American Managers in Canada

A Comparative Profile

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In the period of its economic development, Canada has experienced a substantial and continuing influx of foreign investment, both direct and portfolio. With it have come the attendant features of international business activity including the immigration of managerial personnel. Kindleberger (1969), for instance, has argued that foreign investment can best be understood as a blend of incoming economic resources, managerial and technological skills, and technical properties. These inflows (and the price paid for them) have habitually been analyzed in terms of the economic consequences for the receiving country (for example, by Safarian, 1973; Watkins, 1968; Levitt, 1970; and Fayerweather, 1974) and for the metropolitan country as well. The political aspects of the process, where raised, have generally involved international frictions (Vernon, 1974; Wilkins, 1974) or obvious abuses of national sovereignty, such as in Chile. One seldom finds discussions of the effects of the importation of foreign nationals to manage subsidiary operations on host countries' normal civic life.

Evidence has been presented in the literature (Safarian, 1973) that the proportion of foreign-born managers in a subsidiary operation tends to decline with time after incorporation. Nevertheless, in a country such as Canada, in which the level of foreign ownership of manufacturing and mining assets reached 55.8 percent and 64.7 percent respectively in 1972 (Statistics Canada, 1975: 132-3), substantial numbers of foreign-born (predominantly U.S.-born) senior managers continue to be employed.

While one could argue that modern management skills are sufficiently general in incidence now that there should be few if any differences between foreign-born managers and native Canadian managers in Canada, there are persistent indications that, at least in the matter of educational attainment, native Canadian managers are at a comparative disadvantage (Economic Council, 1965: 62; Daly, 1972: 53). In addition, because of the immigration of management personnel to Canada, the aggregate characteristics of managers in Canada, taken as a group, are different from what they might have been in

Kindleberger does say however: "Superiority of management may be the advantage that many companies bring to foreign investment...[but] the nature of that superiority is illusive (1969: 16)."
the absence of this type of immigration. Possibilities for upward social mobility are to some extent affected, and hypothetically, the tone and tenor of business life in Canada may have been altered as a result of the introduction of exogenous behavioural and attitudinal sets.

In this paper, we propose to examine the characteristics and attitudes of a group of senior American managers employed in positions in large firms in Canada, in comparison to their native-born counterparts. In so doing, we raise both the question of national differences between Canadians and Americans, and the question of the nature of the non-economic component of the foreign direct investment process as it has unfolded in Canada.

The Development of Dependent Industry in Canada

There is every indication that from the inception of industrialization in Canada, foreign capital investment (together with foreign management and technology) has played a dominant role. Prime Minister Macdonald’s nineteenth century “National Policy” fostered the branch plant as the modal form of industry in Canada and the kind of development which has subsequently taken place can be interpreted as congruent with that longstanding policy. Numerous studies (Watkins, 1968; Levitt, 1970; Safarian, 1973; Nelles, 1974) have shown how the construction of a dependent industrial base has progressed to the present.

During the process, substantial amounts of entrepreneurial skill have entered the country. Whole towns appear to have been established as virtual colonies of American metropoli. Paris, Ontario, for instance, was established by entrepreneurs and craftsmen from Buffalo, New York. In contemporary terms, Galt, Ontario, has recently been described as the American enclave ‘Galt U.S.A.’ by Robert Perry in a book of the same name (1971).

Entering the Canadian scene as immigrants in the nineteenth century, American entrepreneurs established themselves as prominent actors on the Canadian industrial scene. Many of Canada’s leading industries were established by such persons during this period. Massey-Harris (farm machinery), Hiram Walker, and Gooderham and Worts (distillers) were all founded, for instance, by immigrant American entrepreneurs. The penetration was so great that “... the leading industry in Canada for most of the nineteenth century in terms of employment, and capital invested, was introduced by Americans who imported them with the capital, the machinery, and the skilled workers (Naylor, 1975: II-40).” One result was that the Canadian consumer became attuned to American goods, styles, and predilections. Another was the necessity for Canadian entrepreneurs and inventors to emigrate, taking their energies and inventions elsewhere, as has been described by J. J. Brown in Ideas in Exile (1967).

In twentieth century Canada, the process has continued apace. Licensing and patent pool arrangements have led to greater integration of the consumer economies; and the two-way flow of management personnel has been established.