critical type of non-location-bound FSA (Bohnsack, Pinkse, & Kolk, 2014; Lee & Rugman, 2012; Schlie & Yip, 2000; Vahlne & Johanson, 2017). We also included the MNE's *home-region orientation* during internationalization: the regional strategy literature has argued that this variable might measure the absence of geographic flexibility when deploying the MNE's bundle of FSAs (Banalieva & Eddleston, 2011; Mauri, Song, & Neiva de Figueiredo, 2017; Rugman & Oh, 2013; Rugman & Verbeke, 2004). This variable was calculated as international sales (in units) within the home-region divided by total international sales. *Return on assets* was added to the model to control for the effect that MNEs with higher profitability tend to diversify more inter-regionally (Banalieva & Dhanaraj, 2013). Furthermore,

TMT size and *CEO tenure* were included because they can influence the top decision makers' capacity to process complex information regarding internationalization and make corresponding decisions effectively. Lastly, dummy variables for each automobile company's *home country* were included in the model.

At the regional level, we first controlled *regional market size*, as measured by the total number of automobiles sold in a year; we used this variable because the overall market size influences the volume that each player in the market could potentially achieve. We also included a dummy variable indicating the *home region* since the regional strategy literature has shown that internationalization within the home region may be less challenging than expanding across regions (Beleska-Spasova & Glaister, 2009; Hejazi, 2007; Rugman & Oh, 2008). Regional institutional quality and complexity were added to the model because of their impact on MNE internationalization in a region (Arregle, Miller, Hitt, & Beamish, 2013, 2016). *Regional institutional quality* was measured as the GDP weighted average of the Fraser Index of each country in the region (Banalieva & Dhanaraj, 2013; Gwartney et al., 2019; Pajunen, 2008). *Regional institutional complexity* was measured by two variables: the total number of countries in the region and the number of Ronen and Shenkar's (2013) cultural zones represented in the region.

Model and Estimation

The data used in this study are multilevel data**.** Different years' regional performance observations were nested within an MNE's region, which was further nested within an MNE. Therefore, three-level regression models were applied to test the hypotheses: level 1 as the MNE-region-year level, level 2 as the MNE-region level, and level 3 the MNE level (Arregle et al., 2009; Arregle et al., 2013, 2016, 2018; Lampert et al., 2019). To test whether a multilevel model was necessary, we first ran a null model with only the dependent variable and the three levels of analyses. This model is significant at $p<0.001$, indicating that comparing to a one-level model, the multilevel model is more appropriate. Since there were only up to ten years of data within each MNE region, we also tried to exclude level 1 and ran a two-level model with only firm-region level and firm level in the model in the robustness test. The results were consistent with those of the three-level model.

RESULTS

Descriptive statistics

Table 1 presents the descriptive statistics and correlations of all variables used in the analysis of this study. In most cases, there is low to moderate correlation between the variables. However, it is worth pointing out that the control variables firm size and firm age are strongly correlated. Since multicollinearity between control variables does not impede results regarding the predictors of interest (Allison, 2012) and they are included for theory-based reasons, we kept them in the model. We also ran alternative models, which excluded firm age and the home country dummy variable, and the results remained robust.

[Table 1 about here]

Multilevel Regression Results

Table 2 presents our multilevel regression results. Model 1 is our baseline with the main explanatory variable of regional head along with the control variables. Model 2 includes the non-native CEO moderator. Model 3 tests the regional managerial complexity moderator. Model 4 includes both moderators. Hypothesis 1 predicts that having an individual delegated as a regional head on the TMT will be positively related to regional performance. In Model 1, the coefficient of regional head is significant ($b = 23.219$, $p < 0.01$), supporting Hypothesis 1. This result indicates in practical terms that having a regional head in the TMT was associated with twenty-three thousand additional vehicle unit sales in the region. The coefficients on regional head across our model specifications show that the main effect as postulated by our hypothesis 1 appears to be robust.

Hypothesis 2 predicts that a non-native CEO would strengthen the positive relationship between a regional head on the TMT and regional growth performance. Model 2 shows, after including the non-native CEO effect into the model, that the main effect of having a regional head on the TMT**,** remains significant ($b = -16.798$, $p < 0.01$). The moderating effect of a non-native CEO is also significant ($b = 42.209$, $p < 0.01$). These results support Hypothesis 2. As we will further elaborate in the discussion section, under the leadership of a non-native CEO, a regional head more positively contributes to

regional growth performance. This outcome suggests that the non-native CEO can help realize the value contributed by regional heads.

Hypothesis 3 predicts that regional managerial complexity, defined as number of countries in a region, would strengthen the positive relationship between a regional head on the TMT and regional growth performance. Model 3 shows, after including the non-native CEO effect into the model, that the main effect of having a regional head on the TMT**,** remains significant (b = 31.150, p <0.01). However, the moderator is statistically insignificant with a standard error placing the confidence interval around zero. These results suggest that we do not find empirical support to hypothesis 3.

[Table 2 about here]

Table 3 presents the multi-level regression results on the split samples by annual median sales, following the specifications in model 4 of Table 2, i.e. both moderators of non-native CEO and regional managerial complexity. The high-sales group yields similar results from Table 2, whereas the low-sales group yields insignificant results. These results suggest that our findings are most likely driven by the larger companies, which are typically more complex organizations, and hence are also more likely to be present in different regions.

[Table 3 about here]

We ran further alternative models and endogeneity tests to validate the robustness of the findings. First, instead of using multilevel models, we tested the Hypotheses in GLS models and obtained similar results. To test whether the regional head variable is endogenous, we selected the likelihood of country peers and similar regional peers to have a regional head in the same region as the two instruments and ran Durbin (p=0.72) and Wu-Hausman tests (p=0.72). **The** insignificant results indicate that the independent variable is unlikely to be endogenous. Considering the potential endogeneity caused by the selection effect of having a regional head in discussing the impact of regional head role multiplicity, we added the two instruments in Heckman selection models (Heckman, 1979) and the models' second steps consistently yielded insignificant inverse Mill's ratio, indicating lack of evidence for a selection effect. These Heckman models confirmed the main effect of having a regional head on the TMT and the effect of a non-native CEO in strengthening the regional head's impact. Considering that in the second step of the Heckman models the sample size was reduced to N=241, the

robustness tests did validate our earlier findings**.** Details of the test results are available from the authors upon request.

DISCUSSION

In an era of rising geopolitical uncertainly and intense trade-wars between some of the world's largest economies, regionalism is expected to increase (Hine, 2024; Van Tulder et al., 2022). Understanding the factors that help MNEs to move away from their regionalization tendencies is key, as it will eventually advance our knowledge on how international organizations can retain advantages from an inter-regional reach at a time where the notion of internationalization is challenged and redefined (Luo and Tung, 2025). In this study, we have approached this important topic via a microfoundational lens – stressing that a key structural form in the MNE's management, i.e., the presence of a regional head in the TMT, is likely to help MNE managers to mitigate the BRat and BRel issues of operating across regions and thus enhance the international firm's ability to expand and grow across these regions. We also argue that this effect becomes more pronounced when the MNE is led by a non-native (i.e., foreign) CEO and when the region is characterized by high degrees of complexity (based on the number of countries in it). Our results from the automotive industry support our predictions regarding the effects of regional head in the TMT on MNE regional growth. They also show that having a non-native CEO strengthens this relationship, albeit the number of countries in the region (i.e., regional complexity) does not exhibit a significant moderating impact.

Our work offers several contributions. First, it advances research at the interface of regionalization theory (Rugman and Verbeke, 2004; Ghobadian, Rugman and Tung, 2014; Verbeke and Assmusen, 2016) and the Penrosean Theory of Growth. The latter (the PGT) places the role of 'enterprising managers' at the center of explaining how growth occurs in organizations (Pitelis, 2000). It suggests that, through specific structural roles and administrative systems, managers are enacting their duties – and that their capabilities enable them to see opportunities and enact growth in the organization. The former (the regionalization perspective) underscores the difficulties managers at the MNE's head office face to understand and control in different regions – which eventually explains why most of MNEs do not grow their economic activity across regions and adopt a home-regional strategic

posture (Rugman and Verbeke, 2004). Connecting these two theoretical streams, we postulate that the degree to which MNEs are able to grow across different regions is, in fact, a microfoundational matter. Namely, by modeling the structural role of regional heads in the TMT, our work identifies an important yet unaddressed strategic leadership structural factor that helps MNE managers to mitigate BRat and BRel challenges of cross-regional operations and thus reduce home-regional tendencies by attending inter-regional growth. From this point of view, our work advances regionalization theory by bringing the manager '*back on stage*' to appreciate the drivers of regional versus global strategic posture (Ghobadian, Rugman and Tung, 2014).

Second, our work contributes to the development of the microfoundational view of international business (MVIB) by stressing the importance of roles and interfaces between the MNE's top managers and the host-regional context. Recent studies and conceptual reviews (see e.g., Georgakakis et al., 2023) have underscored the importance of understanding managerial roles in dealing with the unique complexity characterising the MNE's decision making. The roles of decision makers are socially constructed, dynamic, and evolving (Georgakakis et al., 2022). Their enactment influences the MNE's ability to deal with the demands of different regional contexts (Georgakakis et al., 2023). At the interface between the regional context and the MNE's head office, our work demonstrates that regional heads appear to enact a key bridge-building role that facilitates the MNE to move away from home-regional tendencies, realize and exploit location-bound firm specific advantages across regions, and thus attend host-regional growth. In this regard, our work can be seen as an advancement to our understanding of how regional roles and responsibilities in the MNE's head office influences the international organization's ability to deal with regional expectations and move toward a global strategic posture. We offer a microfoundational vantage point in understanding the regionalization phenomenon, stressing important of micro actors and their role in deviating MNEs from a regional orientation.

Third, our research has implications for IB studies on multipolar administrative structures and regional centres that allow MNEs to administer effectively and control in distant locations and across regions. In fact, scholars have argued that MNEs tend to emphasize more today the particularities of local contexts and stakeholders by adapting multipolar administrative structures (Luo and Tang, 2025).

In addition, research has shown that regional centers can help the MNE to coordinate such activities across geographies and influence corporate-level strategy (Asakawa & Lehrer, 2003; Enright, 2005b; Lunnan & Zhao, 2013; Mahnke et al., 2012). Interacting closely with local subsidiaries in host regions, regional centers support informed decision-making and alleviate management challenges by overcoming location-specific limitations, thereby enhancing internationalization advantages (Enright, 2005b; Mees-Buss et al., 2019; Schlie & Yip, 2000). At the same time, as an intermediate level of management, they transmit information and act as the voice for local subsidiaries in the MNE hierarchy (Lunnan & Zhao, 2013; Mahnke et al., 2012; Piekkari et al., 2010). Although studies have addressed the role of regional centers (Mahnke et al., 2012) and multipolar structures of organizing MNEs to meet recent trends, gaps persist regarding the managerial role-interface between regional and corporate management. By proposing and testing a model based on TMT regional heads' role in alleviating BRat and BRel in MNE decision making, we have shown that regional heads with appropriate role definition make a difference – they help their regions to develop faster than the regional business could otherwise achieve. To this end, our work advances knowledge about the role of top managers in assuming tasks of international context – and in translating international opportunities into growth of MNE's in distant geographic regions via a multipolar approach of leadership that connects regional information with the head office. Our theory and finding can help to advance research on regional centers by underscoring the key role of leadership that bridges these centers with the MNE's head office.

Relatedly, our study advances research on MNE governance and strategic leadership interfaces by underscoring their importance in shaping MNE actions, outcomes and behavior (see Cuypers et al., 2022; Georgakakis et al., 2022; Georgakakis et al., 2023; van Doorn et al., 2022). Acknowledging that regional heads do not operate in isolation but rather in interaction with other actors in the executive group, and particularly with the firm's most prominent strategic leader (i.e. the CEO), our framework reveals the key role of the interface between the CEO and the regional head in predicting regional growth. We have theoretically argued and empirically shown that having a non-native (foreign) CEO significantly strengthens the positive relationship between regional head in the TMT and regional growth. Since foreign nationality associates with greater international cognitive ability at the managerial level (Tasheva and Nielsen, 2020), a non-native CEO is likely to appreciate the key role of regional

differences at the time of corporate decision making and establish an interface with the regional head to conjointly inform international decisions – overcome BRat and BRel challenges – and eventually attend regional growth. In this regard, our work stresses that the development of "international dynamic managerial capabilities" as named by prior studies (see Tasheva and Nielsen, 2020) are key in managing the international complexity facing MNEs. Viewed in tandem, our theory and findings highlight that considering the interactions between top managers with specific functional roles in the TMT (such as the regional head role) and the firm's corporate leader (i.e., the CEO) holds promise for appreciating MNE outcomes.

Further, in contrast with our original predictions, our results show that regional complexity does not have a significant effect on the main relationship between regional head and regional growth. At a first glance, this non-significant moderating effect of regional complexity appears surprising – as one would predict that regional complexity enhances the impact regional heads may have in bridging a complex regional reality with the head office -- boosting regional growth. Yet, when considering this in conjunction with the arguments of prior studies, this non-significant effect may have a logical explanation. In their seminar article, for example, Rugman and Verbeke (2004) stressed that even the simplest and most predictable (well-regulated) regions may have their own particularities that make them hard for MNEs in other regions to meet and appreciate. In line with location-bound skills and knowledge, our findings show that key managerial actors and their structural roles may indeed have prominent roles in predicting regional growth, while the attributes of the region appear to exert a non significant influence. In this regard, our work highlights the importance of considering both micro and macro factors in predicting how MNEs behave and grow across regional environments. Future studies could further examine the nature of regions beyond the notion of complexity to enhance our understanding of how cross-regional differences may affect the observed impact of regional heads on MNE interregional growth.

Fourth, our research has implications for IB studies on regional centres. Scholars have argued that regional centers can help the MNE to coordinate activities across geographies and influence corporate-level strategy (Asakawa & Lehrer, 2003; Enright, 2005b; Lunnan & Zhao, 2013; Mahnke et al., 2012). Interacting closely with local subsidiaries in host regions, regional centers support informed

decision-making and alleviate management challenges by overcoming location-specific limitations, thereby enhancing internationalization advantages (Enright, 2005b; Mees-Buss et al., 2019; Schlie & Yip, 2000). At the same time, as an intermediate level of management, they transmit information and act as the voice for local subsidiaries in the MNE hierarchy (Lunnan & Zhao, 2013; Mahnke et al., 2012; Piekkari et al., 2010). Although studies have addressed the role of regional centers (Mahnke et al., 2012), gaps persist regarding the managerial role-interface between regional and corporate management. By proposing and testing a model based on TMT regional heads' role in alleviating BRat and BRel in MNE decision making, we have shown that regional heads with appropriate role definition make a difference – they help their regions to develop faster than the regional business could otherwise achieve. To this end, our work advances knowledge about the role of top managers in assuming tasks of international context – and in translating international opportunities into growth of MNE's in distant geographic regions. Our theory and finding can therefore help to advance research on regional centers by underscoring the key role of leadership that bridges these centers with the MNEs head office.

Our study is subject to limitations, which at the same time also suggest promising future research areas. First, we focused on regional heads' contribution to regional growth – while considering revenues growth as our main variable of growing economic activity in a region (see also Rugman and Verbeke, 1984). Beyond an immediate effect on sales revenues, however, governance elements curbing BRat and BRel have been shown to influence a range of factors along the MNE's value chain (Mudambi & Puck, 2016; Verbeke et al., 2016). Future research should focus not only on the benefits, but also on the potential costs of having powerful regional heads on the TMT, where specific contingencies may affect the balance between benefits and costs. While the potential costs of regional heads are beyond the scope of our study which is to appreciate what fosters regional growth, future studies should further examine what disadvantageous outcomes regional heads can bring to the MNE's head office.

Relatedly, the role enactment of regional heads can also have implications at the MNE level. The broader literature of regional strategy has acknowledged the role of regional management in balancing the pressure of integration and responsiveness (Bartlett & Ghoshal, 1989; Prahalad & Doz, 1987) during internationalization (Chakravarty et al., 2017; Paik & Sohn, 2004; Schlie & Yip, 2000; Verbeke & Asmussen, 2016). From this perspective, having regional heads on the TMT, offers opportunities to

coordinate efficiently activities across regions to achieve global corporate success. Future studies can examine the role of regional head in cross-regional coordination. Such research will not only help us to gain more understanding about regional management and regional strategy, but also advance understandings about international strategy facing simultaneous pressures for global integration and local responsiveness (Bartlett & Ghoshal, 1989; Harzing, 2000; Mees-Buss et al., 2019; Rugman & Verbeke, 1992).

Further, the present study used the automotive industry as its research setting. This industry is particularly suitable to test our hypotheses because the challenges of BRat and BRel have been well documented in this sector, and for many decades (Lin & Ho, 2016; Schlie & Yip, 2000; Verbeke & Fariborzi, 2019). In other sectors, with very different relative pressures for global integration, local responsiveness and regional opportunities and adaptation demands, the expected outcomes of having regional heads on the TMT may be different (Ghoshal & Nohria, 1993). Consequently, we encourage future research to further develop and test models in different industry settings.

Overall, our study offers a nuanced view that places the key role of micro-level regional managers at the heart of the equation in predicting when and how MNEs are likely to attend growth across host-regions – and move toward a global strategic posture. Our study opens the path for future research to further examine the key role of managerial actors, and the importance of contingencies at different levels – such as firm-level attributes, as well as industry level features – in predicting the impact of regional heads on MNE interregional growth. Such research may allow us to appreciate how MNEs can navigate challenging geopolitical and international environments, move away from home-regional tendencies and expand their inter-regional reach. In an era of high geopolitical risks where interregional growth becomes more challenging, understanding the economic and behavioral factors that help MNEs to attend growth in host regions is expected to become of increasing importance.

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Figure 1: Research Framework

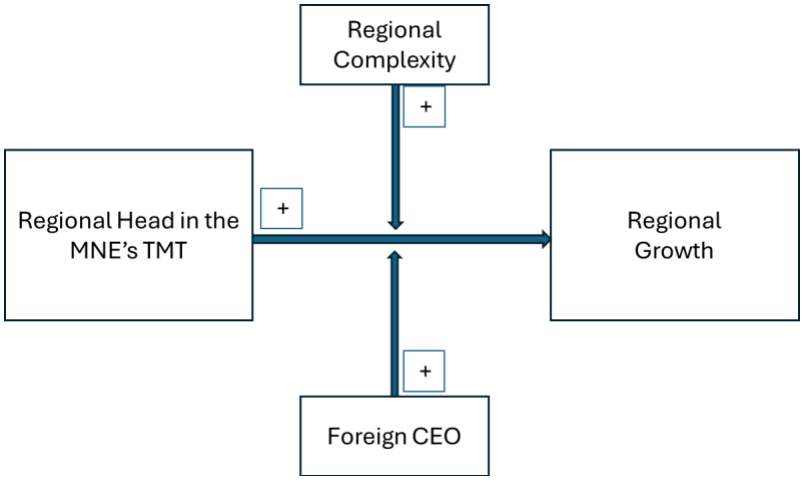

Table 1. Descriptive Statistics (Part 1 of 2)

	Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1	Regional sales growth (delta, *t* to *t*+1)	7.59	69.66										
2	Firm size (logarithm of revenue)	9.75	1.54	0.11**									
3	Firm age	53.41	36.14	0.08**	0.77**								
4	Financial leverage	0.33	0.17	0.04	0.31**	0.34**							
5	R&D intensity	0.03	0.02	0.05*	0.30**	0.20**	0.23**						
6	Marketing capabilities	0.09	0.04	0.08**	-0.12**	0.09**	0.04	0.19**					
7	ROA	0.04	0.05	-0.03	-0.19**	-0.20**	-0.44**	-0.40**	-0.11**				
8	TMT size	10.01	4.10	-0.02	0.14**	0.14**	0.18**	-0.15**	-0.21**	0.09**			
9	CEO tenure	6.99	5.47	0.00	-0.16**	-0.22**	-0.23**	-0.03	-0.11**	0.05*	-0.05*		
10	Non-native CEO (dummy)	0.07	0.25	0.06	0.17**	0.21**	-0.07**	0.05*	-0.07**	-0.10**	-0.08**	-0.01	
11	Home-region orientation	0.30	0.25	0.06	0.26**	0.40**	0.27**	0.04	0.19**	-0.22**	-0.02	-0.10**	0.06*
13	Regional market size	13.43	12.80	0.10**	0.01	0.01	-0.02	0.01	-0.01	0.00	-0.01	0.01	0.01
14	Regional sales	234.94	586.51	0.37**	0.46**	0.41**	0.17**	0.18**	0.08**	-0.10**	0.01	-0.06**	0.08**
15	Regional GDP growth	3.03	1.63	0.13**	-0.03	-0.02	0.05*	-0.04	0.04	-0.01	0.02	-0.03	-0.01
16	Regional institutional quality	6.95	0.76	0.06	0.02	0.01	-0.01	0.01	-0.01	-0.01	-0.01	0.00	0.01
17	Number of countries in region	24.00	12.63	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Number of cultural zones in region	2.67	1.70	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Region head (dummy)	0.17	0.37	0.10**	0.40**	0.43**	0.15**	0.13**	-0.10**	-0.12**	0.23**	-0.07**	0.20**
20	R. head with functional responsibility (dummy)	0.05	0.22	0.02	0.25**	0.24**	0.02	0.03	-0.08**	-0.08**	0.09**	0.01	0.09**
21	R. head without functional responsibility (dummy)	0.12	0.32	0.10**	0.30**	0.33**	0.16**	0.13**	-0.06**	-0.09	0.21**	-0.09**	0.17**

Table 1. Descriptive Statistics (Part 2 of 2)

		11	12	13	14	15	16	17	18	19	20
13	Regional market size	0.00	0.58**								
14	Regional sales	0.12**	0.23**	0.31**							
15	Regional GDP growth	-0.00	0.29**	0.27**	0.06*						
16	Regional institutional quality	0.00	0.19**	0.55**	0.22**	-0.28**					
17	Number of countries in region	-0.00	0.08**	0.01	0.03	-0.01	-0.16**				
18	Number of cultural zones in region	0.00	0.22**	0.41**	0.18**	-0.10**	0.39**	0.57**			
19	Region head (dummy)	0.07**	0.03	0.02	0.30**	0.03	0.04	0.02	0.05		
20	R. head with functional responsibility (dummy)	0.03	0.05*	0.03	0.24**	0.00	0.02	0.01	0.02	0.52**	
21	R. head without functional responsibility (dummy)	0.06**	0.00	0.01	0.19**	0.04	0.03	0.02	0.04	0.81**	-0.08**

N=1734, ** $p<0.01$, * $p<0.05$.

Table 2. Results of Multilevel Regressions for Regional Growth

	DV: regional growth			
	(Baseline model)	(Non-native CEO)	(Managerial complexity)	(All)
Regional head (R.head)	23.219***	16.798***	31.150***	24.386**
	(5.780)	(6.135)	(10.013)	(10.230)
R.head × Non-native CEO		42.209***		42.017***
		(13.803)		(13.801)
R.head × Number of countries in region			-0.311	-0.297
			(0.321)	(0.320)
Non-native CEO	15.679**	-2.051	15.569**	-2.076
	(7.266)	(9.280)	(7.265)	(9.278)
Number of countries in region	-0.012	0.003	0.046	0.058
	(0.178)	(0.177)	(0.187)	(0.187)
Regional GDP growth	0.952	0.929	0.917	0.896
	(1.034)	(1.031)	(1.034)	(1.031)
Home region	14.936***	14.472***	15.013***	14.547***
	(5.294)	(5.282)	(5.293)	(5.281)
Regional market size	-0.150	-0.136	-0.145	-0.131
	(0.215)	(0.214)	(0.215)	(0.214)
Regional sales	1.029***	1.028***	1.028***	1.028***
	(0.004)	(0.004)	(0.004)	(0.004)
Regional institutional quality	2.384	2.741	2.342	2.699
	(3.320)	(3.313)	(3.319)	(3.313)
Number of cultural zones in region	-0.694	-0.775	-0.659	-0.742
	(1.468)	(1.464)	(1.468)	(1.464)
Firm size (logarithm of revenue)	-0.006	0.350	-0.009	0.346
	(1.932)	(1.930)	(1.931)	(1.930)
Firm age	-0.633***	-0.620***	-0.635***	-0.623***
	(0.112)	(0.112)	(0.112)	(0.112)
Financial leverage	-1.134	-5.158	-1.444	-5.435
	(14.232)	(14.255)	(14.232)	(14.254)
R&D intensity	-131.222	-145.011	-134.364	-147.943
	(102.526)	(102.350)	(102.550)	(102.374)
Marketing capabilities	91.641*	107.732**	91.126*	107.168**
	(49.309)	(49.458)	(49.299)	(49.449)
ROA	-7.227	-16.852	-6.178	-15.809
	(38.259)	(38.286)	(38.264)	(38.293)
TMT size	0.340	0.469	0.343	0.472
	(0.523)	(0.523)	(0.523)	(0.523)
CEO tenure	0.130	0.025	0.136	0.031
	(0.314)	(0.315)	(0.314)	(0.315)
Home region orientation	3.510	1.832	3.496	1.826
	(10.093)	(10.081)	(10.091)	(10.079)
Home country effects	Controlled	Controlled	Controlled	Controlled
Constant	19.230	13.751	19.229	13.774

	(34.238)	(34.193)	(34.229)	(34.185)
Observations	1,734	1,734	1,734	1,734
Log Likelihood	-9,705.951	-9,701.288	-9,705.481	-9,700.859
Akaike Inf. Crit.	19,469.900	19,462.580	19,470.960	19,463.720
Bayesian Inf. Crit.	19,628.190	19,626.320	19,634.710	19,632.920

Note: $^{*}p<0.1, {}^{**}p<0.05, {}^{***}p<0.01$

Table 3. Split-Sample Results by Annual Median Sales

	DV: regional growth	
	(high sales)	(low sales)
Regional head (R.head)	29.926*	-0.076
	(15.799)	(2.646)
R.head × Non-native CEO	53.746**	0.342
	(22.760)	(0.723)
R.head × Number of countries in region	-0.194	-0.0004
	(0.504)	(0.091)
Non-native CEO	-3.812	-0.310
	(16.322)	(0.397)
Number of countries in region	0.139	-0.031***
	(0.418)	(0.007)
Regional GDP growth	1.635	0.122***
	(1.919)	(0.042)
Home region	26.015***	-0.623*
	(8.975)	(0.320)
Regional market size	0.034	0.003
	(0.395)	(0.012)
Regional sales	0.024***	0.039
	(0.006)	(0.042)
Regional institutional quality	3.611	-0.551***
	(6.345)	(0.156)
Number of cultural zones in region	-2.776	0.301***
	(3.109)	(0.060)
Firm size (logarithm of revenue)	-2.701	0.153**
	(4.319)	(0.067)
Firm age	-0.670***	-0.003
	(0.198)	(0.005)
Financial leverage	-7.006	-0.371
	(29.024)	(0.507)
R&D intensity	-197.511	2.965
	(260.534)	(3.252)
Marketing capabilities	300.230***	2.585
	(108.534)	(1.710)
ROA	-13.129	-0.368
	(87.517)	(1.230)
TMT size	0.765	-0.009
	(0.982)	(0.021)
CEO tenure	0.145	-0.017
	(0.644)	(0.011)
Home region orientation	-7.181	-0.425
	(23.713)	(0.337)
Home country effects	Controlled	Controlled
Constant	25.064	2.435*
	(67.270)	(1.461)
Observations	892	842
Log Likelihood	-5,274.570	-1,597.615
Akaike Inf. Crit.	10,611.140	3,257.230
Bayesian Inf. Crit.	10,759.740	3,404.039

Note: $^{*}p<0.1, ^{**}p<0.05, ^{***}p<0.01$