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Multinational Corporations vs. Domestic Corporations: Financial Performance and Characteristics

| Article | Published: 01 September 1986

| Volume 17, pages 89–100, (1986) [Cite this article](#) [Save article](#)[View saved research](#) >



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Abstract

The analysis in this paper is composed of two segments. First, the financial performance of a sample of multinational corporations (MNCs) is compared with that derived for a control group of domestic corporations (DMCs) using market-based performance measures. Then, the paper presents a comparison of selected financial characteristics of the firms in the two groups. The results suggest the DMCs appear to have a significantly superior risk-adjusted market-based performance, are significantly less capitalized, and have higher total risk as well as higher systematic risk. The fact that MNCs are substantially larger than DMCs

is not found to be a significant factor in explaining the observed difference between the two groups' performance.

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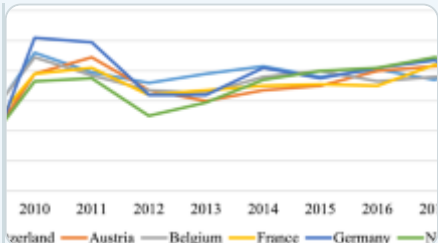
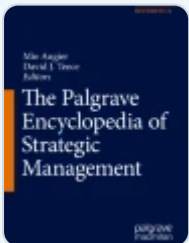
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Cite this article

Michel, A., Shaked, I. Multinational Corporations vs. Domestic Corporations: Financial Performance and Characteristics. *J Int Bus Stud* **17**, 89–100 (1986). <https://doi.org/10.1057/palgrave.jibs.8490435>

Received	Revised	Accepted
01 December 1984	01 January 1986	01 February 1986
Published	Issue date	
01 September 1986	01 September 1986	
DOI		
https://doi.org/10.1057/palgrave.jibs.8490435		

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