

# **Power and Coordination in the Multinational Company: a Post-Heterarchical Perspective**

A thesis submitted in partial fulfilment of the requirements for the  
degree of Doctor of Philosophy

May 2019

**Andrew Guy Jarvis MA MRes**



## Abstract

### ***Power and Coordination in the Multinational Company: a Post-Heterarchical Perspective***

*A thesis submitted in partial fulfilment of the requirements for the degree of Doctor  
of Philosophy*

*May, 2019*

*Andrew Guy Jarvis MA MRes*

Multinational Companies (MNCs) are not only among the most important institutions in our globalising world, but are fascinating organisations given their complexity and the daily challenge they face of operating across different countries and cultures. However, MNC's have mainly been theorised as a structure of units, with relatively little focus upon how they operate at the level of the individual (Piekkari & Welch, 2010). This thesis seeks to understand how individuals navigate the structures of the MNC and, using concepts of power, examines how different perspectives and interests are reconciled to enable coordination.

In particular, this thesis explores the dynamics of individuals' power relations in GlobeCo, a major European MNC that has evolved from a polycentric to an interdependent, heterarchical organisation (Hedlund, 1986). The analysis highlights the heterarchy as a context of ambiguity and contestation, reflected in continuous organisational fluidity, in which the formal units of the MNC are neither stable nor well defined. This suggests that GlobeCo needs to be considered as a *post-heterarchical* MNC in which interdependence, cultural and institutional pressures, and diverse interests are experienced, and resolved, at the individual level. The implications of the post-heterarchical form for our understanding of the MNC are considered.

The thesis further shows how individuals rely upon the temporary acceptance of multiple forms of episodic power-in-use. Through examining a particular change initiative in depth, the thesis shows both how individuals leverage the different forms of power-in-use, but also use apparently everyday practices to build shared understanding, legitimacy and commitment – and through this achieve sufficient compatibility of understanding and actions, a *transient intersubjective alignment*, to allow coordination.

As such, the thesis not only provides a better understanding of the heterarchical multinational, but highlights the role of the individual in shaping power relations to achieve coordinated action. In doing so, it gives insight into how individuals' episodic action can shape systemic power relations that, in turn, provide the basis for episodic power-in-use.

## Table of Contents

<b>1. Introduction</b> .....	<b>1</b>
<b>1.1 Background and Motivations of this Study</b> .....	<b>1</b>
<b>1.2 Framework of the Thesis</b> .....	<b>4</b>
<b>1.3 Summary of Main Contributions</b> .....	<b>7</b>
<b>2. The Multinational Company as a Structure Units</b> .....	<b>9</b>
<b>2.1 The MNC as an Object of Study</b> .....	<b>10</b>
2.1.1 What is the MNC?.....	10
2.1.2 Understanding the Existence of MNCs.....	11
2.1.3 The Rationale for Studying the MNC.....	13
<b>2.2 Structural Conceptions of the MNC: Empirical and Theoretical Understanding</b> .....	<b>16</b>
2.2.1 The Orthodox View of the MNC.....	16
2.2.2 Developing Empirical Themes.....	17
2.2.3 Typologies of Perspectives of the MNC Organisation.....	19
<b>2.3 The Dynamics of Organisational Change in the MNC</b> .....	<b>25</b>
<b>2.4 Implications of the Debate on MNC Organisation</b> .....	<b>29</b>
<b>3. The Individual and the MNC</b> .....	<b>32</b>
<b>3.1 The Wider Perspective on Organising</b> .....	<b>33</b>
3.1.1 Informal Organisations and Negotiated Order.....	34
3.1.2 Boundary Shaping.....	36
<b>3.2 The Individual as Actor in the MNC</b> .....	<b>36</b>
3.2.1 Challenging the Role of the Individual in the Orthodox View of the MNC.....	37
3.2.2 The Individual as ‘Carrier’ of Institutions.....	38
3.2.3 The MNC, ‘Transnational Social Space’ and the Micro-Political Perspective.....	39
3.2.4 The Discursive Perspective of MNC Actors.....	42
<b>3.3 Coordinating Individual Action</b> .....	<b>44</b>
3.3.1 Coordination through Hierarchy.....	45
3.3.2 Social Control as a Basis for Coordination.....	46
3.3.3 Outstanding Issues of Coordination in the MNC.....	49
<b>3.4 Implications for the Debate on the MNC</b> .....	<b>50</b>
<b>4. Power, Agency and the Multinational Company</b> .....	<b>52</b>
<b>4.1 Concepts of Power</b> .....	<b>53</b>
<b>4.2 Syntheses of Power in Organisations</b> .....	<b>56</b>
4.2.1 The First Dimension: Dahl and Coercion or The Power of Resources.....	58
4.2.2 The Second Dimension: Bachrach & Baratz and Manipulation or the Power of Process....	58
4.2.3 The Third Dimension: Lukes and Domination or The Power of Meaning.....	59
4.2.4 The Fourth Dimension: Foucault and the Post-Structuralist Approach.....	60

<b>4.3 Power in the MNC: Power Relations and Organisational Units</b> .....	<b>61</b>
4.3.1 Power and Headquarters .....	62
4.3.2 Power and the Subsidiary .....	64
4.3.3 Issues with the Unit Focused Approach to Power .....	65
<b>4.4 Power, the MNC and Individual Agency</b> .....	<b>66</b>
<b>4.5 Implications of the Extant Literature of Power in the MNC</b> .....	<b>69</b>
4.5.1 The Incompleteness of The Extant Literature .....	69
4.5.2 The Need to Understand the Dynamics of Power .....	71
4.5.3 Conclusions on Power and the MNC .....	76
<b>4.6 Conclusions of the Literature Review and Research Questions</b> .....	<b>78</b>
<b>5. Approach to Research: Philosophy and Methodology</b> .....	<b>81</b>
<b>5.1 Orientations as a Researcher</b> .....	<b>81</b>
5.1.1 My Motivation .....	81
5.1.2 My Philosophical Journey .....	82
<b>5.2 Reflection on the Craft of Research</b> .....	<b>85</b>
<b>5.3 Methodology and Approach</b> .....	<b>87</b>
5.3.1 Research Requirements .....	87
5.3.2 Case Study Research .....	88
5.3.3 Data Collection.....	93
5.3.4 Data Analysis.....	99
<b>6. The Instability of Organisational Relations in the Heterarchical MNC</b> .....	<b>108</b>
<b>6.1 GlobeCo as a Heterarchical MNC</b> .....	<b>110</b>
6.1.1 GlobeCo as a Polycentric Organisation .....	110
6.1.2 The Journey to Interdependence and the Heterarchical MNC.....	112
<b>6.2 Ambiguity of the GlobeCo Organisation</b> .....	<b>114</b>
6.2.1 Lack of Single-Point Accountability.....	114
6.2.2 Ambiguity of Membership .....	120
6.2.3 Lack of Clarity of Responsibilities.....	123
6.2.4 Limitations of Hierarchy.....	124
<b>6.3 Organisational Flux</b> .....	<b>125</b>
6.3.1 Constancy of Organisational Change .....	127
6.3.2 Volatility of Strategy .....	128
6.3.3 Transfer of Responsibilities <i>and</i> the Creation of New Units.....	130
<b>6.4 Contesting the GlobeCo Organisation</b> .....	<b>131</b>
6.4.1 Inevitability of Contestation .....	132
6.4.2 Contestation of Responsibilities – Directly Challenging the Organisation.....	137
6.4.3 Contestation of Initiative Content .....	140
<b>6.5 The Heterarchy and the Transience of Organisational Relations</b> .....	<b>143</b>

<b>7. The Landscape of Power-in-Use in the Contemporary MNC .....</b>	<b>145</b>
<b>7.1 Coordination in GlobeCo – Achieving Alignment .....</b>	<b>147</b>
<b>7.2 Power-in-Use: Bounded Autonomy .....</b>	<b>149</b>
7.2.1 Making Decisions and Controlling the Agenda .....	150
7.2.2 Hierarchical Control of Team and Resources.....	152
7.2.3 The Boundaries of Autonomy .....	154
<b>7.3 Power-in-Use: Solution Filtering .....</b>	<b>156</b>
7.3.1 Formal Processes of Solution Filtering.....	158
7.3.2 Informal Veto Rights .....	160
7.3.3 Ceremonial Gatekeeping and Limitations of Filtering .....	162
<b>7.4 Power-in-Use: Solution Co-Creation .....</b>	<b>163</b>
7.4.1 Building the Solution Together .....	163
7.4.2 Debate and ‘Everyone’ Having Their Say .....	168
7.4.3 Knowing Who to Involve in Co-Creation .....	170
<b>7.5 Alignment and the Manifestation of Power within GlobeCo .....</b>	<b>171</b>
7.5.1 Modes of Coordination and the Dimensions of Power .....	171
7.5.2 Control versus Influence .....	172
7.5.3 Power-in-Use: Episodic Power and Systemic Understanding .....	173
<b>8. Action, Alignment and Power Relations .....</b>	<b>178</b>
<b>8.1 The FM Case .....</b>	<b>178</b>
8.1.1 The Case Context .....	178
8.1.2 Formulation of the Idea .....	180
8.1.3 Development of the Solution.....	181
8.1.4 Implementation .....	184
<b>8.2 Case Analysis – Changing the Structure of Power Relations .....</b>	<b>187</b>
<b>8.3 Enacting Alignment: Building Shared Understanding.....</b>	<b>190</b>
<b>8.4 Enacting Alignment: Constructing Diagnostic and Prognostic Legitimacy .....</b>	<b>197</b>
<b>8.5 Enacting Alignment: Building and Embedding Commitment.....</b>	<b>204</b>
<b>8.6 Summary: Power, Action and Alignment.....</b>	<b>211</b>
8.6.1 Multiple and Interacting Modes of Power-in-Use .....	211
8.6.2 Interaction of Practices.....	213
<b>9. The Dynamics of Power Relations and Coordination in the Heterarchical MNC.....</b>	<b>215</b>
<b>9.1 Towards a Model of Alignment and the Transience of Power Relations .....</b>	<b>217</b>
<b>9.2 Contributions to our Understanding of the <i>Post-Heterarchical MNC</i>.....</b>	<b>222</b>
9.2.1 Moving from a Focus upon Units to a Focus upon Individuals .....	222
9.2.2 Understanding the MNC as a Post-Heterarchical Organisation.....	225
9.2.3 Implications for the Debate on HQ-Subsidiary Relations in the MNC .....	227
9.2.4 Implications for the Debate on the MNC, Geography and Institutions .....	229

<b>9.3 Contributions to our Understanding of Power Relations in the Heterarchical MNC.....</b>	<b>232</b>
9.3.1 Power in the Heterarchy Require Focus upon Individual Actors, Groups and Units .....	233
9.3.2 Need to Recognise Multiple Dimensions of Power .....	236
9.3.3 Interaction between Systemic and Episodic Power .....	238
<b>9.4 Summary of Contribution .....</b>	<b>241</b>
<b>10. Summary and Conclusions .....</b>	<b>243</b>
10.1 Summary of the Thesis .....	243
10.2 Limitations of the Study .....	246
10.3 Possible Future Research.....	248
10.4 Concluding Thoughts .....	249
<b>References.....</b>	<b>251</b>

## List of Tables

Table 2.1: Motors of Change and the MNC – Literature Examples .....	27
Table 4.1: The Four Dimensions/Faces of Power .....	57
Table 6.1: GlobeCo as a Heterarchical Organisation .....	113
Table 6.2: Organisational Ambiguity – Supporting Quotes .....	115
Table 6.3: Organisational Flux – Supporting Quotes .....	126
Table 6.4: Evolving Organisational Forms within GlobeCo Functions .....	127
Table 6.5: Contesting the Organisation – Supporting Quotes .....	133
Table 7.1: Bounded Autonomy – Supporting Quotes.....	151
Table 7.2: Solution Filtering – Supporting Quotes.....	157
Table 7.3: Solution Co-Creation – Supporting Quotes.....	164
Table 8.1: Analysis of the Phases of the FM Project.....	189
Table 8.2: Building Shared Understanding – Supporting Quotes .....	192
Table 8.3: Constructing Diagnostic and Prognostic Legitimacy – Supporting Quotes .....	198
Table 8.4: Building & Embedding Commitment – Supporting Quotes .....	205
Table 8.5: The Interaction of Power-in-Action During the FM Project.....	212
Table 9.1: Characteristics of Heterarchy and Post-Heterarchy .....	226

## List of Figures

Figure 2.1: The Evolving Literature on the Structure of the MNC .....	20
Figure 4.1: Power and the MNC – Literature Overview .....	70
Figure 4.2: Relationship Between the Different Dimensions of Power .....	73
Figure 4.3: Simplified Schema of the ‘Circuits of Power’ .....	74
Figure 5.1: Nesting of GlobeCo ‘Cases’ .....	93
Figure 5.2: The Dynamics of Coordination and Power Relations in the Heterarchical MNC – Data Structure.....	106
Figure 6.1: Data Structure – Instability of Organisational Relations in GlobeCo .....	109
Figure 6.2: Scope of GlobeCo European Subsidiary c2015 .....	117
Figure 6.3: Unit Membership and Reporting Lines in GlobeCo Business Services .....	119
Figure 6.4: Multiple Team Membership in GlobeCo .....	121
Figure 7.1: Data Structure – The Landscape of Power-in-Use in GlobeCo .....	146
Figure 7.2: Schematic of GlobeCo Innovation Funnel .....	159
Figure 7.3: Episodic Power Potential from an Actor’s Perspective.....	175
Figure 7.4: Characterisation of the Landscape of Power Relations .....	177
Figure 8.1: Summary of the Case Stages .....	179
Figure 8.2: Changes in the Structural Power Relationships through the FM Project .....	188
Figure 8.3: Data Structure – Practices to Enact Alignment in the Heterarchical MNC .....	191
Figure 9.1: The Dynamics of Coordination and Power Relations in the Heterarchical MNC – Data Structure (repeat of 4.2) .....	216
Figure 9.2: The Transience of Power Relations in the Heterarchical MNC.....	218
Figure 9.3: Interaction between Organisational Structure and Managerial Action .....	224

## Acknowledgements

This thesis reflects the outcome of four years research at Lancaster University and a life-time of learning, both in an academic and professional environment. I am indebted to all who have made an impact on my life and who have, in one way or another, shaped this research.

However, I need to particularly thank my supervisors, Professor James Faulconbridge and Professor Martin Friesl. Without their challenge, insight, wisdom and support this thesis would not have found focus and would probably never have seen the light of day. While this is my work, their influence in it is profound.

This thesis would also not have been possible without the respondents to this study. They were generous with their time and keen to help me in my new endeavours. I thank them.

I also want to recognise those whose played a key role in my earlier academic development. I thank my parents for their support and encouragement – with my father being the first to envisage me with a PhD. While they may never be aware of it, I owe an especial debt of gratitude to Dr Christian Puritz of RGS High Wycombe, and the late Dr Iain MacPherson of Gonville & Caius College Cambridge. Even though it was more than 30 years ago, it was their enthusiasm and encouragement that gave me the confidence that I could thrive in academia.

Above all else, this PhD would not have been possible with love, support and encouragement of my wife, Ali. She has had to live with my nightmares and worries, and it was Ali who gently pushed me forward when self-doubt was at its worst. Ali was mentor, life-coach and sounding-board. Thank you for everything.

# 1. Introduction

Fran sat at her desk and sighed. This was the trouble with trying to serve so many masters. As HR Director for the small UK Institutional Business (IB-UK) unit she seemed to be stuck between the irreconcilable demands of her different bosses.

The wider UK business were introducing a new training programme that had been developed globally in GlobeCo. It seemed so sensible that IB-UK should be part of this – those in IB-UK would benefit from the training and it would build much needed bridges between the Institutional Business and the rest of the larger UK retail business. Encouraged by her line-manager – the VP HR for UK and Ireland – she announced that the training would be extended to IB-UK managers, a decision enthusiastically welcomed within IB-UK.

But that was a week ago – now her other bosses were objecting. The VP HR for the Global Institutional Business had apparently decided that their global businesses would not participate in this training – not that he had cascaded that information! Now he is insisting that IB-UK pull out. What seemed almost worse is that the CEO of IB-UK – with whom Fran had built a close working and personal relationship – was now upset about criticism that IB-UK are not following the Global Institutional Business line.

Fran held her head in her hands. She didn't want to upset her line manager – her career and bonus depended on him. But she needed to keep good relationships with the people she worked daily within IB-UK and the Global Institutional Business. How could she unblock this?

## 1.1 Background and Motivations of this Study

This vignette, based upon an account given during my research<sup>1</sup>, highlights the complexities and multidimensionality of the contemporary multinational. Yet while such a conflict may appear mundane, it is difficult to explain within much of the contemporary theorising of the multinational company (MNC). This is not simply about a struggle between Headquarters and Subsidiary. It is not about clearly defined units speaking with one voice. It seems not to be driven by contrasting institutional contexts. This is not just an issue of hierarchy or legitimate authority.

---

<sup>1</sup> For the relevant quotes see Chapter 6.

Rather this vignette illustrates the broader theme of this thesis that focuses upon the disaggregation of the multinational organisation to the level of individual. Within such a perspective collective 'units', both formal and informal, are 'fuzzy' – with ambiguous and changing boundaries – and speak with multiple voices. Instead of assuming that responsibilities within the interdependent MNC are well-defined, it recognises that they are uncertain and contested. As such, rather than focusing upon outcomes as the consequence of faceless units, it considers them as the consequence of the unfolding of the multiple relationships that individual managers have within the multinational company. In doing so, it starts to consider the 'lived experience' (Piekkari & Welch, 2010) of working and managing in a multinational company.

While such themes are rare in the literature on the MNC, they have become prominent within the wider organisational studies literature. These sees organisations as socially constructed (Morgan, 2006); boundaries as multi-dimensional, constructed and ambiguous (Vakkayil, 2012; Heracleous, 2004); and order as negotiated (Strauss *et al*, 1963). These all highlight the role of the individual, and their own agency, in contributing to the shaping of the organisation and its strategy.

In order to understand the way in which individuals interact within the MNC, this thesis uses the theoretical lens of the literature on power. With a focus upon the relational aspect of power between individuals, this follows Lawrence *et al*'s (2012, p. 15) definition of power as "the dimension of relationships through which the behaviours, attitudes, or opportunities of an actor are affected by another actor, system or technology". Moreover, this thesis adopts a specifically positive perspective that considers power as a "force that affects outcomes" (Hardy, 1996, p. 53). Such 'power-to' emphasises those aspects of power that are productive and transformative (Edwards, 2006).

Power is a key feature of all organisations with Clegg *et al* (2006, p. 3) arguing that "power is to organization as oxygen is to breathing". However, MNCs provide a particular context. They are inherently complex organisations with units and individuals operating across geographic, cultural and political/legal space. Embeddedness in diverse institutional environments creates distinctive challenges to operating an MNC. Consequently, the MNC provides the opportunity to see how power plays out in these different contexts, as well as how these contexts are used in the enactment of power. In particular, this thesis focuses upon a specific form of multinational – the heterarchical MNC. Hedlund (1986) envisaged the heterarchy as a network of differentiated and interdependent units – which may have supranational as well as national roles. He suggested that in such an organisation horizontal ties may be more important than

vertical ties, and that hierarchy may be replaced with multiple forms of organisation as the distinction between what is headquarters and what is subsidiary becomes blurred. This form of organisation seems to reflect many of the characteristics seen in the opening vignette.

Consequently, through the process of my research, including reviewing different bodies of literature and the early stages of my fieldwork, my research aims crystallised to put the individual at the forefront of understanding the heterarchical multinational. Firstly, in considering how individuals interact with the organisational structures of the MNC, and then in using theorisation of power to understand how activity is coordinated. Initially this focused upon power relations as the *explanans* – that which explains. However, increasingly the focus has shifted to power relations as the *explanandum* – the phenomenon to be explained. That is, the need to understand the power relations and their dynamics that make possible the coordination of activity across heterogeneous individuals with different interests and perspectives located across diverse geographic and cultural contexts.

Through this iterative process my research questions were developed:

*How do actors navigate the organisational structure of the heterarchical MNC, and what are the implications for our conceptualisation of the MNC?*

*How should we theorise the dynamic power relations that affect the coordination of individuals in the heterarchical MNC.*

Yet while these research questions emerged from a review of the literature, it is also necessary to stress the importance of my personal interest in this area. This follows working for 27 years in senior finance and strategy roles within a major European consumer goods multinational. On returning to academia I initially intended to research into the issues facing MNCs when outsourcing services operations. Yet as I spent time reflecting on both my time within the MNC and the academic literature, I realised that the dominant ‘rational actor’ and unit-focused models of the working of the MNC were compromised and did not fit with my experiences. I had lived in a world of with many ambiguities and disagreements, where multiple actors’ voices were heard – but also where there were taken-for-granted understandings that shaped how we all acted. The challenge was to consider how I could make sense of and theorise this world in which I had spent so much of my life.

## 1.2 Framework of the Thesis

The research topic that I identified sits at the intersection of three rather different literatures: firstly, the largely 'international business' driven literature on the multinational company; secondly, the largely sociological literature on organising and the social construction of organisations; and, thirdly the literature on power in the broader social sciences which finds roots in sociology, philosophy and organisational studies. Consequently, the literature review is split accordingly.

Chapter 2 focuses upon the understanding of the MNC in the academic literature. This highlights the rationales of studying the MNC both due to the specific characteristics of an organisation working across multiple national and institutional cultures as well as more general exemplars of complex organisational settings (Roth & Kostova, 2003). While the orthodox view saw the MNC as a hierarchical organisation dominated by the home-country headquarters (e.g. Perlmutter, 1969), the chapter explores how conceptualisations developed with the focus upon the subsidiary as a 'semiautonomous actor' (Bouquet & Birkinshaw, 2008a) and with the introduction of network perspectives of the multinational (including Hedlund's, 1986, 'heterarchy'). Within this 'mainstream' perspective (Dörrenbächer & Geppert, 2006) the MNC is largely problematised in terms of the relationship between units – and how the headquarters as 'commander-in-chief' (Forsgren *et al*, 2005) can coordinate subsidiaries through a combination of bureaucratic and social controls. Yet, by being 'rationalistic' and HQ-subsidiary focused, the orthodox perspective presents an impersonal view of the MNC, where the role of the individual manager as actor and agent is largely lost, becoming equated – explicitly or implicitly – with the unit within which they work.

Consequently, Chapter 3 focuses upon the individual and the MNC. It starts by highlighting the key role of the individual in wider perspective of organising. This emphasises, in particular, the importance of informal aspects of organising and the role of 'negotiated orders' (Strauss *et al*, 1963) and the ambiguous and constructed nature of organisational boundaries. This provides a base for considering upon the literatures that specifically deal with the individual as actor within the MNC, including critiquing the assumptions made in orthodox perspectives of the MNC and reviewing the literature that considers actors within the MNC using Scott's (1983) perspective of the individual as 'carrier' of institutions. The chapter then turns to the two literatures that explicitly see relations within the MNC "as processual, political, and actor-centred" (Clark & Geppert, 2011, p. 397). Firstly, this considers the MNC as 'transnational space' in which actors, driven by their own interests and goals engage in micro-political games. Secondly, this considers the body of literature focusing upon discursive views of the MNC and

how actors can contribute to sensemaking and sensegiving (Weick, 1995; Gioia & Chittipeddi, 1991). Yet the feeling remains that in much of the work on the MNC the role of the individual manager as actor and agent is largely secondary to issues of structure. The micro-political and discursive perspectives are largely considered within the context of dyadic struggle between units, while there is little consideration of how actors contribute to either fundamental change or to achieving day-to-day coordination.

Consequently, Chapter 4 introduces concepts of power as a potential way of theorising the role of the individual actor within the MNC. Power is at the heart of organising and organisations (Clegg *et al*, 2006) as “the ability of different parties to achieve something together they could not accomplish individually” (Baum, 1989, p. 193). Power is shown as a complex and multifaceted concept (e.g. Haugaard & Clegg, 2009), reflected in multi-dimensional perspectives of power (Hardy 1996, Fleming & Spicer, 2014). However, the chapter goes on to show that the use of concepts of power in the MNC literature have been rather limited, focusing largely on power between units (Geppert & Williams, 2016) and the resources they control (Vaara *et al*, 2005). The new literatures that have started to develop around the micro-political games and the use of language and discourse as an episodic tool within the MNC are limited by their focus upon specific dimensions of episodic power. Yet the wider literature on power suggests that this restriction is inappropriate – for example, Clegg’s (1989) concept of the ‘circuits of power’ highlight the necessity to consider both how episodic power is both rooted in systemic relationships, and how episodic action is used to reinforce or reconstruct systemic power relations.

Based upon this literature and the identified research questions, Chapter 5 sets out my research approach. This examines my motivations and developing philosophical position, and then outlines the choice and implications of using a case study of GlobeCo. Issues confronted during the research and the approach to data collection and analysis based upon the ‘Gioia’ method (Gioia *et al*, 2013) are highlighted.

Chapter 6 introduces GlobeCo as the focal firm in the case study and moves on to address the context of the heterarchical MNC that lies at the heart of the first research question. This highlights the instability of organisational relationships within the heterarchy, which can be characterised by *organisational ambiguity*, *organisational contestation* and ongoing *organisational flux*. The coherence of units is challenged by ambiguity around their boundaries, responsibilities and membership. Teams or units – both formal and informal – are unstable and contested, coalescing and dissolving in a dynamic manner. Individual managers find themselves with multiple reporting lines and members of multiple teams,

struggling with multiple 'authorities' each claiming some form of legitimacy and without an ability to rely on hierarchy to resolve disputes.

Chapter 7 moves on to investigating the ways in which episodic power is seen in the daily workings of GlobeCo. This highlights three main ways in which power-in-use (Pettigrew & McNulty, 1998) is revealed to achieve coordination or 'alignment': *bounded autonomy* where an actor has effective freedom to determine actions, within certain limits; *solution filtering* where an actor has an effective veto over all or parts of a possible solution; and *solution co-creation* mutually developed by a range of actors, with different responsibilities, working together to deliver an outcome. Consequently, this chapter gives insight into the way in which individuals use episodic power in navigating the organisational structure of the heterarchy

In order to obtain a richer understanding of the dynamics of power relations, Chapter 8 explores one particular initiative within GlobeCo, that of the Facilities Management Transformation programme undertaken in the Europe. Tracing this from the origin of the idea, through to implementation, the chapter reveals the temporal unfolding of the case in which the different modes of power-in-use interact along with practices used by key actors to achieve alignment. Highlighting the micro-level practices of *building shared understanding*, *constructing diagnostic and prognostic legitimacy*, and *building and embedding commitment*, it addresses the second research question by emphasising the dynamic practices by which power relations are reinforced or reconstituted in the heterarchical multinational.

Chapter 9 brings these together the constructs from the earlier chapters into an inductively derived model of how we can understand coordination as the outcome of unfolding power relations to achieve a temporary equilibrium within this heterarchical MNC – what could be considered a *transient intersubjective alignment*. This reveals how power relations can be understood both in terms of their episodic manifestation of their power-in-use, but also as the systemic understanding of where the boundaries of individuals involvement lie. However, these boundaries tend to become contested due to the inherent ambiguity within the heterarchy – leading to the dissolution of power relations. Yet, through the interplay of both the modes of power-in-use as well as the different practices to enact alignment reducing ambiguity and contestation, power relations are reconstructed. The chapter proceeds to examine the key implications of this model, and the contributions of this thesis. Firstly, this focuses upon the implication for our understanding of the MNC, suggesting that what is revealed is a 'post-heterarchical' form, that moves our attention to the individual rather than focusing upon geographically bounded units. Secondly, this considers the implications for our understanding of power within the heterarchical MNC, stressing the need to consider power's

multiple dimensions and particularly the interaction between systemic and episodic aspects of power.

Chapter 10 concludes the thesis with a summary of the key findings, before noting the limitations of the thesis and suggesting areas for future research.

### **1.3 Summary of Main Contributions**

This thesis responds to calls for a better understanding of the both the role of the individual within the MNC (Piekkari & Welch, 2010) as well as around the dynamics of power relations within the MNC (Geppert *et al*, 2013; Geppert & Dörrenbächer, 2014; Clegg *et al*, 2015). Sitting at the intersection of broad areas of theoretical interest, this thesis makes contributions to both the literature on the MNC and that on organisational power.

The main contribution of the thesis to the MNC literature is in its challenge of the taken-for-granted assumption of the organisational unit (HQ and subsidiary) as the primary building block of the MNC. By showing that units are ambiguous, contested and unstable this requires a refocusing upon the actions of individuals and (informal) groups within and across formal organisational boundaries in the MNC. Consequently, the thesis suggests that the interdependent MNC needs to be regarded as a *post-heterarchical* organisation in which the principles of Hedlund's heterarchy operates at the level of the individual. It is the individual manager that can simultaneously belong to multiple units or teams (including, potentially, being considered part of HQ and the periphery). It is the individual that needs to work with multiple organising principles with a series of non-transitive relationships. It is the individual that plays a role in (temporarily) negotiating responsibilities.

This perspective of the post-heterarchy consequently pushes us beyond the dominant dyadic and static perspective of the MNC comprising homogeneous units, particularly that of geographically/culturally bounded HQ and subsidiary. Rather it is the individuals within heterogeneous units that differ due to the cultures and institutions that they 'carry', as well a myriad of other differences, that can cause them to have a different perception or understanding of any particular situation. Consequently, it is at the level of the individual that issues of geographic and cultural heterogeneity, and institutional duality, need to be tackled. Yet it is clear that in order to navigate this challenge individuals seem to accept and understand that the MNC is heterogeneous, and so consequently a key task is to identify and resolve such differences both within and across organisational boundaries.

Given the limitations of hierarchy within the post-heterarchical MNC, it is necessary to consider take a broad perspective of power and individual action to understand how coordination is achieved. In terms of the literature on organisational power, this thesis contributes in highlighting the inadequacy of focusing upon specific, narrow aspects of power within the MNC (be that of 'legitimate authority', micro-politics or discourse, or specific dimensions of power). Rather, it shows that power relations within the heterarchical MNC are complex and multifaceted, embracing multiple dimensions of power, and embracing both individual and collective actors. Furthermore, this thesis contributes to understanding the dynamics of coordination and power relations within the heterarchical MNC, highlighting both how the inherent characteristics of the heterarchy lead to the dissolution of power relations, and the work that is done by actors to temporarily reconstruct power relations. As a consequence, coordination is achieved through a *transitory intersubjective alignment* in which there is sufficient compatibility of understanding and actions to enable coordination. In so doing, this contributes empirical and theoretical richness in understanding the linkages between systemic and episodic aspects of power relations.

## 2. The Multinational Company as a Structure Units

During the last 50 years, the multinational company (MNC) has become a major topic of academic focus. Apart from their importance within the global economy, MNCs face specific challenges of operating across countries and cultures (Kostova & Roth, 2002), and provide examples of particularly complex organisations (Ghoshal & Westney, 1993).

However, the review in this chapter shows that the overwhelming attention of the MNC literature has taken a structural approach with the organisational unit as the focal 'units of analysis'— largely considering a home-country HQ and foreign subsidiaries. Although it is widely recognised that the form of the MNC has been changing to become a more networked and interdependent organisation (Birkinshaw & Pedersen, 2009; Bartlett & Ghoshal, 1998; Hedlund 1986), theorising remains focused upon the MNC as a structure of discrete units. In particular, the literature problematises the MNC in terms of the relationships between the HQ and subsidiary units – be that how subsidiaries can be controlled by HQ, the different roles that subsidiaries can have, or how they can contribute to the wider MNC. Within this, the HQ largely stands supreme being “vested with the role, power and ability to maintain overall organizational rationality” (Becker-Ritterspach & Gammelgaard, 2016, p. 124) coordinating the MNC through a combination of bureaucratic and social controls.

Furthermore, despite recognising a shift in the organisational form of the MNC, there remains little focus within the literature upon the agencies that underlie change. Rather, changes in the organisational structure of the MNC are largely assumed to reflect the rational selection of top management (the 'HQ') in response to changing technology, globalisation and the forces of environment within which they operate. While there is a lively literature that considers the dialectic struggle between HQ and subsidiaries (e.g. Birkinshaw & Hood, 1998; Kristensen & Zeitlin, 2005; Ciabuschi *et al*, 2011) this tends to regard both HQ and subsidiary as homogeneous entities, and remains rather narrowly focused upon subsidiary role and initiatives while rarely addressing the mechanisms leading to fundamental restructuring of the relationships between units within the MNC.

This 'rationalistic' (Morgan & Kristensen, 2006) perspective of the MNC reflects the dominance of mainstream theoretical perspectives (neo-classical economics, agency theory, contingency theory, institutional theory) that are largely impersonal and that focus upon structures and mechanisms. The existence, scope, structure, strategy and actions of the MNC are largely seen as reflecting the solutions to a series of optimising problems. The role of (top) management

is to find and implement the best solution – strategy, structure and controls – given the differing environments (or ‘contingencies’) faced by the firm.

As such the dominant, orthodox view of the MNC largely neglects the role of the individual within the MNC, subsuming them within organisational entities as the appropriate unit-of-analysis. Consequently, the next chapter will turn to consider the way that the individual has been conceptualised within study of the MNC.

## **2.1 The MNC as an Object of Study**

During the last 50 years, the multinational company (MNC) has become a major topic of academic study. This reflects not only their importance to the world economy but their fundamental nature as highly complex organisations that must find ways to handle the challenges of working across national and cultural boundaries and geographic space.

### **2.1.1 What is the MNC?**

At its simplest, the Multinational Company (or Corporation or Enterprise) refers to a firm that “owns and controls activities” in two or more countries (Buckley & Casson, 1976, p. 1). There is a long history of organisations with such multinational activity – dating back, at least, to the seventeenth century with the British East India Company and the Dutch VOC (see Robins, 2012). However, it is only since the late nineteenth and early twentieth century that we have seen the emergence of the modern form of the multinational (Wilkins, 2009), as the advent of new technologies, scale economies, and modern marketing techniques led to the growth of firms dominating specific markets both within their countries and, increasingly, abroad. The US company Standard Oil opened its first foreign affiliate, in the UK, in 1888 (ExxonMobil, 2018); by 1906 Lever Brothers from the UK had factories in six overseas countries, including Australia (Unilever, 2018); and by 1919 the Dutch firm Philips had sales organisations in 17 foreign markets (Bartlett, 2009).

By 1960, the term ‘multinational corporation’ had been coined by David Lilienthal when he highlighted that many American companies were already operating abroad and having to “operate and live under the laws and customs of other countries” (Lilienthal, 1960, p. 119, quoted in Westney, 2014).

Other terms have also been used for the same phenomena. Some authors, including Buckley and Casson (1976), prefer to use the term ‘Multinational Enterprise’, while both the United

Nations and Pitelis & Sugden (2000) embrace the term 'Transnational'<sup>2</sup>. Accepting that individuals might stress subtle differences, these terms are treated as effectively synonymous with MNC.

### 2.1.2 Understanding the Existence of MNCs

With the emerging importance of MNCs, during the mid-twentieth century the principle academic debate was focused upon why the multinational existed. This became a crucial issue within the economics-dominated International Business literature. Given the obvious additional costs of operating abroad (Hymer, 1960) – the 'liability of foreignness' (Zaheer, 1995) – why would firms establish operations abroad rather than exporting or licensing to domestic firms within the target market? Early theories saw the MNC as conduits for exploiting differences in rates of return: moving capital from where the cost was low and reinvesting where returns were higher in the form of 'Foreign Direct Investment' (FDI) (see Hennart, 2009). Yet it is not obvious that this requires MNCs given the presence of appropriate financial institutions (Hymer, 1960).

Hymer highlighted that a firm would only operate internationally if there was some other significant benefit from such expansion. Although suggesting that the primary motivation for this came from the opportunity of extending monopolistic power, he also suggested that FDI would result if "some firms have advantages in a particular activity and they might find it profitable to exploit these advantages by establishing foreign operations" (Hymer, 1960, p. 38). Similarly, there may be location advantages in a foreign location that a firm can exploit by establishing a base in another geography.

Yet the existence of benefits from multiple locations does not in itself require the activities to be carried out within the firm, rather than two firms trading at arms' length. So, the relevant question became when these two sets of activities should be internalised within one organisation. Taking an approach inspired by transaction cost economics (Coase, 1937; Williamson, 1971, 1975, 1985), Dunning developed his 'eclectic paradigm' (Dunning 1977/2002, 1980, 1988) which developed to become the leading conceptual framework for analysing firms' international expansion (Rugman & Verbeke, 2001). Dunning suggested that firms would only engage in foreign activities where there were benefits of *ownership* of the

---

<sup>2</sup> Which runs the risk of confusion as Bartlett & Ghoshal (1998) use the term for a specific strategy of the MNC.

activity, there were *location* advantages, and advantages from *internalising* the activity within one organisation. In parallel, Buckley & Casson (1976) developed ‘internalisation theory’ which saw the main reason for internalising activity as the market imperfection, particularly regarding the management of knowledge.<sup>3</sup> Internalising activity avoids issues associated with contracting with third parties and potentially provides a lower-cost way of coordinating activity than relying on the market (Teece, 2014).

While the internalisation/transaction cost approach to explaining the existence of MNCs quickly “attained dominance” (Pitelis & Sugden, 2000, p. 2), others challenged whether market imperfections are sufficient as an explanation of the MNC, particularly given the costs associated with the liabilities of foreignness. Kogut & Zander (1993, p. 625) argued that the MNC exists less due to market failure than “out of its superior efficiency as an organizational vehicle by which to transfer this knowledge across borders”. Others have rather looked towards the benefits of internationalisation itself, with Contractor (2012) providing a comprehensive list of the advantages that a firm may gain from being internationalised (for example ranging from the additional opportunities to exploit scale economies in production and/or R&D, through to risk management/diversification).

However, as will be argued later, this ‘rationalistic’ explanation of the MNC – based upon the world-view of neo-classical economics – provides only one possible interpretation of the MNC. Other perspectives stress the political and cultural aspects (see Forsgren, 2008; Morgen, 2006), suggesting that MNCs may also have developed, at least in part, due to the interests of managers – for example, as seen in managerial preference for acquisitions over joint-ventures (Datta *et al*, 2009). Similarly, the success of some internationalising firms may be sufficient to create isomorphic pressure (DiMaggio & Powell, 1983) as the process and goal of globalisation becomes institutionalised (du Gay, 2000) with the need for international expansion achieving an aura of inevitability (Spicer & Fleming, 2007).

Consequently, while the international business perspectives of exploiting and internalising location advantages may go a long way to explain the presence of MNCs, these should only be seen as providing a partial picture of these complex organisational forms. We also need to recognise that there is potentially a key role of culture, personal interests and shared and taken-for-granted assumptions in understanding MNCs.

---

<sup>3</sup> Trade in knowledge is difficult due to its nature as a public good.

### 2.1.3 The Rationale for Studying the MNC

While there is an undeniably large literature on the MNC, it is worth briefly pondering upon why the MNC can, and should, be regarded as a specific context for academic research and how this is distinctive for theory building and research as opposed to the purely national company (Roth & Kostova, 2003).

In part, this can be justified for the importance of the MNC in today's world. The United Nations estimated that by 2009 that there were around 82,000 multinationals, employing 77 million people, (UNCTAD, 2010) and together the 'global value-chains' run by these MNCs account for about 80% of global trade (UNCTAD, 2013). The largest MNCs – companies such as Toyota Motor, Volkswagen, Royal Dutch Shell and Apple – have annual revenues well above \$200 billion, while the combined profits of the Fortune Global 500 amounted to \$1.5 trillion (Fortune, 2017). Furthermore, these companies are not just the response to globalisation, but are key drivers of the way that the world has changed – be that in the emergence of consumer products (Unilever, Proctor & Gamble), modern transportation (Ford or Boeing), micro-electronics and the IT age (Apple, Microsoft), or in the revolution of the internet (Google, Amazon).

Yet, from a theoretical perspective, the sheer scale of MNCs is perhaps the most trivial reason for studying them. Rather, Roth & Kostova (2003) stress that it is the *specific* characteristics of the MNC that make them particularly relevant – both in order to understand phenomena that are unique to the MNCs, and as a particular context for theory development.

#### ***The Multinationality of the MNC – Operating Across Multiple Institutional Contexts***

Primary among these unique aspects of the MNC is the internationality of the organisation in which the MNC is constituted of units "rooted in specific cultural and political settings with their own history and tradition" (Piekkari & Tietze, 2014, p. 261). The pressures of geography are most frequently expressed in the form of institutional pressures for isomorphism – expressed in DiMaggio & Powell's (1983) three forces of *coercive isomorphism*, *normative isomorphism* and *mimetic isomorphism*, which Scott (2014, p. 59) sees as reflective of the regulatory, normative and socio-cultural systems that are the 'pillars' of institutions (see also Kostova & Roth, 2002). The definition of 'institution' within this approach is broad, as it covers both formal structures and rules (governmental bodies, rules and regulations) as well as the informal constraints of convention and norms of behaviour. Such institutions are seen as relatively durable, normally showing resistance to change (Scott, 2014).

The impact of operating across multiple institutional 'fields' is multifaceted. For local subsidiaries sitting within a particular national institutional context, there is a requirement to gain institutional legitimacy within the host environment – that is the extent to which an organisation meets the expectation of the social norms, values and rules of a social system, leading to becoming accepted or 'taken for granted' (Deephouse & Carter, 2005). In the absence of such legitimacy, it may be difficult for an organisation to survive (Dowling & Pfeffer, 1975). Furthermore, these different contexts may have a lasting impact as their characteristics, over a long period of time, become imprinted on both particular units within the MNC, and the individuals that inhabit them (Kogut, 2005).

Yet at the same time, the MNC itself may also be considered a distinct organisational field with its own culture and taken-for-granted assumptions. That is, "there is a within-organization domain that defines a set of pressures to which all units within the organization must conform" (Kostova & Roth, 2002, p. 216). By restricting specific courses of actions through limiting the manager's cognition of what is acceptable or possible (Dunning & Lundan, 2009) this MNC specific culture or 'frame' (Goffman, 1975) may provide the centripetal force that prevents subsidiaries from culturally and institutionally heterogeneous settings moving apart (Regnér & Zander, 2011). Consequently, there may be conflicting pressures within the MNC to simultaneously achieve legitimacy within different host and MNC fields – a situation referred to as 'institutional duality' by Kostova & Roth (2002). Key managers need to ensure that the subsidiary retains legitimacy with the parent company, for example through complying with financial, policy or strategy requirements (otherwise they risk being replaced). At the same time legitimacy is required within the national environment where the subsidiary has everyday relations with government, suppliers, customers and employees.

### ***The Distinctive Processes of Managing Multinationally***

More generally, the internationality of the MNC adds features and context that results in distinctive organisational processes (Peterson & Thomas, 2007). Central with this is the large literature on the relationships between the global HQ and subsidiaries, including the role of HQ (e.g. Egelhof, 2010), of different subsidiaries (e.g. Rugman *et al*, 2011) and the nature of the organisational structure of the MNC itself (Bartlett & Ghoshal, 1998). In contrast, at a more micro level, there is significant work on specific aspects of differentiation across the organisation and how MNCs try to manage this. This covers a vast range of subjects including topics such as the choice and use of the primary language within the organisation (e.g. Vaara *et al*, 2005), the use of 'boundary spanners' to facilitate knowledge and expertise sharing by

linking groups across hierarchy and distance (Schotter & Beamish, 2011), or the role of expatriates (e.g. Harzing, 2001).

### ***The Complexity of the MNC***

While the multinationality of the MNC highlights differences ‘in kind’ from the domestic company (Roth & Kostova, 2003), the MNC can also be justified as a research setting because “multinational organizations provide a context characterized by substantial heterogeneity and complexity” (*ibid.*, p. 888). The MNC has multiple possible organising dimensions (such as product, geography, and function), while needing to embrace the complexity of different operating contexts, and working with managers and employees from multiple backgrounds with different identities and perspectives. Consequently, the internal heterogeneity of the MNC can be provide a research context that includes or requires variety. For example, the implication and consequences of a single strategy, policy or tool can be studied across multiple instances in heterogenous units within a single organisation (e.g. Nohria & Gulati, 1996).

Yet the very complexity of the MNC can itself be the object of study. Regnér & Zander (2011, p. 825) argue that MNCs are “arguably the most complex organisations in existence today” and that “the study of MNCs allows researchers to study the complexity of different environments and semi-integrated internal units that are willing (or sometimes forced) to interact under a common corporate roof”. As a result, the MNC provides an opportunity to ‘leverage complexity’, in particular understanding how coordination is achieved (and the role of power in this) in the context of such a complex organisation. As such, “the complex nature of MNCs is used as an asset (instead of a complicating liability) in our quest to understand fundamental organizational phenomena” (*ibid.*, p. 824). The same approach is seen in Kostova *et al* (2018, p. 2613) who emphasise “that although developed for the MNC case, our model is applicable to any large and complex organisation... [we] leverage the distinctiveness of MNCs to challenge boundary conditions and assumptions of existing theories for the purposes of modifying and extending them.”

Such a perspective of the MNC distinguishes it by degree, rather than by kind. Such studies are not necessarily studying theories of the MNC *per se*, but use the MNC as a particular or extreme context to examine or test theories of wider relevance (Peterson & Thomas, 2007). Indeed, Regnér & Zander (2011) go as far as to argue that the MNC is the general case, of which small, local organisations are the ‘special case’.

Consequently, studying the MNC matters. Apart from their sheer scale and impact on our globalising world, they face specific challenges from their international spread which can bring

the need for specific theorising. Above all else, MNCs provide contexts of great heterogeneity and complexity and consequently research within the multinational organisations can generate insights that help understand both the MNC itself, and complex organisations more widely.

## **2.2 Structural Conceptions of the MNC: Empirical and Theoretical Understanding**

This section now turns to consider the dominant way in which the MNC is conceptualised in the literature. This emphasises the theoretical and empirical attention that has been given to the MNC as a structure of units (frequently characterised as embedded in distinct geographic, cultural and institutional environments), and especially in understanding the dyadic relationship between HQ and subsidiary. Based upon this, a typology is developed that categorises the literature depending upon the emphasis between the centralisation and dispersion of leadership, and between hierarchy and network forms.

The dyadic perspective can be seen to have emerged from the early thinking of the MNC that focused upon it as an organisation performing business activity across multiple countries. Performing activities in another country requires an organisation in the host country. In part, national subsidiaries fulfil the legal requirements required to operate in a particular jurisdiction, yet their primary purpose is to provide the 'on-the-ground' presence required to undertake activity – with most MNCs relying on a range of units in key locations for their development (Birkinshaw & Pedersen, 2009). Consequently, geography and location are unavoidable design variables in the strategic 'architecture' of the MNC (Westney, 2014).

The understanding of the relationships between the home-country 'headquarters' and host-country subsidiaries has evolved significantly over the last thirty years. Greater focus upon the subsidiary and the introduction of network concepts give a much more nuanced perspective of the MNC than that of a headquarters dominated hierarchy. Yet much of the thinking around the MNC continues to be dominated by largely rationalistic theories and impersonal forces in which the agency of key actors is largely absent.

### **2.2.1 The Orthodox View of the MNC**

With the origins of the MNC seen in the international expansion of strong domestic firms setting up new organisations in foreign markets, the relationships and hierarchy between these units was apparently clear. Top management sat within the home-country HQ and made

decisions about where to invest, i.e. where to establish operations. Capabilities were largely built in the home-country and then exploited in foreign markets.

In this 'rationalistic' (following Morgan & Kristensen, 2006) or 'mainstream' (Dörrenbächer & Geppert, 2006) view, the multinational is a hierarchy. Although the focus of relationships is upon the HQ-subsidary dyad – such as seen in Mudambi's (2011) analogy of a wheel with the HQ as the hub and the various subsidiaries as the different spokes – it is clear that the HQ dominates, and the "overriding assumption is that final authority resides at the top of the structure (the HQ), and that all intraorganizational interactions are structured for the achievement of the inclusive goals of the organization" (Ghoshal & Nohria, 1986, p. 4). Consequently, the HQ is 'commander-in-chief' (Forsgren *et al*, 2005), or the organisation's 'brain' (Beer, 1981), and is "the central authority formally making all strategic decisions" (Dörrenbächer & Geppert, 2006, p. 252). Its role is to optimise the strategy and structure of the organisation given the challenge ('contingencies') that the firm faces.

Other units are, literally, subsidiary – an instrument of the HQ (e.g. Bartlett & Ghoshal, 1986; Porter, 1986). In the 'ethnocentric' multinational (Perlmutter, 1969), the role of the foreign subsidiary was to be the 'long arm' that existed solely to implement the strategies of the mother company (Andersson *et al*, 2001), a 'dumb subcontractor' (Delaney, 2000), to carry out the legitimate will of the parent (Morgan, 2006). The role of subsidiaries is selected and imposed by the HQ, in what Birkinshaw & Hood (1998) refer to as 'head office charter assignment'. Furthermore, by assuming that the HQ has legitimate authority and fiat rights (Foss, *et al*, 2012), conflict and resistance is problematic or dysfunctional (Dörrenbächer & Geppert, 2006; Morgan, 2006). Challenge and resistance are therefore regarded as evidence of "the power-hungry manager, a few deviant subordinates or an organization that is in terminal decline" (Fleming & Spicer, 2007, p. 11).

### **2.2.2 Developing Empirical Themes**

The HQ dominated perspective continues to appear in literature on the MNC (e.g. Jaussaud & Schaaper 2006; Vida & Obadia, 2008) – although frequently being taken for granted, rather than explicitly discussed as an assumption (Barner-Rasmussen *et al*, 2010). However, over the last thirty years there have been developments based upon empirical observation that significantly develops this approach in two different directions.

### *Shift to Focus on the Subsidiary*

Firstly, there has been a shift in the literature from the role of the HQ to that where “the subsidiary is at the heart of the action” (Birkinshaw & Pederson, 2009, p. 367). This partly resulted from a recognition that geographically and culturally distant subsidiaries may have knowledge that is not immediately accessible to the HQ (e.g. Foss & Pederson, 2002). Furthermore, the transfer of such knowledge becomes problematic given the size, complexity, technical dispersion and geographic spread of the MNC, leading to issues of problem of ‘information overload’ (Andersson & Holm, 2010). As such, the headquarters of the MNC cannot be all-knowing and their rationality must be bounded (Foss, 2003).

In parallel, subsidiaries can develop distinct and specialised capabilities (e.g. Birkinshaw & Hood, 1998; Rugman & Verbeek, 2001), particularly in areas where local knowledge is particularly relevant, such as innovation (e.g. Phene & Almeida, 2008) or for handling local customers and marketing (e.g. Collinson & Wang, 2012). Critically, such capabilities may be difficult to transfer within the MNC, particularly when based upon tacit knowledge (Polanyi, 1967; Kogut & Zander, 1993), thus creating a dependence of the wider MNC upon the subsidiary. Consequently, the subsidiary contributes to the overall competitiveness of the MNC (e.g. Cantwell & Mudambi, 2005), providing the basis for the subsidiary to play a key role as a “semiautonomous actor with its own distinctive environment and resources, capable of making its own strategic choices within certain constraints” (Bouquet & Birkinshaw, 2008a, p. 478) and, therefore, becoming “strategizing actors in their own right” (Ferner, 2008).

However, recently Ciabuschi *et al* (2011) have gone further and suggest that the problem faced by the HQ is not so much one of ‘bounded rationality’, but rather that distant HQs suffer from ‘sheer ignorance’ (see also Ciabuschi *et al*, 2010; Ciabuschi, Forsgren & Martín, 2012) where the HQ experiences such uncertainty that they “do not, they cannot, know what they need to know” (Tsoukas, 1996, p. 22).

Consequently, even with good intentions (an assumption that can itself be challenged, see Foss *et al*, 2012) locally embedded knowledge and competences of the subsidiary mean that it becomes either extremely costly or impossible for decisions to be made centrally (Hoenen & Kostova, 2015) and that conflict between HQ and subsidiary may emerge as “a normal consequence of organizing and managing across national borders” (Schotter & Beamish, 2011, p. 243). HQs may find it is completely impractical to implement supposed fiat rights, as illustrated in the lack of control Philips NV had of its US subsidiary (Bartlett, 2008). Similarly, Kristensen & Zeitlin (2001, 2005) provide a detailed account of life in subsidiaries of a UK

multinational where HQ initiatives appeared “stupid and wrong when measured by the local rationality” (2001, p. 75).

### ***Development of a Network View of the MNC***

The second major theme is the shift in understanding the multinational as a hierarchy with simple dyadic relations between HQ and subsidiaries, to more network-like perceptions of the multinational. Such a model recognises the clear interdependencies between subsidiaries, where greater specialisation and fine-slicing of the value chain (Buckley, 2011) is leading to a fundamental change in the focus and capabilities of subsidiaries (Birkinshaw & Pedersen, 2009) such that the self-sufficient ‘national operating company’ is becoming an “endangered species” (p. 368). Rather, a subsidiary is seen as one of “a series of discrete value adding activities (a sales operation, a manufacturing plant, an R&D centre) each of which reports through its own business unit or functional line” (*ibid.*). Being both differentiated and mutually reliant, these subsidiaries operate within a ‘differentiated network’ (Ghoshal & Nohria, 1986).

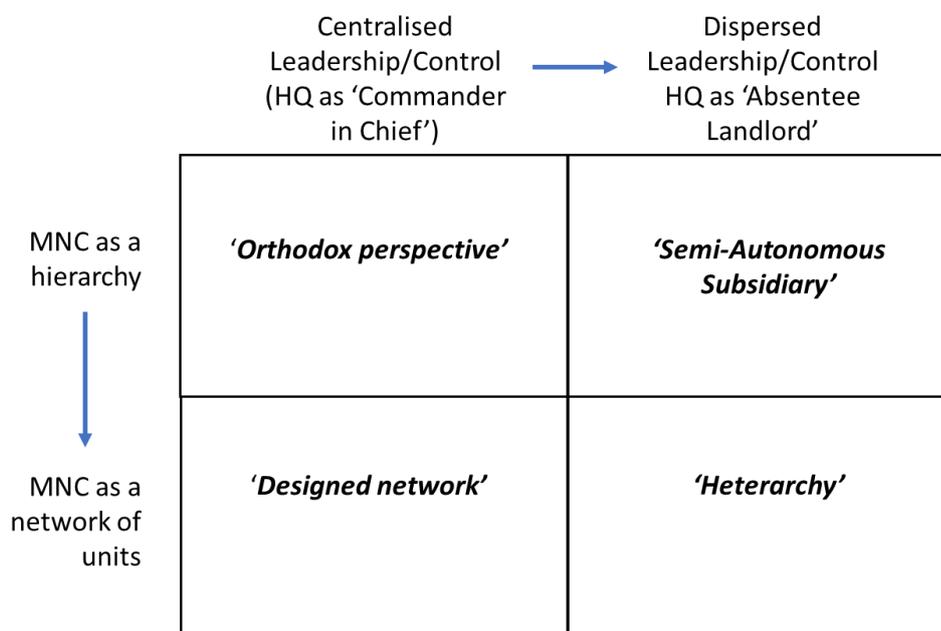
This network perspective has two major consequences. Firstly, it emphasises that horizontal intra-firm linkages other than the simple HQ-subsidiary link are important (White & Poynter, 1989). Secondly, given their increasing specialism, it further highlights the differentiation of roles that subsidiaries play within the broader MNC (e.g. Porter, 1986; Jarillo & Martínez, 1990; Gupta & Govindarajan, 1991).

### **2.2.3 Typologies of Perspectives of the MNC Organisation**

Combining these two different development themes provide us with a 2x2 matrix that gives a typology of the empirical views of the MNC. In one dimension this separates between those that focus upon the HQ as the primary ‘designer’ of the MNC strategy, where leadership and control is centralised, versus a situation where this becomes dispersed as the HQ lacks the understanding or ability to unilaterally make decisions and control subsidiaries. In the second dimension differentiates between views that focus upon the HQ-subsidiary dyad, versus those that understand a multi-dimensional, network view. This is illustrated in Figure 2.1.

Within this matrix, the upper left box reflects the ‘orthodox’ view of the MNC discussed above – the perspective that focuses on dyadic relations between the HQ and subsidiary, and considering the HQ as the locus of strategy, direction and capability. The other three boxes present different perspectives which will be considered in turn.

**Figure 2.1: The Evolving Literature on the Structure of the MNC**



***The 'Semi-Autonomous Subsidiary'***

At a relatively early stage in the development of thinking around the MNC it was seen that many MNCs overcame the obstacles of geographic distance and distinct local market characteristics by creating 'miniature replicas' of the parent (White & Poynton, 1984), which Bartlett & Ghoshal (1998) referred to as a 'multi-domestic strategy' and Perlmutter (1969) as 'polycentric'. These subsidiaries' activity would typically embrace most of the value-chain (Porter, 1985) including manufacturing, marketing and sales and distribution – mirroring the scope of the domestic parent. While the role of these subsidiaries may be tightly delimited – frequently based on a combination of product and geography – the subsidiary often had considerable freedom to shape its own strategy within these boundaries. Consequently, this can be characterised as a situation of 'bounded autonomy' (Geppert *et al*, 2003; Child, 1997)

More recently, writers have described such semi-autonomous subsidiaries as caught between the tensions of "the centripetal forces of ownership systems versus the centrifugal forces of the different industrial systems to which individual units belong" (Barner-Rasmussen *et al*, 2010 p. 93) such that the MNC becomes a "heterogeneous, loosely coupled organization" (Forsgren *et al*, 2005, p. 184). Similarly, in their review of the literature, Birkinshaw & Pedersen (2009) saw that subsidiaries frequently operated with far more freedom than officially condoned.

This view of the 'semi-autonomous subsidiary' has led to a body of work, led by Julian Birkinshaw and colleagues, that explore the dyadic relationship between the HQ and subsidiary. These challenge the perspective that the mandate or 'charter'<sup>4</sup> of subsidiaries are solely defined by the HQ. Birkinshaw & Hood (1998) saw that by developing (or neglecting) their capabilities, subsidiaries may be able to win (or lose) 'charters' of responsibility from the parent. Consequently "as the subsidiary increases its stock of distinctive resources, it lessens its dependence on other entities and takes more complete control of its own destiny" (p. 778). Yet the subsidiary is never fully independent and may require corporate resources, or HQ approval for initiatives, thus requiring it to get the appropriate attention from the HQ to achieve its objectives (Bouquet & Birkinshaw, 2008b). Indeed, in drawing the intention of HQ – either deliberately, or as a consequence of the initiatives it takes – such action may lead to a restriction of the subsidiary's autonomy (Ambos & Birkinshaw, 2010; Ambos *et al*, 2010).

Critically, this debate highlights the potential for a mismatch between the HQ and subsidiary on the view of the role and strategy of that subsidiary – which Birkinshaw *et al*, (2000) referred to as a 'perception gap' between HQ and subsidiary (see also Friesl & Silberzahn, 2017). Similarly, initiatives proposed by subsidiaries may encounter resistance from the HQ in the form of a 'corporate immune system' (Birkinshaw & Ridderstråle, 1999).

This body of literature highlights a more nuanced view than that of simple top-down perspective seen in the HQ-centric approaches. This accepts the inevitability and legitimacy of differences in knowledge and perspective of the HQ and subsidiary. This leads to both tension and an opportunity for subsidiaries to exhibit initiative. Subsidiaries are seen to have a role in building a "shared understanding" of the scope of their responsibilities (Birkinshaw & Hood, 1998, p. 782). Rather than reflecting HQ diktat, this may result from the 'negotiation' between HQ and subsidiary managers (Birkinshaw *et al*, 2000) through an informal process of 'give-and-take'.

### ***The 'Designed Network'***

The third perspective of the MNC can be termed that of the 'designed network'. This recognises that the nature of the subsidiary as the national unit is changing as they become differentiated both in terms of their capabilities (Ghoshal & Nohria, 1986) and the environments within which they are operating.

---

<sup>4</sup> "A shared understanding between the subsidiary and the headquarters regarding the subsidiary's scope of responsibilities" (Birkinshaw & Hood, 1998, p. 782).

Following the traditional perspective of Chandler (1962) that 'structure follows strategy', it is the role of the HQ to set the strategy and then design a structure to deliver it. Similarly, Egelhoff (2010, p. 107) in considering the challenges facing the MNC stressed that "to implement such demanding strategies, firms have had to change their organizational design". Within such a view, the HQ must design or 'orchestrate' (Pedersen *et al*, 2014; Valentino *et al*, 2014) the organisational architecture to exploit specialisations and interdependencies, while fitting to the different contexts and characteristics across which it operates (Ghoshal & Nohria, 1989, 1993). Nadler & Tushman (1997) called this 'competing by design'. As such, the HQ has to select from "an array of options in both configuration and coordination for each activity in the value chain" (Porter, 1986, p. 25).

A crucial element of this is seen as having clear and differentiated subsidiary mandates, typically varying in response to the different needs of the Integration-Responsiveness framework (pioneered by Prahalad & Doz, 1987, but sharing similarities with Bartlett & Ghoshal's, 1986, and Porter's, 1986, internationalisation strategies). A key model within this theme is Bartlett & Ghoshal's (1998) construct of the Transnational Organisation, where the differing requirements of local responsiveness, efficiency and learning needed to be matched to the specific needs and circumstances of the MNC – a contingency theory (Galbraith, 1973) of organisational design (see Egelhoff & Wolf, 2017). Critically though, it remained "the corporate headquarters that functioned as the selection agent for the MNC system as a whole, balancing the ... selection subsystems over time and across issues, in order to enable the MNC system as a whole to succeed." (Westney, 2014, p. 14). Key within this is that the HQ has to manage the interdependencies between units, with (Prahalad & Doz, 1987, p. 236) arguing that "to be exploited, interdependencies across businesses have to be managed explicitly".

However, the limits of the practicality of the design perspective are clear and have frequently been highlighted within the literature. The requirements for the HQ knowledge are more extreme than is the case in the dyadic view of HQ-subsidiary relations. As such, Foss *et al* (2012, p. 253, emphasis added) concluded that "complemented with bounded rationality and radical uncertainty, such lack of information suggests that the HQ in actuality is *unable* to perfectly design the organization of the MNC." Similarly, only a few years after publishing their book on the Diversified MNC (DMNC), Doz & Prahalad (1991, p. 147) conceded that "the size and complexity of the typical DMNCs, often with hundreds of business units active in scores of countries, means that linkages and interdependencies cannot be planned, or centrally managed."

Yet, while the difficulties of such an approach are clear, the assumption that the view that HQ dominates and can design the complex organisation underneath it persists as an unwritten assumption in both the academic and practitioner literature. For example, in a Harvard Business Review Kumar & Puranam (2011) asked Chief Executives whether they 'have restructured for global success?', while in their recent book chapter Egelhoff & Wolf (2017) use a contingency model to focus upon the design choices faced by the HQ.

### ***The Heterarchy***

The final box in Figure 2.1 reflects network type models of the MNC where leadership and control are dispersed around the organisation. This idea is perhaps best reflected in Hedlund's (1986, 2005) concept of heterarchy (Zander and Matthews, 2010). In the notion of heterarchy Hedlund provides a vision where subsidiaries have differentiated roles, including those that may be supranational, yet at the same time subsidiaries are entirely interdependent with other units in the organisation. Within the heterarchy "subsidiaries talk directly to subsidiaries, division to divisions, and so on" (Hedlund, 2005, p. 201). However, in parallel units are simultaneously nodes in key networks that are largely external to the MNC (e.g. Ghoshal & Bartlett, 1990). In such a context, Hedlund argues that "it is obvious that the subsidiaries of large MNCs cannot be seen only as instruments of the centre, the headquarters, the corporate group, or whatever" (Hedlund, 2005, p. 211). The distinction between 'business' and 'parent' becomes blurred (Goold & Campbell, 2002). Indeed, rather than there being a single discrete HQ within the heterarchy there may be "multiple centres integrated by cross-unit ties unmediated by headquarters" (Westney & Zaheer, 2009, pp. 349-350) and "where 'management' is as much a horizontal as a vertical affair, and becomes part of every unit's and individual's task" (Hedlund, 2005 p. 216). As such "notions of 'headquarters', centre', 'home country', and 'corporate level' dissolve and are not synonymous" (Hedlund, 1986 p. 21).

The appropriate metaphor for the firm becomes one of the "'firm as a brain' model rather than a 'brain of the firm' model" (Hedlund, 1986, p. 26). Within the vision of the heterarchy it seen as impossible for the MNC to be run from the centre as the "idea that people the top (or at *headquarters*) have strategic wisdom and those further down (or in the *subsidiaries*) implement, is breaking down. One reason for this is that God (the CEO) does not any longer know everything, nor can he usefully integrate all the pieces." (Hedlund & Ridderstråle, 1997, p. 352).

As such there may be no obvious apex within the organisation and none of the normal dimensions (country, product or function) is uniformly superordinate (Sölvell & Zander, 1995),

so ordering will not be stable between units and may be transitive across dimensions (Hedlund, 2005).

While Hedlund's vision is perhaps an extreme version of this understanding of the MNC, similar ideas are seen in other conceptions of the MNC, that are sometimes seen as synonyms to the heterarchy – including the 'multicentre organisation' (Forsgren, 1990), the 'holographic organisation' (Ridderstråle, 1992), the 'metanational' (Doz, *et al*, 2001), the 'multifocal MNC' (Doz, 1986; Prahalad & Doz, 1987), the 'horizontal MNC' (White & Poynter, 1989, 1990), the 'multiplex' organisational form (Greenwood *et al*, 2010), the 'federative MNC' (Andersson *et al*, 2007) the 'transnational' (Bartlett, 1986; Bartlett & Ghoshal 1992, 1998), and the 'differentiated network' (Nohria & Ghoshal, 1997).

These different conceptions generally share the premise of heterarchy that units within the MNC are interdependent, and that flexibility is required given the differentiated contexts and the need to simultaneously exploit global integration and local responsiveness. Similarly, these forms recognise the limitations of hierarchy, particularly due to the HQ's limited understanding of the multiple contexts. Importantly however, these concepts fundamentally differ in their philosophical understanding of headquarters. On the one extreme, Forsgren's (1990) 'multi-centre organisation' sees a very limited role for HQ there being multiple centres and strong subsidiaries – with strategy and role shaped by intra- and inter-firm networks "rather than by any specific decision at the top of the formal organization to which it belongs." (p. 265). In contrast, within the 'transnational', 'metanational' and 'differentiated network' a role remains for a strong HQ to design and police an organisation that is suitable for sensing (Doz *et al*, 2001), limiting intra-organisational politics and preventing 'corporate holy wars' (Bartlett & Ghoshal, 1998), or to provide the "dominant overall integrative mechanism – whether through strong centralization, formalization, or normative integration" (Nohria & Ghoshal, 1997, p. 181). Consequently, to a large extent these latter models – although sharing aspects of the heterarchy – belong more closely with the 'design network' perspective of the MNC as they interpret the organisational form of the MNC as a deliberate construction of the HQ in the face of the conflicting challenges it faces.

### ***Heterogeneity Between and Within MNCs***

Although understanding of the MNC might have broadly shifted in a south-easterly direction in Figure 2.1 during recent years, this should not be taken to mean that all MNCs fit within the category of heterarchy. Firstly, MNCs face different challenges and environments, and there must be a significant extent to them adapting (either through deliberate strategy or

'evolutionary' pressures) to the different contexts within which they operate. As Ghoshal & Nohria (1993) remind us there is a need of 'horses for courses'. Consequently, there are almost certainly MNCs that fit in each of the categorisations to a greater or lesser extent. It is also probable that elements of each may exist within the same multinational company with Hedlund (1986) emphasising that different organising principles can co-exist simultaneously within the heterarchy. Consequently, in a complex multinational, certain parts or dimensions of the organisation (product, function geography) could operate in a relatively hierarchical way, while others function much more like a network.

It is also important to note that the review of the literature above primarily focuses upon one specific category of multinational – that which Doz & Prahalad (1991) called the 'diversified MNC'. These are primarily manufacturing organisations that are involved in the physical manufacture of products, and largely originate from Europe and North America. Zander & Matthews (2010, p. 36) remind us that Hedlund's work was "primarily concerned with the future of the old and well-established multinational" and that Hedlund was focusing upon only one of the types of 'hypermodern' MNC and that others exist – for example the 'born global' MNC (Knight & Cavusgil, 1996), and the 'pipe-line' MNC (which primarily coordinates external activity, such as Apple or Nike). While this newer literature adds to the understanding of MNC forms, this is not examined here as the focus of this study is upon precisely such an 'old and well-established' manufacturing MNCs based in Europe. 'GlobeCo' fits the traditional view of the MNC and was the type of firm in mind when most of the MNC literature was produced.

### **2.3 The Dynamics of Organisational Change in the MNC**

While the previous section has reviewed the variety of models that have been developed to conceptualise the MNC, this analysis essentially looks at four different static situations. Specifically, this does not address the processes by which an MNC may develop from one organisational structure to another – the process of strategic or organisational change in the MNC.

Consequently, this section focuses firstly upon understanding how changes in organisational relations are understood in the extant literature. By drawing on a synthesis approach from the wider organisational change literature this shows that this remains largely focused upon the HQ-subsidary dyad, while missing how wider organisational restructuring building and shaping interdependencies within the organisation develop.

While the literature on change in the MNC is significant, this falls as a sub-set of the massive literature on change in organisations. This provides a number of structured approaches that can be specifically applied also to change within the MNC, including Van de Ven & Poole's (1995) seminal contribution of the four theories or 'motors' of change.

Van de Ven & Poole focused largely upon organisational change in considering 'change' as "an empirical observation of difference in form, quality or state over time in an organizational entity" (p. 512). They highlight four broad approaches to studying change: a *life-cycle* approach that considers stages of development such as birth, maturity and death; a *teleological* approach which focuses upon change guided by a purpose or goal driven by an individual or group; a *dialectical* theory that sees change as the result of competition and struggle between opposing groups; and an *evolutionary* approach that mirrors biology in seeing change as a continuous cycle of variation, selection and retention.

In applying this approach to the MNC, we can also see that the literature considers change at two distinct levels where change can be seen to occur. Firstly, change can occur at the level of the total MNC (such as a fundamental change in strategy or in organisational form) and, secondly, change within the strategy or scope of existing units.

By combining these two dimensions, Table 2.1 highlights key examples can be found within the literature for each of van de Ven & Poole's motors, both at the total MNC level and at the level of the subsidiary. From this, three observations can be drawn.

### ***Lack of Focus upon Change at the Level of the Total MNC***

Firstly, there is a relative paucity of literature focusing upon how strategic change occurs at the total MNC level, and particularly how it moves towards a network form (Malnight, 1995, 1996). This contrasts to the rich literature on evolving roles and strategy in subsidiaries. Indeed, where there is reference to the total MNC, it frequently takes a normative position describing how authors perceive that MNCs *should* act, consequently taking a teleological perspective which sees changes in the form of the MNC as the outcome of planned decisions and vision, and specifically those of the HQ. This is seen in views of the sort of organisational design that an MNC should pursue such as the 'transnational' form (Bartlett & Ghoshal, 1998) or in improved design of matrix forms (Egelhoff *et al*, 2013).

**Table 2.1: Motors of Change and the MNC – Literature Examples**

<b>Motors of Change</b>	<b>Total MNC Level: Examples in the Literature</b>	<b>Within MNC: Examples from the Literature</b>
<b>Life-Cycle</b>	Vernon & Wells (1966): <i>The product life cycle shapes international trade potential and thus the MNC strategy.</i>	Birkinshaw (1996): <i>A life-cycle framework was used to explore the factors associated with the gain, development and loss of mandates by subsidiaries.</i>
<b>Teleological</b>	Bartlett & Ghoshal (1998): <i>MNCs need to be constructed as Transnational companies.</i> Teece (2014): <i>Entrepreneurial management and transformational leadership are incorporated into a capabilities-based theory of the MNC.</i> Egelhoff et al (2013): <i>Adopts an information-processing model to inform the design of matrix structures.</i>	Birkinshaw et al (2005): <i>Emphasises the interplay between the subsidiaries' environments and the entrepreneurship of their management.</i> Delaney (2000); Birkinshaw (1999): <i>Highlight the role of subsidiary as initiative taker.</i>
<b>Dialectic</b>	Doz et al (1981): <i>Tensions between HQ and host country governments</i>	Birkinshaw & Ridderstråle (1999): <i>Studies subsidiary initiatives and the resisting 'corporate immune system'.</i> Andersson et al (2007): <i>Considers the MNC as a federation of units "involved in a perpetual bargaining process".</i> Arvidsson (1999); Birkinshaw et al (2000): <i>Literature on the potential 'perception gap' between HQs and subsidiary on the subsidiary's role, and its implication.</i> Balogun et al (2011): <i>Examines the role of discourse in the political dynamics of subsidiary role evolution.</i>
<b>Evolutionary</b>	Maignant (1995, 1996, 2001): <i>Examination of the globalisation process at a traditionally ethnocentric firms to network-based MNC structures.</i> Chang (1996): <i>Entry and exit activities are considered as part of a continuous process of search and selection.</i>	Chang & Rozenwieg (1998): <i>Evolution of responsibility of the US subsidiary of Sony</i>

Indeed, in this literature the assumption that the organisational structure as designed and implemented top-down is rarely challenged. Although MNCs seem to have developed network-like or heterarchical features, there is little explanation in this literature about how these changes come about (Pihl & Paulsson, 2014).

The notable exception to this is the evolutionary work of Malnight (1995, 1996, 2001). In response to the identified gap in understanding, he specifically questions how MNCs move from an ethnocentric to an integrated network structure. Through studying the cases of three multinationals (Eli Lilly, Citibank and Hoffman LaRoche), he concludes that this fundamental was the product of multiple small shifts over time, rather than through revolutionary change. Rather than being the outcome of a planned process or vision, each of the many individual small changes made “represents a viable strategic response to then-existing challenges and opportunities” (1996, p. 43). While this helps us to unpick part of the picture of how such organisational change occurs, Malnight calls for others “to pursue an important new research agenda in the globalisation literature stream: building an understanding of how firms adjust how they conduct their operations around the world” (1995, p. 140). To date, that call has largely gone unheeded.

### ***The Subsidiary as Change Agent***

The second theme that clearly emerges – led by the work of Birkinshaw and colleagues – is that the subsidiary itself plays a role as agent in shaping the strategy of the firm and consequently in initiating or shaping change. This shift is seen in the considerable attention during the last 20 years to examining ways in which subsidiary roles change (Birkinshaw, 1996; Birkinshaw *et al*, 2000, 2005; Birkinshaw & Ridderstråle 1999, Birkinshaw & Hood, 1998). This highlights that through building capabilities and knowledge subsidiaries can influence the roles that they play within the multinational. Related to this is the significant literature on ‘subsidiary initiatives’ (e.g. Delaney, 2000; Birkinshaw, 1999), which Strutzenberger & Ambos (2014, p. 314) define as “entrepreneurial proactive behaviour in organizational subunits aiming to influence strategy-making in the organization”.

This stream of work emphasises that the two-way nature of the relationship between the HQ and subsidiary. Yet despite this work, there is still a sense that this area is under-researched, and that “still, we do not know a great deal about dynamics of headquarters subsidiary relationships that result in changing levels of subsidiary autonomy.” (Ambos *et al* 2011, p. 302).

### ***The Prominence of the 'Dialectic' Perspective of Dyadic Relations***

The third key theme that emerges is the growth of the perspective that sees development *within* the MNC as the product of a tension between HQ and subsidiaries. This perspective emphasises issues such as 'perception gaps' between HQ and subsidiaries (Arvidsson, 1999); the need for subsidiaries to fight against a 'corporate immune system' (Birkinshaw & Ridderstråle, 1999; Birkinshaw & Fry, 1998); the discursive processes of selling and resistance to change (Balogun *et al*, 2011) and the 'perpetual bargaining' within the MNC (Andersson *et al*, 2007).

Combined with the observations on the contribution of subsidiaries to defining their own role and charter, we see a picture that contrasts strongly with the traditional top-down perspective where "the academic literature said, essentially, that subsidiaries existed to follow the orders of their parent company" (Birkinshaw *et al*, 2014, p. 46). Rather, there is both top-down and bottom-up pressures which need to be resolved. Such a view presents the MNC as a site of internal tension and, indeed, conflict.

However, this dilemma between top-down and bottom-up reflects a key dilemma within the MNC. In particular, this echoes the 'Bower-Burgelman' model of strategy (Burgelman, 1991; Noda & Bower, 1996) which contrasts how strategic action can be driven 'top-down' (induced) or be allowed to emerge from lower within the organisation (autonomous). For Burgelman's (1991, 2002) this meant that a key role for top management (the HQ) to determine the tightness or looseness of strategic scope (resulting in 'induced' or 'autonomous' strategy).

However, it is not yet clear from the literature on the MNC that the HQ always have this choice of tightness and whether the HQ can effectively enforce this if subsidiaries are able to negotiate (or demand) changes to their role or mandate or act independently with impunity (e.g. Philips US). So, from the perspective of the MNC a key question that remains is how the supposedly dominant HQ, and the bottom-up initiatives of subsidiaries interact to determine both the strategy of the MNC including its organisational shape.

### **2.4 Implications of the Debate on MNC Organisation**

The previous section has addressed the substantial literature focused upon the organisational form of the MNC, and how this has developed from one focused upon an MNC driven by a dominant headquarters with submissive subsidiaries, through literatures that recognise both the importance of the subsidiary, and the growing networked nature of the MNC. Yet four key observations on this literature stand out.

Firstly, while the role and distinctiveness of the subsidiary has emerged as a key theme in recent decades, the dominance of the HQ as the source of 'legitimate authority' is frequently unquestioned. The ongoing prominence of agency theory (e.g. Hoenen & Kostova, 2015; Alfoldi *et al*, 2012) highlights the continued focus upon problematising the behaviour of the subsidiary in terms of non-compliance with the will of HQ. Even in the literature that recognises the bounded rationality of HQ due to the complexity of the MNC and knowledge limitations, it is still seen as the HQ as the "dominant overall integrative mechanism" (Nohria & Ghoshal, 1997, p. 181). The subsidiary may play a role in advancing its own position or scope, but how this can impact upon the shape and organisation of the whole MNC remains unclear.

Secondly, the debate remains one that is essentially static. Units – headquarters and subsidiary – are assumed to pre-exist and be clearly defined. The boundaries of these units are largely unchallenged, while accepting that their roles may develop. Yet it is clear that boundaries change, and new units are 'born' and old ones 'die'. Except for assuming that this results from the direction of the HQ, there is little – other than Malnight's work – to theorise how such fundamental structural changes come about.

Thirdly, the debate focuses upon units that are embedded within distinct geographic and institutional contexts. The has consequently focused upon the dyadic tensions that arise from this, in particular how 'perception gaps' can arise between HQ and subsidiary (Birkinshaw *et al*, 2000) that lead to strategic mis-match – largely assumed as a dysfunctionality. Furthermore, the pressures of simultaneously achieving legitimacy within the different institutional fields of the broader MNC and the local geographic context mean that subsidiaries face the particular challenge of 'institutional duality' (Kostova & Roth, 2002). Yet this debate largely assumes that these units are individually homogeneous – subsidiaries are geographically bounded and internally culturally uniform, while the HQ is assumed as imprinted with the institutional characteristics of its home country. Consequently, this fails to adequately address the impact of any cultural and institutional heterogeneity *within* units

This leads to the fourth observation that this analysis of the MNC is highly impersonal. The dominant theories used to explain the MNC organisation see this organisation largely as a response to optimising (or achieving 'best fit') to the context of the external environment – be this through the lens of evolutionary theory (see Westney, 2009), contingency theory (e.g. Egelhoff & Wolf, 2017), or institutional theory (e.g. Kostova & Zaheer, 1999; Kostova & Roth, 2002; Westney, 2005). Yet this would seem to be an inevitable consequence of a literature that focuses upon the corporate and collective agency of units. By focusing upon the units

and their relationships as the unit of analysis, the literature on the organisation of the MNC potentially misses the voice of the key actors. Both the creative and conflictual voices of managers are silent, with a gap in understanding the 'human dimension' that tends to be at 'assumed away' by economic and rationalist models of MNCs (Piekkari & Welch, 2010). Rather, it is necessary to consider the role of the individual actor in order to provide "context-sensitive explanations of how and why corporate strategies are enacted in the way that they are, and how organisational structures are produced and reproduced" (*ibid* p. 268).

Consequently, the next chapter focuses upon the smaller literature on the individual and the MNC, considering how this provides insights into the working of the contemporary multinational.

### 3. The Individual and the MNC

The previous chapter presented a range of perspectives of the MNC that conceptualised it as a structure of largely impersonal organisational units. Yet this view contrasts with that in the wider organisational studies literature that highlights that organisations, and the units that comprise them, are neither exogenously given nor stable, but are socially constructed by the actors within the organisation. Morgan (2006, p. 137) emphasises that “organizations are in essence socially constructed realities that are as much in the minds of their members as they are in concrete structures, rules and relations”. Strauss *et al* (1963) introduced the concept of organisations as ‘negotiated orders’ reflecting the temporarily negotiated pattern of activities that emerge from the interplay between individuals – itself highlighting the informal aspects of organising (see Roethlisberger, 1968). Weick (1979) emphasised that the process of organising is dynamic, whereas a formal organisational design or structure is static, at best a temporary ‘snapshot’. While the MNC literature generally assumes units to be clearly delimited within well-defined borders, the wider organisational studies work suggests that boundaries are multi-dimensional, constructed and ambiguous (Vakkayil, 2012; Heracleous, 2004).

These wider perspectives all highlight the dynamic relationship between the individual and the (formal) organisational structure – reflecting not only on how the individual’s behaviour is shaped by the structure, but the ways in which their actions shape structural aspects of the organisation. While the majority of work on the MNC is largely tied to organisational structure, these wider perspectives can be seen in a more limited debate within the MNC. Morgan’s (2001a, 2001b) consideration of MNCs as ‘transnational communities’ starts to consider how individuals within the MNC can be members of multiple units or groups reflected in a “a thick web of communicational possibilities vertically and horizontally” (2001b, p. 121). The linkage between individual and organisation was highlighted Kostova *et al* (2008, p. 1002) arguing “individual actors must engage in a process of creating some level of a shared understanding of what constitutes the rule system” within the MNC.

This focus upon the individual has also been picked up in two relatively recent streams of work. Firstly, those that emphasise the micro-politics of the MNC with its focus upon the political behaviour of individual actors inside the organization (Becker-Ritterspach & Blazejewski, 2016a) given their diverse interests and perspectives. Secondly, the role of the individual emerges in the literature focusing upon discursive perspectives of the MNC and the way in which the MNC is ‘constructed’ by networks of conversations (Koveshnikov *et al*, 2017).

Yet despite these emergent voices, it is clear that in much of the work on the MNC the role of the individual manager as actor and agent is largely lost (Schulte Steinberg & Kunisch, 2016; Becker-Ritterspäch & Dörrenbächer, 2011) with Piekkari & Welch (2010, p. 467) highlighted that “research on multinational management has focused on strategising in this complex organisation rather than operating in it. The field has struggled to incorporate the human dimension; that is, the ‘lived experience’”.

In the rest of this chapter I will explore these themes in more depth in the context of reviewing the development of thinking around the multinational company. Through this, I argue that there is an insufficient understanding of the role of individual actors and their agency within the MNC, and how they shape the activity that we see, and how they coordinate actions and interdependencies to achieve outcomes.

In the subsequent chapter I will then turn the focus upon the literature on power in organisations, particularly within the multinational, which offers a way to reintroduce the agency of the manager into the understanding the workings of the MNC.

### **3.1 The Wider Perspective on Organising**

Although the MNC literature privileges the organisational unit as the base ‘unit of analysis’, the wider organisational studies literature suggests that this view is too narrow. At the heart of this is the recognition that organisations, including businesses, are social constructs – as Whitley (1991, p. 160) emphasised:

*“The socially constructed nature of business enterprises as systems of coordination and control of economic activities seems self-evident to most social scientists in the same way that other social institutions and collectivities are socially constituted and variable.”*

As such, it is inappropriate to regard the organisational structure as exogenous or predetermined. Rather, both the formal rules and structures of the organisation, and how these are perceived and understood, need to be seen as the consequence of social processes and discourse as well as being interpreted as part of those social processes. Consequently, both the existence and implication of organisational structure cannot be divorced from the individuals involved in those social processes and discourse, in which “the social and organizational structures often taken for granted are in fact the outcome of patterns of actions at the micro, interaction level” (Heracleous & Marshak, 2004, p. 1294).

This, of course, links directly to the wider – and fierce – agency/structure debate within sociology. While it is inappropriate to discuss this in detail, there is considerable support for perspectives that “formulate a conception of agency and structure, and of the complex dynamic interplay between them, which ... deal with the ‘double constitution of agency and structure’” (Reed, 2005, p. 290). That is that agents (especially individuals) are constrained by structures (including structures within organisations), but at the same time, through their agency they have an ability to both reproduce or challenge those structures. Such thinking is reflected, albeit from significantly different philosophical positions and with different emphasis<sup>5</sup>, in both Giddens (1984) *Structuration Theory* and in Clegg’s (1989) *Circuits of Power* (see Chapter 4).

### 3.1.1 Informal Organisations and Negotiated Order

This interplay between organisational structures and individual actors is seen repeatedly in the literature on organisations, including those of firms. Firstly, it is seen in the view that the formal organisational structure may not reflect the way in which individuals within the organisational actually work. As early as 1939, Roethlisberger & Dickson (1939, p. 559) wrote:

*“Too often it is assumed that the organization of a company corresponds to a blueprint plan or an organization chart. Actually, it never does... Many of the actually existing patterns of human interaction have no representation in the formal organization at all, and others are inadequately represented by the formal organization... The formal organization cannot take account of the sentiments and values residing in the social organization by means of which individuals or groups of individuals are informally differentiated, ordered and integrated.”*

This was followed by a significant literature that stressed the gap between the formal and the informal organisation (Meyer & Rowan, 1977). Among these, were ideas theorised by Strauss *et al* (1963) who introduced the concept of organisations as ‘negotiate order’. Here “organizations are viewed as created by individuals and collectives who negotiate and interact with each other on a regular basis in changing contexts” (Piekarri & Tietze, 2016, p. 210). This

---

<sup>5</sup> Reed (2005) argues that Giddens places much more emphasis on agency (regarding structure as having only ‘virtual existence’), while arguing that Clegg places primacy on structure which “analytically reconstitute agency as an effect or epiphenomenon of deeper, ineluctable social forces that totally determine the inclinations and capacities of agents” (p. 296).

perspective stresses the importance of the negotiated and informal pattern of activities that emerges from the interplay between individuals reflecting their shared understanding of how tasks should be performed. Yet these understandings were clearly temporary, risked being unstable “and have to be made and remade over time” (Watson, 2015, p. 411). As such, the ‘negotiated order’ approach stressed the “importance of understanding interaction processes *as well as* the structural features of organizational life” (Maines & Charleton, 1985, p. 272, quoted in Strauss, 1993, emphasis added).

The implications of this perspective are profound, as it highlights that not only can we not understand organisations solely from their formal structure and rules, but it highlights the way that individuals create (informal and temporary) structural elements through their interactions and ‘negotiations’ as well as the context of those negotiations. As March (1962, p. 672) emphasised “the composition of the firm is not given; it is negotiated.”

Similar ideas are seen in the work of Weick (1979) and his emphasis ‘organizing’ rather than ‘organisation’. He sees organising as the consequence of a combination of organizational member actions, social interactions, and task-role interrelationships. This reflects the shift from a focus upon entity, to one on process (Van de Ven & Poole, 2005) in which order is transient and that there is ongoing work to establish order:

*“People make sense, try to introduce order... When people ‘introduce’ ‘order’, there is no guarantee that it will persist. Typically, order is transient and needs to be reaccomplished repeatedly.” (Weick, 2006, p. 1724).*

Critically, these people, individuals, are heterogeneous and are more than clones of their wider institutional environment. As Strauss (1993, p. 252) stresses:

*“Endemic to interaction is the probability of discrepancies between the perspectives of some participants in any interaction. This multiplicity of perspectives derives from differential statuses, experiences, and membership in groups, organizations and social worlds.”*

Weick puts particular emphasis upon the way in which people use language in organising, particularly stressing the way in which individuals ‘make sense’, or help others to ‘make sense’ in a process of *Sensemaking* (Weick *et al*, 2005). Indeed, he reflects that:

*“Organization is talked into existence when portions of smoke-like conversation are preserved in crystal-like texts that are then articulated by agents speaking on behalf of an emerging collectivity. Repetitive cycles of texts, conversations, and agents*

*define and modify one another and jointly organize everyday life.” (Weick, 2006, p. 1725).*

As such, through these repetitive cycles, ephemeral talk becomes reified texts or objects that act to define and shape the processes of organising.

### **3.1.2 Boundary Shaping**

A similar focus upon the emergent nature of organisation has been seen in the wider organisational literature in the recent focus upon organisational boundaries. In particular, these are seen as multi-dimensional, constructed and ambiguous (Vakkayil, 2012; Heracleous, 2004), challenging how we view the internal boundaries of complex organisations such as multinationals (e.g. how we should understand the boundaries of the headquarters or of a subsidiary?). Vakkayil (2012, p. 206) emphasises that such “boundaries should not be taken as pre-existing entities which need to be managed through stable arrangements, but rather as constructed and brought forth by organizational actors in their daily interactions... [which] is not a simple process that can be hierarchically mandated from the top”. Rather, Heracleous (2004, p. 99) sees these as emerging through a recursive and constructive process in “what we recognize as ‘objective’ boundaries can be seen as social structures that are in the final analysis and in a fundamental way produced by, based on, and legitimated by ongoing social processes at the action level of analysis.”

The importance of these wider perspectives is that they all focus upon the relationship between the individual and the (formal) organisational structure – reflecting not only on how the individual’s behaviour is shaped by the structure, but the ways in which their actions shape structural aspects of the organisation.

### **3.2 The Individual as Actor in the MNC**

As argued above, orthodox studies of the MNC have “struggled to incorporate the human dimension” (Piekkari & Welch, 2010, p. 467) largely focusing upon the organisational unit as the ‘unit of analysis’ at the expense of the individual. However, this wider theorising on the role of the individual can help us understand the assumptions required to accept a model of the MNC as discrete units. Furthermore, this literature has led to a growing debate – largely from a ‘critical’ perspective – upon the role of the individual specifically within the MNC. These will be addressed in turn.

### 3.2.1 Challenging the Role of the Individual in the Orthodox View of the MNC

In the light of this wider ideas on organising it is possible to both examine and challenge the basis upon which the individual is largely ignored within the orthodox perspective of the MNC. In particular, this leads to a challenge of the key assumptions seen in the “strongly dominant” notion of “the MNC as a unitary rational actor, masterminded by the grand organizational designs of headquarters” (Barner-Rasmussen *et al*, 2010, p. 100)

Firstly, the wider perspective challenges the view of the MNC as the result of top-down decision making – assumed largely to reflect planning to meet the contingencies faced by the MNC, focusing upon the ‘fit’ “between organisational design and strategy or environment” (Egelhoff, 2005, p. 172). As such, this privileges top management as the architects of the organisational structure, without particular reflection of the impact of the agency of other managers upon either the formal or informal structures of the organisation or upon the processes of organising. There is an assumption that the organisation is planned, and that formal structures are key to achieving coordinated action – despite the evidence of Strauss and others that this is not sufficient. Indeed, Barner-Rasmussen *et al* (2010) argue that this has led to a ‘blind spot’ as “corporate top managers are not the only individual actors in an MNC with the power to make a difference – for better or, from a headquarters perspective, worse.”

Secondly, we can see that the orthodox approach to understanding the MNC reflects a view of “organizations as unitary and tightly integrated entities making univocal decisions” (Pache & Santos, 2010, p. 456). This follows the ‘unity of command principle’ (Simon, 1946; Fayol, 1949) which Stopford & Wells (1972, p. 27) described as “one man [*sic*] has sole responsibility for a specified part of the business and is accountable to a single superior officer”. Consequently, the organisational unit could be treated as a homogenous actor, with all its organisational members having a shared set of goals within a single reporting hierarchy (Malnight, 1995).

This may be a useful simplifying assumption, particularly where the hierarchy is dominant, and units are restricted within a single geographic/institutional/cultural boundary. In such a situation it may be appropriate to regard the unit and its CEO as effectively synonymous. However, empirically the assumption of ‘unity of command’ has been challenged as not reflecting actual practice in many organisations (Malnight, 1996; Davis, 1984; Levinthal & Workiewicz, 2018; Lenka *et al*, 2015) while the concept conflicts with a view of an organisation being comprised of heterogeneous individuals with differing perspective or frames given their

diverse histories. Morgan (2001b, p. 115) emphasise that his concept of 'transnational social space' implies "a more open-ended set of cross-border connections between multiple nodes in which the forms of interaction become more than simply the sum of interactions between different 'national' units." Furthermore, this assumption is particularly doubtful in the context of the heterarchical MNC where Hedlund (1986) highlights that we can no longer assume the effectiveness of hierarchy within an interdependent organisation. In particular, as we see the emergence of units with multinational responsibility, we cannot assume that a particular unit's members are all imprinted with the same cultural and institutional instincts. Consequently, there is a need to challenge the assumption of homogeneity and accept that there may be disagreement and differences of opinions between individuals within the units. The units themselves are therefore 'conflict systems' (March, 1962) within the broader 'conflict system' of the MNC. Furthermore, March's work importantly highlights that in order to understand the resolution of conflict at the macro (firm) level, it is necessary to simultaneously resolve the conflict at the sub-unit (subsidiary) level.

### **3.2.2 The Individual as 'Carrier' of Institutions**

Although the focus of work on the MNC has been upon discrete units embedded in heterogeneous cultural and institutional fields, it must be recognised that the individual manager is seen to play a key role within this. Westney (2005, p. 49, emphasis in original) argues that it is important to recognise that "the environment is not only external to the organization; the environment *enters* the organization." This echoed Scott (1983, p. 16) who argued that "the beliefs, norms, rules, and understandings are not just 'out there' but additionally 'in here'", but critically added that "participants, clients, constituents all participate in and are carriers of the culture". Rather than institutional forces being impersonal, they operate through members of organisations who transmit institutional understandings into the organisation. As Dacin *et al* (2002, p. 47) say "actors perceive the meaning of institutions and infuse their actions with meaning based upon these perceptions."

These ideas have been taken up in the study of the MNC. Kostova & Roth (2002, p. 218) argued that "institutional elements enter organisations through the people working within them", for example highlighting that "employees' judgments about a new practice will be influenced by their cognitions and beliefs, which in turn have been shaped by the external institutional environment in which they operate" (*ibid*).

From this institutional perspective, an individual decision is primarily determined by the institutional forces carried at the individual level. This includes not only managers but also key employees. Yet while such a view does not preclude the role of human agency, institutional perspectives “have frequently been accused of downplaying the agency of individual actors, who are simply viewed as ‘institutional takers’” (Piekkari & Welch, 2010, p. 472; see also Jackson & Deeg, 2008).

Yet in their in their critique of the institutional perspective, Kostova *et al* (2008) have argued that the combination of diverse institutional pressures from multiple local contexts and heterogeneity within and between units creates more ‘institutional freedom’ for actors, allowing social agency to come into play. Accordingly, they concluded (2008, p. 1002):

*“At the individual level such cognitive processes will remain influenced by individualized and localized experiences and, as a result, will not be collectively held. Therefore, second, individual actors must engage in a process of creating some level of a shared understanding of what constitutes the rule system. We expect this to be a negotiated political process where power and influence come into play since different outcomes would benefit the interests of different actors. Who influences this process and how it is done are therefore critical to understanding institutional explanations of MNCs.”*

Thereby, they emphasise the importance of individuals, the inevitable heterogeneity of actors within the MNC (and the MNC unit), and that outcomes cannot purely be understood as the consequence of institutional pressures upon specific actors. Yet they leave unanswered the questions of how such ‘shared understanding’ comes about and how and by whom this is influenced. Indeed, Clegg *et al* (2018, p. 746) emphasise that the institutional theory “is lacking a full recognition of the significance of struggle and conflict” while Smets & Jarzabkowski (2013, p. 1282) argue that there remains a “dearth of empirical work that looks beyond field-level actors and takes seriously the role of individuals as ‘carriers of institutions’”.

### **3.2.3 The MNC, ‘Transnational Social Space’ and the Micro-Political Perspective**

In part, a response to Kostova *et al*'s (2008) challenge to the institutional perspective can be seen in a more limited ‘critical’ debate on the MNC that has emerged during the last 20 years. This responds to the wider perspectives on organising, moving focus clearly from the unit to the individual.

Although MNC literature of the 1990s made passing reference to the MNC as a 'social community' (Kogut & Zander, 1993) or 'social structure' (Bartlett & Ghoshal, 1993), Piekkari & Welch (2010, p. 467) argue that "in much of this research, lingering rationalistic assumptions underlie the conceptualisation of the MNC as a social community". Rather than the individual becoming the focus of these studies, human behaviours were "isolated and assigned to a separate stream of research, namely international human resource management" (*ibid*).

The major challenge to this rationalistic characterisation can be seen to have emerged particularly from the work of Glenn Morgan and colleagues from the critical perspective. In particular, Morgan (2001a, 2001b) developed the perspectives of the MNC as *transnational communities* and as *transnational social space*. Breaking the assumption of firms as unified social actors this sees MNCs as "space[s] of social relationships that are internally structured in complex ways" focusing upon the "precarious and conflictual nature of the social order that develops within them" (Morgan, 2001a, pp. 11, 12). Consequently, 'transnational social space' describes where "socio-economic action takes place, where multiple social relationships emerge, power is exercised, and consensus, conflict and resistance are played out." (Rees, 2012, p. 3). As a consequence, rather than being the outcome of some impersonal economic rationality, decisions and decision processes within the firm reflect "the ability of different actors (shaped with differential powers by the social contextual shaping of organizational structures) to make their interests count in the various areas of negotiation that exist within and across the firm" (Morgan, 2001a, p. 10).

Morgan has particularly linked this thinking upon the individual as a player within this *transnational social space* to a form of institutionalism: "actors in the various parts of the firm respond ... not simply as participants in the achievement of a common goal but also as social actors with interests constructed and shaped by their institutional context." (Morgan & Kristensen, 2006, p. 1469). Yet it is important to recognise that in this perspective the institutional context more than just an individual or organisational constraint. Firstly, this provides the basis for misunderstanding between managers in HQ and subsidiaries and between managers in different subsidiaries, creating 'battlefields' and conflict (e.g. Kristensen & Zeitlin, 2001, 2005). Secondly, these institutional contexts provide "the resources necessary to strengthen or defend their position" (Morgan & Kristensen, 2006, p. 1473), providing the basis for individuals engaged in strategising within the MNC (Kristensen & Zeitlin, 2001).

This 'actor-centred comparative institutionalism' (Geppert *et al*, 2016) has led to a stream of work focusing upon the internal politics between individuals within the MNC, particularly associated with the work of Mike Geppert, Christoph Dörrenbächer, Florian Becker-

Ritterspach, Susanne Blazejewski and colleagues. More specifically, the term 'micro-politics' has been increasingly adopted for politics sited within the organisation (e.g. Dörrenbächer & Geppert, 2006, 2009a, 2009b; Blazejewski, 2009; Piekkari & Tietze, 2014), with Blazejewski & Becker-Ritterspach (2016, p. 18) explicitly seeing micro-politics as "political behaviour of individual or group actors inside the organization".

As such, the micro-political perspective sees MNC's as composed of individual actors driven by their own interests and goals – including their personal career aspirations (Dörrenbächer & Geppert, 2009b). While these interests are influenced by the actors' social embeddedness (Becker-Ritterspach, 2006; Becker-Ritterspach & Dörrenbächer, 2011; Geppert *et al*, 2016) such institutional factors are not deterministic and embeddedness "does not mean that actors in organizations are entirely compliant executive instruments of structural and institutional constraints" (Dörrenbächer & Geppert, 2009b, p. 382).

Emphasis is given to the individuals 'resource mobilization strategies' (Dörrenbächer & Geppert, 2009a; Becker-Ritterspach & Dörrenbächer, 2011), and how actors leverage local cultural and institutional resources as 'toolkits' for their socio-political strategising (Williams & Geppert, 2011; Geppert *et al*, 2015). This frequently requires actors "to cooperate to achieve both individual and organizational strategic goals" (Dörrenbächer & Geppert, 2009b, p. 378). Consequently, this builds upon March's (1962) concept of coalition forming (Whitford & Zirpoli, 2016; Geppert *et al*, 2015; Dörrenbächer & Geppert, 2009a). Similarly, there is an emphasis upon 'game playing' (Kristensen & Zeitlin, 2005; Dörrenbächer & Geppert, 2009b), where in a range of political games (including include 'budget' games, 'career' games, etc.), actors act within certain accepted rules to both compete and cooperate with other 'players' to achieve their goals.

As organisational behaviour of the MNC is understood through considering political interactions and agency at the individual or micro level (Becker-Ritterspach & Blazejewski, 2016a, 2016b), the focus of the micro-political stream is upon the 'key' actors that are 'political brokers' (March, 1962), who can leverage power to influence the development and outcome of the event (Becker Ritterspach and Dörrenbächer 2011). For example, Blazejewski (2009) highlights the differing interests of key actors in a GM subsidiary in Germany, and how they fought to shape the subsidiary strategy in different ways. Although these 'key actors' are typically seen as HQ managers, research has been extended to include worker representatives and extra-organisational actors such as union leaders and politicians (Becker-Ritterspach & Dörrenbächer 2009; Blazejewski 2009; Becker-Ritterspach & Blazejewski, 2016a, 2016b).

Such studies see the MNC as a site of competition (Becker-Ritterspach & Dörrenbächer, 2011) where all key episodes “are underwritten and constituted by politics.” (Becker-Ritterspach & Blazejewski, 2016b, p. 185). Thus, the challenge is to understand how through their agency the key actors influence such outcomes.

The focus upon micro-politics offers a clear benefit in that it is “first and foremost about bringing back the actors and examining the conflicts that emerge when powerful actors with different goals, interests and identities interact with each other locally and across national and functional borders” (Dörrenbächer & Geppert, 2006, p. 255). Critically, the unit and actor are no longer seen as synonymous as “the main units of analysis are individual actors or groups of actors whose behavioural rationales cannot be equated with the behavioural rationale of an organizational level” (Becker-Ritterspach & Blazejewski, 2016a, p. 91). Consequently, we see a much more nuanced understanding of conflict and reconciliation within the multinational.

Yet overall the research on the internal politics of MNC remains “surprisingly slim” (Geppert *et al*, 2016, p. 1210) and “questions of how structural and institutional circumstances and/or constraints and an actor’s individual room to operate correlate with and influence each other are interesting yet still largely empirically unexplored issues” (Dörrenbächer & Geppert, 2009b, p. 382). Furthermore, the existing research frequently remains positioned within the context of understanding wider dyadic struggles (Becker-Ritterspach & Blazejewski, 2016a), particularly between HQs and subsidiaries. Indeed, Geppert & Dörrenbächer (2014, p. 236) concluding that “most studies have focused on the study of micro-political games played between the HQ and its subsidiaries to influence budget allocation, mandate change and relocation decisions.” Consequently, what is far less clear is how micro-political games effect day-to-day coordination, going beyond the “few powerful key actors ... actively involved in micro-political strategizing.” (Dörrenbacher & Geppert, 2006, p 256). Equally through focusing upon micro-political games and conflict within the existing organisational structure, this gives little insight into how individual agency can shape the boundaries within the MNC.

### **3.2.4 The Discursive Perspective of MNC Actors**

During the last 15 years there has emerged another small, but lively literature taking a discursive perspective to the MNC – particularly associated with the work of Eero Vaara, Julie Balogun and colleagues. Like the micro-political perspective, this is rooted in critical theory (Geppert *et al*, 2016), with the influence of post-modernists’ and post-structuralists’ perspective of power (particularly Foucault), this perspective focuses upon the way in which

language is used to legitimise and reproduce (or delegitimise and resist) strategies and power relations. As such, MNCs “are seen as socially constructed by networks of conversations, which draw on and contribute to prevailing discursive practices and wider societal discourses” (Koveshnikov *et al*, 2017, p. 238). Through its focus upon the micro-level activity of individuals the literature shares close links with the strategy-as-practice field (Balogun *et al*, 2014) in exploring strategy as a situated socially accomplished activity.

Within this perspective there is a key role for sensemaking and sensegiving (Weick, 1995; Gioia & Chittipeddi, 1991) – i.e. how individuals make sense of the world in which they live and work, and the way in which others can act to shape that sense. Focus has been upon the narrative construction of the organisation, as “MNCs are seen as constituted by discursive struggles and competing efforts of sensemaking” (Geppert *et al*, 2016, p. 1215), while power and politics are regarded as “an outcome of the ongoing sensemaking, interactions and negotiations between social actors” (Whittle *et al*, 2016, p. 1325).

Key within this is the idea that discourse provides the frame (Goffman, 1975) through which actors make sense of issues. In doing so the discourses constrain actors (Vaara & Tienari, 2008) as the ‘taken-for-granted’ precludes certain courses of action (Whittle *et al*, 2016). Discursive struggles (or what Kaplan, 2008, called ‘framing contests’) arise particularly where there are multiple ‘contextual realities’ within which different understandings of the world dominate. Indeed, the MNC appears to be particularly rich in such heterogeneity, including differences of language/culture (e.g. Vaara *et al*, 2005); national identities (Ailon-Souday & Kunda, 2003); institutional environments (e.g. Western European versus post-socialist Eastern European seen in Clark & Geppert, 2011); differing perspectives of large subsidiaries versus small subsidiaries (Jarzabkowski & Balogun, 2009); local managers and global executives (Erkama, 2010); merging companies (Vaara & Tienari, 2011); and of HQ and subsidiary (Whittle *et al* 2016). Indeed, Koveshnikov *et al*, (2017, p. 258) highlighted:

*“Whereas at the surface it appears relatively easy for key managers to negotiate based on business rational what decisions are to be made, what actions to be taken, and whose interests are to be lifted up or sacrificed for the benefit of the MNC, yet the elucidated discursive struggle is bound to be ongoing in the MNC precisely because it is much more difficult for managers to accept how they and their cultural identities, subject positions and the attached worldviews are perceived by and in relation to those of ‘the other’ within the multinational context of the MNC.”*

Consequently, the challenge is seen to be to achieve a common understanding within the MNC in which “actors each have their own concept of the purpose of the activity, based on their localized understandings about ‘the way we do things here’ ... that will need to be modified in order to establish common activity for the system as a whole” (Jarzabkowski & Balogun, 2009, p. 1261). Outcomes will only arise “from active negotiations and compromises between these actors.” (*ibid.*, p. 1255). However, once a new frame or discourse becomes accepted this creates a new ‘reality’ that can be difficult to undo or reverse, as Mantere *et al* (2012) highlight through their study of an abandoned merger.

Inevitably, the focus of this literature is upon discursive aspects of selling, resisting and reconciling (e.g. Balogun *et al*, 2011), identity construction (Vaara *et al*, 2005; Clark & Geppert, 2011), and upon the key role of legitimation (Vaara & Tienari, 2011; Balogun *et al*, 2019). Yet, these approaches have been criticised for their lack of focus upon micro-level activity (Geppert *et al*, 2016) and remains largely situated within the context of existing dyadic HQ-subsidary struggles such as charter changes (e.g. Balogun *et al*, 2011; Whittle *et al*, 2016), HQ initiatives (e.g. Balogun *et al*, 2019), or consider the specific situation of the pressures of integration following a merger (Vaara, 2002; Vaara & Tienari, 2011).

### **3.3 Coordinating Individual Action**

If we accept the perspective that individuals have multiple perspectives and interests, then the challenge of coordination within the MNC becomes a clear challenge. As Morgan (2001a, p. 10) stressed:

*“In complex organizations such as multinationals with multiple sites of production, different sorts of managers and workers, and economic processes that need coordination from across the world, it is probably more appropriate to admit a sense of wonder that organization is accomplished rather than to start with this expectation.”*

Consequently, even without regarding the dynamics of the resistance to, or selling of, large organisational initiatives, we need to understand how an interdependent MNC organisational change, the MNC faces the daily challenge of operating in a coherent and unified way. That is, how is *coordination* achieved?

Within the literature there are multiple definitions of coordination in the MNC, these generally highlight that this is about *processes for managing interdependencies* within the organisation.

For example, coordination is seen by Okhuysen & Bechky (2009, p. 463) as “the process of interaction that integrates a collective set of interdependent tasks” and by Gkeredakis (2014, p. 1473) as “the process of managing interdependence and fitting together different activities”.

In principle the issues of coordination are common to all large and complex firms and are neither original nor exclusive to MNCs (Martinez & Jarillo, 1989). However, coordination may be made more difficult by geographic distance and the different cultural and institutional environments within which units are embedded (Mudambi, 2011; Yu *et al*, 2009).

### **3.3.1 Coordination through Hierarchy**

For authors who take an HQ-centric view of the MNC, with the HQ as brain, the key requirement is ensuring that both subsidiaries and individual actors within them comply with the plans and strategy (and indeed the ‘will’) of the HQ. In such a perspective coordination is largely equated with ‘control’. Following Brenner & Ambos (2013, p. 774), this is “any process (mechanism, instrument, or strategy) applied by an organization to ensure the execution of organizational goals and plans”. Fundamentally, such controls are seen to emanate from the formal authority of the HQ (Andersson *et al*, 2007) and are regarded as legitimate by assumption (Brenner & Ambos, 2013).

Such control is perceived to be needed where interests (or objectives) of an individual manager or a whole subsidiary differ from that of the HQ. While this might be a consequence of different cultural and institutional environments, it may also derive from the different interests of the managers. Promoting a subsidiary or a subsidiary initiative may, for example, be a way of key managers advancing their own careers (e.g. Becker-Ritterspach & Dörrenbächer, 2011; Fenton-O’Creedy *et al*, 2011).

At the level of the organisational unit, HQ-subsidary relations can therefore be considered a ‘mixed-motive dyad’ (Birkinshaw *et al*, 2000; Ghoshal & Nohria, 1989) in which the perceptions of the two parties frequently diverge. This divergence has frequently been understood by applying agency theory (Hoenen & Kostova, 2015). Building on the initial ideas of Arrow (1985), this problematises the MNC as an HQ (as ‘principal’) that need to delegate decision making to subsidiaries (the ‘agents’), but without being able to fully observe whether the subsidiary is exercising the delegated authority in the appropriate way. Consequently, if there are any differences in motivations between the parties it can result in the subsidiary and the

managers within it behaving in ways that are not perceived to be in the best interest of the MNC (at least from the HQ perspective).

HQ's have been seen to use a wide variety of structural and formal mechanisms to attempt to exercise control. Indeed, much of the literature on the organisational form of the MNC – as reviewed in the previous chapter – is struggling with the challenge of designing a structure that gives adequate control. This includes the way in which HQ may use intermediate structures such as regional head offices to facilitate manageable spans of control (e.g. Alfoldi *et al*, 2012; Mudambi, 2011; Mahnke *et al*, 2012).

However, the need for control is not solely solved by organisational structure. Martinez & Jarillo (1989), looking beyond the MNC, highlighted a number of control mechanisms that act at the level of the organisation, including: the formalisation of procedures and rules (written policies, job descriptions, authority levels); the use of planning and budgeting processes; as well as what they called 'output and behaviour control' through direct supervision including that enabled by financial reviews, sales data, etc. More specifically, focusing upon the MNC, Jaussard & Schaaper (2006) emphasised a wide variety of "organizational procedures such as formal definitions, job descriptions, reporting paper documents, meetings of the board of directors" (*ibid.* p. 43).

However, it is also clear that the such formalistic controls may be inadequate. The legalistic and disciplinary aspects of contractual control may be blunt instruments for achieving the will of the superiors – while subsidiary managers can be fired, or subsidiaries disposed of, these can hardly be used to direct everyday decisions. Yet more fundamentally, direct bureaucratic control as means of coordination requires the organisational apex to have both the knowledge and capacity to make decisions to control and coordinate actions in distant actors. However, as we have already seen the complexity of the modern MNC together with the bounded rationality of the HQ makes such an assumption difficult to accept. For example, in their study of one multinational Kristensen & Zeitlin, (2001, p. 175) concluded that acts of control & coordination "may only accidentally have an intelligent relation to what is controlled and coordinated, at least from the perspective of the subsidiaries."

### **3.3.2 Social Control as a Basis for Coordination**

Consequently, there has been a shift in "the analytic focus from coordinating mechanisms as reified standards, rules and procedures to coordination as a dynamic social practice"

(Jarzabkowski, *et al*, 2012, p. 907). With the increasing complexity of MNC a greater reliance is seen to be made of 'social control' (Edström & Galbraith, 1977).

Such social control – sometimes referred to as 'socialisation' or 'normative' control – has been defined by Brenner & Ambos (2013, p. 775) as “mechanisms and strategies that aim to achieve high degrees of shared norms and values, and in so doing, enable the headquarters to control without direct intervention or process control”. Martinez & Jarillo (1989) see these mechanisms as being more 'informal and subtle', embracing lateral relations, informal communications (including business trips, conferences) and socialisation through “building an organizational culture of known and shared strategic objectives and values” (p. 491). Within Jaussard & Schaaper's (2006) work, such social control is seen in their categorisations of 'control by means of human resources sent from the MNC' and 'training and socialisation' of managers.

Prominent within this literature has been a focus on the role that individuals can play as *boundary spanners*. These are key individuals who understand the multiple perspectives and institutional contexts of different units (Tushman, 1977) and become a conduit for information between units (e.g. Tippmann, *et al* 2014) or as a vehicle for conflict resolution (Schotter & Beamish, 2011). Within their focus upon building legitimacy of controls, Brenner & Ambos (2013), go further in highlighting the roles of three categories of actors, 'networkers' who emphasise lateral relationships and informal communications; 'organisational culture builders', who strive to build a common organisational culture within the MNC; and 'trainers' who aid spill-over of organisational knowledge

Given the multinational dimension of the MNC, there is a specific focus seen on boundary spanning role of expatriates (Johnson & Duxbury, 2010; Au & Fukuda, 2002; Thomas, 1991) and inpatriates (Harzin *et al*, 2016; Reiche, 2011) with their experience of multiple country contexts, and particularly those that have networks that embrace both HQ and subsidiary (Kleinbaum & Stuart, 2014). As they move between units they play a key 'bridging' role (Harzing *et al*, 2016) in the transfer and redeployment of knowledge (Kobrin; 1988; Fang *et al*, 2010) – both in disseminating their personal experiences and knowledge (e.g. Minbaeva & Michailova, 2004; Tan & Mahoney, 2006) as well as in facilitating transfer of organisational knowledge both from and to the parent firm (Hocking *et al*, 2004).

Yet expatriates can also exert more subtle forms of vertical control over subsidiaries. Edström & Galbraith (1977) suggest that 'a trusted manager' can be appointed to a key subsidiary position to “increase the capacity of the communications between the centre and the

subsidiary *and to allow greater local discretion and responsiveness*" (p. 251, emphasis added). Through their engagement in the subsidiary the control and purpose of the wider MNC can be socialised as "thereby obviating the need for procedures, hierarchical communication and surveillance" (*ibid.*). As such, expats "can serve to replace or complement HQ centralization of decision making and direct surveillance of subsidiaries by headquarters managers" (Harzing 2001, p. 360).

Social control is seen to be of particular importance within more network forms of the multinational. Given the high level of interdependencies envisaged in such models there is a strong need for *lateral* forms of coordination between subsidiaries that are not dependent upon top-down instruction (Gupta & Govindarajan, 2000). While bureaucratic processes can play a key role here in delimiting responsibilities – for examples through statements of authority, or workflow processes – social forms of control are also critical. For example, Bartlett & Ghoshal (1998) argued that a transnational company required a combination of three coordinating mechanisms: centralisation, formalisation and socialisation. The latter of these focused upon the individual in "building a context of common purpose, values and perspectives among managers to influence their judgements" (*ibid.*, p. 80). Similarly, Foss *et al* (2012) emphasise such network MNCs are characterised by a low degree of formalisation but high 'normative integration' where "subsidiary managers are imbued with the values and goals of the MNC" (p. 254).

Hedlund went further in considering the heterarchy, arguing that the challenge is less one of control but one of coordination, and that "*integration is achieved primarily through normative control, and only secondarily through calculative and coercive/bureaucratic regulations*" (1986, p. 23 emphasis in the original) in which 'corporate culture' and 'management ethos' become critical. In his latter works he started to reflect upon whether it was possible to impose coordination. Rather, his focus shifted from vertical to lateral communication, and considered the ways in which individuals worked together within the heterarchical MNC putting a focus upon "personnel at 'lower' levels in interfunctional, interdivisional, and international dialogue, rather than handling coordination through 'managers' and only at the top" (Hedlund, 1994, p. 82).

### 3.3.3 Outstanding Issues of Coordination in the MNC

While the literature on control and coordination gives us a long list of control mechanisms that are seen within the MNC (or are envisaged to possibly exist), there is a sense that it remains constrained in its approach.

Firstly, the debate around coordination focuses upon the mechanisms of control (Okhuysen & Bechky, 2009), even though 'coordination' is largely defined in terms of a process. We see a lack of dynamic perspective of the processes that help us understand how these come about – be that in the way bureaucratic controls change over time, or in the evolution of shared values. For example, while some see socialisation developing as the result of a *deliberate* strategy of headquarters (e.g. Brenner & Ambos, 2013), it may equally evolve as a necessary coping mechanism between interdependent units.

Furthermore, while recognising that coordination is required at the level of the agent/individual, much of the debate remains focused upon control of discrete units. However, if there are multiple differentiated voices within units, then the key relationships within the MNC are not necessarily dyadic (HQ-subsiary), or triadic (subsiary with HQ and subsiary), but polyadic. Multiple HQ actors may be simultaneously trying to coordinate multiple subsiary actors within multiple subsidiaries who are also attempting to coordinate their own interdependencies. Thus, the challenge is not just that of the coordination of units, but coordination within and across units – and indeed could be considered as the challenge of coordinating coordination.

Furthermore, even when discussing the role of individuals, the literature on coordination remains largely impersonal. Where the key actors in the MNC are collective, corporate bodies then it is hardly surprising that research focuses primarily upon mechanisms and structures rather than upon relationships. While individual managers feature as expats or boundary-spanners they generally do so as a class where they become a tool or lubrication for the smooth operation of the MNC. Similarly, while the literature highlights the need for, and benefit of, communication through meetings, travel, project teams, this does not focus upon how that communication brings about coordinated action. Consequently, this perspective risks losing the creativity and interaction between individuals and how this could be fundamental to coordinating outcomes within the MNC.

### 3.4 Implications for the Debate on the MNC

This chapter has focused upon the literature focusing upon the role of the individual within the MNC. It has shown that the wider organisational studies literature has recognised a perspective of organisations as socially constructed entities (both formal and informal), and sees organising as a social process in which order is negotiated and boundaries challenged.

Such views stand in sharp contrast to the conceptualisation of the organisation that remains dominant within the orthodox perspective of the MNC. Here units are clearly defined, stable, and essentially 'given' – with the assumption that top-down hierarchy can (and should) resolve disfunctional conflict.

However, we have also seen that a relatively small literature has introduced the more critical perspectives to the MNC as 'transnational communities' or 'transnational social space' (Morgan, 2001a, 2001b). This moves us on from a perspective of homogeneous and nationally bounded units, but still links closely to the impact of geography with a focus upon 'actor-centred comparative institutionalism' (Geppert *et al*, 2016). Such specific geographic differences are important. Firstly, they highlight a cause of conflict at the individual level, as the MNC is made up of individuals who are not only 'imprinted' by their contexts, and who can be seen as 'carriers of' institutional forces (Kostova & Roth, 2002), but more widely have diverse perspectives, understanding and interests. Secondly, the diverse institutional contexts provide actors with resources that contribute to the 'toolkits' that they can use in their struggles (Williams & Geppert, 2011). Consequently, rather than hierarchical decisions being accepted and adopted without question, the MNC is seen to become a heterogeneous organisation within which individuals to play micro-political games to advance their own ends, or engage in discursive processes to construct shared-understandings of the MNC, its strategy and the way in which it works.

Yet these literatures largely focus their research upon the context of inter-unit disputes, and retain an assumption of the integrity of units, despite Hedlund's (1994, p. 82) suggestion that heterarchical MNCs should be regarded as "temporary constellations of people and units rather than permanent structures". Consequently, the extant literature largely fails to address how individual agency shapes macro-level organisational change within the MNC. At the same time, they do not reveal at a micro-level how day-to-day coordination is achieved between actors, particularly in the context of interdependent, heterarchical MNCs. While it is recognised that 'social control' will be required, it remains unclear how individuals within the heterarchical MNC work to achieve coordination.

Consequently, in the next chapter we turn to review the literature on power, and particularly how a positive view of 'power to' provides a lens through which we can theorise how individuals work to shape understanding, coordination and outcomes.

## 4. Power, Agency and the Multinational Company

The previous chapters introduced the MNC and the dominant literature that conceptualises such an organisation in terms of a hierarchy of units and a largely rationalistic strategy. The role of the individual within the MNC was then considered. Yet, as we have seen, this leaves a sense of incompleteness – in a focus upon statics rather than organisational instability, a reliance upon impersonal optimisation as the dominant logic; and in the primacy of units rather than individuals.

The literature on power provides an alternative lens to look at the organisation. While MNCs may give an impression of solidity and permanence, all organisations are social constructs (Morgan, 2006), the result of a myriad past choices and actions. These actions reflect the enactment and outcomes of power – the “force that affects outcomes” (Hardy, 1996, p. S3). Furthermore, we have seen that a key challenge for organisations, and particularly an interdependent heterarchy, is the need for coordination – yet this requires power in some form as “the ability of different parties to achieve something together they could not accomplish individually” (Baum, 1989, p. 193). As Clegg *et al* (2006, p. 2) argue “we cannot make serious enquiry into organizations without an enquiry into power.”

Initially, this chapter reviews the broader literature on power, highlighting that the concept of power is both complex and multifaceted (Haugaard & Clegg, 2009) as well as contested (Lukes, 2005). This complexity is reflected in the use of multi-dimensional perspectives of power. (Hardy 1996, Fleming & Spicer, 2014).

Yet “despite the rich variety of politics and power perspectives in current OS literature, these concepts are rarely applied to the study of MNCs.” (Geppert *et al*, 2013, p. 429). The chapter shows that where power is studied in the MNC it is – perhaps not surprisingly – largely considered in the context of organisational units (Geppert & Williams, 2016), particularly in terms of the resources they control (Vaara *et al*, 2005) and “little attention has been paid to the communicative aspects of power” (Erkama, 2010, p. 152). The more recent literatures are then considered that focus upon power and the individual actor within organisations (Geppert *et al*, 2016) – interpreting in terms of concepts of power the literatures on micro-political games and the use of language/discourse as episodic tools, and their relationship to underpinning the power-relations within the MNC. Yet each of these approaches is seen to focus upon a specific sub-set or dimension of power, and largely fails to outline linkages between episodic and systemic aspects of power.

However, the wider literature in the social sciences suggest that it is inappropriate to focus on the different dimensions separately. Notably, Clegg's (1989) concept of the 'circuits of power' highlight the necessity to consider how episodic power is both rooted in systemic relationships, and how episodic action is used to reinforce or reconstruct systemic power relations. Yet such thinking has hardly ever been applied to the MNC, and the heterarchical multinational in particular. What are the power relations that allow coordinated activity in an interdependent organisation and what is the dynamic of their interaction? This is the debate that informs the second research questions of this thesis.

#### **4.1 Concepts of Power**

While the word 'power' is widely used and understood in everyday language, within academic study the concept of power is abstract and multifaceted without having a single agreed definition (Haugaard & Clegg, 2009). Power can be about domination and control (e.g. Lukes, 2005), or it can be about empowerment and achieving outcomes (e.g. Hardy & Leiba-O'Sullivan, 1998). Power can be seen in episodic acts of agency (e.g. Dahl, 1958) or can be embedded in those systems and taken-for-granted assumptions that limit the agency of actors (e.g. Foucault, 1966/2002).

Consequently, rather than there being one definition of power, the term embraces a variety of concepts that, in Wittgenstein's term, have a 'family resemblance' (Haugaard, 2002, 2010). "No one of these usages is right or wrong. These concepts are conceptual tools, each of which enables the author in question to make sense of certain aspects of social life" (Haugaard & Clegg, 2009, p. 4). This further highlights that power can become a 'contested concept' (Lukes, 2005), for what is treated as power (and what is used in evidence) becomes constrained and shaped by the philosophical and political position of the person using that power concept. Within this, there are a number of key conceptual dichotomies that highlight the debate over the nature of power.

#### ***'Power-over' or 'Power-to'?***

One key differentiator of perspectives of power is between those that primarily focus upon the way in which power enables an individual to control others (*power-over*) versus power as an enabler to achieve outcomes (*power-to*).

The *power-over* perspective, with its focus on domination and control, has a long history. It is seen in Machiavelli's (c1515/1995) 'The Prince', as well as in Weber's view of power as "the

probability that one actor within a social relationship will be in a position to carry out his will despite resistance” (1922/1978, p. 53) and that of Dahl seeing power as “A has power over B to the extent that he can get B to do something that B would not otherwise do” (1957, pp. 202-3). Such a perspective continues to be central to critical perspectives of power as a way for elites to maintain their position (see Zald & Lounsbury, 2010).

However, such conceptualisations of power have been criticised for their predominantly negative focus on power as a constraint, or prohibitive, preventing other actors from undertaking some action and/or that is contrary to their interests (Clegg *et al.*, 2006). In contrast, others have stressed *power-to* – the enabling aspects of power that are productive and transformative (Edwards, 2006) and that empower other actors (Knights & Morgan, 1991). Mintzberg (1983) sees power as ‘to be able’ while Clegg *et al.* (2006, p. 3) stress that “power ... need not always be seen as something to be avoided. Power can be a positive force; it can achieve great things”. As such, power is at the heart of coordination of activity.

Yet although the distinction between *power-to* and *power-over* is frequently highlighted in the literature (Göhler, 2009), this may be something of a false dichotomy. Pansardi (2012) argues that in most, if not all, non-trivial cases there is a ‘quasi-equivalence’ between *power-over* and *power-to* saying that “since all the instances of *power to* included in the social understanding of power are based on social relations, they all coincide with instances or sets of instances of *power over*.” (Pansardi, 2012, p. 82). That is, to achieve any non-trivial outcome that relies upon more than your own personal ability then you need to engage others in permitting or achieving that outcome. As such, *power-to* requires a degree of *power-over* and (*vice versa*, as is reflected in Dahls’ empirical test of *power-over* as the individual’s ability to achieve some outcome). Consequently, this dichotomy is perhaps better seen as reflecting a choice of perspective: whether to focus upon how power constrains a particular individual (*power-over*), or how that power enables specific outcomes (*power-to*).

### ***Power as Possessional or Power as Relational?***

Historically, the literature has also been split between those which regard power primarily as a possession of the individual compared to those that see it as an essentially relational concept.

Early perspectives of power followed Weber (1922/1978) in seeing power as something which resided ‘in’ the individual (e.g. through their charisma, persuasion or intellect) or within their position of ‘authority’. This is reflected in Dahl’s (1957) definition that power is something an individual ‘has’ and subsequent developments of this such as French & Raven’s (1959) five

'bases' of power, and remains important, particularly in psychology where it remains the 'standard' model (Turner, 2005).

Yet Clegg *et al*, (2006, p. 231) challenges this, arguing that power cannot be seen in the actor, and rather that "power is only visible in effects". As such, in considering two actors one cannot be 'seen' to have power, except in the response of one to the other. When the First World War officer commanded his men over the top, it was the private soldiers that needed to act; when the CEO said cut costs, it was his project team that needed to change behaviour. Such a perspective sees power as inherently relational: it cannot be divorced from the social context (Geppert & Dörrenbächer, 2011) depending both upon its deployment and upon the enactment by another party (Weick, 1979).

However, viewing power as only visible in its 'effects' imposes limits, particularly in potentially excluding influencing ('affecting') from definitions of power. In particular, Morriss (2002, p. 30), from a strong *power-to* position, argues that "simply affecting something or somebody is not an exercise of power unless the actor thereby effects something." Yet others take a rather broader perspective recognising the potential role of influence as an aspect power in relationships – for example seen in Lawrence *et al*'s (2012, p. 105) definition of power as "the dimension of relationships through which the behaviours, attitudes, or opportunities of an actor are affected by another actor, system or technology".

Yet while we may focus upon the relationship between an 'A' and a 'B', this is itself embedded within a network of discourse and relationships (Hardy & Leiba-O'Sullivan, 1998). Within such a power network, an actor may try to 'pull the strings' of power but may not be certain that this will lead to the desired outcomes. As such, power is "no longer a convenient, manipulable, deterministic resource under the control of autonomous, sovereign actors" (Hardy & Leiba-O'Sullivan, 1998, p. 459) – rather it may become a web within which are all constrained.

### ***Episodic versus Systemic Power***

A third key dichotomy in the literature on power is the distinction between *episodic* and *systemic* manifestations of power.

Episodic power "refers to discrete, strategic political acts initiated by self-interested actors" (Lawrence *et al*, 2005, p. 182). This is seen by Fleming & Spicer (2014, p. 240) as being "the direct exercise of power ... [that] rely upon identifiable acts that shape the behavior of others", that is, the direct result of agency (Haugaard, 2010). Such power is overt, being seen in

definable, but largely transient, acts that might include issuing orders, directing resources or through political deal making.

In contrast, systemic forms of power are seen to endure as they “work through the routine, ongoing practices of organization” (Lawrence *et al*, 2005, p. 182) and are captured in the “network of relations and discourses” (Hardy & Leiba-O’Sullivan, 1998, p. 458) and become the constraints of the taken-for-granted (Haugaard, 2015). Such power is diffused throughout an organisation and becomes ‘congealed’ in more enduring forms of institutions, cultures and norms (Fleming & Spicer, 2014). As such, systemic power cannot be attributed as the possession of an individual, rather it “resides between actors” (Blazejewski & Becker-Ritterspach 2016, p. 35). Consequently, systemic aspect of power can be much subtler than overt episodic power, such that they “tend to work in an ongoing, prosaic fashion” (Lawrence *et al* 2001, p. 630) – an ever-present force that may be shaped and constrained an actor in ways that they may be unaware of and cannot control.

#### **4.2 Syntheses of Power in Organisations**

One way of dealing with the complex, multifaceted nature of power is through models that try to synthesise and characterise power in organisation. Although concepts of power have been summarised in many ways, two syntheses are prominent because they were developed with a focus upon organisations: Cynthia Hardy’s four dimensions of power developed to understand strategic change in organisations (Hardy, 1996; Hardy & Leiba-O’Sullivan, 1998), and Fleming & Spicer’s (2007, 2014) four ‘faces’ of power in organisations. While relying upon the same source authors and theoretical building blocks (especially Lukes, 2005, three faces of power<sup>6</sup>), the two interpretations differ in tone as Fleming & Spicer adopt a critical *power-over* perspective, while Hardy’s primary focus is one of *power-to* achieve outcomes. These differing perspectives are summarised in Table 4.1 and considered in detail below.

---

<sup>6</sup> Originally published in 1974.

**Table 4.1: The Four Dimensions/Faces of Power**

<b>Face/ Dimension</b>	<b>Characteristics of Power</b>	<b>Key Authors</b>	<b>Fleming &amp; Spicer (2007/20014): A Power-Over Perspective</b>	<b>Hardy (1996), Hardy &amp; Leiba-O'Sullivan (1998): A Power-To Perspective</b>
<b>First</b>	Causal power, getting somebody else to do something.	Dahl (1957) Weber (1922/1978), French & Raven (1959), Salancik & Pfeffer (1978).	<i>Coercion</i> – the direct mobilisation of power.	<i>The Power of Resources</i> – principles of behaviour modification are used to influence specific actions.
<b>Second</b>	Non-decision making. Managing the agenda.	Bachrach & Baratz (1962)	<i>Manipulation</i> – attempts to ensure action and discussion occur within acceptable boundaries.	<i>The Power of Processes</i> – resides in organisational procedures and routines that can be invoked by dominant groups to influence outcomes.
<b>Third</b>	Managing meaning and preferences.	Lukes (2005)	<i>Domination</i> – attempts to make relations of power appear inevitable and natural.	<i>The Power of Meaning</i> – outcomes are given new meanings, making them appear legitimate, desirable, rational or inevitable.
<b>Fourth</b>	Power of taken-for-granted assumptions and discourse. The rules of the game.	Foucault (1975/1995, 1978, 1983/94) Clegg (1989)	<i>Subjectification</i> – attempts to shape sense of self, experiences and emotion.	<i>The Power of the System</i> – the power that lies in the unconscious acceptance of the values, traditions, cultures and structures of a given organisation.

#### **4.2.1 The First Dimension: Dahl and Coercion or The Power of Resources**

The first dimension of power is the ‘mainstream’ view of power (Hardy & Leiba-O’Sullivan, 1998) with Lukes (2005) identifying it closely with the type power highlighted in the Dahl and Weber. This follows a quasi-mechanical approach to power, which Clegg (1989) refers to as ‘causal power’ – and is reflected in Dahl’s idea of A getting B to do something B would otherwise not do. This is overt power, exercised by one party over another, with the action of one and then the response of another. Consequently, from a more critical and *power-over* perspective, Fleming & Spicer (2007) label this dimension as ‘coercion’.

Yet frequently, this dimension of power is associated with the control of resources and their use to influence outcomes or modify the behaviour of others. Dahl saw that “the base of an actor’s power consists of all the resources – opportunities, acts, objects, etc. – that he can exploit in order to effect the behavior of another” (Dahl, 1957, p. 203). This was further developed through French & Raven’s (1959) bases of power as well as resource dependency theory (Salancik & Pfeffer 1978, Pfeffer & Salancik, 1978). However, this thinking embraces a very broad array of resources that constitute both ‘carrot and stick’ – including the ability to hire and fire, the ability to reward and punish, and in the ability to create/reduce uncertainty (for examples see Thompson, 1956; Crozier, 1964).

However, Hardy (1996) calling this dimension ‘the power of resources’ argues that the impact of such power deployment can be limited. It is task-oriented and context specific, and its episodic nature requires the repeated deployment of either reward or punishment if desired outcomes are to be sustained.

#### **4.2.2 The Second Dimension: Bachrach & Baratz and Manipulation or the Power of Process**

Lukes’ (2005) second dimension of power recognises the possibility for decision-making processes and agendas to be modified to make certain outcomes more, or less, likely. This directly follows Bachrach & Baratz (1962) second ‘face’ of power where they questioned whether decision-making processes were accessible to all. In considering community government they saw that “to the extent that a person or group – consciously or unconsciously – creates or reinforces barriers to the public airing of policy conflicts, that person or group has power” (Bachrach & Baratz, 1962, p. 499). Biases among the ruling group can lead to confining the scope of decision making only to ‘safe’ or unimportant issues – and where issues that are important to ‘B’ are either not formulated or addressed, the result is ‘non-decision-making’. As such this dimension is about ‘agenda setting’ where “there is no direct exercise of coercion

here. Instead, there is an implicit shaping of issues considered important or relevant” (Fleming & Spicer, 2007, p. 17).

Non-decision-making has been seen to work in different ways. It can be that “the powerful may not attend to, may not listen to, or may not ‘hear’ demands articulated by the less powerful” (Clegg, 1989 p. 77). However, it is also possible that issues may not even be aired due the anticipated reaction from raising an issue (either from a lack of confidence that anything will be achieved, or from the negative consequences expected from ‘rocking the boat’), or simply from a belief or acceptance of what can be said and what cannot.

While such ‘non-decision-making could be seen to have structural components (as Clegg, 1989, makes clear), it is upon the episodic, agentic aspect of non-decision making that both Hardy and Fleming & Spicer focus. Hardy (1996, p. 57) specifically highlights the use of process, saying that this “form of power resides in organizational decision making *processes* ... that can be invoked by dominant groups to influence outcomes by preventing subordinates from participating fully in decision making” and are “part of a *deliberate* strategy to achieve intended outcomes” (Hardy & Leiba-O’Sullivan, 1998, p. 455, emphasis added). Similarly, Fleming & Spicer (2007, 2014), calling this dimension of power ‘manipulation’, stress the episodic “whereby actors seek to either limit the issues that are discussed or fit issues within (what are perceived to be) acceptable boundaries” (Fleming & Spicer, 2014, p. 242).

#### **4.2.3 The Third Dimension: Lukes and Domination or The Power of Meaning**

Lukes great contribution to the understanding of power was to suggest that while the first two dimensions both required the presence of conflict, it may also be possible to prevent conflict appearing in the first place. Through biases in thinking, possible outcomes may neither be consciously chosen nor considered. Consequently, his third dimension of power focuses upon the potential to shape perceptions, thinking and preferences to produce apparent consensus and acquiescence – as Lukes (2005, p. 27) says, “A may exercise power over B by getting him to do what he does not want to do, but he also exercises power over him by influencing, shaping or determining his very wants”. Through meaning, discourse and language, this third dimension is tied up with what people are able to say, think and feel (Clegg *et al*, 2006).

This third dimension of power was initially considered from a critical perspective in the context of the societal and class mechanisms seen to perpetuate the status quo to the detriment of another’s interests.

*“Is not the supreme and most insidious exercise of power to prevent people, to whatever degree, from having grievances by shaping their perceptions, cognitions and preferences in such a way that they accept their role in the existing order of things, either because they can see or imagine no alternative to it, or because they see it as natural and unchangeable?” (Lukes, 2005, p. 24)*

As such, Lukes was concerned with how people might be “duped, hoodwinked, coerced, cajoled or manipulated into political inactivity” (Saunders, 1980, p. 22, quoted in Gordon, 2009).

Within this, Fleming & Spicer’s focus is primarily upon systemic aspects. Apparent consensus and acquiescence are achieved through the production of everyday beliefs and practices – producing a Gramscian hegemony where power structures are legitimized by the norms of the society. They classify it as ‘domination’, emphasising that “this dimension of power shapes our very preferences, attitudes and political outlook” (2007, p. 19).

In contrast, Hardy’s (1996) emphasis lies primarily upon the episodic, considering how that shaping meaning and changing others understanding impacts upon outcomes, hence calling this dimension ‘the power of meaning’. Indeed, such ideas are common within the management literature, for example in considering how interest groups legitimate their own demands and ‘delegitimised’ others (Pettigrew, 1977). While this may be employed conservatively – focusing upon defending the status quo (Clegg *et al*, 2006) – there are clear cases where the manipulation of meanings can clearly contribute to change, be that in ‘sensegiving’ around a strategic change (Gioia & Chittipeddi, 1991) or in creating a ‘burning platform’ or sense of inevitability to promote change (Knights & McCabe, 1997).

#### **4.2.4 The Fourth Dimension: Foucault and the Post-Structuralist Approach**

Despite references to systemic bias in both the second and the third dimension of power, from a *power-to* perspective the first three dimensions focus primarily on agency and action. Through bringing resources to bear to achieve a desired outcome; through non-decision making to exclude issues (and actors); and through managing meaning to alter preferences, wants and understanding.

Alternatively, it is possible to consider the way in which societies’ shared understanding and taken-for-granted assumptions are themselves implicated in power relations. This ‘*power of the system*’ (Hardy, 1996) is that which is embedded so deeply within the organizational

system that it is taken for granted by all members of the system. This can be so deeply ingrained that even those who benefit from the current system will find it difficult to change. Hardy & Leiba-O'Sullivan (1998) are explicit in seeing this fourth dimension as Foucauldian. This perspective emerged from Foucault's (e.g. 1966/2002, 1975/95, 1978) efforts to comprehend how we have come to understand the world in the way that we do. This required exploring the tacit and taken-for-granted assumptions which enable people to order things in the way that they do (Foucault, 1966/2002). From this perspective, power cannot be understood solely by looking at what individuals do. Rather, "power relations are rooted deep in the social nexus, not a supplementary over and above 'society'" (Foucault, 1983/1994, p. 343). Power is constituted in the discourse that is more than (just) spoken or written statements as it is in the repeated practice and 'rules of formation' that underlie and condition them (see Torfing, 2009). Such power shapes how we feel, and indeed who we are in that it defines "who and what is 'normal', standard and acceptable" (Meriläinen *et al*, 2004, p. 544). From this perspective, the subject is socially produced by the surrounding power system that gives them meaning (Knights & Morgan, 1991) – hence, Fleming & Spicer's (2014) terminology of 'subjectification'. Resistance is reduced as to resist challenges the very meaning by which individuals understand themselves. Consequently, even the apparently 'powerful' are trapped in the network of relations that appear to give them that power<sup>7</sup>. As such, this systemic power becomes a constraining force, by defining what is 'normal' it restricts the ability of an actor to even contemplate an alternative reality and resist or transform the system (see Clegg, 1989; Knights & Morgan, 1991).

#### **4.3 Power in the MNC: Power Relations and Organisational Units**

Having considered how power has been conceptualised more broadly within the social sciences, the next sections move on to consider the literature on power in the MNC<sup>8</sup>, with reference to the framework of the four-dimensional perspective and a focus upon 'power-to'. Overall, this remains a relatively small literature with Geppert & Dörrenbächer (2014, p. 226)

---

<sup>7</sup> Can a CEO challenge the capitalist system and assumptions of neo-liberal economics, when they form the basis of their position, 'power' and identity?

<sup>8</sup> Fleming & Spicer (2014) identified four 'sites' from which power relations could be viewed. Here we focus upon power *in* the organisation, which "consists of struggles within its formal boundaries to influence, maintain, or change hierarchies and norms" (*ibid.*, p. 245). However, they also highlight that power relations can be revealed *through* the organisation (considering the organisation as actor); power *over* the organisation (considering how external actors may strive to influence the organisation); and power *against* the organisation.

highlighting that “it is notable that power relations in multinational corporations ... have not gained enhanced attention in the academic community”. Similarly, Clegg *et al* (2015, p. 1526) have recently concluded that:

*“It is perplexing that mainstream studies, particularly in the domains of international business and economics, have either neglected to discuss issues of power and politics in multinational corporations (MNCs) or have addressed them in a rather one dimensional and rationalistic fashion.”*

Before turning to consider power and the agency of individual actors, this section will highlight the debates around power and organisational units, which continues to be the analysis level that has received the most focus. What is notable is that this debate has centred upon the contextual conditions that constitute sources of power for them (Becker-Ritterspach & Dörrenbächer, 2011), especially the ‘resources’ that those units can leverage (particularly within the context of the HQ-subsidary dyad).

In contrast, the systemic aspects of the fourth dimension of power are rarely made explicit. Frequently, there is an unstated assumption of the legitimacy of HQ power. Secondly, although we expect HQ and subsidiary to be infused with an “unconscious acceptance of the values, traditions, cultures and structures” (Hardy, 1996, p. 58) of their institutional context, there is little consideration of how clashes are resolved between units operating with fundamentally different systemic assumptions of what are the rules of the game and what constitutes power.

#### **4.3.1 Power and Headquarters**

While the overall subject of power in the multinational might have received relatively scant attention, this is particularly the case for understanding power and the MNC headquarters. While Andersson *et al* (2007) argue that most studies of power in the MNC have focused on headquarters’ formal authority and hierarchical position as its source of power, frequently this position has been accepted within the literature without question, with little study of how this is established and maintained.<sup>9</sup> This echoes Hardy & Clegg’s (2006, p. 756) broader argument that social theorists “have rarely felt it necessary to explain why it is that power should be

---

<sup>9</sup> To take two examples: Yamin *et al* (2011, p. 164) state “the fact that given its hierarchical authority the HQ can channel resources”; Dörrenbächer & Gammelgaard (2011, p. 30) consider that “headquarters have unlimited access to formal power.”

hierarchical... Power embedded in hierarchy has been viewed as ‘normal’ and ‘inevitable’ following from the formal design of the organisation”. Indeed, even as the MNC has evolved into more network like forms it has been suggested that power structures remain largely hierarchical (Andersson & Holm, 2010) and biased in favour of HQ (Dörrenbächer & Gammelgaard, 2016).

The concept of legitimate authority is seen to derive from Weber’s concept of *Herrschaft* which he defined as “the probability that a command with a given specific content will be obeyed by a given group of persons” (Weber, 1922/1978, p. 53)<sup>10</sup>. Such authority is most frequently associated with the first dimension of power, particularly being seen as being embedded within the ability of the HQ to control resources. In part, this is seen as directly following the HQ’s ownership rights of key assets (Mudambi *et al*, 2014), albeit that formal ownership does not always lead to effective control (Dörrenbächer & Gammelgaard 2011; Aghion & Tirole, 1997). However, resource control is also seen through the HQ imposing sanctions or rewards such as closing or disposing of subsidiaries (Clark & Gepert, 2011) or through offering or restricting career opportunities for subsidiary management (Ferner *et al*, 2012).

More specifically, the HQ’s authority is seen in an ability to design and implement processes (Ferner & Edwards, 1995) that enables it to control key aspects of resource allocation (Dellestrand & Kappen 2011), such that subsidiaries become dependent upon the HQ. While financial resources (including ‘budgets’) are key among these (Mudambi *et al*, 2014; Mudambi & Pedersen, 2007), other resources that have been considered in the literature include knowledge (Andersson *et al*, 2007) and ‘HQ attention’ (Ambos & Birkinshaw, 2010).

Despite this focus upon resource-dependency and the first dimension of power, we should recognise immediately that ‘authority’ has deep systemic foundations in which “subordinates obey superiors ... because they believe that the latter have a right to exercise power by virtue of their position” (Astley & Sachdeva, 1984, pp. 105-6) and, therefore, “accept as binding” (Fox 1971, p. 34, quoted in Ferner & Edwards, 1995) decisions made by superiors. Accordingly, in his translation of Weber, Talcot Parsons emphasised that *Herrschaft* required “a certain minimum of voluntary submission” (Weber, 1922/1947, p. 324). Similarly, Clegg *et al* (2006), highlighted that such authority represented “a relationship of legitimate rule, where the meaningfulness of the social relation rests on *assumptions accepted without imposition* by all

---

<sup>10</sup> *Herrschaft* can be translated as either ‘authority’ or ‘domination’.

parties to that relationship” (p. 103, emphases added). That is, there is a shared understanding of the basis upon which an ‘A’ (headquarters) can instruct ‘B’ (a subsidiary) and upon which the ‘B’ will react. Even in the absence of disciplinary tools it may be that B accepts the will of A because it is believed to be the legitimate and right thing to do. However, there is surprisingly little investigation of the basis upon which such a shared assumption becomes established within the MNC.

#### **4.3.2 Power and the Subsidiary**

Where the literature has given attention to power within the MNC, this has largely focused upon understanding the sources of power leveraged by the subsidiary. It seems that, given the normal assumption of the legitimate authority of the HQ, the recognition of the subsidiary having sources of power, if not problematic, is at least worthy of attention. Yet with the growth of network forms of organisation subsidiary power has also been considered in terms of the subsidiary-subsidiary relationship as well.

However, again we see the focus of conceptualising upon the subsidiary’s resources (Mudambi & Pedersen, 2007). Mudambi *et al* (2014, p. 109) argue that “resource dependence theory provides a powerful basis for the understanding of relationships between subsidiaries and MNCs”. Within this, three aspects of subsidiary power through resource control are prominent in the literature: knowledge, local embeddedness and network position.

Firstly, subsidiaries are seen to be able to leverage power based upon their knowledge, particularly as it is difficult for HQs to exercise ownership rights over such intangible assets (Mudambi & Pedersen, 2007). Mudambi & Navarra (2004) showed evidence to suggest that subsidiary bargaining power increased both with their stock of technical knowledge and with the flow of knowledge from subsidiary to the rest of the MNC. However, much of the focus upon building distinctive knowledge is upon the embeddedness of the subsidiary in its local environment (Forsgren *et al*, 2005). Andersson *et al* (2002, p. 981), for example, consider ‘relational embeddedness’ as “the extent to which a subsidiary's individual, direct relationships with customers, suppliers, competitors etc. can serve as sources of learning.” Through the creation and leverage of such intra-organisational networks, subsidiaries are seen to be able to build knowledge that is not available to HQ (Tregakis, 2003) and apply this to build specific competences.

However, local embeddedness can have value that goes beyond knowledge. Subsidiaries may be able to leverage aspects of the local institutional environment when dealing with HQ, for

example by its positioning of the local legal or industrial relations contexts and how the subsidiary can respond to these (Bouquet & Birkinshaw, 2008a; Clark & Geppert, 2011; Williams & Geppert 2011; Andersson & Forsgren, 2000). More generally, the subsidiary may use its network to build legitimacy for the MNC that would not be possible for the MNC HQ (Bouquet & Birkinshaw, 2008a; Hart & Sharma, 2004).

While local embeddedness focuses upon the extra-organisational network of the subsidiary, a key role is also given to the position and linkages of the subsidiary within the MNC network. In particular, network position/centrality (Astley & Zajac, 1990; Cook *et al*, 1983) is seen as being critical in creating internal dependencies which the subsidiary can leverage (Forsgren *et al*, 2005; Bouquet & Birkinshaw 2008a, 2008b) with Ghoshal & Bartlett (1993) showing that subsidiaries with a higher exchange density with other subsidiaries or the HQ achieve more prominent positions in MNCs. However, while growing interdependence gives the subsidiary opportunity to exploit the reliance of others (HQ and subsidiary), it is likely that at the same time subsidiaries become increasingly dependent upon others. Consequently, what matters is the *net* dependency between the subsidiary and the rest of the MNC (Forsgren *et al*, 2005).

Yet, the literature also highlights that having ‘sources’ of potential power may not be sufficient. Rather, it is what subsidiaries do with these resources that are key (Dörrenbächer & Gammelgaard, 2011). This has been explored in the ways that these are used to reinforce issue selling (Dörrenbächer and Gammelgaard, 2011, 2016; Bouquet & Birkinshaw, 2008b), initiative taking (Ambos *et al*, 2010; Dörrenbächer & Gammelgaard, 2016; Bouquet & Birkinshaw, 2008a, 2008b; Birkinshaw & Ridderstråle, 1999) or provide the basis for political contests (Bouquet & Birkinshaw, 2008a). Furthermore, the architecture of power resources is not fixed, with Andersson *et al* (2007) showing how HQs could reduce net dependency by building their own knowledge of the subsidiaries external network, while Ambos *et al*, 2010, considered the moderating effect on subsidiary power of HQ attention.

#### **4.3.3 Issues with the Unit Focused Approach to Power**

The combination of the network and resource-dependency theories provide an important step in advancing the understanding of power relations between units within the MNC. However, there is a sense that this is insufficient, with Ambos *et al* (2010, p. 1100) going as far as to argue that the “stream of literature that conceptualizes subsidiaries as influential and powerful actors in their own right... has so far largely failed to explain the sources of subsidiary influence and the mechanisms through which they bargain with headquarters.” Indeed, there

appear to be significant limitations with this literature that leave fundamental blind-spots in our understanding of power within the MNC.

Firstly, although considering power *within the MNC*, such an approach ignores power relations *within MNC units* and the potential importance of the sub-organisational level or individual actors (Geppert *et al*, 2016; Becker-Ritterspach & Dörrenbächer, 2011). This literature accepts that the MNC in totality is a 'conflict system' of units (March, 1962), thereby relaxing the assumptions of the dominance of hierarchical authority and of homogeneity of interests and preferences across units. Yet, the same assumptions are largely left in place with regards to the MNC's constituent units themselves, regarding them as both coherent and univocal.

Secondly, this approach remains largely focused upon the rationalistic concept of actors and power relations in MNCs (e.g. see Forsgren & Holm 2010) and consequently "the approach has largely remained structuralist, with little understanding of how power is socially enacted and how political manoeuvring is grounded in micro-level interactions between powerful HQ and subsidiary actors" (Geppert & Dörrenbächer, 2014, p. 231).

Consequently, we now turn to consider those studies that have looked at individual actors, their agency and power relations in the context of the MNC.

#### **4.4 Power, the MNC and Individual Agency**

While the dominant approach to power in the International Business literature focuses upon units, a niche area of study (Geppert *et al*, 2016) has emerged that focuses upon power within the MNC at a finer level of granularity and which considers MNC relations "as *processual, political, and actor-centred*" (Clark & Geppert, 2011, p. 397). This moves the focus onto key actors, particularly managers, employees and unions operating within the 'contested terrain' of the MNC (Edwards & Bélanger, 2009). This perspective recognises the agency of actors – that is the "capacity of people to act upon their world ... purposefully and reflectively ... to reiterate and remake the world in which they live" (Inden, 1990, quoted in Holland *et al*, 1998, p. 54). However, at the same time these actors inhabit specific environments with taken-for-granted assumptions, cultures and power structures and consequently "are neither the executive organs of given structures, nor fully autonomous" (Dörrenbächer & Geppert, 2009b, p. 103).

In the previous chapter, two streams of work were introduced that focused upon the role of the individual within the MNC – the micro-political and the discursive perspective. Both of

these 'emergent critical perspectives' (Barner-Rasmussen *et al*, 2010) share a common assumption, described by Geppert & Dörrenbächer (2014, p. 237) in which they see:

*“Power relations within MNCs as not pre-given or institutionally determined or the outcome of objective managerial decision. Rather, we believe that power is the result of continuously socially constructed dynamic relationships among key actors, who make use of existing power resources and, in doing so, stabilize and destabilize established power.”*

As such both approaches try to capture the role of social agency and the micro-dynamics of the structures of the relations of politics and power structures. Yet, in doing so they highlight fundamentally different aspects of power relationships.

### ***Interpreting Power in the Micro-Political Perspective***

As outlined in Chapter 3, there is a relatively new literature focusing upon micro-politics around the different (and contradictory) interests and identities of key actors within the MNC (particularly managers) and the micro-political 'games' that they play. These are frequently regarded as being closely linked with power – with Delmestri & Brumana (2017, p. 330) describing such games as “concrete mechanisms used by interest-driven individuals to structure and regularize their relations of power.”

Interpreted in terms of the literature on power, it becomes clear that the micro-political perspective primarily focuses upon the episodic (Geppert & Dörrenbächer, 2014), considering the actions of the key actors. With its focus upon 'resource mobilization strategies' (Dörrenbächer & Geppert, 2009a; Becker-Ritterspach & Dörrenbächer, 2011) it largely adopts a resource-focused view of power. Becker-Ritterspach & Dörrenbächer (2011) specifically highlight that they see power 'constituted by relationships that allow the exchange of resources' (p. 542) and consider how actors can “mobilize resources (based on their resource exchange relationships) within and outside the multinational corporation” (p. 533) in order to “exchange (or potentially deny) possibilities of action that are relevant to others” (p. 543). At one level, such resource power can be seen in simple episodic action – for examples in Boussebaa *et al* (2012) where actors hoard resources (in this case consultants) thereby thwarting a corporate initiative, or where actors initiate wild-cat strikes (Becker-Ritterspach & Blazejewski, 2016b).

In particular, the micro-political perspective puts particular attention upon resource power derived from the local (institutional) context within which actors are sited. For example,

Geppert *et al*, 2015, showed how managers in Lidl in Finland could build a robust 'toolkit' of resources based upon local collective bargaining and employment law that could be used in dealings with the parent company. More generally, Becker-Ritterspach & Blazejewski, (2016a, p. 92) highlight that "to achieve their goals actors mobilize resources through social relationships or by referring to broader societal or institutional rules." As such, there is an acceptance of a systemic background to power relations that shape actors' opportunities. Indeed, Geppert *et al* (2016, p. 1241) highlight that micro-political perspectives "move into systemic power perspectives to the extent that they see actor interests and actor power (ability to enter social relationships or the mobilization of resources) as socially constituted by unquestioned organizational rules and societal institutions."

### ***Interpreting Power in the Discursive Perspective of the MNC***

In contrast, the second theme emphasises upon the discursive nature of power struggles. This "examines the role played by language in the construction of power relationships and reproduction of domination" (Vaara *et al*, 2006, p. 792).

In part, this focuses upon explicitly episodic action based upon language reflecting the third dimension of power, the power of meaning, or what Balogun *et al*'s (2019, p. 246) study consider "a specific kind of power dynamic that builds on reframing." Power is exercised by those who are able to shape others' understanding through the "deployment of discursive resources" (Whittle & Zirpoli, 2016, p. 1242) both to have positive 'mobilizing effects' as well as constraining organisational action (Vaara & Monin, 2010). Key actors participate in 'language games' (Geppert *et al*, 2014) including those involving 'issue selling' (Dutton & Ashford, 1993). Critically, attention has been upon how actors use sensemaking and sensegiving to promote a particular course of action for the MNC. For example, Vaara & Tienari (2008, 2011) explore how established narratives ('antenarratives') are leveraged to make sense of events and through which actors can "position themselves vis-à-vis specific discourses or mobilize particular discourses for their own advantage" (Vaara & Tienari, 2008, p. 987). Particular emphasis within the literature focuses upon the way in which actors build discursive legitimacy, where "the crux of this struggle revolves around attempts to get ... interests accepted and shared by others in the MNC as legitimate and worthwhile" (Koveshnikov *et al*, 2017, p. 16).

Yet the episodic use of meaning seems to reflect an aspect of power that goes beyond that seen in the logic of resource dependency. The research indicates that this is a multi-level process that involves individuals at varying levels of the organisation, with opportunities to

influence understanding, discourse and outcomes irrespective of their hierarchical position (Rouleau & Balogun, 2011; Vaara, 2002), and consequently through examining the discursive we gain “deeper insights about both the silencing of powerful players and the gaining of ‘voice’ by weaker actors” (Geppert *et al*, 2016 p. 1218).

Importantly, within the discursive perspective there is a recognition that episodic discursive acts can have a longer-lasting impact upon systemic aspects of power. Vaara & Tienari (2011, p. 385) emphasise that discourses become “constitutive elements of MNCs as institutions and organizations”. Similarly, Balogun *et al*'s (2011) study of charter change highlights how through discourse it was possible to ‘subjectively reconstruct’ the relationship between HQ and a subsidiary. Consequently, this starts to suggest that through discursive practices within the MNC managers are not only able to shape specific outcomes, but can start to influence the systemic understandings of the multinational and its ways of doing things.

#### **4.5 Implications of the Extant Literature of Power in the MNC**

The previous sections have provided an overview of concepts of power and how these are interpreted within the study of organisations and has then reviewed the existing literature on power in the MNC. These studies support Morgan’s (2011, p. 415) view that “no longer is it possible to treat MNCs simply as rational unitary actors ... Instead, we now have a view of MNCs as consisting of different types of social actors with differing interests and power”. However, we are left with a sense of separate strands of analysis each of which focus upon specific dimensions of power and which, at best, give a partial picture of the workings of power relations in the contemporary MNC. In his ‘circuits of power’ approach Clegg’s (1989) highlights the need for, and provides a framework within which, to understand the linkages between episodic and systemic power. However, the learnings from this are yet to be applied to the heterarchical MNC.

##### **4.5.1 The Incompleteness of The Extant Literature**

Analysis in this chapter has examined three main bodies of work on power in the MNC, each of which adopts an analytical focus in terms of the units of the power dimensions and unit of analysis (see Figure 4.1).

The HQ/Subsidiary literature is focused upon unit relationships, with a primary reliance upon the power of resources as explanans, while making references to processual aspects of power.

Lying behind this is a key assumption about systemic power – that of the legitimacy and primacy of HQ. However, the linkages between episodic actions and systemic power assumptions are hardly investigated, for example in explaining about how a specific organisational structure of units comes about – even though that structure must reflect an aspect of the ‘rules of the game’ within the organisation.

**Figure 4.1: Power and the MNC – Literature Overview**

		Focus:	
		Units	Individual Actors
Power Dimensions:	1. Resources	HQ/Subsidiary Power Literature	Micropolitics in the MNC Literature
	2. Process		
	3. Meaning		Discursive Perspective of the MNC
	4. System		

The micro-political stream of research focusing upon power of the individual within the MNC also relies primary upon aspects of resources and, to a lesser extent, process. Yet in its focus upon resources and resource dependency, the stream has been criticised in that systemic aspects of MNC power relations and macro-political structures are not fully acknowledged (Clegg *et al*, 2018; Morgan, 2011). Geppert & Dörrenbächer (2014) suggest the need to extend understanding to the ‘deep’ structures that underly the episodic games, focusing upon both the power implications of the rules of the game (what they and who set them?) and the impact of the systemic power relations within which they occur (what determines the aims of the game and why are the rules in place?).

The discursive approach however contrasts other organisational analyses of power and their reliance on the resource-based view (Vaara *et al*, 2005). Rather, this perspective brings focus to the power of meaning as a tool for shaping outcomes, as well as stressing the key role played by language and meaning within systemic aspects of power. Yet, Geppert *et al* (2016, p. 1215) have warned that these approaches remain “rather weak in considering the micro-level constitution of organizational politics and power”, thereby down-playing the agency of individual actors. Furthermore, the study of discursive struggles within MNCs has largely

focused upon reactions to top-down decisions (e.g. an announced merger, a declared language policy, or in Balogun's studies of 'BrandCo'), rather than including such decisions as part of the ongoing discursive creation of the MNC. Consequently, while the discursive approach highlights how power structures become legitimised, there is less understanding of how new power structures develop and structures become established (Oliveira & Clegg, 2015; Logemann & Piekkari, 2015).

Consequently, what is remarkable is the degree to which the various aspects of power are considered separately within the different bodies of literature and rarely brought together.

Firstly, the extant literature, hardly considers the interaction between power, units and the individual within the MNC. However, it seems empirically clear that at times both the structure of units and the actions of key individuals can be simultaneously important. This echoes March's (1962) approach to conflict systems that highlights the need to understand both the relationships between groups (units) and power and conflict within those groups.

Secondly, the majority of studies focus upon a limited subset of power dimensions – either largely focusing on resources (from a subsidiary or micro-politics perspective) or upon the power of meaning through a discursive perspective. Yet there are suggestions in the empirical literature that these are not divorced – particularly seen in the recent work of Whittle and colleagues. Although focused upon the discursive aspects of power, they argued that “it is through the stories, texts and conversations that circulate within MNCs that actors make sense of the resources, knowledge capabilities, alliances and bargaining power that subsidiaries have, or may lay claim to” (Whittle *et al*, 2016, p. 1326) and that “it was through these discussions that key decisions were made, which effected who was involved ... what resources were involved.” (Whittle *et al*, 2014, pp. 85-6). That is, they highlight linkages between the discursive ‘stories, texts and conversations’ to ‘resources’ and ‘bargaining power’ (while incidentally suggesting linkage between both individual actors and collective ‘subsidiaries’). It is such linkages that are explored in the models that consider the dynamics of power.

#### **4.5.2 The Need to Understand the Dynamics of Power**

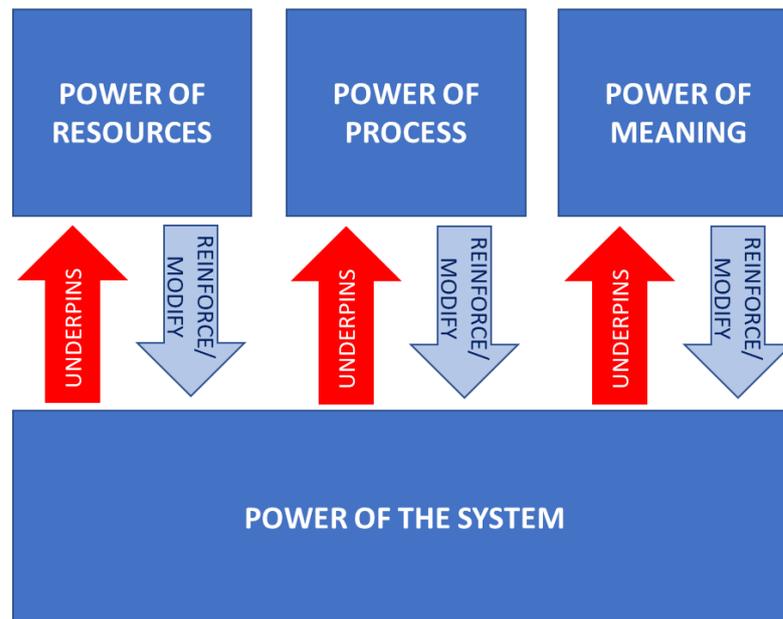
Consequently, what seems to be largely missing from the current literature on power in the multinational is an understanding of the interactions between the different dimensions of power, and the different units of analysis (individual and organisational).

Such linkages are already discussed in the wider debate on power in the social sciences. In section 4.2 above it was highlighted that there is a clear linkage between systemic and episodic forms of power, in that the power relations actors are able to leverage (in the form of resources, process or meaning) are themselves based upon the systemic taken-for-granted and shared assumptions of society that constitute the 'rules of the game' (Clegg, 1989). For example, a manager in an MNC has resources because the rules, processes and norms of the system legitimise, and perhaps dictate, that that manager should have those resources. Similarly, the 'schedules of authority' that require certain individuals to authorise investments, or hierarchical positions within units, are key elements of the rules of the game which give certain individuals a potentially privileged position in processes.

Yet at the same time, it can be argued that the 'power of the system' is itself shaped by the exercise of episodic power. Hardy (1996) expresses this as individual actors utilising the powers of *resources, processes* and *meaning* to affect the power of the *system*, saying "it is against this dimension of power that managers must employ the other three dimensions if they are to bring about strategic action" (pp. S8-S9). Consequently, the *system* can be thought of as embedding the history of struggles in the organisation (Hardy & Clegg, 2006). Clegg, (2009, p. 152) presented a similar view, saying, "what is important from the point of view of the infinity of power episodes stretching into a future that has no limits are the feedback loops from distant episodic outcomes and the impact that they have on overall social and systemic integration." Rather, the key issue is whether such episodic actions serve to reproduce/stabilise or transform/destabilise the existing systemic power relations (Geppert & Dörrenbächer, 2011).

Consequently, we see that there is a two-way interaction between the three dimensions of resources, processes and meaning and that of the power of the system. While the power of the system underpins the first three dimensions, agency leveraging these first three dimensions inevitably impacts the power of the system, either reinforcing or challenging the shared meanings and assumptions on which power is based (see Figure 4.2).

**Figure 4.2: Relationship Between the Different Dimensions of Power**

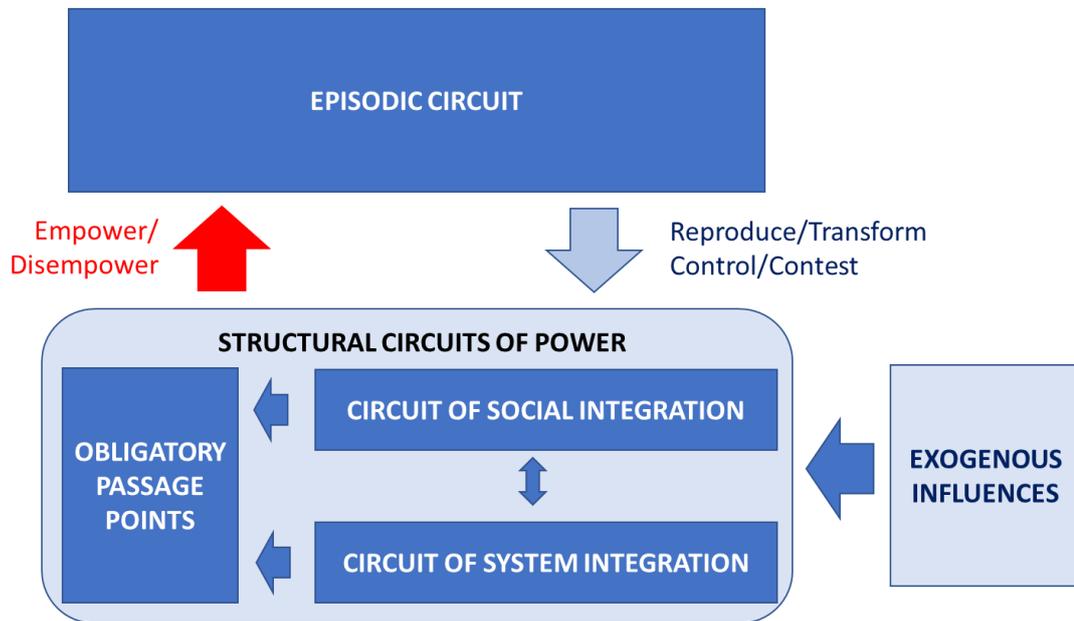


Source: based on relationship suggested by Hardy, 1996.

While Hardy only hints at the mechanisms of the relationship between the *power of the system* and the other dimensions, Clegg's (1989) *Circuits of Power* offers the most thorough theorisation of the interrelationship between episodic and systemic power (Blazejewski & Becker-Ritterspach, 2016). However, it must be stressed that Clegg does not use a four-dimensional view of power. Rather, he considers the interaction between episodic and systemic aspects of power as operating through three circuits (a simplified schema is shown in Figure 4.3) in which power relations are “dynamic, potentially unstable, and resisted” (Clegg, 2013, p. 115).

Clegg refers to the first of these circuits as either the *circuit of agency* (Clegg, 1989) or as the *episodic circuit* (Oliveira & Clegg, 2015). This circuit focuses upon the agency of actors within the established ‘rules of the game’. As such it “captures visible exercises of power by actors in particular, day-to-day encounters, seeking to obtain outcomes favouring their definition of interests” (Clegg *et al*, 2018, p. 753). While Clegg (1989) sees this mainly operating via the resources that actors have access to, we can interpret this circuit as representing agency involved in any of the first three dimensions of power (including the episodic use of meaning to achieve outcomes).

**Figure 4.3: Simplified Schema of the ‘Circuits of Power’**



Source: based on Oliveira & Clegg, 2015

However, this circuit does not stand alone, as he introduces two other circuits that broadly equate with ‘the power of the system’. The *circuit of social integration* reflects the ‘rules of the game’ which shape actor’s dispositions to behave in certain ways, including the rules of membership which “guide actors in making sense of the world, events, others and themselves, hence shaping the actors’ knowledge which, in turn, underlies their (re)actions” (Oliveira & Clegg, 2015, p. 428). Finally, echoing Foucault, Clegg adds a *circuit of system integration* that reflects the available techniques of production and discipline (such as business processes, production machinery) that he characterises as ‘facilitative’ power.

In an apparent attempt to avoid referring to structure, Clegg (1989) refers to these circuits leading to *obligatory passage points* (OPPs, see Callon, 1986) which represent reified devices that channel and frame the ‘conduct of conduct’ (Dean, 2013). As such the OPPs “fix the rules guiding actors’ actions and constrain available possibilities” (Clegg *et al*, 2018, p. 753).

Clegg further explores the relationship between his circuits (and thus by analogy to the suggested four-dimensional model). Firstly, he emphasises that to the extent that power stays purely within the *episodic circuit*, that is within the existing rules of the game, then it “automatically reproduces the existing configuration of rules and domination” (Clegg, 1989, p. 220).

Alternatively, changes to power relations can occur through the *circuits of social and system integration*. Clegg highlights that this may be exogenous (new technologies or sensemaking

coming from outside) but may also be endogenous where “changes occur as a result of episodic power outcomes achieving either transformations in the rules that fix relations of meaning and membership or enhancement in the process of innovation of techniques of production and discipline” (Clegg, 1989, p. 224). As such, episodic, agentic outcomes shape systemic power structures as they “serve to either more or less transform or reproduce the rules fixing extant relations of meaning and membership in organizational fields; as these are reproduced or transformed they fix or refix those obligatory passage points – the channels, conduits, circuitry of extant power relations.” (Clegg *et al*, 2006, p. 241). However, it is unclear what the mechanism is by which instability arises other than through exogenous contingencies, with Silva & Fulk (2012, p. 230) arguing that the model “lacks some explanatory power when referring to the sources of disturbances in the circuits” and is largely oriented towards explaining social and organizational stability

The logic of circuits of power have been used to analyse an ERP implementation in both academia (Silva & Fulk, 2012) and a Portuguese retailer (Oliveira & Clegg, 2015); the dynamics of financialisation (Pedraza-Acosta & Mouritsen, 2018; Clegg *et al*, 2018), struggles over labour processes in a shared services centre (Mezihorak, 2018); and in the role of strategic ambiguity in a funding body (Davenport & Leitch, 2005). Yet, although it is nearly 30 years since the idea was first published, it is perhaps surprising that it has “hardly ever” been applied to the study of multinational companies (Blazejewski & Becker-Ritterspach, 2016, p. 38).

However, Vaara *et al* (2005) did explicitly use the construct to examine the impacts of the adoption of Swedish as the ‘official language’ following the merger of Swedish and Finnish banks. Yet, this was a somewhat unusual study in that the choice of language was almost exogenous, being “something that just ‘happened by accident’” (p. 607) – and indeed only lasted two years until English was adopted as the official language following a further merger with a Danish Bank. Consequently, this study’s primary focus was upon investigating the “complexity of the power implications” (p. 618) of this one-off change in the ‘rules of the game’. Rather than focusing on the dynamics of power, a ‘circuits of power’ model was used to legitimise looking at the effect of the change on three levels of power: episodic power in social interaction; power as part of identity/subjectivity construction; and, power as hierarchical structures of domination. As such this provided, at best, only a partial perspective of the dynamics of power relations within an MNC (Blazejewski & Becker-Ritterspach, 2016).

Geppert *et al* (2015) similarly used elements of the framework to consider games around power relations within a European discount retailer. In particular, highlighting three levels of *episodic power, rules of the game and domination*. While this emphasised “the importance of

investigating the deeper levels of organisational power” (p. 254), this again remained focused upon “the three dimensions of power rather than on the dynamic linkages between them” (Blazejewski & Becker-Ritterspach, 2016, p. 39)

Very recently, in the introduction to a special issue of ‘Human Relations’, Clegg *et al* (2018), have proposed the *circuits of power* as a tool to bring together streams of research on politicization and political contests in and around the MNC. However, the emphasis here is on the linkages between internal aspects of the MNC and its external contexts. This is seen particularly in Pedraza-Acosta & Mouritsen’s (2018) contribution to the special issue, where they particularly highlight how the dominant ideology of financialisation becomes fixed in accounting rules and practices that in turn shaped episodic power.

Consequently, while the ‘circuits of power’ suggests a way to think about the interactions of power within the MNC, there remains a significant gap in understanding the dynamic, and potentially two-way, links between episodic and systemic power within the multinational corporation. Echoing Silva & Fulk’s (2012) more general observation of the circuits of power, its limited application to the MNC has been surprisingly static, helping understand stability rather than dynamics.

#### **4.5.3 Conclusions on Power and the MNC**

This chapter has outlined a summary of the key theories of power seen in the social sciences and has reviewed how these have been applied to the study of the MNC. While our understanding of power relations within the MNC have progressed beyond a model that sees the MNC as rationalistic and operating through the legitimate authority of HQ, the subject of power in the MNC remains relatively under-explored (Geppert *et al*, 2013). A number of analytically distinct strands have developed that focus on understanding similar phenomena which deserve to be better linked.

Firstly, there is an opportunity to consider the way in which micro-political and discursive tactics are combined by actors in attempts to achieve their desired outcomes. These two literatures and approaches need not be mutually exclusive, and there is no reason to expect that actors do not use both micro-political and discursive approaches simultaneously within the ‘games’ they play within the organisation. There is a clear opportunity to understand the circumstances under which either resource- or meaning-based power is leveraged, or how they are used in concert by actors in seeking to achieve desired outcomes.

Secondly, despite recognising the geographic and cultural diversity of the MNC, the literature on power within the MNC primarily considers institutional diversity as a source of resources to be used either by units or individuals. The specific requirements of the institutional context give actors privileged knowledge of the local environment and enable them to use these institutional resources as part of a toolkit to use in micro-politics. However, the systemic aspects of geographical, cultural and institutional differences play a less obvious role. It is recognised that individuals will have different perspective or 'frames' that result from their past and their context, and that these "greatly constrain specific actors when making sense of and giving sense to particular actions" (Vaara & Tienari, 2008, p. 987). Consequently, the action of both units and individuals within the MNC are limited by the systemic aspects of power – for example in shared understandings of how things are, or should be, done. Yet, while recognising that such differences are inevitable within the MNC given its geographic heterogeneity, the literature says little about the episodic processes by which a diversity of perspectives and mindsets are brought together, or coordinated into a particular course of action. Consequently, there is scope to better understand how coordination is achieved in interdependent organisations, such as the heterarchy. How do individuals (or units) resolve differences and conflict that arises from different systemic assumptions based upon their particular context and backgrounds?

More generally, there remains a lack of understanding on the way that episodic manifestations of power (be that micro-political or discursive) contribute to either the break-down of power-relations or in new structures (or 'obligatory passage points') becoming constituted within the MNC. Clegg *et al* (2018, p. 760) asked "how do how new, and often informal, power hierarchies and asymmetrical headquarters-subsiary relations become politically characteristic ... within internal MNC networks". For Geppert & Dörrenbächer (2014, p. 240) this requires "a closer look at the rules themselves and how they are set. This is related to the skills and identities of key actors when legitimizing or resisting the implementation of new rules or the change of established rules." Rather than taking the structure of the MNC (the hierarchy, the HQ and the subsidiaries) as a given, the discursive approaches to power in the MNC highlight that these are socially created through interactions between key actors within the organisation.

Taking a power perspective clearly adds richness to the perspective of the MNC outlined in Chapters 2 and 3. This highlights that individual actors may play a key role, and that power is much more than an issue of resources. Above all, it highlights the need to understand both the episodic and the systemic and the linkages between them. As such, it challenges that

apparently structural relationships (such as units and hierarchies) and entrenched shared meanings (such as legitimate authority) should be questioned and understood as both a basis for power and the product of it. It is not sufficient just to understand the 'rules of the game' within the MNC, but to understand how those 'rules' form and evolve (Geppert & Dörrenbächer, 2014).

#### **4.6 Conclusions of the Literature Review and Research Questions**

On the basis of the last three chapters a number of conclusions have been drawn:

- MNCs are important objects of study given their importance in the global economy, their inherent complexity, and as sites of tensions created by operating across geography, culture and institutions.
- The orthodox perspective of the MNC problematises the MNC as a structure of units, with particular focus upon the dyad relationship between a 'home country' HQ and 'host country' subsidiaries', particularly given the differing institutional context within which they reside. This research recognises a number of organisational design solutions, including hierarchy, network and heterarchy – but gives little insight into how these organisational forms come about. Furthermore, through its focus upon units, the role of individual agency of managers and other individuals within the MNC is largely absent.
- Despite the side-lining of the individual in the study of the MNC, the wider organisational studies literature emphasises the important role of individuals in creating organisations, their structures and boundaries. Such thinking has only recently been applied to the MNC, mostly through the 'critical' literature emphasising the role of micro-politics and the role of discourse. However, to date, both these fields have largely restricted research to the context of inter-unit disputes. Consequently, this largely fails to address either how individual agency shapes fundamental organisational change, or how day-to-day coordination is achieved between actors.
- The interdependent heterarchy provides a particular challenge to achieve coordination. Almost by definition, this is an environment where hierarchy is not sufficient, and the literature stresses that forms of 'social control' will be required. Yet it remains unclear either how individuals work to achieve coordination, or how they experience the complex reality that they face within the MNC.

Consequently, the first research question is:

*How do actors navigate the organisational structure of the heterarchical MNC, and what are the implications for our conceptualisation of the MNC?*

Chapter 4 has shown that the concept of power provides a theoretical lens with which to examine relationships between individuals, and how they coordinate to achieve action – this is the positive concept of ‘power-to’. The large literature on power emphasises that power is both relational and multi-dimensional, in particular emphasising the links between actors’ episodic action and the systemic, structural aspects of power. Yet there remains considerable scope to apply this further to the MNC:

- Within the context of the multinational, much of the literature has focused upon the power of units in the dyadic conflict between HQ and subsidiary, with limited attention to the individual.
- At the level of the individual, actors within the MNC need to reconcile both their interdependencies as well as their different ‘frames’ and perspectives in order to achieve coordination.
- Although both of the critical actor-centred approaches have leveraged concepts of power, these have largely taken a limited conceptualisation of power: the micro-political perspective focusing upon actors’ use of institutional resources (‘power of resources’) derived from systemic aspects of power; in contrast the discursive perspective focusing on the use of language (power of meaning) and its constitutive role in shaping power structures. As such, current perspectives of the individual and power in the MNC remain rather blinkered, choosing to focus upon selected dimensions of power rather than adopting a multi-faceted, holistic view as suggested in the wider literature.
- Although the wider power literature suggests the importance of understanding the dynamic relationship between the different aspects of power, such a perspective has hardly been applied to the MNC – even where concepts such as Clegg’s (1989) *circuits of power* have been used, these have been applied in a rather static fashion.

Consequently, this leads to the second research question:

*How should we theorise the dynamic power relations that affect the coordination of individuals in the heterarchical MNC?*

These questions are addressed in the empirical findings in Chapters 6-8 and then brought together in Chapter 9.

## 5. Approach to Research: Philosophy and Methodology

This chapter sets out my research approach and how I came to undertake a case study of GlobeCo in order to better understand the heterarchical multinational. Firstly, I review aspects to do with me as a researcher: my motivation for undertaking this PhD, my developing philosophical position and how these impact upon my research. I then review the methodology and methods followed, explaining the choice and implications of the use of a single case study, discuss issues confronted during the research, and outline the approach to the data collection and analysis based upon the 'Gioia' approach (Gioia *et al*, 2013).

### 5.1 Orientations as a Researcher

I have come to believe that you cannot separate the researcher from their research. Every researcher brings their own history, culture and personality to their research. These shape the researcher's taken-for-granted assumptions, influence the way that the researcher thinks and the decisions that they make during the research and analysis.

Consequently, as part of this PhD it is necessary to reflect how I, as the researcher, may impact upon the research and how the research in turn has impacted upon my own assumptions and understanding.

#### 5.1.1 My Motivation

During my PhD I have frequently reflected upon what is the motivation that caused me to start off on this journey, and then to battle through the ensuing periods of private conflict and doubt. Personally, I identified three inter-related factors.

Firstly, I think I have always had an academic orientation. In many ways I felt I hit a peak level of performance during my final year of my first degree and never felt that I was quite as good in the 'real world'. Due to circumstances – one of Clegg's (2004) 'small acts of randomness' – I ended up not pursuing a PhD 30 years ago. During my working career I was frequently pulled in a more theoretical or academic direction. Consequently, obtaining a PhD is a rather delayed completion of a natural trajectory.

Secondly, having worked for twenty-seven years in a multinational company, and having had the opportunity to take voluntary redundancy, I wanted to do something different. I needed a change from the 'rat race' of managerial life. I thought I would enjoy the academic

experience, a view which was confirmed by my year studying for a MRes. In short, I embarked on a PhD to enjoy the process and have fun.

Thirdly, a likely future career for me was in teaching/academia. This would be a valuable way to spend my last working years – giving back to the next generation some of my experience and learnings from working in multinational company. As such, pursuing a PhD was a means to the end.

However, I found that while progressing on the PhD journey it became increasingly clear to me that I was also using the process to understand what I went through in my working career. With my background in Economics, I had struggled to understand why decisions were not necessarily rational, why profit/value was not maximised, and why people rarely behave as '*homo economicus*' (Pareto, 1906/2014). This PhD has increasingly become a cathartic process of sensemaking about the world that I used to inhabit.

### **5.1.2 My Philosophical Journey**

It is appropriate at this point to address my personal research philosophy and the interaction of this with my research. The words 'interaction' and 'journey' are important, because during my research programme I have found my philosophical position shifting radically.

#### ***Journey from Positivism to Social Constructionism***

My background is in economics, with a quantitative focus. During my first degree issues of philosophy were never discussed. I lacked the tools and understanding to do other than accept and embrace the realist ontology and positivist epistemology that dominated the discipline of economics.

The dominance of a positivist approach was largely reinforced by my subsequent working experience, where as a finance and strategy professional I sought to optimise the performance of the firm. My work was largely quantitative. Qualitative arguments would be used, but to establish the 'truth' and to identify the 'right' decisions for the company.

It was only early in my time at Lancaster, while undertaking an MRes, that I was exposed to the breadth of philosophical views. I increasingly found myself questioning the fundamental assumptions about the nature of truth, and the assumption of there being a discrete set of laws underlying social relations. Yet, with hindsight, I see that elements of this uneasiness had existed throughout my life. I had realised the inadequacy of simplistic laws of social action

when studying Economic History. I became increasingly frustrated by quantitative models that used potentially spurious proxy variables to show statistical significance but with low explanatory power. As a researcher, should I not be primarily interested in the unexplained (see Clegg, 2009)? As I started to manage groups of people, I became painfully aware that they lacked the sort of rationality assumed by economic theory.

At the time, I could justify these experiences as being a result of the world's complexity, that if the models were extended to include the right variables then the theory would work. However, as I took that first course in research philosophy, I started to question whether the more fundamental question as to whether 'social-reality' (Berger & Luckmann, 1967) can be considered in the same way as physical reality. Could it be that understanding may be best found in accepting the richness of life rather than through simplifying assumptions?

Reading two papers were key in this philosophical journey. In one, Viner (1999) highlights how the concept of 'stress' was adopted as an explanation for a set of physiological symptoms in rats and then developed from the 1930s onwards to be accepted as a condition and experience of people. In the second, Knights & Morgan (1991) highlight the discursive production of the concept of, and need for, 'strategy'. The importance of these articles was that they highlighted to me how key phenomena, which are widely accepted as taken-for-granted 'truths', were socially constructed without the inevitability of their construction.

However, it is only a small extension from this insight to see that different individuals may interpret what is apparently the same phenomenon in different ways – that is that it is very difficult to talk about an objective 'truth', what we see are individuals' personal, temporally situated understandings.

I have no doubt that this philosophical journey is continuing, and that awareness makes it difficult for me to assign static labels to an unfolding understanding. However, broadly I classify my research today as being informed by a relativist ontology – that is the "view that phenomena depend on the perspective from which we observe them" (Easterby-Smith *et al*, 2012, p. 344) alongside a social constructionist epistemology (Berger & Luckmann, 1967) that recognises that that 'knowledge' that we call 'truth' is not objective but constructed by people in the context of their culture and interaction (at least in social matters). As Holstein & Gubrium (2008, p. 3) summarised: "the leading idea always has been that the world we live in and our place in it are not simply and evidently 'there' for participants. Rather, participants actively construct the world of everyday life and its constituent elements."

### *My Understanding of 'Social Constructionism'*

Social Constructionism has emerged over the last fifty years as a set of ideas that challenge the positivist and post-positivist paradigms largely continue to dominate both the natural and social sciences (Duberley *et al*, 2012). True to its own principles, the term does not refer to a single viewpoint of the world, and social constructionist ideas and approaches may be identified in a variety of epistemologies, albeit with a number of commonalities (Burr, 2015).

At its core, social constructionism focuses upon a view that the world as we understand it is constructed through social processes and discourse, and such understanding is therefore not predetermined (Berger & Luckmann, 1967). This challenges 'subject/object dualism', the separation of what is 'out there' and that which is 'in here' as perceived by the mind (Deetz, 2009). In turn, this has key implications for the researcher who can never be fully independent of that which they are studying.

A particular emphasis is given in social constructionism to the culturally specific use of language and discourse. Ideas (concepts, theories and/or 'facts') have a shared meaning as part of discourse between people in a social context (Wittgenstein, 1955/58), and through discourse certain descriptions become valid while others are rejected (Liebrucks, 2001). Consequently, both researchers and subjects are limited by the "hand-me-down vocabulary" (Gergen, 1999, p. 19) of language and ideas that are available within our culture.

Social constructionism takes a critical stance towards these taken-for-granted ways of understanding ourselves and the world (Burr, 2015), with Barbara Czarniawska (2003, p. 147), claiming "the vocation of social constructionism is ... to reveal how the taken-for-granted becomes taken for granted". Yet, this is not just about saying 'X need not have existed. Rather, what is revealing is to understand why "in the present state of affairs, X is taken for granted, X appears to be inevitable" (Hacking, 1999, p. 12).

It has been empowering to recognise that much of what I had taken-for-granted need not inevitably be – be that the need for organisational strategy or the pursuit of the largely 'American' variety of capitalism (Hall & Soskice, 2001). This has allowed me to ask questions as to why and how assumptions become 'taken-for-granted' and how then influence the day-to-day life of the individuals in the multinational company. In particular, how do certain objectives, goals or strategies become taken-for-granted such that they become deeply rooted within the everyday assumptions of those working within the organisation?

### ***The Research Implications of My Emerging Philosophical Position***

This philosophical journey has had significant implications for my approach to research, which has co-developed with my evolving philosophy during the last four years.

Firstly, in recognising that there will always be multiple perceptions, understanding is language-bound, and research findings are interpretations developed within the constraints of culture and perspective, I have come to see that it will never be possible to determine a unique 'truth'. At least in the social world the (interesting) research questions are not hypotheses to be proven, but areas where understanding can be developed.

Secondly, as researcher, my role becomes one of understanding and interpreting the different accounts and explanations people give of their experiences and the processes by which their perspectives of reality emerge. Yet, at the same time I must accept that I observe from a particular perspective and cannot divorce my interpretation of phenomena from the 'baggage' of my prior experiences and knowledge.

This highlights the importance of self-reflexivity on the part of me, the researcher. This requires introspection, continually self-challenging the assumptions, approach and content of the sensemaking process. Cunliffe (2011) challenges the researcher to question our assumptions; question how we make sense of others' experiences, and whether voices or conclusions are being excluded. Such reflexivity is not something to build in as a step in a research work plan, rather it is in a mind-set that continually questions what is being done.

There is inevitably criticism that if ideas are socially created, and can never perfectly reflect an external reality, then there is no basis upon which to argue the value of your research (as it can never be 'right'). Yet Guba & Lincoln (2006) provide a way forward in highlighting the criteria of *trustworthiness* and *authenticity*. Williams & Morrow (2009, p. 577) have suggested that the former of these criteria embraces the need for "integrity of the data, balance between reflexivity and subjectivity, and clear communication of findings". The *authenticity* criterium requires "reassurance that both the conduct and evaluation of research are genuine and credible not only in terms of participants' lived experiences but also with respect to the wider political and social implications of research" (James, 2008).

### **5.2 Reflection on the Craft of Research**

The description of the underlying methodology of my thesis that follows may seem to describe a rigorous, linear process in which a research question was identified, a plan to tackle this was

formulated, data was collected, and then was analysed in a systematic manner. However, while this reflects the customary (and perhaps institutionally necessary) way to present a research process this does not reflect on the messy and iterative nature of research. This perspective echoes that which was found by Delamont & Atkinson (2001, p. 88) in their study of science students who “learn to write professional accounts of their investigations which omit the uncertainties, contingencies and personal craft skills.”

This is particularly seen in the analysis stage of my PhD. Although the ‘Gioia’ type analysis diagrams (Gioia *et al*, 2013) that follow usefully summarise and structure findings, it should not be taken to mean that analysis followed a linear process from first order concepts, through second order themes to aggregate dimensions. While this occurred at times, themes or aggregate dimensions might also be suggested from the literature, which encouraged investigation of the concepts that could underlie them. Few if any concepts were stable, as they were played with in text and discussion, with experimentation of different linkages between the evolving concepts, themes and dimensions.

Consequently, the process by which the key concepts within this thesis were identified and developed was far from mechanical. Rather, it fits more closely with the concept of ‘craft’ in research (Bell & Willmott, 2016; Cunliffe, 2011) which embraces not just skills but ideas of virtue, artfulness and the importance of tacit knowledge. This emphasises the importance of the *practice* of research, considering both its meanings. There are (good) practices which professionalism dictate should be followed. But it is only possible to become a researcher by practicing research – that is by trial and error, sketching analyses and seeing where they lead, rejecting concepts that are not working and trialling different ways of communicating your thinking. This echoes Cunliffe’s (2011, p. 67) suggestion that “beauty and rigor lie in crafting our research carefully and persuasively, being open and responsive to the possibilities of experience, people, ideas, materials and processes.”

As much as the research process does not follow a fully predefined flow, thoughts and ideas emerge unexpectedly throughout the research journey. Progress and innovation came when reading, attending conferences and in discussion with supervisors and others. But a PhD is all-embracing and frequently progress was made while not ‘working’. Living in the English Lake District, walking in the fells often proved to be the best way to clear my mind, resolve issues and to both discover and play with ideas (see also Alley 1996).

However, this evolutionary view of ideas implies research is never finished. There are always changes which could be made, or analyses which could be done in a different way. Yet, as

with the artist painting, it is necessary in crafting research to say ‘enough is enough’. But this does not mean that this is the end of the research – for following the PhD I hope many of the ideas here will continue to be refined through conferences and peer review in the preparation of papers and journal articles. As such, this PhD thesis is not an end, but rather a snapshot of my thinking at a particular moment in my ongoing research journey.

### **5.3 Methodology and Approach**

This section outlines the selection of research methodology, and highlights the methods used in this study. It starts with an overview of the selection of the broad research strategy, then focuses upon the issues arising from the selection of case study research. The processes and challenges of data collection and analysis are then examined.

#### **5.3.1 Research Requirements**

Although my final research questions developed over a long period, it was clear from a relatively early stage in my PhD that I was investigating aspects of how power was understood and used by managers in the contemporary multinational. As such my research was not setting out to prove (or disprove) hypotheses and was essentially ‘qualitative’ in nature. It was to explore a phenomenon (power relations in a heterarchical multinational) that has not been examined in considerable theoretical or empirical depth. In the absence of an *a priori* model the research needed to be largely inductive – building theoretical insights that are grounded in the data of observations and participants own understanding. Such open-endedness is characteristic of what Edmondson & McManus (2007) call ‘nascent theory’ development and requires a research approach that provides a richness of data allowing researchers to identify and investigate relationships grounded in the data (Glaser & Strauss, 1968). In this “we try to learn what occurs in the research settings we join and what our research participants' lives are like. We study how they explain their statements and actions, and ask what analytic sense we can make of them.” Charmaz’s (2006, pp. 2-3)

More specifically, the aim of the researching power relations at the personal level presented three challenges. Firstly, to learn how managers experience and make sense of power requires the collection of rich data in a context where respondents have sufficient time and space to be able to reflect on their feelings, experiences and understandings.

Secondly, the focus of *power*, as the key phenomenon under investigation, presents specific challenges. It is both difficult to define and is essentially non-observable. As a concept it may have pejorative interpretation, as something which is negative or somehow inappropriate within an organisation. Furthermore, the literature highlights the role of ‘deeper structures’ in the circuits of power (Clegg, 1989) as well as the potential importance of meaning and ‘taken-for-granted’ assumptions in shaping power relations. As it is likely to be difficult or impossible for respondents to explicitly verbalise these, it is insufficient to obtain data that embraces only respondents’ understanding of power. The study needed to understand the wider meanings, interactions and relationships to identify the effects of power (as broadly defined). Yet with “methodological literature on researching the political MNC is still in its infancy” (Piekkari & Tietze, 2016, p. 211) there is little guidance on how best to research such topics.

Thirdly, the focus of the research is not just upon the statics of power relations, but those dynamics that reflect “the temporal flow of much of organizational life” (Langley *et al*, 2013, p. 4) and how changes between one temporary structure of power relations and another occur. Consequently, this requires *data around events* that help to illustrate and understand the processual nature of the enactment of power, the interactions between events and the outcomes that result. Again, qualitative research is particularly appropriate for investigating such dynamic processes given “its sensitivity to organizational context and its potential for focusing upon activity sequences as they unfold” (Maitlis, 2005, p. 24).

### **5.3.2 Case Study Research**

In the light of the research questions, the requirements for a combination of in-depth data about managers, and the specific nature of power as a theoretical lens, it was decided to select a qualitative case study approach. This is “an empirical inquiry that investigates a phenomenon in depth and within its real-life context” (Yin, 2009, p. 18), and is an approach that is particularly useful for “learning about a little known or poorly understood situation” (Leedy & Ormrod, 2010, p. 137), as well as investigating longitudinal dynamic and process issues (Ghauri, 2004).

For this research, the case method brings key advantages. Firstly, it provides the opportunity to understand the managers’ experiences in the ‘real’ world. Case studies have been shown to be a particularly useful approach for providing such context-dependent knowledge (Flyvberg, 2006). Secondly, a case study allows the collection and presentation of rich detail

and multiple perspectives. Thirdly, it allows key themes to emerge, rather than being predetermined as required in surveys or structured interviews – an inductive approach required given the limited prior literature of the phenomenon. Finally, by building ‘stories’ of power, the ‘big picture’ can be retained.

Given these factors, it is not surprising that case study method dominates much of the work on power in organisations – and indeed Stewart Clegg (2009, p. 157) comments unambiguously that “researching power and politics in organizations is best done through case study. Only case study can provide the fine-grained contextual detail necessary to being to appreciate the finer points of theoretical arguments”.

### ***Selection of Case or Cases***

The first key decision was whether the research would focus upon a single case, or multiple cases.

Some authors strongly argue for examining multiple cases. For example, Yin (2009) advocates their role in *literal replication* (trying to get the same ‘experimental’ result) or *theoretical replication* (seeing the impact of a change in a key parameter), while Eisenhardt (1989) focuses on comparative case studies. However, such authors come from a primarily positivist philosophical perspective, where the multiple cases are being largely used to replicate the logic of ‘large-N’ studies (Tsoukas, 2009).

Yet there is a strong tradition in organisational research of undertaking case studies of single organisations – consider for example the work of Pettigrew (1985) on ICI, Kristensen & Zeitlin’s (2005) study of APV, or Balogun *et al*’s studies of ‘Brand Co’ (2011, 2019; Jarzabkowski & Balogun, 2009).

Indeed, Yin (2009, p. 51) recognises the benefit of the single case where this is “critical, unusual, common, revelatory or longitudinal”. In this instance, I was aware that the way that power ‘worked’ in some multinationals seemed to differ from the picture painted by much of the extant literature. As such, studying a single organisation could be revelatory. Furthermore, in this study there is no intention to generate some sort of representative sample. Rather the aim is to explore, compare and contrast similar phenomena in a single setting, with Lervik (2011) arguing that focus on a single multinational can increase both contextual sensitivity and the precision of interpretations. Furthermore, by keeping the research within one organisation, (corporate) cultural issues and many of the individual participants are common to the different stories (or cases) removing unnecessary variation.

### *Selection of Case Organisation*

Having concluded that a case study of a single organisation was appropriate, this still requires the selection of *which* organisation will be the focus of research. For this study this needed to be a multinational company that showed characteristics of the heterarchy. Furthermore, my primary interest was in was with the traditional “well-established multinational” (Zander & Matthews, 2010, p. 36) that motivated Hedlund, and remains the focus of much of the academic debate on MNCs presented in Chapter 2.

For me, the selection of GlobeCo was a relatively straight-forward choice for theoretical, pragmatic and personal reasons. GlobeCo is a long-established multinational that has been through the journey from a polycentric organisation of loosely connected and quasi-independent subsidiaries to a heterarchical organisation with a complex matrix of interdependent units, teams and functions. As such, it provided an excellent example of a heterarchical MNC. Furthermore, in returning to academia and interacting with the literature on the MNC it became clear that my experiences of the ways in which decisions were made and implemented within GlobeCo seemed to challenge the dominant perspective. As such GlobeCo provided a ‘revelatory’ case that offered high potential for developing new insights into an understudied phenomenon (Yin, 2009).

Secondly, there was a pragmatic advantage in selecting GlobeCo as the focal organisation. Access was made easier, for having previously worked at the company I had many established contacts I could reach out to. At the same time, my prior history within the organisation provided a ‘the stamp of legitimacy’ (Marschan-Piekkari *et al*, 2004) that seemed to contribute to respondents’ willingness to participate.

Thirdly, I cannot deny that there was a personal interest in trying to better understand the organisation for which I spent many years working. As Dennis Gioia wrote that “no organization is more salient or more important to me than my own organization” (Gioia, 2004, p. 102).

However, this did not mean that access was straight-forward. Initial contacts with senior management suggested that nobody felt in a position where they had authority to grant access to a researcher for a study that covered so many different parts of the organisation – this was an early sign of the issues of ambiguity and the inadequacy of hierarchy in a heterarchy. Consequently, I decided to proceed on a snow-ball basis, talking to individual managers without seeking formal organisational approval which – so it seemed – no one individual was able to grant. This approach also gave the benefit of removing the possibility of pressure from

sponsoring executives to shape research conclusions – a risk that has been reported in other studies of power (Piekkari & Tietze, 2016).

### ***Case Organisation and the Lack of Detachment***

In selecting GlobeCo as research subject, it is necessary to address the potential criticism that I am an insider, having had significant involvement in some of the areas that are subject of investigation. While such involvement would be unacceptable within the scientific method, where it is critical that the researcher remains detached, it is widely accepted in qualitative research (Easterby-Smith *et al*, 2012).

However, it is clear that such a situation requires careful handling. Buchanan & Bryman (2007, p. 487) have warned that “personal experience sits at the bottom of the hierarchy of evidence, to be treated with caution if not discarded”. Furthermore, it has been argued that researchers should be ‘professional strangers’ (Agar, 1996), yet I was familiar with many of the issues, people, practices and processes I was investigating. This creates a danger of missing the outsider (‘etic’) perspective that might be crucial in identifying both what is unusual and what is taken-for-granted (Tietze, 2012). To an extent, such challenges are not unique to this sort of study – *no* researcher is completely free of personal history and biases, nor can they avoid entanglement in power and political issues (Piekkari & Tietze, 2016). However, working within an organisation you know requires particular care, with Tietze (2012, p. 56) emphasising that this is a precarious balancing act where it becomes necessary “to find the means to render strange what is established as ‘normal’, that will find mechanisms that will distance themselves from what they already know.”

There is no single way to resolve this. However, this emphasises the need to be focused upon the data, to ensure a polyphony of respondent voices, to listen carefully to outsiders who read and discuss my work and to continue to be analytically reflexive. But these are the challenges for any qualitative researcher. Ultimately, it must be to the reader to judge whether I have been successful in this.

### ***Historic or ‘Live’ Case***

The third key choice I faced was of the type of incidents or cases that are studied within the focus organisation. Should these be historic – that is, which are essentially completed and are considered in retrospect – or ‘live’, studying them as they evolve?

A number of authors strongly recommend the benefit of following a 'live' case (including Clegg, 2009). Apart from avoiding issues around imperfect recollection, this clearly adds additional possibilities for gathering data in an ethnographic manner – for example through observation, participation or the use of participant diaries. Such real-time study could be crucial where aspects of power may be revealed at a fine 'micro-level' of the detailed interaction between individuals (Pache & Santos, 2010) – with Langley (1999) stressing that a relevant 'event' can be in as apparently trivial action as a hand-shake.

Yet, despite recognising the potential benefits of following a real-time case, eventually I decided to focus upon retrospective events within GlobeCo – an approach adopted in the majority of case studies (Ghauri, 2004). For me, this was primarily driven by very real practical issues.

Firstly, the total elapsed time that I could devote to fieldwork was limited, due to the requirements of my PhD. Even if an appropriate live case could be identified, there was no certainty that it would be completed within my necessary time horizon. This could leave me analysing an incomplete case or, worse, not completing my PhD. By focusing upon historic events, I could ensure that these were fully played through.

Secondly, there was no guarantee that a live case within GlobeCo would necessary provide appropriate data to address my research questions. By studying cases historically, it became possible to review multiple incidents and identify which of these were likely to be particularly revealing and focus upon these for further fieldwork and analysis.

Thirdly, it was clear from early discussions that access could be a key issue for following a project live. This reflected concerns of the sensitive/confidential nature of the projects as well as worries about the presence of a researcher being a distraction.

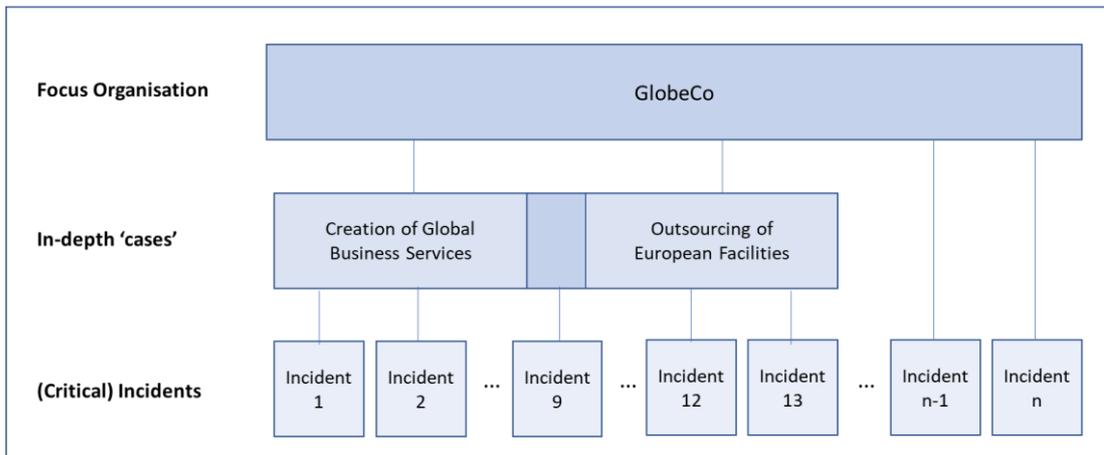
Yet the selection of retrospective case had some advantages over and above the efficiency for the researcher (Leonard-Barton, 1990). I was interested in studying the full life-cycle of incidents, from the conception of the original ideas, but this is difficult with real-time ethnographic study, where researchers can often only identify a project that is well underway with focus upon the latter implementation phases (e.g. Balogun *et al*, 2019). As will be seen in Chapter 8 retrospective data collection allowed an understanding of the evolving power relations from the very first contemplation of an idea, through to final implementation with the benefit of sufficient hindsight to understand the significance of key events.

### *Nested Cases*

It quickly became apparent that within GlobeCo there were multiple stories illustrating power in action that gave insight into how individuals navigate the organisational structures and achieve coordinated outcomes. While each of these could be individually regarded as a ‘case’, at the same time, many of these stories could be grouped together as part of a broader story of a wider organisational change. This is illustrated in Figure 5.1.

This is in effect a ‘nested’ case study (Buchanan, 2012) where there are cases within cases. This approach has been adopted elsewhere within studies of MNCs including Pettigrew’s (1985) study of ICI which investigates different divisions and their interactions within the wider organisation, and Kristensen & Zeitlin’s (2005) ‘Local Players in Global Games’ which studies different subsidiaries and their relationships with headquarters.

**Figure 5.1: Nesting of GlobeCo ‘Cases’**



### **5.3.3 Data Collection**

Marshall & Rossman (2011) emphasise that there are four main methods of data gathering in qualitative research: participation, observation, interviews and analysing documents and ‘material culture’. Two of these methods are not available for the researcher who has chosen to focus upon retrospective cases. Consequently, my research primarily relied upon interviews, supplemented by analysis of documents and other materials.

### *Interview Research*

Interviews provided the most important source of data for the study. At one level interviews are a way of collecting a description of events and action (‘X did this’, ‘we undertook a study of Y’). As such, they represent a form of observation of the events that happened. Yet,

interviews also provide the opportunity to investigate at a much deeper level. Firstly, interviews allow respondents to talk about their own feelings associated with the events (Langley, 2009) and can provide a perspective of that which is unseen: “the only thing I get stressed about is...”, “what would irritate me was...”. As such “through interviewing we can learn about places we have not been and could not go and about settings in which we have not lived” (Weiss, 1994, p. 1). Secondly, it is almost unavoidable that respondents seek to use the opportunity to explain and evaluate (Hammersley & Atkinson, 1995) – with comments like “generally, we do a pretty good job” or “we made it far too complicated”. By giving respondents space within the interview they can reflect upon their experiences to provide their unique perspective and understanding. It is this richness that led Arvind Parkhe (2004) to say, “there is no data source as rewarding as interviews, in order to tap into the brain of the person(s) within each organisation under study who are most directly responsible for the phenomenon being researched.”

However, interview data is not without challenge. Firstly, Kvale (2008, p. 143) has questioned whether knowledge produced in interviews is useful arguing that “interview knowledge is not collected, but produced between interviewer and interviewee, and the meanings constructed in the interaction are again restructured throughout the later stages of an interview inquiry”. As such, interviewing can be characterised as relying upon human judgement and generating subjective rather than objective knowledge. But this critique reflects a largely positivist philosophy that requires that research methods should seek objectivity, reliability and generalisability (Brinkmann, 2013). In rejecting the search for a single, absolute ‘truth’, such requirements can also be rejected. Rather the researcher – including in his/her role as interviewer – accepts that there is a co-creation of meaning with respondents, probing them to reflect and consider upon their experiences and helping them interpret these.

Secondly, there are practical criticisms around the reliability of interview data. Either due to issues with respondent’s memory of events or because people are likely to answer questions based on their own interests (Brinkmann, 2013). These concerns may be unavoidable so, as researcher, I feel that the key is to be aware of the possibility, and to take account of it in analysis. Yet, while responses may change with time, it is not obvious why one instance of these (immediate response) should be privileged over others (after further thought and reflection).

In terms of attitudes, feelings and understanding there can be no alternative but to rely on the respondent’s interpretation. However, in looking to understand events and actions there can be corroboration, or alternative perspectives from other sources. The purpose here is not

really triangulation, as much as to explore what Buchanan (2012, p. 364) calls “the polyphonic, polysemic nature of organizations; many voices, many meanings”. Such multiple perspectives may also help to identify cases where a respondent looks to impress or exaggerate their role. However, my own experience, was that participants were largely humble about their own contributions and limitations while emphasising the achievements of others in the teams where they worked.

Thirdly, there are criticisms around the way that interviews are used – for example that quotes are used out of context; interpretations may be disconnected from the specifics of the text; or that the context of the interview may not be apparent (including what Potter & Hepburn, 2005, call ‘the deletion of the interviewer’). Yet, these are essentially issues around the analysis approach and the write-up of the research. In part this relies upon my personal integrity and ethics as a researcher. However, particularly with the space afforded by the PhD, the richness of data provided should help to dispel many concerns. At times, I have deliberately used longer quotes and vignettes to provide context and ensure that the data ‘speaks for itself’.

### ***Approach to Interviews***

Throughout the research, to access rich data interviews were semi-structured. An interview guide was developed that provided open-ended questions for the respondent. This started with questions about the respondent’s history and their current role/position and responsibilities, and questions around the organisational units or teams they felt they belonged to and had relationships with. The second phase of the interview focused upon specific projects or initiatives, asking the respondents to describe how these developed, to identify critical moments or turning points, to consider how they and others were able to influence outcomes, and to talk about resistance and challenge to the initiative.

Early interviews were run as a ‘pilot’. The aim of these was both to cement access into GlobeCo and to identify potential cases for the main stage of the analysis. However, this also provided very useful data that helped to identify key concepts and issues (for example the issue of ‘alignment’ arose as a concept at a very early stage). During this ‘pilot’ stage, respondents were asked to think in advance of the interview of initiatives that they wished to talk about.

Recruitment for this initial stage was combined elements of convenience sampling and ‘purposeful’ sampling (Lincoln & Guba, 1985), in that all the respondents were previously

known to me, but they also represented a variety of roles with different functional, hierarchical and national perspectives.

These initial interviews confirmed that the interview protocol was producing rich data that was addressing issues of relevance to the research questions. It also became clear that two related areas of organisational change highlighted by respondents were potentially particularly revealing. Both the formation of Global Business Services and the outsourcing of Facility Management in Europe were new initiatives within GlobeCo (requiring ideas to be generated and socialised); they resulted in the creation of new units that took over responsibilities from many existing parts of the organisation; and they involved multi-functional teams that themselves reported into different directions. In short, these provided fascinating contexts within which to investigate the evolution of power relations.

Subsequently, the remaining interviews broadly followed the same interview protocol, but with the 'initiative' questions focused upon the two major cases. Respondents were asked to reflect upon the case and their participation, explain their perception of issues such as where the change originated from, how was it agreed (or not), and how the change initiative was modified or resisted. This aimed to build the overall 'story' of the cases, as well as identifying specific 'critical incidents' (Flanagan, 1954; Easterby-Smith *et al*, 2012) while also giving insight into the respondents' perceptions on power. Flexibility was retained throughout the process, with the interview questions evolving as respondents lead into new areas of investigation.

Respondents for this second stage were selected based upon their apparent involvement in or experience with these projects, with a specific aim of hearing perspectives from multiple levels of seniority (Macdonald & Hellgren, 2004) and different organisational perspectives within GlobeCo. Respondents were asked for suggestions of who would be able to provide useful perspectives on the initiatives. In a limited number of cases respondents were interviewed a second time, with greater focus on specific issues, to fill gaps identified in previous interviews.

All interviews were recorded with the permission of the respondents, allowing concentration on the interview, rather than upon note taking (Birks & Mills, 2011). Interviews were transcribed verbatim as quickly after the interview as possible. Notes of my immediate impressions and thoughts after interviews were recorded in my research diary.

### ***Interview Data Collection***

In total, 33 interviews were held with 29 different respondents (23 male, six female), with four respondents interviewed twice. All respondents were current or former employees of GlobeCo – except for one interview with a key consultant who worked closely with GlobeCo, and one interview with a lead member of the FM outsourcing partner. Respondents had an average of 18 years' experience in, or with, GlobeCo and together had experience of working in another 30 multinational companies. They were from 10 nationalities, and between them had worked in GlobeCo in 25 countries. All respondents were either native English speakers or were fluent in English as their primary working language. The respondents were broadly split across management seniority levels ranging from extremely junior manager (at the time of the case) up to 'C-suite' (i.e. Chief X Officer). Interviews had a mean length of 70 minutes (range 41-150 minutes).

Initial interviews were held face-to-face, either at GlobeCo offices or neutral locations (both in the UK and in Continental Europe). However, increasingly it became clear that a requirement to meet in person would constrain who could be interviewed. After experimentation with the technology, most of the later interviews were conducted by video-conferencing (Skype or Facetime). This enabled respondents to be easily interviewed from 7 countries outside the UK (as far afield as Russia and the US), and from 10 different locations within the UK. This was not a deliberate decision made in advance but was a pragmatic response to scheduling and geography.

### ***The Use of Video Conference Technology for Interviews***

As a relatively new technology, the opportunity to use video via Skype or other voice-over-internet-protocol (VoIP) services for interviewing has only emerged in the last few years as an alternative, or supplement, to face-to-face interviewing as the 'gold standard' (McCoyde & Kerson, 2006). A small literature has on VoIP interviewing has subsequently developed. These highlight advantages in terms of logistics, cost and flexibility (Deaking & Wakefield, 2014, Cater 2011). However, concerns are raised around problems with technology, such as poor quality and loss of connection (Sedgwick & Spiers, 2009), as well as worry that there could be a loss of richness in the interview due to the nature of the interaction and loss of cultural routines (Rowley, 2012; Seitz, 2016) and a lack of visual cues (Hay-Gibson, 2009).

Overall, I found that the use of Skype aided recruitment. It meant that interviews could be scheduled at the respondent's convenience, and there was no pressure (or constraint) from hosting an interviewer. While I did experience late cancellations (Deaking & Wakefield, 2014),

this also happened with face-to-face interviews, and the cost and inconvenience of such a postponement of a Skype interview is much lower to the interviewer.

I experienced no technical issues. All respondents were familiar with the technology. While it was never necessary, I also felt that the Skype technology makes it easier for a respondent to stop an interview, if uncomfortable, which can be done with the press of a button.

Furthermore, despite the concerns raised in the literature I found no difference in the ability to build relationships in Skype interviews versus those held physically face-to-face. This may have been helped that respondents were used to relying upon using video-conferencing as part of their international jobs. Furthermore, it also helped that I knew some (but not all) of the respondents personally prior to speaking on Skype. However, my overall impression matches that of Segwick & Spiers (2009, p. 6) who saw videoconferencing as offering “a rich medium where multiple nonverbal and verbal cues, the use of natural language, and immediate feedback allowed the participants to express personal feelings and emotions”. Above all else, Skype allowed me to access a wider variety of respondents than would otherwise have been possible, and in doing so enriched the study.

### ***Documents and Other Artefacts***

Interview data was supplemented by documents and similar material. Around 60 publicly-available documents, presentations and videos were particularly useful. These included:

- A videoed interview with a former Chief HR Officer of GlobeCo, that addressed key issues covered in the study. This was transcribed verbatim and treated for analysis purposes as a primary source, along with my interviews.
- Presentations by GlobeCo executives to conferences and investors focusing on the key projects. This included PowerPoint presentations with transcribed text.
- An article in a leading management journal, written by the former head of GlobeCo Business Services, along with academic journal articles focusing upon GlobeCo.<sup>11</sup>
- Material from the trade press, plus press releases by GlobeCo and major suppliers.
- GlobeCo annual reports, speeches to the GlobeCo AGM and similar data.

Additionally, through respondents, I was able to access around 40 GlobeCo internal documents that were relevant to the creation of GBS and the Facilities Management project

---

<sup>11</sup> These are not referenced to maintain anonymity.

in Europe. This included briefing presentations, outlines of key proposal documentation, and GlobeCo internal announcements to staff.

Although most of this material was of a more general background nature, the internal and external presentations played a key role in confirming timelines and the order of events, while the internal material helped to confirm what issues were being highlighted at different points. However, I recognise that due to access constraints this is only a partial view of the full documentary evidence that sits within GlobeCo. Consequently, I avoided drawing conclusions based upon what was NOT included within these documents.

Furthermore, I remain conscious of the limitations of documentary and similar evidence. All the documents used as data within this study were written for a purpose. This may include to give a positive impression of either GlobeCo (their external presentations) or the author (e.g. the management journal article). The documents may have been written with a specific agenda, for example to justify initiatives to staff, or may deliberately downplay certain issues to avoid conflict or challenge. Furthermore, all documents are 'social facts' (Atkinson & Coffey 2004) that are produced and used in socially organised ways that fit with the conventions of the particular institutional context. This is particularly true of documents such as formal proposals, which are required to address certain issues while other issues are ignored. Consequently, documentary data can no more be regarded as 'the truth' than any other data. It is subject to biases, both intentional and unintentional, and needs to be considered in the context of who is preparing it, for whom, and for what purpose.

#### **5.3.4 Data Analysis**

As highlighted earlier, this PhD was an iterative process. Multiple analyses were undertaken, and countless memos, diagrams, drafts and other texts produced. It would be neither practical nor beneficial to describe these in detail. Furthermore, although 'analysis' is frequently characterised by a discrete stage in the research, in practice reflection and analysis is an ongoing process from the opening words of the first interview, through to the final draft of the thesis (see Thomas, 2010; Ghauri, 2004). Consequently, the aim of this section is to give a flavour of the way in which the data was analysed, and a sense of the journey that was travelled.

A key characteristic of qualitative data is that it is messy and voluminous. As Pettigrew (1990, p. 274) wrote "there are times when one feels overwhelmed by detail." To this I would add that as analysis proceeds there are many different journeys on which your data can take you.

At times, it is necessary to make choices based upon hunch or instinct that a code, or a concept or a branch of thinking is superfluous – at least for the moment.

Furthermore, there is no one, clearly agreed, set of rules of procedures for dealing with qualitative data (Langley & Abdallah, 2011; Pratt, 2009). In coming to an approach that worked for both me and the data that I had, several methodological papers were important for me. First was Ann Langley's (1999) work on theorising from Process Data. This highlighted the variety of ways in which qualitative data can be approached and combined – and emphasised the danger in being too rigid in adopting an inductive (data-drive) or deductive (theory-driven) approach. Indeed, she stresses that “closing of the gap between data and theory can begin at either or both ends (data or theory) and may often iterate between them” (Langley, 1999 p. 694), and that this process includes the “uncodifiable step that relies on the insight an imagination of the researcher” (*ibid.*, p. 707).

Secondly, I was especially motivated by two papers that explored the approach that has become labelled the ‘Gioia method’: Gioia *et al*, 2013, and Langley & Abdallah, 2011. This approach is particularly relevant to my context in that it has been used for understanding of areas similar to that which I am investigating such as sensemaking during strategic change (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996), the interplay between HQ and subsidiaries (Balogun *et al*, 2019) and institutional duality in MNC subsidiaries (Pant & Ramachandran, 2017). The approach also relies primarily upon a single case study as a revelatory case – although the nature of the case can vary in level – for example from a single initiative to an entire industry – and can incorporate multiple levels of analysis within the single case (e.g. Nag & Gioia's 2012 study of executives in the metal-casing industry).

To an extent, the Gioia method appears to be becoming increasingly institutionalised as an approach (Langley & Abdallah, 2011). However, Gioia *et al* (2013, p. 26) argue strongly that their approach should not be a prescriptive formula, rather it should be “a flexible orientation toward qualitative, inductive research that is open to innovation, rather than a ‘cookbook’”. Consequently, my approach to analysis was broadly inspired by the Gioia-method, but also allowed flexibility and the combination of different approaches as suggested by Langley (1999) to fully investigate the data.

### ***Initial Analysis of Interviews***

All interviews were transcribed. Forty hours of recordings became 800 pages of text, running to over 300,000 words. During transcription, notes were taken of my immediate impressions. This could, for example, be about a series of events that seemed illuminating, the

interpretation that a respondent gave to a particular term, or how a question could be refined or followed-up on. Where these seemed to be important, the notes were transferred to my research diary, which I used as a running log to record how my thinking developed during the project.

For analysis I decided to use Atlas.ti software. Through coding and free search it is easy to find precise material within the large body of text, and to revisit the text to look for things that might have been missed.

Initially I followed an 'open coding' approach (Strauss & Corbin, 1998) that recorded different dimensions of data including the actors (who was speaking or being spoken about), the context (the organisational setting or event) as well as what was being talked about. Initially this focused upon informant-centric terms, and many *in-vivo* codes were generated that became central to later analysis including "accountability", "alignment", "common understanding", "dotted-line reporting" and "understanding their concerns". However, it became very quickly evident that this purist approach – although ideal in principle as it allows the researcher to maintain a clear line from data to conclusions – was very difficult in practice. For example, there were categories of action that required codes that were not straight-forwardly *in-vivo* ('Challenge & resistance'), processes ('Decision making process'), ways of behaving ('Passion'), what respondents were talking about ('Ways that GlobeCo is changing'), description of the way in which respondents were speaking ('Change as a story') and key aspects of life in the MNC ('Cost pressure/efficiency').

While these can all be regarded as largely grounded in the data, I also found that I could not ignore my existing understanding of the literature. There were clear examples of phenomena that had been identified elsewhere ('Boundary spanner') or behaviour that fitted with extant theoretical concepts such as those the 'power' that came from having budgetary control ('Power of resources – P&L/budget'). While these theory-inspired codes were a relatively small minority of all coding, including them within the coding proved useful in unexpected ways – for example, I used a code for the 'power of meaning' ('Power – shape meaning') on relatively few instances, which led to an investigation of the subtler way in which meaning was being shaped even though this was not initially explicit from the way respondents talked.

### ***Incident Narratives***

From an early stage in the analysis (which was proceeding in parallel with fieldwork), it seemed that the data was giving a good 'cross-sectional' view of respondents' attitudes and perceptions. However, it was also apparent that the dynamics of processes were not clear.

Consequently, I decided that it was also important to consider ‘incidents’ as units of analysis. During the initial coding ‘incident’ codes had been created for the 68 different events that respondents talked about – these were discrete ‘incidents’ in which one or more individuals could be seen to be acting in order to try to achieve some particular outcome – and could be as small as an argument over a coding structure in financial systems through to the outsourcing of Facilities Management Services in a country. As such, these provided dynamic illustrations of the different ways in which power and coordination were revealed in GlobeCo.

Through reviewing these 68 incidents it was clear that some were self-contained within the existing narrative, while others were spread across the accumulated text. Furthermore, some of the incidents appeared to offer richer and more relevant data. Three of the incidents were excluded from the analysis as they related to other organisations respondents had worked in. However, even among the remaining GlobeCo incidents, in some cases the data was incomplete or thin – for example only being based on one or two short quotes – and failed to give me confidence that this gave sufficient insight into what was going on. However, 32 of these incidents seemed worthy of further analysis, and so were written up as separate narratives combining text from different interviews. As much as possible, these were written using respondents’ own language, but were also supported by documentary evidence where this was available. These narratives varied in length and detail: the shortest was only 630 words based upon two respondents, while the longest was nearly 5,000 words and included text from ten different respondents.

These narratives were then used in two particular ways. Firstly, they became standalone examples that illustrate the workings of the MNC, extracts from which are presented in later chapters. However, they were also used as a derived data source and were then themselves coded. A sub-set of the original codes were used (as by then my research was becoming more focused), plus further ‘action’ codes were added which helped to understand the dynamics of the case (e.g. ‘Action – link issues’ or ‘Action – lobbying’) thereby providing additional richness to the first-level coding.

### ***Extended Case Study Narratives***

During the early interviews it had become clear that there were two projects that could be particularly revealing to examine in depth, and these became the focus for subsequent interviews with around two-thirds of the ‘incident narratives’ were linked to these in some ways. Subsequently, these were used as the basis for preparing two extended narratives – one for the creation of GlobeCo Business Services and the second for the outsourcing of

Facilities Management in Europe. In these, the existing 'incident narratives' were supplemented by documentary evidence, plus further examination of the original transcripts. The purpose of these extended cases was to be able to provide the sort of detailed story that is a key component of almost all process studies (Langley, 1999), particularly by providing an in-depth chronology which helps to understand the detail and subtlety of linkages between events. This may be particularly important for complementing a Gioia type methodology that "sometimes seem to describe phenomena at rather a high level of aggregation ... so that a complete understanding of how and why things occur in the everyday from one moment to the next is to a degree glossed over" (Langley & Abdallah, 2011, p. 217). A narrative story of the events also allows me to retain the 'big picture' which can otherwise be lost in the fragmentation of information during coding (Bryman & Bell, 2011). Furthermore, the 'thick' description with its contextual detail is also likely to become a key part of the research output that will allow readers to assess credibility and judge the transferability of ideas to other situations.

After reflecting on each of the cases it became apparent that both could be split into four relatively discrete stages. Consequently, codes were added to the original transcript data to aid analysis, covering:

1. Context: the background to the project, key preceding events, etc.
2. Idea: highlighting material that referred to the origin of the key ideas, both prognostic and diagnostic, for the projects.
3. Solutioning: considering how each solution was developed and refined, and how agreement was reached upon this within GlobeCo.
4. Implementation: issues around the implementation of the 'agreed' solution and resistance that was faced.

This reflects a 'temporal bracketing strategy' (Langley, 1999) whereby "a shapeless mass of process data is transformed into a series of more discrete but connected boxes" (*ibid.*, p. 703). Following Langley, these phases were selected such that "there is a certain continuity in the activities within each period and there are certain discontinuities at its frontiers" (*ibid.*). In these cases, for example, it was at the end of the 'idea' phase that there is agreement to invest significant resources in developing a solution, while at the end of the 'solutioning' phase there is some sort of formal 'go/no go' decision.

Through such temporal bracketing it became easier to present the projects in tabular form. This in turn helped identify how the cast of actors that were involved in the project changed between phases.

However, in this final thesis only one extended narrative is extensively presented, with the second referred to only in passing. This reflects a combination of the limitations of space, and that the Facilities Management Outsourcing case was more revelatory of the dynamics of power relations.

### ***'Second Order' Coding***

The initial coding process that I went through led to the production of a very large number of codes (approaching 500). This, perhaps, reflected my inexperience as a researcher, using codes that were too granular. In part, this was managed by merging codes where, upon reflection, they seemed to reflect similar attitudes, processes or actions. Additionally, from an early stage 'code families' were created that embraced codes from a similar theme, while the underlying coding was retained for further analysis. In this way family codes for 'power', 'resistance', 'heterarchy', 'legitimacy', 'autonomy', etc. were developed and used at different times.

These codes reflected the start of the process of 'axial' coding (Strauss & Corbin, 1998), that is "the process of reassembling or disaggregating data in a way that draws attention to the relationships between and within categories" (Wicks, 2010, p. 153). In practice, this turned out to be a long process of moving between the data and analysis, constructing and reconstructing categories, looking for the evidence upon connections between categories and reflecting upon different presentations of this. At this stage it also became clear that some of the themes I was identifying were already highlighted within the literature. Yet while I cross referenced this with the literature to understand similarities and differences in definition (e.g. considering Alvesson & Sveningsson, 2011, on 'ambiguity'), the concepts were derived empirically.

This work was reflected in myriad pieces of writing. Some were memos for my own use, others were shared with my supervisors. Longer papers around key concepts were prepared (notably one on 'Autonomy and Alignment' for my second-year review) and drafts of papers were prepared for conferences. The process of writing each of these contributed to exploring the concepts – while reflecting upon these papers (particularly on rereading) and the response of others to them were key to identifying how concepts could be refined and extended.

This writing extended to the multiple drafts of the chapters that now constitute this thesis. These included themes and relationships which have subsequently been materially modified. Indeed, the first drafts of the first two empirical chapters did not include any explicit data structure as is presented within this thesis.

### ***'Gioia' Type Analysis***

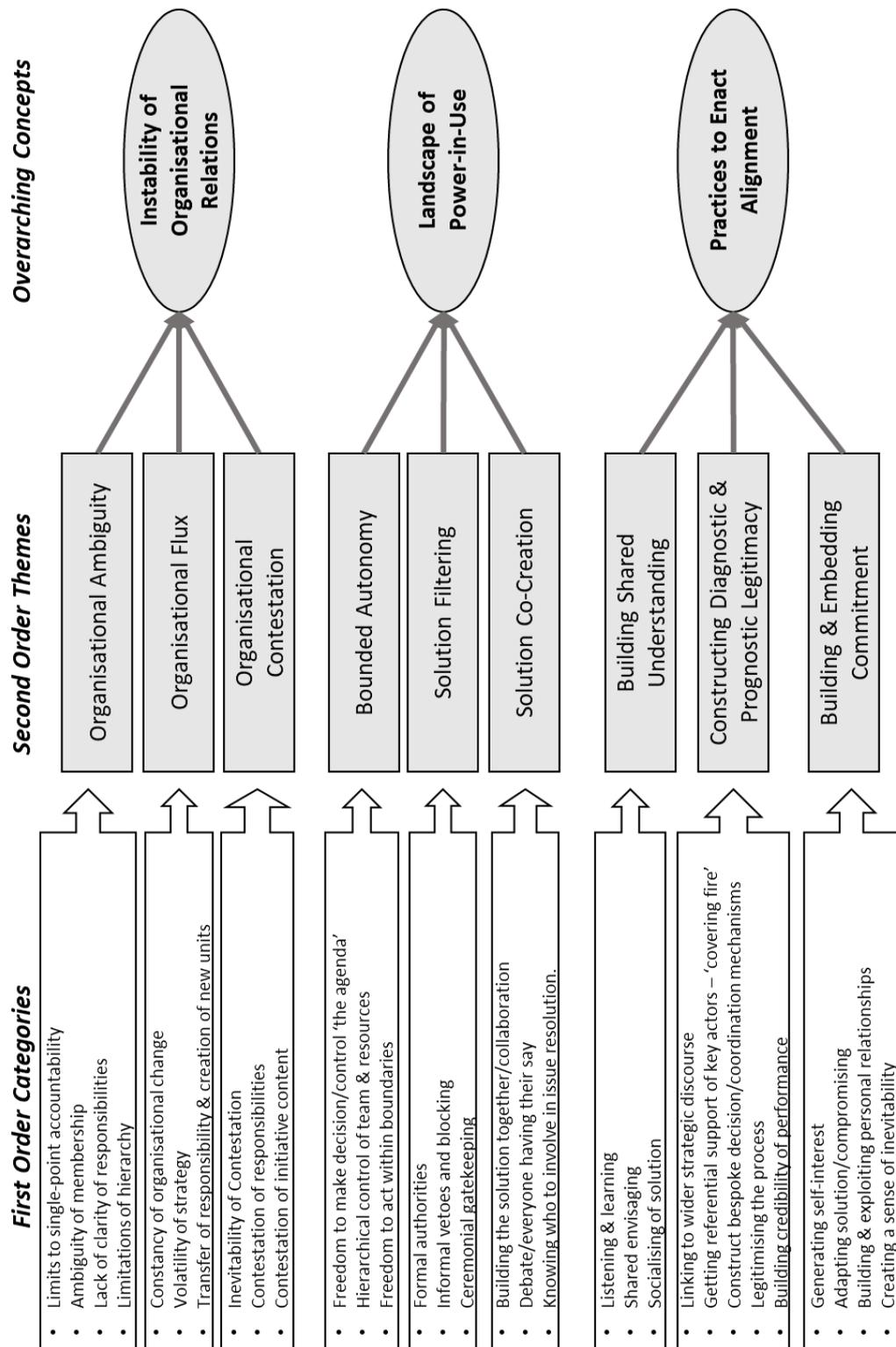
During preparation of some of these papers it became apparent that the use of a 'Gioia-type' data structure assisted me to produce analysis that was more structured and focused, and consequently I adopted this for all parts of the study.

At the heart of this approach is a three-level structure of the data and analysis. There are 'first-order concepts' that are respondent-based, representing (*in-vivo*) codes or groups of codes (my 'open' coding). However, these are linked to 'second-order themes' that are more abstract and theoretical. These in turn are grouped into a limited number of 'overarching concepts' (or 'aggregate dimensions') that summarise the key elements of the emerging model. The model that follows is typically presented showing the linkages between the 'overarching concepts' and all the 'second-order themes' (see Gioia *et al*, 2013, and Langley & Abdullah, 2011, for a full review of the 'method').

Personally, I found the benefits of this approach were two-fold. Most importantly, in building the data structure I found this helped me to work abductively. That is, I found myself both working up from the data, reviewing second-order themes and considering the aggregate dimensions; but also developing potential dimensions and themes and seeing how this linked back to the data. Through this iterative approach, combined with multiple drafts of writing, the key constructs were refined. Secondly, having established a data structure it made the process of structuring the writing of the chapter much more straightforward.

Initially I developed separate data structures for each chapter. However, it became clear that this was problematical. Some of the draft 'second order themes' were still too empirical, whereas these needed to be clearly theoretical. Furthermore, linkages between the data models within the different chapters were starting to emerge. Consequently, I decided to rework the analysis into a single data model for the entire thesis (Figure 5.2). This is what is presented within the following chapters.

**Figure 5.2: The Dynamics of Power Relations and Coordination in the Heterarchical MNC - Data Structure**



However, as Gioia *et al* (2013) emphasise, the data structure is a static representation of a dynamic phenomenon. Consequently, what followed was the development of a model that accounts not only for the concepts, themes, and dimensions, but also for their dynamic interrelationships, highlighted by the arrows which “set in motion” (Nag *et al.*, 2007, p. 829) the data structure (also see Whetten, 1989).

Again, the process for developing this model (presented in Chapter 9) was iterative. In exploring the linkages between themes and dimensions, that created new challenges of the themes and dimensions themselves. Linkages raised questions about inconsistencies of the unit or level of analysis of different themes as well as challenging whether labels were sufficiently precise. Through reflection, inspiration and iteration the model developed, and the data structure refined to a stage where I felt that I had reached the point of theoretical saturation (see Morse, 2004).

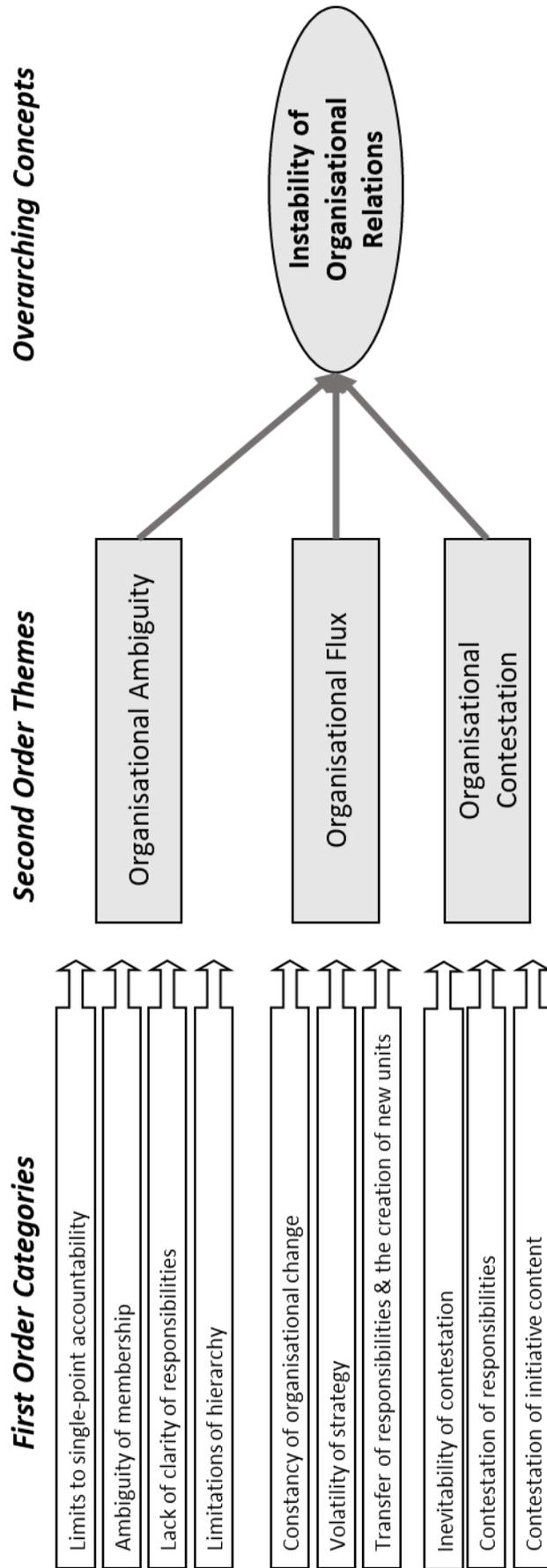
## 6. The Instability of Organisational Relations in the Heterarchical MNC

This chapter introduces the case study of GlobeCo as a heterarchical MNC and focuses upon managers relationship with the organisational structure of the MNC, providing key insight for the first research question: *how do actors navigate the organisational structure of the heterarchical MNC, and what are the implications for our conceptualisation of the MNC?* As such this chapter also helps understand the context within which we should understanding power relations within the heterarchical MNC.

This chapter starts with an introduction to GlobeCo as the focus organisation, and then considers the characteristics of GlobeCo as a heterarchy and how by focusing upon the individual this dissolves key aspects of stability of the organisation and power relations. From the first-order coding arising from initial analysis of the research material, three second order themes of potentially broader relevance were identified – those of *organisational ambiguity*, *organisational flux* and *organisational contestation*. The data structure for this analysis is presented in Figure 6.1.

The literature review in Chapter 3 highlighted that the dominant perspective of the multinational is that focusing upon the (largely dyadic) relationships between well-defined headquarters and subsidiary units. However, the case of GlobeCo challenges many of the taken-for-granted, structural assumptions around the MNC. In response to the pressures of globalisation, GlobeCo's evolution has been more than just progressing from a polycentric organisation with multiple independent units, to a heterarchical organisation of interdependent units. Within this, the coherence of units is challenged with ambiguity around their boundaries, responsibilities and membership. Teams or units – both formal and informal – are unstable and contested, coalescing and dissolving in a dynamic manner. Individual managers find themselves with multiple reporting lines and members of multiple teams, struggling with multiple 'authorities' each claiming some form of legitimacy. Managers recognise both these ambiguities and the inevitability that other individuals – both within their 'units' and across unit boundaries – will have different interests, perceptions and understandings. It is these ambiguities and differences that drive contestation, and that need to be sufficiently resolved for coordination to become possible.

**Figure 6.1: Data Structure – Instability of Organisational Relations in GlobeCo**



## **6.1 GlobeCo as a Heterarchical MNC**

GlobeCo<sup>12</sup> is a major European multinational, with a history that dates back to the nineteenth century. It has subsequently grown through a combination of major mergers in Europe, organic expansion and acquisitions to become a global player active in more than 100 countries with revenues of well over £30 billion. The operations today embrace a wide variety of branded products sold both through retail outlets (e.g. pharmacies) as well as to institutional customers (e.g. hospitals).

Today the headquarters of GlobeCo are situated in the UK, and English is the *lingua franca* of the organisation. However, the company's heritage in Western Europe remains very apparent with a high percentage of senior management coming from Continental Europe.

Typical of many European MNC's at the time, GlobeCo grew as an organisation of strong local/national operating companies, loosely coordinated from the Head Office. This strategy reflected the barriers to trading across borders, as well as the material difficulties in communicating across distance in the 1930s. The self-sufficiency of subsidiaries became even more pronounced during World War II, with many subsidiaries based in Axis occupied territory, beyond the influence of headquarters.

This strategy of independent subsidiaries proved to be very successful and became embedded in GlobeCo culture and strategy throughout the second half of the 20<sup>th</sup> Century. Indeed, as late as the 1990s this focus was reflected in a GlobeCo Annual Report which described the company as the "multi-local multinational" in which "our deep roots in local cultures and markets around the world are unparalleled inheritance".

### **6.1.1 GlobeCo as a Polycentric Organisation**

This was the GlobeCo that many of the respondents in this research joined, a network of independent national companies. The key building blocks of the company were the subsidiaries which remained independent of other units and the headquarters:

*"When I started GlobeCo was a conglomerate ... the German annual report that said proudly that GlobeCo consisted of 500 independent operating companies around the*

---

<sup>12</sup> Pseudonyms are used throughout, with some details are changed to help provide anonymity. The timing of events has been moved by a discrete number of quarters.

*world. So, it was a conglomerate, with a holding structure, with a corporate head office and the rest was independence all over.”*

*“We've had a strong heritage of being very diversified and very localised then that was ingrained in the culture of the business ... in the local company you did everything.”*

This independence was built upon each subsidiary having their 'own' factories, running their 'own' marketing organisation and operated their 'own' sales force – although this also meant that companies developed bespoke IT systems, and even had their own accounting definitions. Stand-alone companies focused upon specific markets in their host country, and in many European markets there were many GlobeCo subsidiaries acting independently.

The day-to-day independence of the subsidiaries was embedded in key processes. A major review was held with each subsidiary to agree the 'Annual Budget'. Yet, other than this yearly meeting, and occasional trips by Head Office personnel to subsidiaries, oversight was limited. Financial results were submitted monthly but received only limited scrutiny. Consequently, subsidiaries could pursue their own strategy with little interference from Head Office:

*“So, if you go back 10, 15 years ... the Centre's instructions were something to be found a way around if you could, and only complied with if you have to.”*

As such, GlobeCo showed the characteristics of what Perlmutter (1969) described as a *polycentric* organisation – that is a firm that follows “the assumption that host-country cultures are different... Local people know what is best for them and the part of the firm which is located in the host country should be as 'local in identity' as possible... A polycentric firm, literally, is a loosely connected group with quasi-independent subsidiaries as centers – more akin to a confederation” (Perlmutter, 1969, p. 12).

However, the strong independence of the local operating companies in GlobeCo would not last. In response to ongoing trade liberalisation and technological change, GlobeCo undertook a steady transformation to globalise its operations. In particular, the introduction of the 'single market' in Europe in 1992 removed tariff barriers and obviated the need for production facilities to be duplicated in each country. This allowed factory rationalisation, with the rapid growth of inter-subsidiary trade requiring both harmonisation and coordination.

### 6.1.2 The Journey to Interdependence and the Heterarchical MNC

The pressure on independent subsidiaries accelerated after GlobeCo issued a profit warning in the early 2000s, the first in its long history. There was a belief that GlobeCo has accepted lower levels of efficiency in order to preserve existing structures and ways of working. Competitors, particularly GlobeCo's major rival Colossus, were seen as being more effective, and that there was a need for GlobeCo to 'catch-up'.

*"Colossus had driven regional... supply chains much more rapidly than we had. Also, Brand Development, if you only need to develop one brand, one product formulation, etc. for a certain type of product, you don't want to be doing it in 15 – or however many ... European markets we had... Basically GlobeCo was losing to Colossus and had been for quite a number of years."*

What followed was a series of actions to leverage GlobeCo's scale. Under the mantra of 'OneGlobe', the key aim was to remove duplication of activity and achieve synergies:

*"[This] programme aligns the organisation behind a single strategy, simplifying our business and leveraging our scale more effectively." (GlobeCo website)*

Through this, the responsibilities of GlobeCo's European operations were fundamentally changed. Key responsibilities for product innovation and branding were transferred to a new global organisation; the GlobeCo European Supply Organisation (GESO) was formed to manage the supply chain on a regional basis, with the national companies as its key customers; a single instance ERP (accounting and planning) system was introduced, allowing the GESO to run integrated operations across Europe; steps were taken to regionalise Finance, IT and HR back-office operations into either in-house or outsourced shared service centres.

Where multiple operating companies remained within a single country, these were merged into a single entity. Subsequently, these were further consolidated into 'multi-country organisations' that embraced a cluster of potentially similar countries within one organisation (e.g. the German, Austrian and Swiss companies formed GlobeCo DACH). While from 2010 onwards, remaining 'back-office' services were removed from national companies, regional organisations and functions and brought together into a new global unit.

As such, GlobeCo has become a much more highly interdependent organisation. Units could do little on their own as they were reliant on other parts of the organisation to deliver the physical product, to provide innovation ideas and marketing resources, and to support the

day-to-day transactional activities of the operations. As such it is no longer possible to see GlobeCo units surviving independently:

*“So, could [my unit] stand alone without any engagement with other functions? No, impossible, impossible, we would simply not survive!”*

GlobeCo has changed dramatically since its days as a polycentric organisation. Rather, with highly independent units it resembles the characteristics of Hedlund’s (1986, 2005) vision of the MNC as a ‘heterarchy’ (Table 6.1).

**Table 6.1: GlobeCo as a Heterarchical Organisation**

Characteristics of Heterarchy	Representative Quotes
<b>Organising Principles:</b>	<p>Managers experience the company being managed along multiple dimensions:</p> <p><i>“Ultimately, GlobeCo’s increasingly become a 4x8 organisation: so four global [product] categories with 8 [geographic] clusters.”</i></p> <p><i>“So the initiatives either come from Category or Function, basically, these days, and then go global.”</i></p> <p><i>“Myself being part of a global function, that’s delivering to the companies, that’s our job.”</i></p>
<b>The Shape of the Organisation:</b>	<p>Managers understand the organisation as asymmetric and flexible:</p> <p><i>“Well now we have 8 Clusters. However, not every Cluster is equal.”</i></p> <p><i>“I think some functions are very global, and should be, like Finance, HR - other functions have got to find the right balance like Supply Chain and Marketing. And other functions need to be very local.”</i></p> <p>The lack of clear apex where decision authority resides:</p> <p><i>“If you had a more formalised approach to where you have one decision maker ... and they called the shots, and it’s not challenged ... then clearly you’d be able to move at much more speed, but that’s just not the reality of how it works.”</i></p>
<b>‘Headquarters’ and the Location of Thinking:</b>	<p>Managers challenge the traditional view of the HQ:</p> <p><i>“It’s clear that the traditional head office of a single place globally where it all comes together and where physically all decision are taken is ... is virtually outdated”</i></p> <p><i>“I think the concept of corporate headquarters is gone ... what makes sense to be run globally versus locally is the more important conversation.”</i></p>
<b>The Subsidiary:</b>	<p>Units may have global focus:</p> <p><i>“[My current unit] we are focused on driving the most efficient global processes.”</i></p> <p><i>“I’m part of the [Product] Leadership Team, which is a global body.”</i></p> <p>Units have become highly interdependent:</p> <p><i>“I think we’re in an age of collaboration.”</i></p> <p><i>“Nobody can do anything independently. It’s always a collective and collaborative effort.”</i></p>
<b>Nature of Control:</b>	<p>There are clear limitations to the hierarchy:</p> <p><i>“You’ll never be successful forcing a mandate, or forcing it from the top down.”</i></p> <p><i>“So we try not to push things up ... if it does go up, it will go to one person who will then solve it, and probably be frustrated that it got pushed up there.”</i></p> <p><i>“Decisions are ... based on networking and strategic influencing.”</i></p>

## **6.2 Ambiguity of the GlobeCo Organisation**

The first finding from the research is that individuals experience the ambiguous nature of the organisation. Many authors have suggested that ambiguity is an inevitable feature of organisational life (e.g. Alfoldi *et al*, 2017; Alvesson, 2001; Alvesson & Sveningsson, 2003). Specifically, Alvesson & Sveningsson (2011, p. 351) define ambiguity as “uncertainty and incoherence that is more or less continual and that cannot be significantly reduced through more information” while Meyerson & Martin (1987, p. 625) refer to “that which is unclear, inexplicable, and perhaps capable of two or more meanings”. As such the concept of *organisational ambiguity* suggests that there may be different understanding of, and meanings attached to, the organisational structure. In particular, there may not be a unique and consistent interpretation of unit boundaries, membership and responsibilities.

Four specific themes are highlighted. Firstly, that there is frequently a lack of single-point accountability, both for ‘units’ and for specific issues. Secondly, that managers face an ambiguity of membership by being members of multiple teams and having multiple ‘bosses’. This, thirdly, leads to an ambiguity of responsibility for resolving issues and taking decisions. Finally, it is insufficient to rely on the hierarchy (i.e. somebody more ‘senior’) to resolve these ambiguities. Supporting quotes are presented in Table 6.2.

### **6.2.1 Lack of Single-Point Accountability**

A key feature of GlobeCo that emerges from the research is the extent to which respondents see themselves as being interdependent in terms of decision making, and the limitation that this imposes on single point accountability.

*“Ultimately, what is good in an organisation is to have one point at the top, ... one person who has ... the decision making. [But] one of the challenges ... is that the reporting lines didn't ... provide that clarity.”*

### ***Interdependence Across Units***

A clear characteristic of the heterarchical organisation is the interdependence of the units of which it is composed. This is clearly true of GlobeCo. By the early 2000s units were highly restricted on what they could do on their own without support from other parts of the organisation. As the Finance Director of one Asian company said:

**Table 6.2: Organisational Ambiguity – Supporting Quotes**

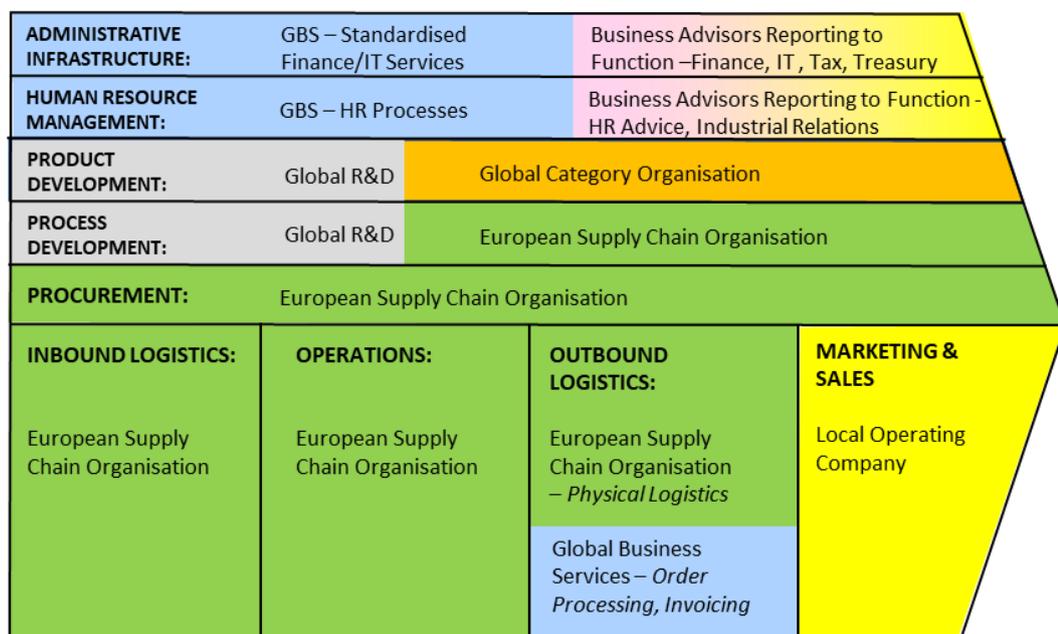
<b>First Order Categories</b>	<b>Supporting Quotes</b>
<p><b>Limits to Single Point Accountability</b></p>	<p>Interdependence of issues across boundaries:  <i>"Something I will say, in any organisation these days nobody can do anything independently. It's always a collective and collaborative effort."</i>  <i>"Transforming that into a multinational meant creating the interdependencies because that's what a multinational is about ... [the] characteristic of multinationals is that if you take apart the things, nothing works, it just stops."</i>                      Multiple reporting lines out of unit:  <i>"While the [national chairman] is still, let's say, the lead operationally, from a functional leadership point of view, I report not to him ... but report to the next [functional] hierarchical level... formally, targets, personal targets and performance measurement of the individuals is done through the function."</i>  <i>"I reported, at the time, it was bizarre ... in the HR system into the CIO, in practicality into the Head of Services, and in reality to the Finance VP."</i></p>
<p><b>Ambiguity of Membership</b></p>	<p>Individual's membership of multiple teams:  <i>"Predominantly I see myself as belonging to the IT Executive of GlobeCo ... I'd then say also the wider Finance team, partly within Global Business Services - so the Finance Leadership Team within that organisation - but also more widely across the UK business."</i>  <i>"I was part of the [Global] Finance Leadership Team on the one hand and at the same time I was - percentage wise I clearly spent more time there - I was a member of the European board. And, that's where you did your day job. So those were the two core teams that I belonged to at the time."</i>                      Individuals with multiple bosses:  <i>"Of course, when you've got a line, a functional boss, with a boss who's not your Chairman, then you're in an interesting place between trying to satisfy two bosses."</i>  <i>"So there's a lot of ambiguity in a multiple reporting line."</i>                      Confused Sense of Organisational Belonging:  <i>"My home, I think ... was more European. I felt ... officially part of the Category organisation, but you are basically serving or servicing a market, a region, a cluster... I felt much more in touch, and much more in-tune, with the Region in this role than with my Category organisation."</i>  <i>"God only knows! So, what do I think I belonged to? ... I feel now a bit... all over the place, I'm part of IT, I'm part of the GBS Services group... All over the shop really, if I'm honest."</i></p>

<p><b>Lack of Clarity of Responsibilities</b></p>	<p>Lack of clarity of individual responsibilities:  <i>"I have to say, and it makes me a little bit sad to say it actually... it still isn't 100% clear where those accountabilities and ownerships lie."</i>  <i>"We don't seem to say 'well OK that's your decision to be made just get on and do it'."</i>  Absence of clear decision-making processes:  <i>"In a complicated, global multi-national it's not always clear in terms of how best you get decisions made, or how best do you drive change."</i>  <i>"If you had a more formalised approach to where you have one decision maker ... and they called the shots, and it's not challenged ... then clearly you'd be able to move at much more speed, but that's just not the reality of how it works."</i>  Everyone having their say:  <i>"It comes back to ... a culture of still wanting to listen to everybody, get all the views on board, almost be like a judge and jury."</i>  <i>"We have this collaborative culture which also means that everybody wants to be involved in every decision."</i></p>
<p><b>Limitations of Hierarchy</b></p>	<p>Inability to mandate:  <i>"We were shifting responsibilities ... and that was a decision taken in theory up-front by the Executive Committee, but in reality we needed to deserve that mandate every day, and convince people... not a single case we could simply say 'this has been decided'."</i>  <i>"I'm not a lover of mandate, however I think, and I think this is GlobeCo culture ... but I think we do need to get our leaders to question more why they allow resistance ... I think sometimes we would be better off just getting on with stuff, rather than actually 'we have the right to go back round the machine once more'."</i>  Distance of remaining apexes from issue:  <i>"[I]f you get into items that aren't as pressing or business important ... your CEO's not going to step in and force a solution ... So often, you have to go through other lines within their structure, and usually it is not one person."</i>  <i>"We try not to push things up ... if it does go up, it will go to one person who will then solve it, and probably be frustrated that it got pushed up there."</i></p>

“So, you are very dependent on what the Categories can deliver in terms of products for you and mixes for you, can they deliver them on time? We're very dependent upon Supply Chain – can they get you the products you want to your market? So, you are dependent upon a whole host of people, at times it goes wrong, yeh, and they ... screw up your results and at times you do stuff that screws up their results.”

The scope of the local GlobeCo subsidiary had dramatically reduced compared to when GlobeCo was a polycentric organisation. This is clearly seen from a summary of the value chain (Porter, 1985) in Figure 6.2. Whereas the national subsidiary previously had responsibility for all aspects of value chain activity (except for R&D), many of these roles now sit with other units. The physical supply chain is managed by GESO, GlobeCo’s European Supply Organisation (in green); standardised support services in Finance and HR are delivered through GlobeCo Business Services (blue); product/brand development is driven by the Global Category organisation (orange). Indeed, the remaining responsibilities of the local subsidiary are now largely limited to local marketing and sales (yellow).

**Figure 6.2: Scope of GlobeCo European Subsidiary c2015**



**Responsibility:**



Source: Based on Porter (1985) and GlobeCo documents

This interdependence dramatically reduces the ability of any one unit to operate an independent strategy. Rather, it becomes necessary for units to find ways to work together to achieve outcomes, a challenge highlighted by a former CHRO:

*“You have a set of leaders who have been used to operating in an independent, autonomous fashion, and now we need them to play as part of a team in an interdependent organisation.”*

Given that issues no longer fall *within* the boundary of the operating unit, issues need to be solved *across* organisational boundaries involving multiple other units. This raises key issues of accountability. Does responsibility for a new product launch in France sit with the French operating company that is the sales and marketing unit, or with the Supply Chain that makes the product, or the Category Organisation responsible for new product development?

### ***Multiple Reporting Lines Out of Units***

While the interdependence of units is a well-recognised feature of the heterarchical or network organisation, it is also clear that the response of GlobeCo to manage these interdependencies has also undermined the clarity of what constitutes the operating unit, or subsidiary. Therefore, it becomes difficult to see the subsidiary as a coherent and univocal unit synonymous with a top manager under the ‘unity of command’ principle (Simon, 1946).

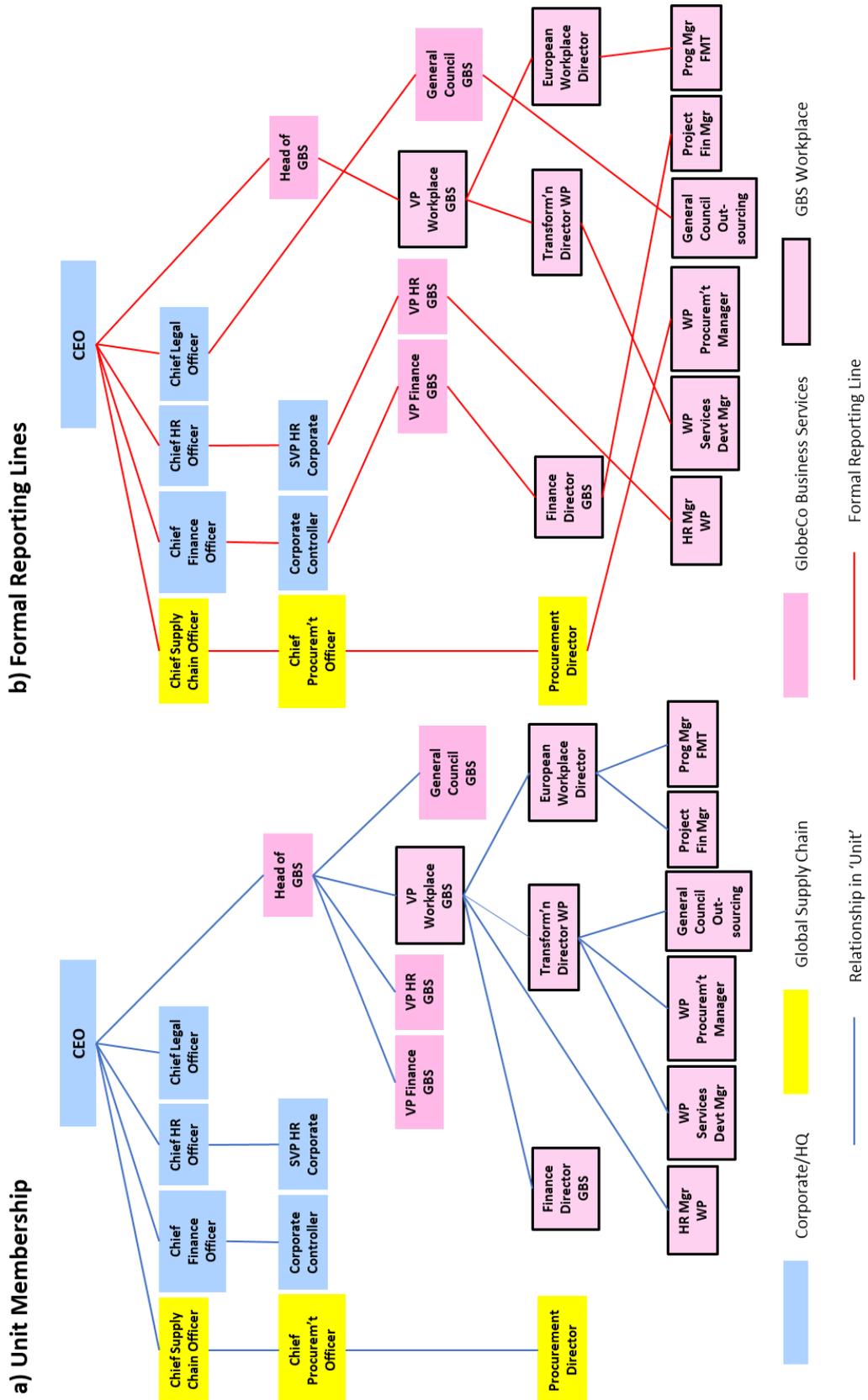
In the early 2000s functional reporting lines were introduced within GlobeCo. This requires that every role within GlobeCo is assigned to a standard business functions with the clear principle that all managers report to a superior of the same function. This functional line-manager may be within the *same* organisational unit – or it may be a hierarchically senior member of the function in a *different* organisational unit.

*“[The HR and Finance Directors] would have a different reporting line. So, they reported into their functional areas, and partnered the business unit in terms of decisions around people, succession, recruitment, FTE presence/count, etc.”*

This focus was further embedded by implementing the reward process. Annual Personal Targets (APTs) are agreed with the *line* manager. As these are typically a sub-set of the line manager’s own APTs, targets become cascaded through the functional line.

This situation is illustrated in Figure 6.3, which considers the situation of GlobeCo Business Services (GBS). GBS could be considered as a unit of GlobeCo, and within GBS is a sub-unit responsible for ‘Workplace Services’.

Figure 6.3: Unit Membership and Reporting Lines in GlobeCo Business Services



The left-hand part of the figure highlights day-to-day working relationships and suggests a clean hierarchy of units. Yet, the right-hand side shows formal reporting lines, many of which fall outside the boundaries of the various 'units'. Consequently, within GlobeCo there are multiple reporting lines out of organisational units and many senior managers do not report to the 'head' of the operating unit in which they sit. Indeed, the senior Finance, HR and Legal members of the Head of GBS's unit report into senior corporate staff of a similar grade to the head of GBS, and their (and their team's reward) was based primarily on the performance of the overall function, rather than that of GBS. This change was seen by some to have advantages in that "it enables you to be more neutral ... to step back and have a more impartial view to some of the business decisions". Yet it does this by creating a deliberate tension within the system that both challenges the unity of the operating unit – and in turn putting constraints upon the subsidiary unit, and its own CEO. In doing so single-point accountability within the operating company is lost.

### 6.2.2 Ambiguity of Membership

While the combination of unit interdependence and the introduction of functional reporting raises significant questions about the integrity of the subsidiary as a clearly defined organisational unit, it also has significant implications for the individual managers working within GlobeCo.

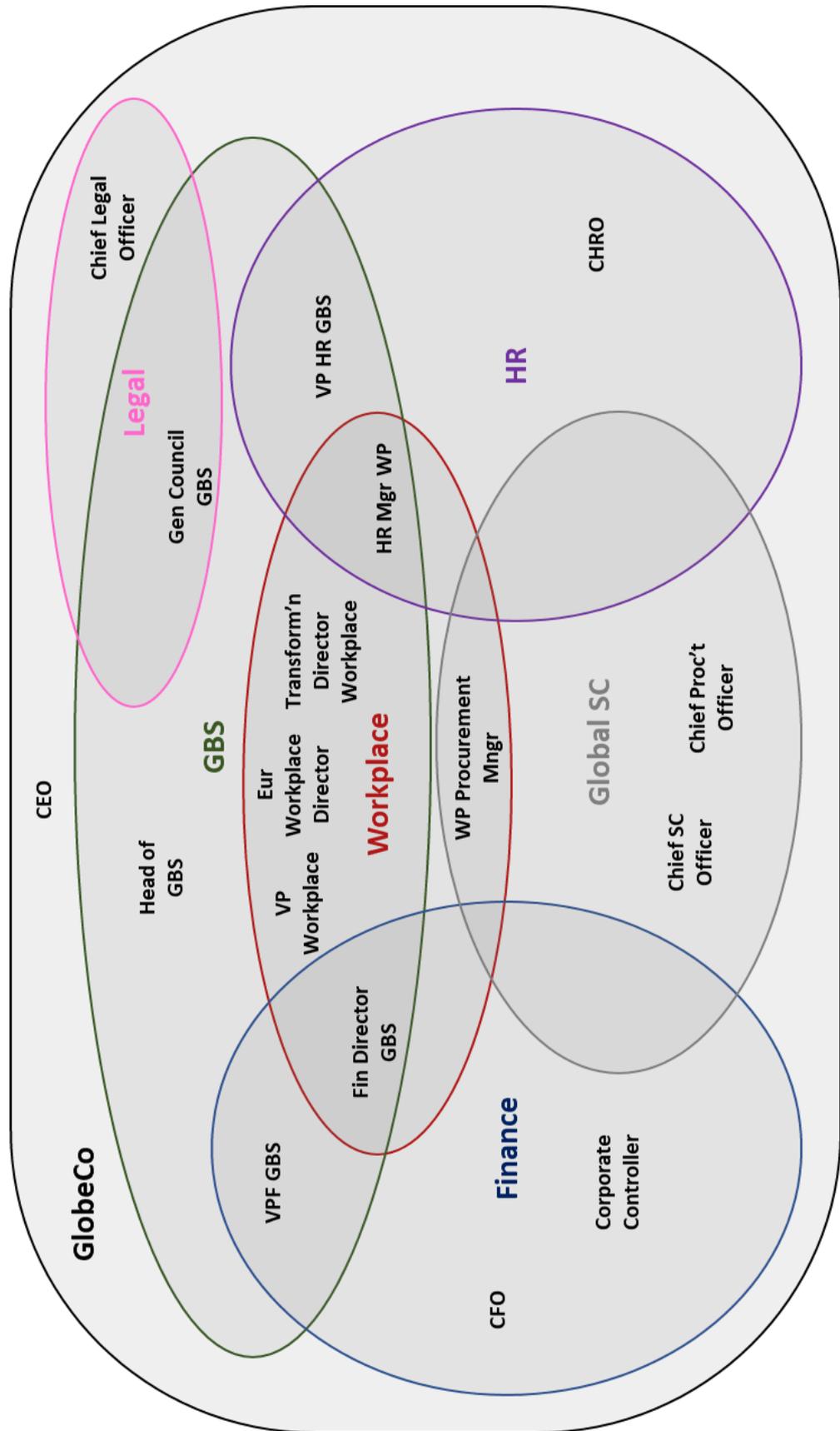
Firstly, it is clear that many of the managers within GlobeCo see themselves as being members of more than one organisational unit. A VP Finance for GlobeCo's European Supply Organisation emphasised:

*"I felt that I was a member of two teams. The functional team – so the team composed of the Finance leadership for Europe, the CFOs of the different operating companies of which GESO was one... And then, of course, I felt very much part of the team that was managing GESO itself."*

Here, the respondent uses the term 'team' which has become prevalent to describe the different organisational structures within the organisation.

Membership of multiple, overlapping teams can be illustrated by presenting the team membership in the prior example of GBS/Workplace in a Venn diagram (Figure 6.4).

**Figure 6.4: Multiple Team Membership in GlobeCo**



Although simplified, this highlights the overlapping nature of teams how individuals are members of multiple teams. For example, the Finance Director GBS was part of Finance, and of GBS and of the Workplace Team (as well as a number of other permanent and temporary teams).

With functional reporting structure and overlapping team membership, individual managers may experience that they have multiple reporting lines – both a formal, functional ‘line’ manager and one or more ‘dotted-lines’ to the leads of the teams of which they are members. Such is the case of the VP Finance for GBS who reported:

*“[I report] solid line into the global controller, and dotted line into the ... Chief GlobeCo Businesses Services Officer.”*

Consequently, GlobeCo managers may be pulled by multiple ‘bosses’ reflecting leadership of the multiple teams of which they are members. And it may not be the formal line manager (who is responsible for targets, bonuses and career) is dominant in setting the direction of the manager. Indeed, one very successful Finance SVP argued that ‘solid’ functional reporting lines were unnecessary:

*“I think everyone understands who runs the show. It's really about what's peoples' perception – is there leadership? Is there someone at the helm that will take no bullshit? Is there someone at the helm that will listen, but in the end is the person actually taking the decisions – then you don't really need [solid] reporting lines.”*

Similarly, managers frequently reflected that they identified more as part of the team where they worked on a day-to-day basis (and where they may only have ‘dotted-line’ reporting) than to the formal organisational unit to which they belonged. For example, a Finance Manager working on a temporary GBS project explained:

*“I think that comes down to did I feel myself as Finance? No, I felt myself as part of the ... project team... I identified more myself with that than [as] an individual within Finance.”*

Consequently, it appears that there is significant ambiguity of membership within units. Although members may have a role that is formally part of a permanent or temporary organisational unit (or team), they may report outside that unit and may ‘belong’ to other units or teams. Neither formal nor informal/dotted lines guarantee a manager’s primacy of attention – some may closely follow the direction of their formal line manager, but others

identify with units where they sit or work on a day-to-day basis and take the lead from the 'dotted line'.

### 6.2.3 Lack of Clarity of Responsibilities

A consequence of the lack of single-point accountability and the blurring of unit membership and boundaries is the apparent lack of clarity about which individual, or which organisational unit is responsible for specific issues. Many issues span multiple teams or organisational units. Other issues, even which apparently sit within the remit of one 'unit', may require the approval of those who report outside the organisation. As one Finance VP expressed:

*“One of the other... potential shortcomings of multinationals is that your... responsibility is shared or can be made to be shared and therefore accountabilities are not as well defined.”*

GlobeCo has a clear 'Schedule of Authority' that defines who (in terms of role and seniority) can approve different levels and types of commitments. Managers within the organisation are clear from this as to what they are *not* permitted to do. Yet this neither defines clearly what positive actions a manager can take, nor does it limit the number of people that can become involved in decision making. That is, in many cases approval under the Schedule of Authority is a *necessary*, rather than *sufficient* condition for action.

As a result, the consequence in GlobeCo is that there are large numbers of people who seem to have a legitimate say in key decisions (or at least believed they had the right to be involved in decision making). Repeatedly comments are made about GlobeCo being 'too democratic', having 'a culture of ... wanting to listen to everybody' and that "everybody wants to be involved in every decision" (see the full quotes in Table 6.2). Indeed, one respondent said, in exasperation that "there were hundreds of people that had some way to influence, accelerate or delay decision making." As such it can even be a challenge to know "who are the key drivers in the business" that need to be involved. The formal processes and authority appear to be inadequate, with one GlobeCo veteran stressing that "in such a complex organisation, processes can only do so much... decisions are also based on networking and strategic influencing."

This requires a tacit knowledge that is not always present, with one respondent stressing the impact of this ambiguity:

*“So, to me at least, it still isn't 100% clear and consistent where the power is and where the decisions are made. It seems like a complicated and slightly different political dance every time, depending on the factors which are in play at the time.”*

Consequently, the formal processes and authority appear to be insufficient to explain how outcomes occur, with one GlobeCo veteran stressing that “in such a complex organisation, processes can only do so much... decisions are also based on networking and strategic influencing.”

However, this lack of clarity is not just about the responsibilities of others, but also seems to extend to the individual manager and team. One manager exclaimed that “so from a scope of what I'm responsible for, I don't know that it's necessarily ever that bang-on clear”, while another, working another VP could say that his responsibilities were “not clear at all, and they probably were wrong.”

#### **6.2.4 Limitations of Hierarchy**

This chapter has highlighted ambiguity of responsibilities and decision making that results from the lack of single-point accountability, the interdependence of units in resolving issues, and the lack of clarity of unit boundaries and membership. Yet, this would not be an issue if there is a point in the hierarchy where the ‘buck stops’ and decisions can be made. In much of the conventional literature of the MNC this is seen as the role of the ‘headquarters’ or ultimately the Chief Executive.

Yet while it is *theoretically* possible for the CEO to be that decision-making apex, it is also clear that in GlobeCo it is frequently not possible to rely upon the CEO as ultimate arbiter. Respondents highlight that many issues are of a magnitude that should never attract the attention of the CEO. Issues may be “not big enough for them to worry about”, and that the CEO will only be involved in “very high profile, specific” issues. As one experienced manager said, “you can imagine, the idea is not that [the CEO] ... decides on everything, otherwise we are all wasting our time.” Indeed, there are examples where top management were not prepared to become involved and unblock an issue:

*“The powers-that-be were unhelpful, they didn't want to get involved in the fray, in the discussion... They would avoid the discussion and hope that it resolves itself at a more junior level.”*

However, it is not just that the CEO and the Leadership Team do not have the time to make such decisions, but their remoteness from the business mean that it is unlikely that they would have the required detailed knowledge to make credible decision. Indeed, within GlobeCo, the distance between the CEO and the day-to-day business provides an opportunity for many top-level decisions to be ignored. A VP in GBS talked about this in the context of setting up one key service area:

*“So, you've got the [CEO] saying you have legitimate power, but no one in the business outside the [CEO] believes it. So, Randy [the VP for the Service Area] has to talk to the chairman of a country who says, 'I don't care about you – [the CEO] is sitting a far away so I can ignore him'.”*

Randy went on to expand on this, suggesting that generally it is very difficult to impose a top-down mandate within the organisation:

*“What I found in the last 5 years is that you'll never be successful forcing a mandate, or forcing it from the top down... I think the top-down mandate is really just to help opening up the discussion, but it really never works – or rarely works – in terms of somebody doing something they didn't want to do.”*

Indeed, this view was also expressed by another respondent that complained that “that the biggest single challenge we have is the lack of a mandate that exists within GlobeCo” and goes on to say that “they just don't mandate decisions down, people have to be brought along.”

Consequently, we see an organisational culture that makes it difficult for solutions to be imposed. Decisions that are made ‘higher’ in the organisation may not be enacted. In other cases, organisational ambiguity is not resolved because the issues that are at stake are not regarded as being sufficiently important to be worthy of senior attention.

### **6.3 Organisational Flux**

The second broad theme that emerges from the research is the fluidity and instability of the organisational structure. Whereas the literature on the MNC largely focuses upon considering a static organisation, perhaps with the transfer of responsibilities between units (e.g. via the transfer of subsidiary mandates), the recent history of GlobeCo suggests that the organisational structure, and the responsibilities that are suggested by this, are anything but stable. Rather the heterarchical organisation is fundamentally unstable. Supporting quotes are shown in Table 6.3.

**Table 6.3: Organisational Flux – Supporting Quotes**

First Order Categories	Supporting Quotes
<p><b>Constancy of Organisational Change</b></p>	<p>Change for change's sake:  <i>"Success in GlobeCo is about launching initiatives that create change, that create value that you can put your name on... and lots of those [senior] guys are the guys who launched big projects and big initiatives and have got something to hang their hat on and say I did that... And everybody likes their own initiatives so we have lots of initiatives."</i></p> <p><i>"People decide to leave the company, new people bring new people in, and they have different ideas, and they want to do something different."</i></p> <p>Reorganising to improve performance:  <i>"You have to ... evolve the whole organisation to ensure you are really firing on all the cylinders, and then re-jig behind the priorities."</i>  <i>"They recognised that it wasn't working and then did some restructuring after that."</i></p>
<p><b>Volatility of Strategy</b></p>	<p>The 'pendulum':  <i>"There are plenty of examples in companies like multinationals where things go in waves: centralised, decentralised."</i>  <i>"Post-2005 that we probably went a bit too centralist in terms of managing [key] brands. I think the pendulum's swung back a little bit now."</i></p> <p>Misalignment across the organisation:  <i>"You'll probably get an agreement that high level it's the right direction. But when it comes to actually doing it and designing it, I think the project team has to start to live the 'new world', whereas the 'old world' still looks at elements of what they do as 'oh, we can't do that, we've always done it this way, it can't possibly be changed, it has to be done the old way, so find a way round it'."</i>  <i>"What I remember ... is that the key resistance was 'not now', 'it's the right thing to do but not now'."</i></p>
<p><b>Transfer of Responsibilities and Creation of New Units</b></p>	<p>Transfer of Responsibilities:  <i>"We were shifting responsibilities and taking it out from the portfolio of others into us."</i>  <i>"So they needed to buy in, or at least accept, the changes that were afoot. To be able to give up the control that they had, and to move from owning and controlling the agendas, to being a client of the agenda."</i></p> <p>Birth, Growth and Death of Units:  <i>"In my previous job [I was] CFO for what we call GBS ... and building that up ... almost from scratch, but building it up over the last couple of years into what is now a reasonably well established global business services organisation."</i>  <i>"When we first built out our global business services organisation, we made a distinction between delivery of the services and innovation [and] we had two separate leaders of equal seniority ... then that was brought together into one unit, with one individual leader to own it all."</i>  <i>"One of the first things that [the new CFO] ... did, they split again the shared services from the proper IT."</i></p>

### 6.3.1 Constancy of Organisational Change

Organisational stability appears to be the exception rather than the rule at GlobeCo, with an expectation of frequent changes and reorganisation, seen in the relatively short lifespan of many of the organisational units created as the organisation evolves. Table 6.4 highlights how the key organising dimensions for three separate areas of responsibility has changed over the last 20 years.

**Table 6.4: Evolving Organisational Forms within GlobeCo Functions**

Function Area	Period	Geographic Focus	Responsible Entity
<b>Local Sales/Marketing</b>	<2004	Sub-national	Multiple subsidiaries within each country
	2004-6	National	National Operating Company
	2007+	Multi-national	Multi-Country Organisation
<b>Brand and Product Development</b>	<2000	National	Local Operating Company
	2000-5	Regional	Regional Category Organisation
	2006-16	Global	Global Category Organisation
	2016+	Global/Regional	Hybrid of Global & Regional Organisations
<b>Information Technology</b>	<2004	Sub-national	Multiple subsidiaries within each country
	2004-9	National/Regional	Mix of National OpCos and Regional IT Organisations
	2010-12	Global	Split between IT Innovation Organisation and GBS
	2013-15	Global	Integrated within GBS
	2016	Global	Stand-alone GlobeCo IT Organisation

Indeed, the impression that is obtained from GlobeCo managers is that, to a considerable extent, the organisational structure is in continual flux. That is, that the organisation is not so much seen as something which is fixed, but that is constant development or evolution.

*“The organisation is not standing still, and dynamics are changing.... I'm just trying to say, of course it's changing, it will never stand still.”*

In part, this frequent organisational change reflects the ongoing search to rectify perceived under-performance. Having failed to realise its own internal growth ambition, and one former regional SVP explained:

*“So, it was like 'right, we'll try this', but fundamentally they couldn't find a way to get 5% growth out of the markets with the products and brands, marketing... So, had the growth been fantastic, you'd have had much fewer reorganisations.”*

This was particularly clear during the frequent restructuring of the first decade of the 2000s as GlobeCo's top executives struggled with the challenge of their first ever profits warning and increased investor pressure to improve delivery, with multiple restructuring programmes aiming to improve performance (or, at least, give the appearance of action).

Yet, there is also a perspective that change can be the result of 'change for change's sake' (see Vermeulen *et al*, 2010). Respondents report a sense that "success in GlobeCo is about launching initiatives that create change". Senior managers do not achieve advancement by managing the status quo, but through launching new projects or initiatives. While in some areas these may be a new system or product, in other cases it is achieved by restructuring the organisation. Therefore, there seems to be a bias to instigate change.

### 6.3.2 Volatility of Strategy

While the analogy of organisational change as a journey might imply a clear linear path from one static organisational design to another, respondents also paint a picture of considerable flux where different organisational design solutions are tried, and then changed.

*"We set up process offices, we broke process offices, and I'm hearing today we might be setting them back up again."*

This ebb and flow seems most prominent in balancing issues around the extent to which operations or functions should be centralised or decentralised in order to manage the conflicting needs of local responsiveness with global integration:

*"So, there's certain things that it makes sense to centralise, but you can't centralise so much that you lose your touch with the markets, your local connectivity. So where do you strike the balance? And what you often see with organisations is that they oscillate, you know, between the two, because there isn't a magic answer."*

This last quote is particularly revealing. It is from an experienced executive that had worked in both European and American multinationals. She seems to be suggesting that there is not a unique optimal solution for resolving the tensions of local responsiveness and global responsiveness. A solution that works for part of the organisation may create problems elsewhere, and in responding to these a new set of challenges are created.

She went on to give an example from earlier in her career:

*“Early on in my career when I was at [an] FTSE engineering company that went through... first of all it was organised geographically, and then it decided to organise itself by product line, and then a few years' later it went back to geography again because there wasn't a perfect answer.”*

That there is no ‘perfect answer’ seems to provide the space for alternative strategies to be considered and adopted. When combined with the culture in GlobeCo that success comes from creating change, it is perhaps not surprising that the oscillation of strategy and organisation is associated with change in leadership. One respondent used a political analogy to describe the impact of different leaders’ philosophies. While one leader was “Labour party: he was all about big government, he wanted big strong central institutions driving out and controlling the groups underneath”, his successor “couldn't have been more Tory ... he's like 'this is ridiculous, why do you have such big central staff, this is all about the power of the individual, unleash the potential in all of the people right at the front-line.’”

So even where they do not have single point control or responsibility for their organisation, it still seems that “a leader casts a big shadow”. Their perspectives on the global/local (or centralise/decentralise) continuum is critical. With a lack of a unique solution to these challenges, these perspectives inevitably differ over time, geography and business.

However, this multitude of perspectives on the best way to organise itself creates instability. This can result from the simultaneous presence of different perspectives (frames) in different parts of the of the organisation – as was clearly the case in GlobeCo:

*“I think that organisations always flex – in and out, in and out. I think that the problem we've got in GlobeCo is that the different functions have flexed slightly differently, so we've not done it as a whole.”*

Yet there is also a temporal instability as the emphasis between global/local or centralised/decentralised changes:

*“And so, you know, over the time that cycle happens, but of course there's a lag on the cycle as well, so the time it takes for that to percolate down. So just ... we finally got to the conclusion in some peoples' heads ... that 'no, no, no guys, you're not central group any more'. Just in time for the whole curve to turn again. So you get these different time lags in where the agendas are, for a start, so someone's up here and someone's down here.”*

The conclusion from this is that there are almost inevitably misalignments within the organisation on both strategy and structure. These can occur over geographical and organisational space where the requirements of the specific businesses or areas differ, and they can occur over time as different parts of the organisation adapt to strategic change at different rates.

### **6.3.3 Transfer of Responsibilities *and* the Creation of New Units**

The previous sub-sections highlight the constancy of organisational change and how the lack of a single optimum solution to the challenges of globalisation/localisation and centralisation/decentralisation leads to an inherent instability in the strategy and structures. However, it is also worth recognising that there are multiple mechanisms through which these changes occur. While this can occur through some sort of charter change between established units, it can also be seen in the creation of entirely new organisational entities.

#### ***The Transfer of Responsibilities***

There recent history of GlobeCo provides examples where responsibility was transferred between organisational units. This can be seen in the establishment of 'Multi-Country Organisations' (MCOs) such as GlobeCo UK & Ireland or GlobeCo DACH. Prior to the creation of these MCOs the subsidiaries in the smaller companies reported directly into the European Regional Headquarters. In effect, the Regional HQ delegated its mandate to manage the smaller subsidiaries to the larger countries in the region (what Alfoldi *et al*, 2017, call a 'Regional Management Mandate').

#### ***The Birth and Death of Units***

Yet the change in the GlobeCo organisation also appears to frequently reflect more than just the simple shifting of tasks or 'charters' but rather requires the creation, splitting or merging of organisational components. Indeed, in the case of MCO creation, this did not just result in a switch in reporting lines, but the transfer of the majority of work out of the smaller countries. In DACH, the existing units in Switzerland and Austria were effectively deconstructed, with the transfer of work and resources (i.e. people) to Germany, leaving little more than token and legal presence in Vienna and Zurich.

When it came to consolidating activity at the regional or global level it seems that frequently these new responsibilities are not granted to *existing* units but to entirely *new* units,

specifically formed to take over a task or function. GBS provides an example, as this was explicitly constructed as a new unit for managing GlobeCo's shared and outsourced business services (e.g. Finance Services, IT Services, HR Services). This unit was 'born global' (Rennie, 1993; Knight & Cavusgil, 1996) having been constructed out of units or parts of units from the existing regional organisations, as well as taking direct responsibility for aspects of service operations sitting within the national operating companies. There was no existing unit to become GBS. Rather, in their annual report GlobeCo promoted this as "a new business unit", while internally those setting-up GBS also saw it as a new entity – "we were building an organisation."

This suggests that it is dangerous to view organisational change solely as the shifting of responsibilities between established organisational units. Rather, if we wish to understand the multinational, we need to understand about the processes by which those organisational units come to be born and to take on the new responsibilities.

#### **6.4 Contesting the GlobeCo Organisation**

We have seen how the case of GlobeCo highlights the continually shifting organisational landscape with the creation, growth and evolution of new entities that take over or absorb responsibilities and resources from others, while other units shrink or even die. However, as already suggested in some of the quotes above, such changes do not occur without protest.

Throughout the interviews, respondents were quite clear that both organisational change, and the very organisational structure itself, are contested territory. Ultimately, such contestation derives from the inescapable differences in perspectives and interests of actors – be these collectively in organisational units (such as HQ and subsidiary), or seen in differing opinions and understanding of individual managers.

Such contestation appears through two guises. Firstly, the organisational structure and the responsibilities can be *directly* challenged where an actor tries to modify organisational responsibilities in their favour. However, it is also apparent that there are many situations where there is ambiguity of responsibility manifest through challenge to the *content* of an initiative or issue<sup>13</sup>. While such indirect contestation may not, on the face of it, be directed at challenging responsibilities or authority, the way in which the issue is resolved may itself

---

<sup>13</sup> This echoes Koveshnikov *et al*'s (2017) distinction between 'struggles over decisions and actions' and 'struggles over power relations'

impact upon participants understanding of the responsibilities embedded in the organisational structure (supporting quotes on contestation are provided in Table 6.5).

#### 6.4.1 Inevitability of Contestation

Such contestation of both organisational responsibilities and initiative content reflects that there is not unanimity within the organisation over what it should be doing and how this should be carried out. Different actors seem to have fundamentally different experiences and perspectives that lead them to understand or frame a situation in different ways, and have different preferences and opinions on possible outcomes.

In part, the evidence from GlobeCo suggests that such differences derive from structural organisational issues, as well of those of geography, as highlighted within the literature. In particular, there is prominence of the global/local dichotomy emphasising how managers within a global function may take a much broader perspective than those sitting close to the market, yet without necessarily appreciating the heterogeneity of the local market places. As one member of a global team said:

*“Sitting in a little room together and coming up with a solution is never, ever going to be 100% correct. So, as you move into different regions and you come up with different processes and ... different ways of working it has to change.”*

While another VP who has worked in different global groups expanded on this:

*“In a function you have global people who think this is what's required. And then you have people in the countries who say this is what they really want [laughing]. Right? And often we get conflicting views... Navigating those two voices make it grey... And that's the bit we've got to balance, that's the grey area. In terms of their decision rights as well, not just ours.”*

In this case, interestingly he brought the issue of different perspectives straight back to the implication of decision rights.

Yet it is important to recognise that this is not purely an issue of HQ versus subsidiary, with differences in perspective occurring wherever scope differences occur, with one IT director pondering that his organisation “can at times be too disconnected from the real on the ground work.” Respondents provided clear examples of perspectives differing by function and between within local and global organisations creating ‘silos’ of interested parties.

**Table 6.5: Contesting the Organisation – Supporting Quotes**

First Order Categories	Supporting Quotes
<p><b>Inevitability of Contestation</b></p>	<p>Geographical/Cultural Differences:</p> <p><i>"Q: Question - Did you find yourself constrained by others - the [local managers] having an entirely different agenda to that you were trying to push? A: ... No ... it was more around their understanding and their cultural differences that would potentially cause problems."</i></p> <p><i>"If you start mandating things ... you would be amazed at the number of local interpretations that can come from that ... you will be amazed at how people interpret things."</i></p> <p><i>"For whatever reason, the teams in North America ... could not get their head around the project and the contract parameters and the scope... It was like there was a mental block with them, and that North America implementation was an absolute disaster."</i></p> <p>Geographical/Institutional</p> <p><i>"As you move into different regions and you come up with different processes and different legal requirements and different ways of working."</i></p> <p><i>"In the UK you've got TUPE, but you shouldn't assume that is the same everywhere else... [In] the US ... it's a free-for-all ... [with] a lot of very worried people who were working within the FM area and ... they feel as if they can just be got rid of at any moment's notice. In ... other regions we weren't able to make the changes we wanted to do because of either local processes and protocols."</i></p> <p>Differing Organisational Perspectives</p> <p><i>"The functions essentially has its own agenda, a functional agenda, and a prioritisation, and it might not be the same prioritisation that GBS has."</i></p> <p><i>"In general, the functions - so central Sales, central Marketing, central Supply Chain - will be focusing very much on getting the maximum they possibly can out of IT. So they will want us to do as much as possible whatever the cost. And the counter would be the Clusters or the geographical teams who typically would want us to cost as little as possible but whilst still delivering the maximum."</i></p> <p><i>"There's a disconnect between the global teams and the local ones."</i></p> <p>Different Priorities/Targets:</p> <p><i>"Different people have different targets."</i></p> <p><i>"Some targets were set by the Chairman and some targets were set by the functions."</i></p> <p>Personal Agendas</p> <p><i>"Everyone has different agendas. Everyone has different objectives in reality."</i></p> <p><i>"You then have to spot then the resistance which typically comes when the model that is emerging doesn't suit somebody's personal goals."</i></p>

<p><b>Contesting Responsibilities</b></p>	<p>Competing for Decision-Making &amp; Control:</p> <p><i>"I think the biggest resistance is loss of control."</i></p> <p><i>"You also got resistance from senior stakeholders, local senior stakeholders who did not want to let go of their empire."</i></p> <p><i>"Well it starts very basic with the top for me, that people lose. I have control over my canteen'. And that is deeply felt, and I have also initially underestimated it. So, there is a huge irrational thing, that you need to overcome it just by reason, as in the saving, or others do it."</i></p> <p>Non-acceptance of Others' Decisions:</p> <p><i>"If you wanted to start a debate, make a decision."</i></p> <p><i>"What I've seen happening at GlobeCo is that the CEO will get lobbied about, on something, he'll agree to it ... but then the Finance team don't know about it and there's no money. So then ... there's no clarity over the process because then it becomes a back-and-forth 'wellyes it's been agreed but there's no money, so how do we find the money for it?' And so it ping-pongs."</i></p>
<p><b>Contesting Initiative Content</b></p>	<p>Competing Priorities/Agendas:</p> <p><i>"So you have ... the rational business constraints of other conflicting priorities."</i></p> <p><i>"In a massive multinational there are also always competing priorities."</i></p> <p><i>"Q: Do you experience any issues of objectives/targets of different teams conflicting? A: Every day, every day."</i></p> <p><i>"There was ... [a]silo approach. 'Fine we all know we are going to do this as a broader programme - but I'm looking after my own bit'. And that was quite challenging, I have to say. Because they had different targets at a more granular level, and that was what they were being measured against, rewarded against, and therefore that's where their focus was."</i></p> <p>Different Perspectives:</p> <p><i>"You are still talking about an audience who just doesn't look at things through the same eyes as someone down at country level, which is where all of the noise stems from. And therefore their vision is still polluted with a sense of being able to see the greater good, even when you take it up to a regional level. And the conflict remains."</i></p> <p><i>"And then, of course, it comes down to whether you apply - in this particular instance - a global mind-set or a micro mind-set. Obviously, it was right from a Spanish point of view not to sell the [local] business, absolutely true. And that is what the Spanish chairman is there for. He is there to maximise value for his scope of responsibility. Now, taking a total GlobeCo point of view, at that particular point of time, it was probably the wrong decision not to include Spain."</i></p>

*“Acting in silos, really, that's the biggest challenge to getting things done ... [but] I don't think people do it consciously, it's not deliberate.”*

Indeed, such differences are seen to be reinforced by a reward scheme that stresses ‘local’ rather than global performance. Frequently managers that play a role within a broad strategic project are targeted on focused specific aspects, rather than the project as a whole:

*“They had different targets at a more granular level, and that was what they were being measured against, rewarded against, and therefore that's where their focus was. And they would not always take the greater good into consideration when looking at it from their perspective.”*

We also see a clear recognition of geography as a significant cause of differences in perceptions within GlobeCo. In part, these may be driven by cultural differences – with one manager explaining the differences she had experienced in trying to roll-out common processes around the world:

*“There are big cultural differences across the globe, and those cultural differences also drive different regional behaviour. So it's multifaceted here...So the US team, if it's not 'made here' they think they can reinvent it... On the other side, you've got the Indian people who would not do anything unless their line manager had told them to do it. So unless you actually got the line manager, and they'd say 'yes, yes, yes, yes' and go away and do something completely different. In [East] Asia, if you're clear enough with them, they do, basically they'll put in what you need to do. So you've got that as a regional difference.”*

More generally, another manager recognised the fundamental differences in institutional environment that existed across the countries within which GlobeCo operated, and how this impacted upon the ability of the organisation to pursue an outsourcing strategy:

*“So, I think the Anglo-American model where the purpose of business is to create shareholder value, in that context, outsourcing makes complete sense. I think in an old Europe context ... the purpose of business [is] to gainfully employ people, and to make a sensible profit in the process of doing so, outsourcing made a lot less sense.... Even middle management, particularly in places like France, Germany, Italy, ... those core elements of old Europe, at a very visceral level disagreed.”*

Yet while these quotes support a perspective of contestation as resulting from macro geographical and organisational structural characteristics, this represents only a partial view

of the causes of contestation. In particular, perception differences are not just a phenomenon of organisational entities, but are seen in differences between *individuals* – individuals that focus upon their own interests and understanding:

*“A lot of it came into 'what's in it for me', with the individuals wherever they were”*

This can be particularly emphasised by a reward system that leaves considerable discretion to line-managers. For example, one manager argued that the approach of his ‘solid’ line manager was “‘what did you do to make me look good?’”, while another emphasised the difficulties that this could cause:

*“You bring people together to do a project, but unfortunately they still report to their boss, and their boss has still got a different agenda.”*

Above all though the impression given by managers within GlobeCo is that having differences of perspective and understanding is expected, is natural, and in many ways is desirable. This is about “dealing with human dynamics”. As one manager stressed that “we are human beings ... we are not robots”, while another emphasised that:

*“I think that at the end of the day I'm paid to have a point of view on what we should and shouldn't do. There are other people in the business that will have a [different] view, and will try and push that.”*

That is, differences in perspective and the contestation that arises from this are a fundamental aspect of everyday life within the organisation. Such differences of perspective need not be dysfunctional as they may be the source of “healthy challenge” that brings about the appropriate checks and balances. For example, one Finance VP emphasised that he saw this less as conflict and more as ‘competitive tension’:

*“And tension is generally a good thing in a multination and particularly in GlobeCo, it should drive a right economic trade-off and therefore a better decision. In the absence of that we go for the easy call.”*

Above all else, the quotes above highlight that managers in GlobeCo expect others to have different perspectives and views – be these the product of geography, culture, HQ/subsidiary, functional role or resulting from the specific history and experiences of individuals. Such challenge is considered a normal part of life in GlobeCo. While there may include an element of managers pushing their own (self-) interest – what one SVP called ‘bad politics’ – largely there is an acceptance that other managers are working with a positive intention:

*“Most of the politics in the company is understandable politics, where people defend what they're doing because they genuinely think what they're doing is right.”*

The challenge for a heterarchical organisation such as GlobeCo is not that there are such differences of opinions and perspectives – but rather in a volatile organisation with ambiguous responsibilities, where hierarchy cannot be relied upon, the challenge is how such contestation is resolved.

#### **6.4.2 Contestation of Responsibilities – Directly Challenging the Organisation**

The research has identified instances where the organisation and the responsibilities implied by this are directly challenged by actors or groups. The following vignette provides one example.

##### ***Vignette: Responsibility for Marketing ‘Vår Hage’ in Europe***

Since its acquisition two decades ago, Vår Hage has proved to be one of the most successful brands in GlobeCo. The business has grown more quickly than the rest of GlobeCo while delivering high profitability.

The business was led from North America from its energetic and charismatic CEO, Karsten Gaarder. Gaarder, and his team have responsibility for global oversight of the brand and innovation programme as well as direct responsibility for the US/Canadian marketing and sales.

However, Gaarder expressed how he had been dissatisfied with the performance and organisation in Europe. He was unhappy with the attention that the European units were giving Vår Hage as opposed to the other GlobeCo brands. He explained how he had challenged GlobeCo’s existing approach that has all tactical marketing resource reporting to the local GlobeCo operating company:

*“I insisted that [they] report into us, because the coaching that they were getting locally was not really ... aligned enough with what we wanted to achieve. And they were doing this really silly thing whereby I had 20 [full-time equivalents] in Europe spread over 45 people. And I said, 'look, I'm not looking for part-time ... people, I'm looking for people that are going to live and die and breath for this thing'.*

*GlobeCo is an incredibly collegial and friendly place to work. However, it has an enormous immune system when you suddenly say 'we're going to change this, and this, and this', the system fights back. And that definitely happened here.*

*But ... having done a few of these things, you work out the solution, you hire the cheapest but reputable consultants that writes up what you want them to write, so you present it to [the CEO], you cascade it down to the organisation, and you make the economics work.*

*And that's basically what we did. We worked out the solution, we got [a leading consulting firm] who was advising [the GlobeCo CEO] on many other issues, they verified that our idea was absolutely right, they reframed it... The maths really worked, we can deliver higher performance with a leaner structure, with more scalability across Europe. So, it became very hard from a business point of view to say 'we don't want to do this'.*

*And then finally I [have] worked closely with [the President of GlobeCo Europe] for many, many years, so... [he] knows a deal when he sees a deal, and this was a deal!"*

Thus, we see a case where a key individual directly challenged the organisational structure and principles and the resulting lack of responsibility that he had in a key area. In this case (from his perspective) the contestation was successful and resulted in a formal change in responsibilities.

In the example of Vår Hage, Gaarder is seeking to gain control of the resources (people) in Europe in order to shape the organisation in the way that he wants.

This theme of control frequently appears to drive organisational contestation. While there may be cases of individuals 'empire building' just to have a larger organisation (with the possibility of additional recognition and reward), repeatedly in GlobeCo there is emphasis upon having the ability to control outcomes. This may hark back to the earlier days of GlobeCo where the subsidiary chairmen had nearly complete autonomy and "they could control everything, they could deliver results." Conversely, it is the loss of control appears to be one of the main drivers of resistance to organisational change. As an SVP that implemented a key shared services programme reflected:

*“[Resistance] starts very basic with the top for me, that people lose. 'I have control over my books, I have control over my canteen'. And that is deeply felt, and I have also initially under-estimated it.”*

While another director stressed “it is emotional, because they want to control Jane and Johnnie ... because they want to be the ones who are making all those decisions.”

Indeed, even at the top leadership level a 'Chief Officer' was left “feeling somewhat robbed ... [GBS] were taking away stuff”. On a more individual level, a senior Finance professional involved in setting up shared services reported the reaction of the VP Finance in a large country:

*“We had a lovely meeting, he smiled all the time, then we had a one-to-one session behind closed doors and he basically said in very plain English to me ... 'I [don't] give a dam of a few late paid invoices if you screw that up, so be it, your problem. But if you screw up my reporting' – and that's where it turns from 'the' invoices to 'my' reporting – 'if you screw that up, I will hit you hard' and he used a few swear words just to make the point.”*

As such, a key driver of contestation to the organisation is the need for, or loss of control, and with it the autonomy to deliver both the outcomes that the individual wants *and* delivered in the way that they want.

However, contestation is not only reflected in attempts to directly change the organisation. It is also seen in the non-acceptance of others' authority – or as one Vice-President said, “there's still ... that mentality of 'no, no, no, I'm still going to make all the decisions regardless of if I'm the one with decision rights or not'”. In part this is seen in the significant limitations upon the ability of even top management to mandate decisions. However, the inability to get decisions respected seems to run through GlobeCo as “people use the complicated, kind of, matrix structure to say 'well nobody can tell me to do this but my own boss'” and that “if the decision is not taken in your ... organisational line or lines of reporting, people tend not to accept decisions.”

This suggests that, in part, the complex organisational structure necessary to operate interdependently actually creates the space to allow resistance and the non-acceptance of decisions. Decisions need to be enacted by others, and it appears that it is relatively easy for those who are not within the direct reporting line to ignore another's decision rights.

Consequently, the ability to make decisions, or have control are not solely about the formal organisational responsibilities, but rather about how individuals understand their and others' responsibilities. This is echoed in a comment from one Director in GBS who was responsible for coordinating the implementation of a global Financial Services programme. This faced "significant challenges" because there was the local GlobeCo companies resisted "implementing something which they saw as being imposed, that they did not feel was their decision". Irrespective of the formal decisions that had been made (at very senior levels) to implement the programme, managers in the local companies seemed to believe that they had a legitimate voice in this decision, and indeed "they felt they had the right to veto" and to stop implementation in 'their' country.

#### 6.4.3 Contestation of Initiative Content

While contestation clearly arises around *who* has authority or responsibility, it is perhaps more frequently be seen to arise around *what* the organisation should be doing. Yet in resolving such issues this can result in the strengthening or weakening of organisational relationships and challenge who has authority.

##### ***Vignette: Training in the Institutional Business***

Fran Rowling is the HR Director for the Institutional Business in the UK. Her reporting lines are complex:

*"I report directly to the HR VP for UK & Ireland, [smiling] I have a dotted line to the global HR director for the Institutional Business, and I suppose you could argue a dotted line to the MD of [the UK] Institutional Business ... I smiled because the reality is that I serve, I serve many different masters."*

Fran explained an issue she was currently facing where she is stuck between doing what the Global Institutional business wants or aligning with her line manager and the rest of the UK business.

*"So, with regard to training. Because [the Institutional Business has] a different P&L ... the decision's been taken ... that the Institutional Business would not*

*participate in a global marketing capability programme, because it wasn't relevant .... [but] that was not communicated at a local level.*

*What's happened over the last few weeks is that we've got wind of this global marketing capability programme and we've gone 'it's brilliant, it already exists, it's been advertised more widely in [the total UK] business, do you know what – why don't we sort of hook into it, because our talent should be doing the same thing as what the rest of the [UK] business is doing?'*

*So, we've made a decision locally that we're just going to go on and do it. So, we communicate that ... and it's now been blocked by Global, because Global have now said, 'what are you doing? We've said we're not doing this, you ain't doing it!' So, I'm now ... I'll probably have to just escalate it and someone higher up than me will have to unblock it."*

This incident focuses upon the content of an initiative, in which Fran has initially taken the decision to follow her functional line manager and adopt the global programme being used elsewhere in the UK. Yet this conflicts with the approach of her 'dotted line' manager in the Institutional Business. Yet this has organisational and relational consequences and however this issue was resolved, it would likely reinforce the strength of Fran's relations with one of her 'bosses', while weakening them with the others.

In the case of the GlobeCo heterarchy, one cause of contestation within the organisation is that there a lack of unity of purpose. As one long-standing VP highlighted:

*"Everyone has different objectives in reality. Of course, there is always the overarching objective of making the total company successful, but in big organisations all of that is broken down into individual targets or individual accountabilities."*

Yet almost inevitably this seems to result in a fragmentation of objectives and priorities. For example, the VP responsible for the global real estate programme highlighted the tension between the target of the local operating company to generate profit, with his priority to deliver cash for the business which led to contestation of a proposal for the sale and leaseback on a property:

*"It's a very strong business case, a strong positive NPV, but then by bringing cash into the business ... it will increase [the costs in] a local P&L. And so locally they don't*

*want to do it, even though it makes sense in the bigger picture. So, every day we come across those instances to where objectives at a macro level are aligned, but at a micro level they are not – and we've got to try and connect the dots back between the two.”*

More generally, if there is no simple way of resolving conflicting priorities then the risk is that initiatives that are dependent upon separate parts of the organisation may grind to a halt:

*“People don't see, or regard, an initiative as the same level of priority, that you don't get the buy-in, that you don't get the resources, you don't get these initiatives as high on their agenda as it is on some other people's agenda. As simple as that. “Oh, this is not my priority, therefore we won't do it' sort of stuff going on.”*

While this clearly occurs *across* organisational entities, goals and objectives can also be incompatible *within* organisation units, particularly where there is a split between reporting functionally and within the unit. This was expressed by one VP of IT Services who ended up with a formal reporting line into the head of GBS, but a ‘dotted’ line to the Chief IT Officer:

*“When we moved into GBS ... I had a dual reporting line, which was tough, to both [the head of GBS] and [the CITO]... And ... that should have been enough to persuade me never to get to that situation again.”*

Indeed, this dual reporting relationship caused difficulties throughout the GBS and IT organisations with senior managers talking of “the friction between the two sides of the organisation” and “the two-headed monster”. Yet the VP IT reflected upon the situation and concluded:

*“I really came away after a period of reflection saying that the only reason that didn't work is because those two individuals were absolutely unable to come to an alignment on a strategy... and I've done it before and ... a dual reporting line works pretty well if you've people who are actually aligned to a common goal.”*

That is, it was not the organisational structure *per se* that was unworkable, but the contestation or lack of ‘alignment’ between key individuals on the content of what was to be done.

## 6.5 The Heterarchy and the Transience of Organisational Relations

This chapter has introduced three characteristics of the heterarchical multinational as an organisation – those of organisational ambiguity, organisational flux and organisational contestation – and provides a view of the contemporary multinational as fluid and fuzzy. This contrasts sharply with much of the traditional literature that focuses largely on the MNC as being composed of a stable set of unitary and univocal national subsidiaries (Pache & Santos, 2010). GlobeCo units do not appear to be homogeneous actors, where their organisational members have a shared set of goals as part of a single reporting hierarchy – the so called ‘unity of command principle’ (Simon, 1946; Astley & Zajac, 1990)

Rather, the picture that emerges of GlobeCo is one where the individual ‘unit’ is itself a network of relationships, with members having multiple linkages elsewhere within the MNC and indeed being members of multiple networks. As such, the unit within the MNC (be that a ‘headquarters’ or a ‘subsidiary’) is not so much a node in a network, but has itself become a network of teams, reporting lines and functional groups within the wider overlapping networks of the MNC. Furthermore, this configuration is not stable. The boundaries and membership of teams/units are shifting and porous, while the responsibilities of teams, units and individuals is contested.

This perspective challenges view of power in the MNC as acting primarily between well-defined and univocal units such as a legitimately superior ‘headquarters’ and independent ‘subsidiaries’. In part, this follows from rejecting that these exist as well-defined entities. However, more fundamentally it challenges the univocality of these – both ‘headquarters’ and ‘subsidiaries’ are composed of multiple actors and groups, with there being many different linkages between these. Consequently, a ‘subsidiary’ does not hear one voice from ‘headquarters’ – rather the many actors within any unit may each hear different or multiple voices. This is most clear in those situations where individuals have multiple bosses or are members of multiple teams.

This has significant implications for both the concepts of ‘hierarchy’ and ‘legitimate authority’, questioning which reporting line or voice such authority. In many cases there is not an effective apex at which there is a sole legitimate arbiter for an issue – any single apex (frequently only the CEO) is either too distant for legitimacy, or the issue is too remote/unimportant for the person at that apex. Rather, there may be many voices which speak with legitimacy and authority – voices which emanate from multiple perspectives, or from those with different interests – contributing to the ongoing contestation within the multinational.

This analysis also enriches our understanding of the heterarchy. It confirms Hedlund's (1986) supposition of the asymmetry of the interdependent organisation, with a multiplicity of organising dimensions, the lack of effective apices and the limitations of hierarchy. However, Hedlund's focus remained largely upon units as the building blocks of the heterarchy. While accepting that the words 'subsidiary' "sound a bit funny in the context of a heterarchical MNC" (Hedlund, 1986, p. 29), he continues to talk of the 'components' of the heterarchy as "units" (Hedlund, 2005, p. 215-6). Yet this analysis suggests that the principles of the heterarchy extend within units, such that these become both unstable and poorly defined – problematising the unit as the basis of analysis of the heterarchical MNC.

This suggests that rather than trying to understand power and coordination in the relationships between units we need to examine them at multiple levels within the MNC considering formal and informal teams and individual actors as well as formal units. How are they using their networks and relationships to achieve outcomes and build their power relations? How are groups, teams and 'units' established and motivated to deliver coordinated outcomes? The contestation we see highlights that the organisation – as reflected in hierarchy, units, reporting lines, authorities, etc. – is neither static nor predetermined. Rather it is the product of the ongoing interaction between individuals. As Morgan (2006, p. 137) reminds us "organizations are in essence socially constructed realities that are as much in the minds of their members as they are in concrete structures, rules and relations". Such a perspective sees the organisational structure is not so much the basis of power relations but that it is the outcome of power and politics in the MNC.

Consequently, this chapter provides an alternative perspective for understanding the context of power in the contemporary multinational company. We cannot understand this just by looking at stable hierarchy, HQ and subsidiaries, we cannot understand this in terms of legitimate authority or of univocal plans and strategies. The heterarchical MNC is messy, dynamic and complicated, and perhaps we should join with Morgan (2001a, p. 10) "to admit a sense of wonder that organization is accomplished".

## 7. The Landscape of Power-in-Use in the Contemporary MNC

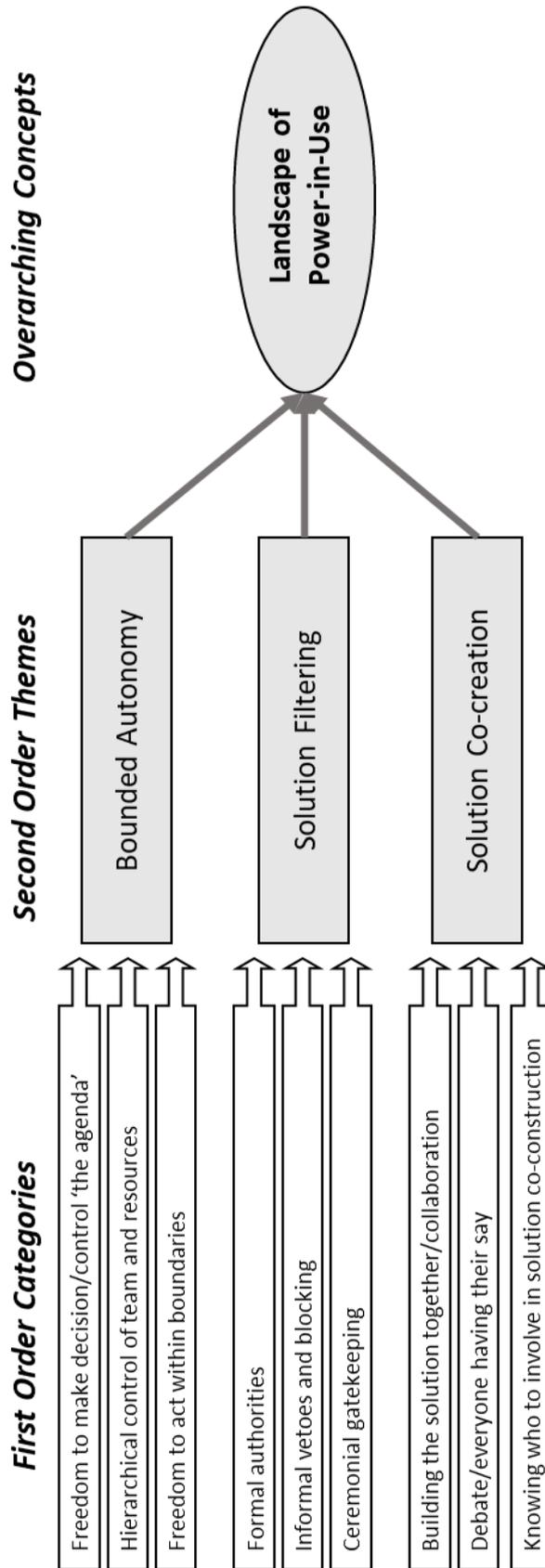
In the previous chapter we explored how GlobeCo had evolved not only into a heterarchical organisation, but one that is characterised by organisational ambiguity, with high levels of contestation around the organisation and frequent organisational change or fluidity. It was highlighted that in such an environment, individuals frequently face an absence of single-point accountability such that formal hierarchical authority cannot be relied upon to resolve issues or for taking decisions.

Despite such challenges, coordinated outcomes are achieved daily. Within GlobeCo this is repeatedly referred to as the result of *alignment* of agendas. This concept, which has difference facets reflects, at a minimum, the need for a shared acceptance of an outcome, and the consistency of the initiatives with others within the organisation. Yet, as a manifestation of coordination, such alignment must reflect the workings of power within the organisation, both of taken-for-granted assumptions and of episodic action. Consequently, this chapter gives further insight into *how actors navigate the organisational structure of the heterarchical MNC* (research question 1) and in doing so starts to help us understand the *power relations that affect the coordination of individuals in the heterarchical MNC* (research question 2).

After introducing the concept of alignment, this chapter focuses upon the way that episodic power is evident within GlobeCo – as the visible aspect of power this is referred to as power-in-use (Pettigrew & McNulty, 1998; Kim *et al*, 2005). Three modes are identified: *bounded autonomy* where an actor has effective freedom to determine actions, within certain limits; that of *solution filtering* where an actor has an effective veto over all or parts of a possible solution; and *solution co-creation* where solutions are mutually developed by a range of actors, with different responsibilities, working together to deliver an outcome. The overall data structure for the chapter is presented in Figure 7.1.

Finally, this chapter considers how each of these mechanisms can be understood in the context of the literature on power. It identifies that each of the mechanisms is primarily associated with different manifestations of episodic power (respectively the power of resources, process and meaning), with the boundaries that outline who can exercise what episodic power-in-use reflecting the systemic, taken-for-granted basis of power relations. Together these comprise a landscape of power relations within which power-in-use is enacted and through which individuals navigate the organisation to achieve coordinated outcomes within GlobeCo.

**Figure 7.1: Data Structure – The Landscape of Power-in-Use in GlobeCo**



## 7.1 Coordination in GlobeCo – Achieving Alignment

In the previous chapter it became clear that the hierarchy could not be relied upon to achieve the cooperation necessary to deliver outcomes in complex organisations such as GlobeCo. Yet the essence of organisation is coordination, allowing the totality of the organisation to achieve something that the constituent parts could not achieve on their own (Okhuysen & Bechky, 2009). Within GlobeCo this is recognised in the need to achieve *alignment* of strategies, workplans and activity.

*“Everywhere in an organisation that is networked, the nodes have to be aligned. And if they're not... it slows up, it creates rough edges.”*

Alignment can be considered as a state where there is sufficient coherence of, and compatibility between, the disparate objectives within the organisation and the action plans to achieve them. One manager described this as “all pushing in the same direction” while another emphasised the need for enactment saying:

*“A decision doesn't become reality until you've got a critical mass of consensual support for it, unless you convince enough people that it really is a good idea to do it.”*

Generally, while respondents seem to struggle to define what alignment is, they are clear what the absence of alignment leads to – “ongoing conflicts [and] disagreement”, it “slows things up”, “you will make decisions that go in different directions”, while one respondent suggested that being aligned is about achieving a state where there is “not a conflict”.

As such, the concept of alignment less brings to mind the analogy of the multinational as a super-tanker, but rather that of a flotilla of ships that need to make progress on a similar heading without interfering with each other.

Within GlobeCo emphasis is put on the need to reconcile the different agendas that exist within the broader organisation: As one former VP explained:

*“Well, it's like in any environment, in any corporate environment. People, everyone has different agendas... So, even if you understand that what you want to do is for the greater good of the total company as a total, you still need to go and talk to all the different stakeholders ... who have different objectives.”*

While another described the lack of alignment as being:

*“That people don't see, or regard, an initiative as the same level of priority, that you don't get the buy-in, that you don't get the resources, you don't get these initiatives as high on their agenda as it is on some other people's agenda.”*

And as such, the challenge, as seen by GlobeCo managers is to get the differing agendas of those around them sufficiently lined up or ‘aligned’ to permit coordinated action even in many situations where formal decision rights are in place:

*“You might have somebody with formal decision rights – but you've got to align everybody else up around and below them to make sure that they are all aligned.”*

This need for ‘alignment’ stretches in multiple dimensions. Firstly, it is clear that this is required horizontally across organisational teams and units – so that in one key project the responsible VP stressed that “it came to aligning a lot of the Finance function, the Controller's office, the 'Markets' – in terms of the changes and why [these] are going to be made.”

Yet alignment is also required within the boundaries of teams and units (which may be made more difficult by differing reporting lines). One respondent talked about a unit leadership team that they sat on:

*“There was just a lack of alignment really about what was going on, there was a lot going on in the background and not aligning that team. So, it wasn't a great leadership team to be part of.”*

Respondents also stress the importance of ‘vertical’ alignment – particularly in terms of ‘lining up’ the senior decision makers who are seen to have legitimate influence on outcomes. Interestingly respondents also emphasise the need to align the direct reports/subordinates of those senior decision makers as they frequently will not make a decision until their own teams are aligned. One VP said that “if you have a very senior SVP, often you have to align to their teams, and sometimes to their teams’ teams before it goes up to them.” Another respondent emphasised that “you've got to go and line up his troops before he's prepared to put his skin in the game and say 'yes'”.

Clearly achieving ‘alignment’ requires work – this is not something that will necessarily occur without deliberate effort. As one VP reported about his time in GBS:

*“A large part of what we do is also a bit of stakeholder management. It's aligning interests and flushing out where there are inconsistencies where people are not aligned and dealing with them. So, a large part of the time is spent doing that.”*

Another VP provided a feeling of the richness of the activities that might be required:

*“You create alignment also by, first of all, creating excitement around an agenda, setting the scene, then – of course – forming also partnerships, alliances inside the organisation ... to create organisational momentum behind a theme, because that is not going to happen by sending an email and saying 'look this is now a priority please do so'.... And it's not just one person... And this is, of course, by explaining it, by laying it out in facts and figures, but also through a 'battle cry' to rally the troops to get them fully energised.”*

The emphasis here is not about units but about people and their relationships. Alignment is created through managing stakeholders, generating excitement, forming partnerships and alliances, providing rational explanation as well as through the ‘battle cry’.

As one Director summed up:

*“It does come down to people... The processes will take you so far, but multinationals do come down to managing people and people relationships, and figuring out how to get people on the same side.”*

The literature review in Chapter 4 suggested that power plays a key role in achieving coordination. This raises the question of how power is manifest in GlobeCo to achieve the alignment that is seen as being so important. Here the research identified three different mechanisms that make up the landscape of power-in-use.

## **7.2 Power-in-Use: Bounded Autonomy**

*“The Controller ... was responsible and would make calls, decisions, as needed and provide the support.”*

The previous chapter highlighted the limitations of both hierarchy and legitimate authority within an interdependent heterarchy. However, this does not mean that these are absent and play no role. From the study of GlobeCo there are examples where hierarchical-like behaviour is exhibited and where the authority of individuals is respected as the key mechanism to achieve coordinated outcomes. Yet this occurs within clear limits. Consequently, this first type of power-in-use is referred to as *bounded autonomy*. This is the situation where managers have sufficient autonomy or control to determine outcomes without significant interference from others. This requires that other actors involved in the outcome accept the

legitimacy of the primary actor's bounded autonomy and enact decisions that he/she has made – fitting with Brock's (2003, p. 58) definition of autonomy as "the degree to which one may make significant decisions without the consent of others".

Supporting quotes for the analysis in this section are shown in Table 7.1.

### 7.2.1 Making Decisions and Controlling the Agenda

We have already seen that there are many circumstances within GlobeCo where there is no single-point responsibility and where the hierarchy cannot be relied upon to guide responsibility for issue resolution. Yet it is also clear that there are some situations where actors are able to make decisions which are enacted by others.

The case of GlobeCo reveals instances where individuals feel that they have significant autonomy over specific issues, or even where they have broad autonomy within their role. This was highlighted by one Director reflecting on a previous role:

*"In my old role ... I was very much left on my own to make those decisions within my own area myself."*

Similarly, the Director who ran the PMO (the organisation that managed key programmes within GBS) said:

*"So, on the [Programme Management Organisation] I actually, almost, have complete autonomy... Once it was operating, I had huge autonomy in that space. You know, to define what I want to do, how I want to deliver it, all those kind of things."*

These quotes highlight that central to GlobeCo managers' understanding of 'autonomy' is the freedom to determine outcomes – for example in the ability to 'make those decisions' or to 'define what I want to do'. One, Director described this as "being in control of the agenda", saying:

*"If I look at the agenda, I can control most of it myself – but without being stupid! So, what does control mean? Control means that you drive your solution in a certain direction where you see most value for GlobeCo... I feel that I can be driving the agenda and be executive"*

**Table 7.1: Bounded Autonomy – Supporting Quotes**

	<b>Supporting Quotes</b>
<p><b>First Order Categories</b> <b>Freedom to make the decision/control the 'agenda'</b></p>	<p>"He, made the hard decisions when he needed to, he led from the front, he was always willing to, you know, corral his FDs if he needed to."                      "There isn't a load of stakeholding, which is different to I think when you're in a global role, because you don't really deliver anything - you could argue - you know you've got to deliver through people. Whereas, I am the decision maker and I'm the doer. So, it sits with me. So I think that's what drives the autonomy."                      "I drove the agenda in a direction, in a number of instances, that I can attribute solely to my view of the world and to my decision making."                      "I very quickly realised that Angela, formidable woman that she is, runs what I feel liberated enough to discuss... as a dictatorship. It is to all intents and purposes. But it gets things done in one fashion or another"</p>
<p><b>Hierarchical control of team and resources</b></p>	<p>"Overall budget-wise I still have a lot of power actually, I think. So in terms of what I spend my money on, I have a lot of power in that space actually."                      "The Presidents in the clusters drive a lot of programmes because they basically control the P&amp;L and the funds to a large extent."                      "I think the power sits with the people who have the people - does that make sense?"                      "[We were] having this debate about the [X], and everybody else in the room disagreed with him, and James basically said 'You are the boss here, so I want to cut this conversation because you've got to know we all disagree with you, every single last one of us, but you are fundamentally the boss, so if you're going to make this decision, let's make it, now, and we'll all shut-up and go and implement it for you'.                      "You get your own team which makes a difference, because you can react quicker with stuff than having to deal with [others] to make change happen."</p>
<p><b>Freedom to act within boundaries</b></p>	<p>"I think it's freedom within a framework. So the framework is clear. There's parts of the framework you do not step outside, there's parts of the framework that you can step outside if you've got a good reason. But it's about doing it... it's about engaging with the framework owners in a positive sense."                      "It's freedom within a framework, but people are very reluctant to the word 'freedom within a framework' because it always sounds like you're getting screwed. So we like to say, we have a broad a space by which we operate and you're empowered to express yourself within that."                      "We were just left to get on with it [within] the governance framework that we had in place, we'd have the quarterly strategic meetings or we'd have the monthly operational meetings ... just to make sure that we were moving in the right direction."</p>

### 7.2.2 Hierarchical Control of Team and Resources

However, if we are considering bounded autonomy in the context of multiple actors, it is crucial that the decisions and actions (the 'agenda' setting) of the primary actor are enacted by others. Despite its heterarchical nature, in GlobeCo this is still most frequently seen in the context of hierarchical control. As one marketing VP commented:

*"In my previous role I had a team of 90 people, I controlled a budget well in the double-digit million [Pound] figure which I could deploy this way or that way."*

We might even say that it is this hierarchical 'control' of a large team and budget was the basis of his ability to act autonomously (that is 'deploy this way or that way').

#### **Vignette: Transforming European IT**

As with most activity, IT had been run locally within GlobeCo, but fell functionally under the strong SVP Finance in each region.

In Europe, Alexander, the SVP Finance & IT saw the need to transform local IT into regional services. As one of his team reported:

*"The decision was taken by Alexander to manage IT purely as a [regional] service, and there would be no local IT presence in the markets in Europe. So it meant all the support of local systems needed to be moved to regional process and service issues, escalations, had to be managed differently..."*

*It was a tough role because I had to convince some of the Finance VPs that their teams were going to disappear, and they'd had these teams on tap for years, and they had to follow the global progress to get projects done and service issues resolved."*

This VP, who oversaw the transformation, was then asked if they faced pushback from the Finance VPs in the countries:

*"Yeah, most, most! Around how do I get things done? 'What's going to happen when that person that I've known for 10 years and runs around and does all my stuff for me whether it's fixing my Blackberry or my iPhone, or whatever it might be, or finding out why SAP's down, what am I going to do?' So, we had to paint some clear processes around how you would do that, but we almost got thrown*

*out of the French office! We went there, and we had our presentation ready, the local Director was there, and ... was very aggressive towards us.*

*But, I mean they all accepted it because they all worked for Alexander, and it was Alexander's ... cooking, and it was 'take out cost', it was cost saving. They had no option.*"

Alexander's authority from his organisational position (combined, perhaps, with his personal experience and credibility) led to the Finance organisation implementing the change, even though many of them had significant concerns about how it would work.

Direct 'line management' appears to be a crucial part of this – as illustrated in the Vignette above, where the country VPs had "no option" to accept the changes and "accepted it because they all worked for Alexander".

Indeed, respondents repeatedly reported that it was more important to have the people, the head-count and the reporting lines than to have budgetary control. As one Director explained:

*"I think the people with the people have the power. Because, actually, moving financial resource around is actually probably simpler now than moving people around, and, you know, actually having a team that you can send off in a different direction."*

Furthermore, another Director explicitly talked about how much more difficult it is to get a decision enacted when those that need to act are not within the direct reporting line:

*"I think one of the things about decision making is the person who thinks they're taking the decision, the implementation has to stick. And to make that stick, that person has to deliver it through their people. And if the person wanting a decision to be made is not in that line management, you're brokering all the time."*

Although line-management hierarchy may give the greatest opportunity for managers to act autonomously, there are also cases where the authority of someone sitting in a different reporting line is accepted, and their decisions become enacted. Tim, one of the Service Line Directors in Workplace said that "people leave me alone... [they] they don't send emails 'you must do this' and 'you should have better done this'... I feel empowered." Elsewhere he talked of the source of his autonomy saying, "at some point it goes back to the trust and the

credibility again, they say 'well if Tim thinks this is best, then probably it's best'." His authority is accepted as legitimate despite the lack of line responsibility.

### 7.2.3 The Boundaries of Autonomy

Although some managers see themselves (or others) as having considerable autonomy to drive outcomes, the general feeling within GlobeCo is that the autonomy of the individual is clearly *bounded*. That is there are issues where they can act reasonably autonomously and others where this is not possible.

Frequently, managers expressed the view that had autonomy only in part of their role – that is that they believed that there were certain issues where they have autonomy. This is reflected in comments such as “in this role I have some freedom”. Another commented:

*“Do I have much autonomy there? Yes and no, and I think I'm still trying to find where the line is... So, like, actually I have, as long as I make the right call I have loads of autonomy! [Laughing.] Does that make sense?”*

However, the boundaries within which managers are working are neither pre-defined or stable. Rather, they evolve depending upon performance, experience and others understanding. One manager talked of his experience in a role taking responsibility for the Programme Management Office (PMO):

*“When you first take over the role and ... the PMO was shit.... Did I have a huge amount of autonomy? No not really – I had to check a lot of stuff with [the VP Finance] and get stuff done and actually Theo was a real pain in the backside... But when, once it was operating [well], I had huge autonomy in that space. You know, to define what I want to do, how I want to deliver it, all those kind of things... Now to a certain extent that's trust because we've fixed it.”*

While these illustrations reflect boundaries imposed in the relationship between the Director and his boss, respondents more broadly reflected upon the multiplicity of constraints that provided the ‘framework’ within which they had freedom to act:

*“What is power? In a way we talk about freedom within a framework. So I know there are certain things which I can't do, so that might be authorisation limits as to individual items of spend that I can authorise, that I can't authorise. Obviously, total budget control is an issue. Staff recruitment, there is a limit to how many people I*

*can recruit in which country. But on the other hand, it's my choice who I recruit in any area. I don't have anyone else looking immediately over my shoulder. Choices that we make within a framework are mine, and I feel quite comfortable with that."*

While the 'boundaries' that give 'freedom within a framework' may be formally defined, they may also be much more informal. The Chief Executive of one high performing subsidiary talked about how his team are empowered, and referred to the importance of them knowing the boundaries within which they could operate – which he referred to as 'guard-rails':

*"A key thing to unleash the power of our organisation is if the people have a feeling that what they do matters, and they have the power to ... actually end up doing it and they actually just execute it... They just did it, because they have the autonomy, they know what we want to do, they know what the 'guard-rails' are, and they have the autonomy and they feel empowered to actually do it."*

Furthermore, taken-for-granted cultural understandings provide significant boundaries upon managers' ability to act alone. Indeed, Tim, the Service Line Director who talked above about having 'control' went on to say:

*"At the same time in the work I do you cannot ignore the local stakeholder management. If I fit out a new office in X, I can't ignore the Chairman of X and I can't ignore the SVP Finance and HR of X because they are key stakeholders"*

Indeed, this sense that others who are affected by your actions have some legitimate right to be involved in the process and restrict your autonomy seems all pervasive within GlobeCo. Indeed, one VP commented that:

*"Even though we might be inserted in decision rights, it is more to make sure that we are coordinating and driving, as opposed to just autonomously making the decisions that we think make the most sense, because we always have to align back with that business."*

There may be no formal requirement or rule that restricts this VP in his autonomy, rather it is through a shared sense of understanding within GlobeCo that means that his team *must* "align" with the business.

As such, this section highlights that despite the interdependent nature of GlobeCo, there are many situations where individuals believe that they, and others, can act with autonomy – and can control outcomes through the deployment of key resources and the enactment of others.

However, there are clear boundaries to this – limiting the apparent autonomy to certain issues. Such boundaries may be formally expressed through GlobeCo’s processes and structures, but as importantly, also seem to be the product of shared understandings of where others need to be involved within the decision process.

### **7.3 Power-in-Use: Solution Filtering**

*“As the custodian of the innovation funnel ... it was up to me to determine which of those actually went forward.”*

The second way in which episodic power is identified as enacting is that of *solution filtering*. This is where an actor has the legitimacy to exercise a block on something happening – that is filtering out initiatives that they find unacceptable, and consequently putting constraints upon the ability of others to act. Quotes supporting this analysis can be found in Table 7.2.

Solution filtering is well described by a Finance VP within a key emerging market economy.

*“As in good companies ... it is very much strict to the schedule of authority first of all. So, there is a materiality limit there and in various elements. So, I give you an example. I think I have autonomy in terms of decision making in all areas of Finance... Can I approve everything? Not everything... For example – so can I set up a new factory? No, I can't, I would need approval also from other elements within the organisation. Can I stop to be built a factory? Yes, I could, because that power I have within the local organisation.”*

That is in the ‘issue space’ of Finance, there are areas where he has the autonomy to approve things and make positive decisions – what was referred to above as ‘bounded autonomy’. There are other areas, however, where he does not have the ability to unilaterally achieve outcomes (where approval is required from other elements within the organisation’) but where he, as the Finance VP, has an ability to veto or stop the initiative.

This ability to stop things, to say ‘no’, seems to be a major issue within GlobeCo, with one long-standing Vice President reflecting that:

*“In a big corporation, in GlobeCo ... you can have a great idea and you have 49 people who are supporting of the idea, and you have one who says 'no' and most likely it's a no... But it's the power of 'no' in a big organisation. And once it has been a 'no' it is very difficult to turn this 'no' into a 'yes' again.”*

**Table 7.2: Solution Filtering – Supporting Quotes**

First Order Categories	Supporting Quotes
<b>Formal authorities</b>	<p>"I think they are, in the end, are vital because people that want to have their say, and are stakeholders and find out that they are not being treated as stakeholders, will go after you if the authorisation is not there."</p> <p>"Formal authority sat with... the CFO. At the end of the day, GBS proposed what they think should happen, the functional head decides."</p> <p>"So, the launch is... How would it work normally? We have four stages in the innovation pipeline: the ideas phase, the feasibility phase, capability phase and market deployment. The launch decision, and the roll-out time and country is locked at 'contract' after the feasibility phase."</p> <p>"So, I was the owner of the Service Catalogue, so any changes to the Service Catalogue had to be approved by myself. That then went into the contracts, so any contract amendments had to be approved by myself."</p>
<b>Informal vetoes and blocking</b>	<p>Vetoes blocking action:</p> <p>"While the geographies may come forward and go 'we want to reduce [spending] by a hundred thousand', I ultimately have the power to go 'we're not doing that'."</p> <p>"So, we've made a decision locally that we're just going to go on and do it... and it's now been blocked by global."</p> <p>"And sometimes then you are still over-written by more senior people than we are, but at least it is understood why you are over-written, and everybody would understand in that context or in that discussion. That doesn't happen often ... still some senior people say 'OK, but I feel that this is more important' and you do another trade-off."</p> <p>Abdication and passive resistance:</p> <p>"Walking away from the debate at a certain point in time, and not partaking in developing and making the solution work."</p> <p>"At other times you got more indirect resistance, which is just where people, to use the phrase, 'took their bat home' and just didn't want to engage."</p> <p>"And then the local business saying OK, [but] not answering the emails, not picking up the phone."</p>
<b>Gatekeeping limitations: Ceremonial Gatekeeping</b>	<p>"At that point it is more of a formality and a 'rubber stamp', in that 'here's the business case, here are the quantitative and qualitative benefits in doing it, and then here are the folks that have been a part of the process and have agreed to it' (which is typically those that they're close to). And so then they know 'OK - I'm good with it, I don't have an issue with it'. They might have a clarifying question or two, but it's almost a day's worth of work versus six or nine months' worth of work"</p> <p>"In an American company you might ... have a decision made at the centre which then everybody is expected to implement and that's just the way that they behave - 'the boss says this and we do it' type of thing. Whereas in GlobeCo, and I think a bit more European cultures, it's different."</p> <p>"So we have delegations of authority, etc. And they do, kind of, give you a structure to work within. But there's loads of things that happen that go outside of that, that aren't imagined within the delegation of authority."</p>

Such filtering action needs to be distinguished from the ‘bounded autonomy’ previously identified. Filtering clearly has an element of control within in it, and the actor may have autonomy over filtering decisions (such as the Finance VP above, who sees himself as having the power to stop a factory being built). Yet this solution filtering is limited to saying ‘no’ – that is negating rather than creating options. As such, while approval (i.e. non-veto) may be necessary for an initiative to be implemented, it is not sufficient. Even if a proposal is approved by one actor, it may be vetoed or blocked by another – what one respondent described as “it works by checks and balances, by dividing and conquering”.

As such, the process of filtering frequently has a both a dynamic and collective nature to it. Actor C proposes an action, which Actor B must either then agree with or not (and it may be that Actor A, etc., must also agree). In many cases an actor’s veto rights may apply to only part of an initiative (e.g. the launch of a new product X in country Y). While from their perspective they may feel that they have control (of the launch of X in Y), for those people managing a global launch of product X this veto may be regarded as little more than influencing the launch plan (e.g. they may return to consider country Y at a later stage).

### **7.3.1 Formal Processes of Solution Filtering**

Solution Filtering appears to be manifest in different ways within GlobeCo. An ability to veto is most obviously linked to the formal processes such as the Schedule of Authority and the decision processes around innovations and major investments. Such a situation was highlighted by a marketing VP who previously ran the category innovation process:

*“I basically owned the project funnel, I decided whether a project would pass or not, would pass in this form or not. I could not necessarily decide to say 'look I want to have it launched in the following markets', but I could say 'look it's going to be this project or it's going to be that project'. And I drove the agenda in a direction, in a number of instances, that I can attribute ... to my decision making.”*

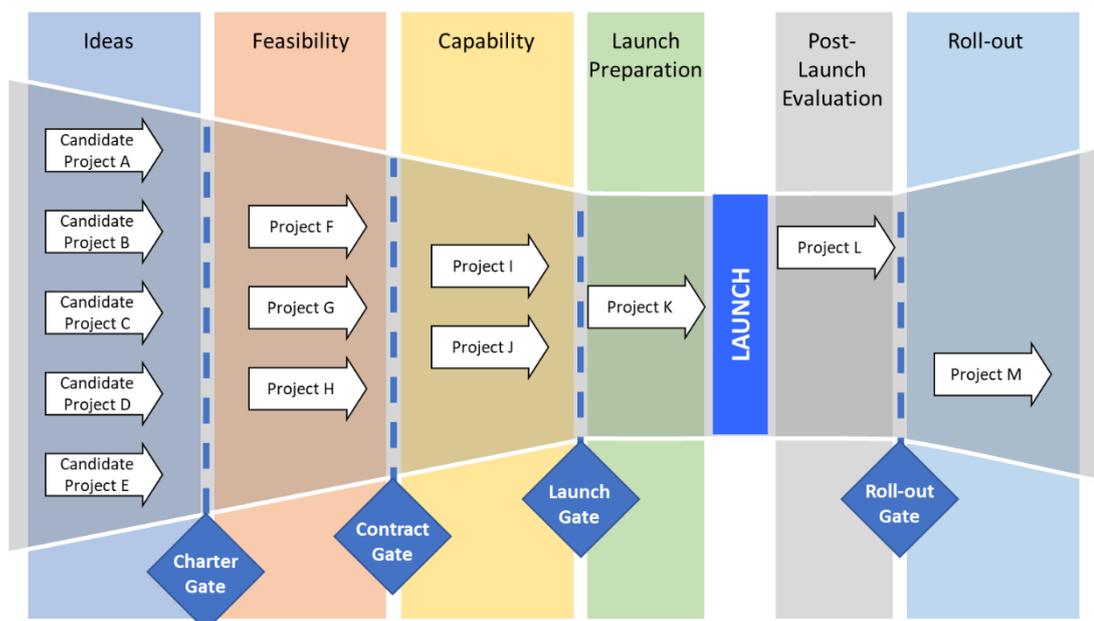
As such, while this VP could not ensure that a particular initiative was implemented, but he was able to filter out the initiatives that he did not want to see ‘pass’ and through this shape the agenda in a particular direction – but without causing them to be launched in any particular country.

Such funnels for innovation or change projects are common within GlobeCo, as well as with other multinationals (Reitzig, 2011). Figure 7.2 illustrates GlobeCo’s innovation funnel, which

has explicit stages, or 'gates', where projects and initiatives are reviewed and 'weeded out'. Typically, different gate keepers will be involved at different stages – so in the case of a product innovation that may be a senior member of the category team at the charter gate stage, however supply chain, would need to agree to pass the contract gate, while individual countries are involved at the roll-out gate.

As such, 'gate keepers' have considerable power of veto – as highlighted in the quote at the beginning of this section.

**Figure 7.2: Schematic of GlobeCo Innovation Funnel**



Source: Based on GlobeCo published presentation

Such power of veto is also seen in other formal governance arrangements. One senior executive talked of a governance board that had oversight of a brand he was responsible for, explaining that this board “have the power to stop anything that I want to do if they believe it goes against the integrity of the brand”, yet the responsibility for the strategy and proactive development of the brand remained with the executive and not with the governance board.

It is also worth recognising that such veto or blocking rights can at times may effectively be built into processes to the extent that these can restrict action independent of human agency. This is most apparent in the role of the business plan and related financial hurdles that serve the role of “keeping people honest”.

### 7.3.2 Informal Veto Rights

However, the ability to veto does not solely result from formal processes. In proposing the reporting lines for Vår Hage in Europe (see Chapter 6), Karsten Gaarder had discussed the proposal with the CEO, Remco Mertens. Here he was not seeking a mandate, but rather that he was “not against. He's just got to be not against. On this sort of level, the hierarchy basically works with Remco saying 'yes ... do what you've got to do'”. Thus, he was ensuring that the CEO would not veto his proposal.

Informal veto rights are also illustrated in the following vignette.

#### ***Vignette: The Scope of GlobeCo Business Services.***

Following the arrival of a new CEO, Vincent Peeters was appointed to set up a new global organisation (GBS) to manage GlobeCo's business services. The first question was what services fell within the scope of this new organisation, and which remained with the existing functions or regions.

Vincent explained:

*“[The CEO] gave a lot of freedom, so he clearly wanted me to own it, and not give direction himself. So I was allowed to define the scope.”*

Similarly, a key member of Vincent's team said:

*“But what should be in and what shouldn't be in? ... Certainly, the way I felt when I came in was that we had quite a lot of rein to work out what the scope was really.”*

For some key areas there was never significant debate about them becoming part of GBS:

*“There were some rough ideas about what the scope was – it was definitely going to include HR, it was definitely going to include Finance.”*

Yet it was clear that the CEO would not mandate which areas would be within GBS scope, giving leaders in other areas an effective veto.

*“And moving in [part of] Order-to-Cash or Supply Chain, [the CEO] would only accept if I would convince the Customer Development [SVP] and [the Chief Supply Chain Officer]. So, he would never ever say – 'ah that's a great idea, I'll give you*

*the mandate, go to them and take it out' – he said, 'it's a great idea, why don't you discuss with [the Chief Supply Chain Officer] and convince him that this is a great idea?'"*

And Vincent is clear that in a number of these areas other managers prevented any transfer of activity into GBS:

*"I would have loved to bring in much more of the front-office operations but, rightly so, Customer Development asked the question 'is it right that you pay you invoices 30% on time' – 'yes' – '[then] how dare you suggest to even come close to my order book?'"*

While another manager commented:

*"I think there was also a pushback, because the Chief Supply Chain Officer ... was not really keen of course to lose [Procurement] out of the Supply Chain." "You could have said Procurement resisted and we lost it, damn!"*

Within this vignette key individuals – the Chief Supply Chain Officer and the SVP Customer Development – were being given effective vetoes on whether parts of their operations transferred into the new GlobeCo unit. This is not a veto that is embedded within formal decision processes or schedules of authority, rather there is an acceptance that change will not occur to key responsibilities that affect them without their agreement.

Without there being any explicit statement of who has such rights, it is not surprising that disputes and resistance seems to emerge where there is a difference of understanding around who has (or should have) such rights. One Director in GlobeCo Business Services commented about one project that the local operating companies “felt that they had the right to veto and that caused an enormous amount of frustration, additional work, disruption, and frankly was unhelpful at the end.”

At an extreme, informal veto rights can be exhibited in the form of what is variously referred to as ‘abdication’ or ‘passive resistance’ – that is that actors who are supposed to be involved in a project just disengage:

*"[They were] more or less walking away from the debate at a certain point in time, and not partaking in developing and making the solution work. Put bluntly it was*

*throwing the ball over the fence and hoping it all went well... abdication is the term I would use."*

Consequently, at a micro level, many actors could obstruct aspects of an initiative through non-cooperation and non-participation.

### **7.3.3 Ceremonial Gatekeeping and Limitations of Filtering**

Although 'Solution Filtering' plays an important role within GlobeCo, it also appears that sometimes the powers suggested in formal veto rights are more 'ceremonial' than real. Respondents talk about situations where "the physical sign off may be a formality" or even "a rubber stamp". In such circumstances, the decision had effectively been made with no real prospect that the formal veto rights will ever be exercised.

This was the case in the European FM Outsourcing project (see Chapter 8). As a major contract commitment this went to the Chief Executive Officer for approval – but only a few days before the contract was due to go into effect, and formal approval constituted of "four words for the approval on the email! Or was it two?". The CEO had been aware of the project as part of his regular discussions with the head of GBS – "he definitely had visibility of it" – so it can be assumed that he had some ability to shape the project. However, the formal authority stage itself was legalistic rather than substantive.

In other situations, it was made clear that the formal gatekeepers were effectively restricted in their ability to exercise vetoes. This was highlighted by the Director that ran the IT portfolio tool.

*"So, I [and] my team do all the gatekeeping on the biggest projects GlobeCo has that are IT enabled, right. But actually, my power to say that project now [stops] ... is totally and utterly over-ridden... I'm here to provide a comfort blanket when audit come... that's not true, but do you know what I mean?"*

Although formally this Director formally had the 'power' to stop a project, he did not feel that this could be effectively exercised saying "I do have a little influence, but the boundaries are set on me somewhere else."

Consequently, as with 'bounded autonomy' the constraints upon individual managers ability to act can be significant. Respondents compare GlobeCo (and other European based multinationals) with American firms with their 'command-and-control' culture. Rather, "it's

the culture of the company as well ... it's not just about the formal governance and the way it's set up", that is the culture of "wanting to listen to everybody". Within such an environment there is a desire to bring others into the decision-making process. This leads us to the third mode, that of Solution Co-creation.

#### **7.4 Power-in-Use: Solution Co-Creation**

*"Others would be more engaged and open to be solving problems collaboratively, understanding the issue that was being faced and co-develop, co-invent ...the solution."*

It is clear from the study of GlobeCo that there are many circumstances where outcomes are not the result of one actor having control of the situation. Rather, the outcome is dependent upon the interaction of multiple actors in a process of *solution co-creation*. That is that decision-making emerges from group interactions to form a solution that fits to the requirements of the group. Supporting quotes for this section are shown in Table 7.3.

##### **7.4.1 Building the Solution Together**

Throughout the investigation of GlobeCo cases were highlighted where actors felt unable to act on their own, and rather the solution was built by individuals working together and collaborating.

*"In any organisation these days nobody can do anything independently. It's always a collective and collaborative effort."*

This is particularly true in the context of larger change initiatives where there is a need for multiple participants to collaborate to drive the solution:

*"Bigger programmes, like massive changes in direction, I think, that takes groups to really drive – because there should be in those situations a lot of inputs, fact finding, discussion, sharing, evolution of the idea, formalisation of the idea, and buy-in from the group ... there is a key group role in coming to those conclusions, those decisions."*

This is illustrated further in the following vignette.

**Table 7.3: Solution Co-Creation – Supporting Quotes**

First Order Categories	Supporting Quotes
<p><b>Building the solution together/ collaborating</b></p>	<p><i>"In practice, what often occurs is that owners and inputters will have constant dialogue with the decision maker such that by the time a proposal is finalised it has already been discussed numerous times."</i></p> <p><i>"This is part of a matrix organisation. This is where you pull on the different capabilities of different people at different times. It's never going to be a question of one person is leading this... It was clearly my accountability to deliver it to a solution, but that was entirely impossible without a collective group of people with different skills and different understandings and different dimensions to bring."</i></p> <p><i>"So what do you do? You go out, you go and visit people, you talk to people, you listen to them, you listen to their conundrums, and you listen to their issues. And then you take those issues, take those issues into account, always. You try to be as honest as possible in terms of saying 'yes, he is right' or 'he or she is not right actually' and then you try to propose a solution to everyone, to each stakeholder, which enables you to deliver what you want to deliver."</i></p> <p><i>"Whose vision was it? It was a group vision."</i></p>
<p><b>Debate/everyone having their say</b></p>	<p>Multitude of people to engage with:</p> <p><i>"There were hundreds of people that had some way to influence, accelerate or delay decision making."</i></p> <p><i>"You can't do anything before you've asked everybody ... you literally can't do anything without asking everybody. And [if] you didn't ask that person, shame on you and look what's happened."</i></p> <p><i>"We have this collaborative culture which also means that everybody wants to be involved in every decision, even if they're not the one that's formally responsible or accountable for it."</i></p> <p>Need to engage because others have different priorities or perspectives:</p> <p><i>"And, I also think the other pieces that, you know, in a massive multinational there are also always competing priorities."</i></p> <p><i>"From where I stand, I can say I think it's just noise. If I was sitting in somebody else's role, internally, inside of GlobeCo, accountable for delivering increased performance, year-on-year, and somebody told me my bill for HR Services was going up by 150% I probably wouldn't think it was just noise."</i></p> <p><i>"We could not get their head around the project ... we spent hours in talks with them."</i></p> <p>The downside of everyone having their say:</p> <p><i>"And that's just ... frustrating as hell to be part of that, and how long it takes, and what the hidden cost of not taking a quick decision is ultimately."</i></p> <p><i>"It just requires more engagement, more talking and more convincing. That's very frustrating. It slows one down"</i></p> <p><i>"When something does go wrong there actually is a whole load of people that were involved in the decision-making process and we can share that risk among a load of people."</i></p>

<p><b>Knowing who to involve in solution co-construction</b></p>	<p><i>"I think it's about understanding, really clearly, at the beginning who are the people you need to talk to, who are going to be impacted by this and having a really clear stakeholder plan."</i></p> <p><i>"It becomes a pretty clear blueprint in terms of who you want to include. The art comes into the role that they play, and the level of influence that each of them has - because it will vary. So that the influence that a CFO in ... one geography versus the other, will differ a little bit - as will the other functional heads. So you just need to leverage them in concert, but then also know within that audience who is probably the most credible voice, or whose voice it is that you want to cosy up to the most."</i></p> <p><i>"I'd identify who were the key opinion formers, who were the people who had influence, who had the decision rights - target them and then think about the next, you know, who's going to be impacted by this, who should I be reaching out to just because it's common courtesy and everything else?"</i></p>
--	--

### ***Vignette: The Design of GlobeCo Business Services***

In September 2011, the GlobeCo Executive approved in principle the idea of creating a Global Business Services, but there was very little granularity on what this actually meant. As one member of the team said:

*“September. What had been decided? Well I think it's an interesting question because I'm not sure anything had been decided really... So when I joined, I think the decision had been taken to create a GBS and that was it, fundamentally.”*

In order to undertake design and feasibility work and to put a formal proposal to the GlobeCo Board., Vincent Peeters pulled together a small team of those running existing services:

*“What they had done was basically taken those existing global organisations [and] pulled them into a leadership team.”*

One of this team recalls his experience of this time as one of collective sensemaking:

*“I was the first service line person to move into the [team]... It was great, all of our initial discussions that we had... To be there in all the workshops, to talk about and explore what could it look like, what are others doing, how are we organised today, what is it that we can leverage, what do we need to change, what is the journey to get there, what does success look like? So being a part of all those conversations from the inception gave me an opportunity to shape, but also evolve with, because we were asking questions that we didn't know the answer to. We had to kind of explore what makes the most sense directionally.”*

Others similarly emphasise the way in which the plan was shaped together.

*“And so for me, that was that first piece, bringing lots of different people together from lots of different areas, identifying some fantastically crazy stuff.*

*I always felt like there was a lot of pent-up energy and excitement because, you know, services is a dull area, right. Services is the back-office of the back-office. And people had been treated like the back-office of the back-office and what ... Vincent and James did was take these people, who were actually pretty clever people, ... and say for the first time in a long time 'here's some money', and 'here's*

*some space to think'. And, so in lots of ways there were thousands of different ideas that came and went.*

*I think, ... why did that have an influence wasn't because we had any better ideas, I think it was again because we had a very small core team and we worked very closely together. We were part of a project team who challenged each other, who were listened to, and were thought of as one team... We were doing something for the good of GlobeCo."*

Within four months the GlobeCo board approved a formal plan to establish GBS. This plan was the work of numerous individuals pulling together:

*"I remember ... Stefan ... doing a fundamental piece of thinking about how you run shared services ... that's a fundamental building block. I think James for the ...service culture he brought and his energy... I don't know if we'd have got off the ground in the same way without him. And Vincent, 'cos his energy, his drive, his kind of intellect, brilliant!"*

This vignette illustrates how the GBS proposal was not one person's crafting but is a multifaceted process of collective sensemaking (Gioia & Chettipeddi, 1991; Weick, 1995), such that there is an evolution of the solution as a shared understanding of what the team needs to deliver.

However, such solution co-creation is not limited within the boundary of a team or unit – there is also clear indications that this frequently includes a presumption to work with those that will be impacted by any initiative – frequently referred to as 'stakeholders'. In part this is a 'sensegiving' type behaviour:

*"It was just a lot of, a lot of discussion, a lot of on-boarding, a lot of focus on collaborative approach, convincing, explaining to people what the issues were, where we were going, why we were doing it."*

*"All of these things you need to put in place, and people need to understand WHY you are putting them in place – so a lot of it is about creating the vision, the appetite for the vision and the appetite therefore for the change that needs to take place, which is essentially about synergising what the company really is."*

Yet this selling of the initiative is not purely a one-way flow of meanings and understandings aimed at motivating others within the organisation. There is also a need for listening to the stakeholders and adjusting the solution as part of the co-creation. In the context of GBS a VP talked about such two-way dialog:

*“The 'geographies', those that are really at the end of the day the clients of the services regardless of what function is delivering it. And I think, looking back, but I think all organisations would say this, how do you get them to be a part of it, so they can shape it, but not overly disrupt or interfere with it. Because they ... are the ones who are in receipt of the services, they are the ones who are growing the business. So, it is, how do you make sure they are involved in the journey, and so they do not feel the disruption and are not a disruptor?”*

Key here is that not only are they “part of it”, but the VP is expecting for them to have an opportunity to “shape it”, to contribute to the process of creating an appropriate solution.

#### **7.4.2 Debate and ‘Everyone’ Having Their Say**

As has already been highlighted, there is appears to be a deep assumption within GlobeCo that many people have the ‘right’ to participate in decision making. On Director described this in terms of the culture of the organisation:

*“A culture of still wanting to listen to everybody, get all the views on board, almost be like a judge and jury for an extended court case.”*

Another Director highlighted the impact that this has:

*“Everyone still thinks that everybody is allowed to have a voice in everything... But because of that behaviour that is so engrained in GlobeCo people, it is then that need to make sure that you are engaging everybody and getting them on board.”*

This need to ‘engage’ seems to be a deep-seated, taken-for-granted assumption in GlobeCo. As with the respondent above we could see this as a cultural manifestation of how managers within GlobeCo behave. Yet, it also rooted within the interdependent, network-like and heterarchical nature of the organisation. This is seen in the way that GlobeCo managers refer to the need for engagement to resolved different perspectives and priorities. Different individuals and teams are embedded in different organisational and institutional settings

which can lead to them having a different understanding and perspective of a particular initiative.

*“And so what happens is that you've got someone who's driven to drive a global agenda ... who goes 'right, well the model has to look like this', and you get someone in India going 'you've got to be a nutcase, right, that will never land here!' And, actually, ... 'cos it's totally different in China and totally different in Indonesia. So I think there's that kind of local/global piece that drives some of that divergence”.*

Furthermore, as a reaction to the multiple functional, geographic and product areas that the MNC works across there is a necessity to respond to “the rational business constraints of other conflicting priorities”. An initiative can conflict directly with the priority of others, or it is just not a priority given the workload. This may be at an organisational level – and particular global initiatives land in local organisations that “have, quite frankly, better things to do – they want to run a business. They want to sell. These transformation projects are a distraction to them.”

Engagement is consequently necessary to understand the different priorities and perspectives, and consequently attempting to try and generate a path that reconciles these differences. As one Director emphasised “we have to find the right solution because it's *quid pro quo* between us – if we're going to do this we have to do it together”.

Yet, while GlobeCo managers see a process of engaging with others as necessary, there is widespread recognition of the problems that this brings. Apart from that it “impedes and limits speed”, it can create considerable frustration, with one respondent who had left GlobeCo reflecting:

*“I realised that I was exhausting myself much more in all of this, let's say, effort of convincing, rather than doing the stuff. And I didn't like that, I didn't like that ... I felt that this was not what I wanted to do in life and I felt that I could potentially be happier in an environment where things where decisions would be taken faster, where I could decide for myself, and act much faster.”*

This risk of being “too democratic” is also perceived in risk aversion. This is both in the risk averse nature of the outcomes for the organisation, in that the riskier more challenging options get negotiated out through “checks and balances”, but also removes risk for the individual manager – as one consultant who works with GlobeCo colourfully described:

*“Everybody gets the chance to – excuse my language – cover their arse, and then finally a consensus-based decision from which nobody appears to be really on the*

*hook, creating a marvellous opportunity as soon as something goes wrong to turn around and point the finger at somebody else.”*

### **7.4.3 Knowing Who to Involve in Co-Creation**

Although the previous section referred to ‘everyone’ having their say – this is clearly a short-hand exaggeration in an organisation of 100,000 people. Rather, the challenge appears to be for managers to know *who* it is that should be engaged. This is about “finding the right person to talk to”.

An experienced VP stresses that this is much more than a result of the formal roles and authorities within GlobeCo:

*“It is knowing who are the key drivers in the business – not just a Schedule of Authority table, but who are the real drivers of that particular business.”*

For him this seems straightforward as “it becomes a pretty clear blueprint in terms of who you want to include” in discussions. Yet others comment that it is “not always obvious” who needs to be involved and that “you go for those people that you think ... are the real ... stakeholders. But maybe they're not, maybe there's one or two others that you haven't thought through”.

This presents a particular challenge for those new to the organisation, as one senior manager explained:

*“Coming into GlobeCo one of the things I found most difficult was identifying all the people that you needed to speak to about something. Because you'd identify the very obvious ones, and then think you were done, and then there would be a whole other group of people that would just pop up at the last minute and, you know, want to be consulted and be able to express a view... That's challenging, because it's not written down anywhere, so you have to sort of learn it, and even when you think you've learnt it, you know I'm still finding out I'm missing out people every now and again.”*

That is, the knowledge about whom to involve in solution construction and decision making is tacit knowledge that goes beyond the formal organisational structure or authorities. It reflects not only the influence of key individuals (“that person ... has the ear of someone else”) but also a shared cultural understanding of who has a legitimate right to be included (“we always have to align with the local business”).

## **7.5 Alignment and the Manifestation of Power within GlobeCo**

The previous section identified three modes of power-in-use through which coordinated actions, or alignment, are achieved in GlobeCo. While the implications for understanding power relations will be more fully addressed in Chapter 9, I would suggest that the three modes of coordination align closely to the first three ‘dimensions’ of power as highlighted by Hardy (1996) while representing very different ways in which power is manifest within GlobeCo

### **7.5.1 Modes of Coordination and the Dimensions of Power**

Firstly, the concept of *bounded autonomy* is about the ability of an actor to achieve outcomes without significant interference from others. In the case of GlobeCo, achieving such outcomes in bounded autonomy appears primarily through the control of relevant resources – particularly in terms of money and people. As such, bounded autonomy, reflects to Hardy’s (1996, p. 57) *power of resources* in which “power is exercised by actors to ... bring about the desired behaviour through the deployment of key resources on which others depend, such as information, expertise, ... the control of money, rewards and sanctions.”

Within GlobeCo this manifests as the freedom to deploy budgets as one wishes, as is having ‘control’ of the human resources, the people, to achieve this.

This emphasises the importance of the line management relationship (which, as we have seen, frequently do not reflect unit boundaries). Line management brings ‘headcount’ over which the manager has the ability to reward or punish. This is seen through the ability to hire and fire – removing or reassigning those who do not perform in the right way (“I changed person X”), and bringing the right sort of people into the ‘team’ (with one top executive claiming that the most important requirement of a leader was to “surround themselves with people they trusted”). The importance of line management is further underpinned by the GlobeCo reward system in which the line manager both sets the Annual Performance Targets and, broadly, judges their achievement and hence the level of reward that an individual receives. As one Director stressed “what that system also does is that [it] then puts a huge amount of ... value on your relationship with your direct boss.”

Secondly, at the heart of *solution filtering* appears to be the role of process – that is that there exists a formal (or informal) process which gives an actor a right of veto over a particular issue

or outcome. This appears to link closely to Hardy's (1996) description of the second dimension of power as 'the power of process' which she characterises as based upon "decision-making processes, participants and agendas" (*ibid.*, p. 57). This emphasis upon both the process and who have privileged positions within it are highlighted in a quote from a senior GlobeCo executive:

*"In the end, the formal authority rules are not only there for the Audit Committee and the governance, but they are also there to make sure that in the end, the relevant people have a say in important decisions, full stop! And, those people that are supposed to sign are very much aware of that.", and even as part of the informal context they will signal – 'wait a minute it's all nice and fine what you're doing but in the end it needs to be translated into a proposal that will land on my desk'."*

In contrast, *solution co-creation* is not about resource control or process, but is about the development of a shared understanding of the problem and the solution, and the practices of both sensemaking and sensegiving that surrounded this. This aligns closely upon Hardy's third dimension of the *power of meaning* (Hardy, 1996). In this she builds upon Lukes argument that "power is often used to shape perceptions, cognitions and preferences" (Hardy, 1996, p. 58), such that there is no apparent conflict given the apparent consensus. Solution co-creation is built upon "inputs, fact finding, discussion, sharing, evolution of the idea, formalisation of the idea, and buy-in from the group" and developing "a common understanding as to what we are doing."

### **7.5.2 Control versus Influence**

Apart from broadly paralleling Hardy's first three dimensions of power, the modes of power-in-use reflect the need to consider a continuum between control and influence.

Earlier analysis suggested that *bounded autonomy* within GlobeCo this is considered as having 'control' of the agenda or outcomes.

*"People loved those jobs... they could control everything, they could deliver results."*

This is what Morriss (2002) would consider as the ability to *effect* outcomes. Bounded autonomy is deterministic: the manager decides, and something happens. To the extent that this includes other actors it reflects A's ability to determine what B does.

At the other end of the spectrum, the role of the manager within *solution co-creation* is primarily one of influence. Respondents indeed talk about their “informal or the influential powers” or as “having influence on that and ... contributing to that decision-making process”. With this sort of power, the individual manager cannot determine an outcome, rather they *affect* outcomes (Morriss, 2002).

The power-in-use reflected in *solution filtering* falls somewhere between these extremes. Those who hold effective veto rights can, if they exercise those rights, *effect* the outcome of the initiative not happening. Yet, this power is limited to preventing some action – they have the ability to stop, but not to make happen. This becomes particularly apparent where there are multiple layers of decision-making of a filtering form (seen informally in many decisions, and formally in processes such as ‘innovation funnels’ which require a succession of gatekeeping approvals). The approval by an actor (that is the non-veto) of an initiative X does frequently not mean that X will happen – rather that it is just passed up the chain to another actor who has a similar right to veto or not-veto. Where those who hold apparent veto rights can neither directly determine the content of the initiative, nor be confident that non-veto will lead to a specific outcome, then the best they can do is to influence such outcome.

### **7.5.3 Power-in-Use: Episodic Power and Systemic Understanding**

Throughout the previous sections the modes of power-in-use have been regarded as the way in which the “direct exercise” (Fleming & Spicer, 2014, p. 240) of episodic power is revealed within GlobeCo. However, there are key aspects of this chapter that inform us about the nature of systemic power – that facet of power that works through taken-for-granted assumptions about the working of the world and is reflected in the associated cultural routines.

Firstly, the concept of alignment was considered earlier less as a process and more about the endpoint. Yet, I would suggest that at its most extreme, alignment can constitute a set of taken-for-granted, shared understandings about the purpose and objectives of the organisation and the ways in which it would be achieved. Perfect alignment is when everyone knows what needs to be done and their part in doing this.

*“You get to the stage whereby you’ve common expectations as to what you are trying to do.”*

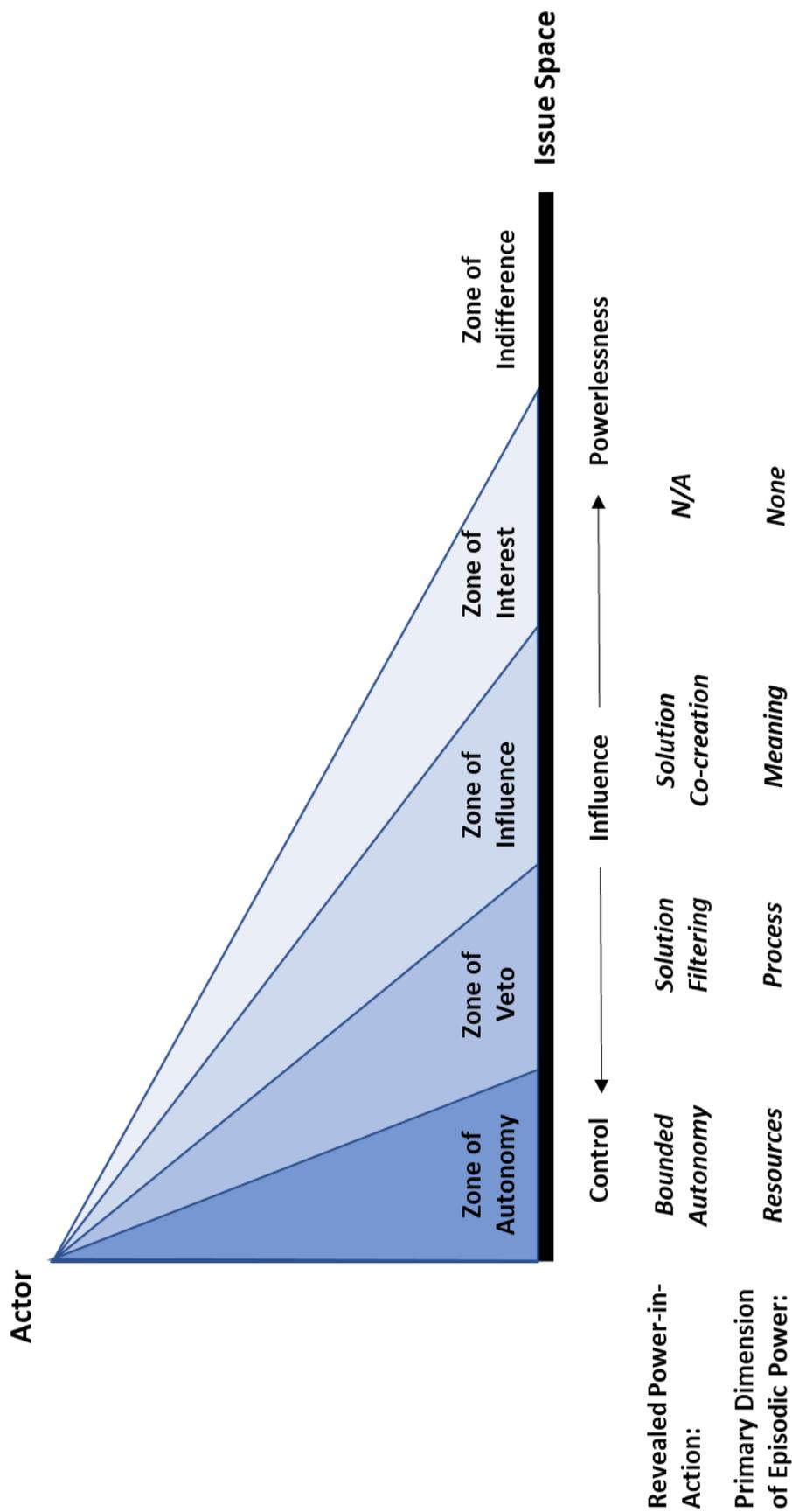
At one level it is clear that there are assumptions within GlobeCo that are unquestioned – be this in the taken-for-granted capitalist principles of ‘growth’, ‘value’ and profit; or more specific assumptions about GlobeCo that it is ‘underperforming’ and needs to act more as ‘one’, or in recognition of the company’s strong ‘Code of Business Principles’. Such principles become a systemic alignment when they are “fully engrained and embedded in the organisation” and sufficiently taken-for granted that others “don't question this anymore, they say 'but this is the way we do this, and why'.”

However, beyond this, it must be recognised that there is something deeply systemic in the boundaries of the different modes of power-in-use. Someone has bounded autonomy, or can participate in filtering, or contribute to solution co-creation where there is a widespread acceptance of their legitimacy in doing so – that is that there is some systemic understanding that becomes taken-for-granted that ‘A’ has autonomy in area X, or that ‘B’ can veto issue Y. It is this combination of which actors, can legitimately act through a particular mode of power-in-use on a specific issue that becomes the landscape of power relations at a particular moment of time within GlobeCo.

This is perhaps best revealed by highlighting the perspective of that of the individual actor. Figure 7.3 presents a picture of how an actor’s opportunity for power-in-use changes across issue space (building off Langley *et al*, 1995). I suggest that for every actor there are some issues (however trivial) which fall within each of the different zones. While each of the first three ‘zones’ reflects a different mode of power-in-use, they also have different characteristics in terms of how episodic power is revealed within the MNC.

The ‘zone of autonomy’ reflects those issues (clearly bounded) where the actor has autonomy and, largely through the control of resources, is able to control outcomes – or, as Morris (2002) would say, the actor can *effect* outcomes and bring something about.

**Figure 7.3: Episodic Power Potential from an Actor's Perspective**



The actors 'zone of veto' reflects those issues or outcomes where they have an effective veto within *solution filtering*. This is both highly episodic (being characterised by discrete actions such as agreeing or disagreeing, vetoing or allowing an initiative) and linked to the formal and inform processes and procedures. As an aspect of power this reflects Digeser's (1992, p. 978) view that "power is not solely a matter of getting B to do something that she does not want to do, but can also be a matter of preventing B from doing what she wants to." Yet in contrast with the 'zone of autonomy', while the actor can may *effect* a veto, they can only *affect* the final outcome. That is, they have the potential to stop some possible outcomes but are not in a position to determine specific outcomes. Consequently, this zone exhibits aspects of both control and influence.

The 'zone of influence' however is unambiguously about *affecting* rather than *effecting* outcomes. The actor cannot determine an outcome, but can influence it – primarily through shaping understanding (and hence the *power of meaning*) as part of *solution co-creation*. As such, this reflects what Allen (1998, p. 35) called *power with* – "the ability of a collectivity to act together for the attainment of an agreed-upon end or series of ends."

For the sake of completeness, the model can be extended beyond the three zones of power-in-use to reflect areas where an actor is unable to influence outcomes. There are issues where an actor has an interest in outcomes, but is powerless to affect them in the face of the 'power-over' of others. Respondents within the research highlighted this in comments such as:

*"It's not his role and it's not helpful for him to get involved. So his role is to sit back, butt out and trust."*

Finally, there can be issues in which an actor is disinterested in an issue.

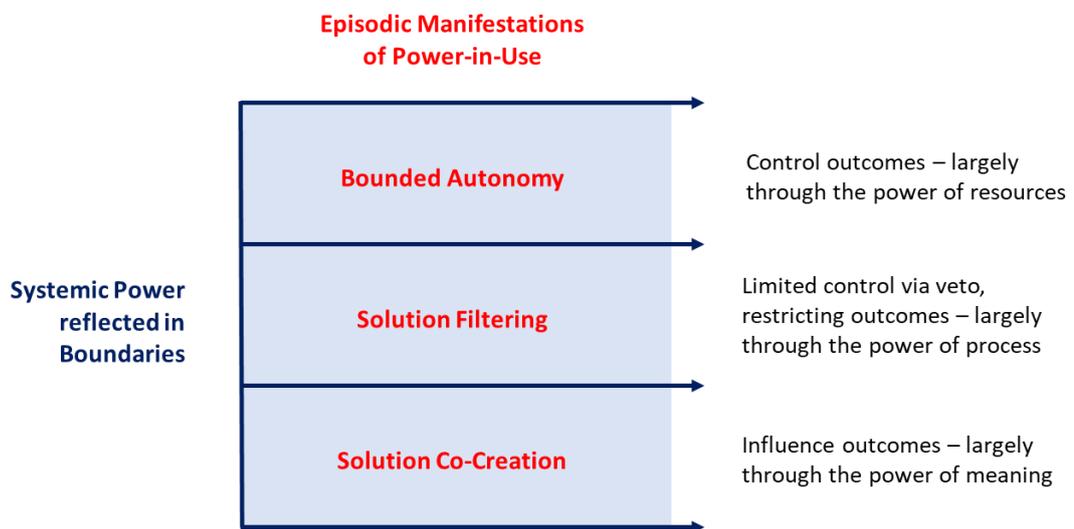
*"It's not that important for Europe, why should Europe care?"*

*"The problem was that [the CFO] had really very little interest [in Services] ... he had no knowledge or no desire to have any knowledge of anything in process and IT area. You know he said to me, quite some time before I took the job over, that he'd been trying to avoid running anything like that for ages."*

However, the importance of this model is less the specific content of the issues falling within each zone, but rather the benefit of mapping the power relations of an actor in 'issue space'. In particular, this highlights the importance of the boundaries between the zones. To the extent that these boundaries represent a shared understanding of the possibility of an individual actor to become engaged in different issues, then they represent the systemic

aspect of power within GlobeCo. Individual A has (bounded) autonomy issue X because this is what is accepted within GlobeCo, whereas individual B can participate in solution co-creation because this taken-for-granted within the organisation. As such, as the manifestation of a common understanding of actor’s roles and responsibilities they reflect Clegg’s obligatory passage points in that they “fix the rules guiding actors’ actions and constrain available possibilities” (Oliveira & Clegg, 2015, p. 427). Consequently, the landscape of power can be characterised as in Figure 7.4, where *bounded autonomy*, *solution filtering* and *solution co-creation* reflect the episodic manifestation of power, but the boundaries between them – boundaries that determine who can exercise what power-in-use in any particular situation – reflect the systemic, taken-for-granted basis of power relations.

**Figure 7.4: Characterisation of the Landscape of Power Relations**



Yet, the question remains as to how these boundaries are established and how they are reinforced or challenged. Consequently, the next chapter investigate this in more detail in the context of a specific case. This shows both that the boundaries of the landscape of power relations are not static and that which actors can legitimately exercise bounded autonomy, filter solutions or participate in solution co-creation evolves over time. Furthermore, this gains insight into the practices that individual actors use to enact alignment, and through this challenge and reconstruct the boundaries of the landscape of power relations.

## 8. Action, Alignment and Power Relations

The previous chapters have provided an insight into the contemporary multinational, highlighting the dynamic and contested nature of the organisation such that power cannot solely be considered in terms of stable units. Within such an interdependent organisation traditional hierarchy and legitimate authority, although still apparent at times, have only a limited role. Rather, in order to align around outcomes we identified that individuals engaged in two further modes of power-in-use – those of solution filtering and solution co-creation.

In order to investigate this further and explore the dynamics of power relations to allow coordination, this chapter focuses upon one particular case – that of the Facilities Management Transformation programme undertaken in the European business in GlobeCo. It commences with an extended summary of the case, the temporal unfolding of this and the way in which the different modes of power-in-use interact, and the practices used by key actors to achieve alignment. As such it moves from a meso-level view of the organisation, to a micro-level perspective of individual's actions and practices. As such it primarily contributes to the second research question, namely: *how should we theorise the dynamic power relations that affect the coordination of individuals in the heterarchical MNC?*

This case reveals how a changing cast of actors work to *construct the legitimacy* of both their position and the broader solution; *build and embed commitment* to the solution; and focus upon *building shared understanding*. While this led to the co-creation of an aligned outcome, more fundamentally these practices resulted in the reconstruction of the underlying structure of power relations.

### 8.1 The FM Case

The case examines how a relatively small group of middle managers identified the opportunity for outsourcing FM services, developed a solution and built sufficient legitimacy and credibility to get support for this to be implemented across Europe – resulting in a consistent outsourcing of Facilities Management services across 50+ sites to a single supplier.

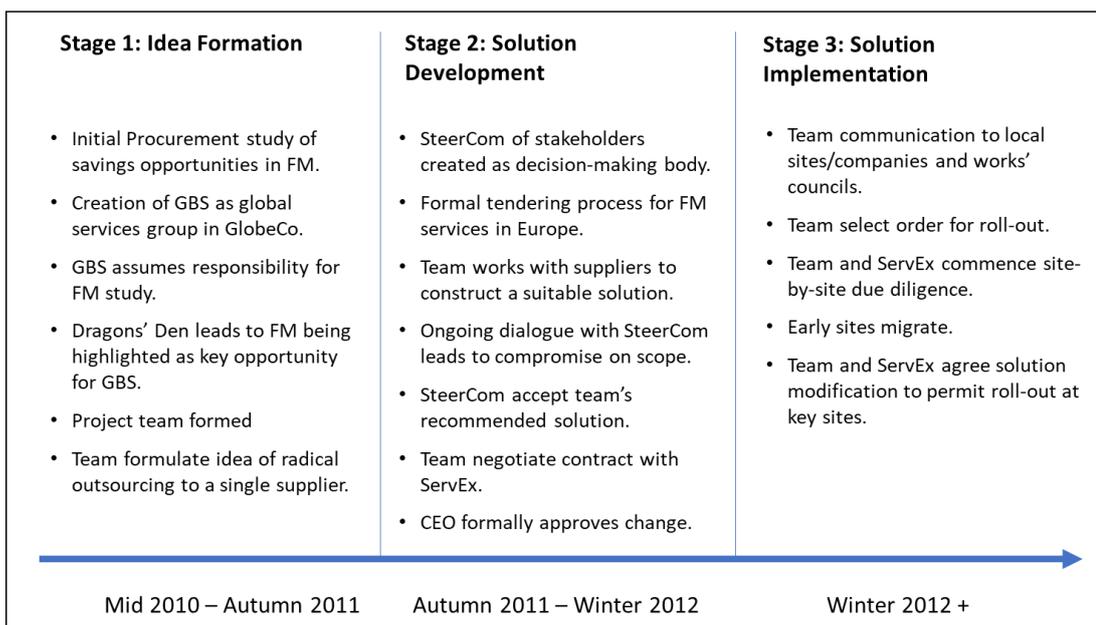
#### 8.1.1 The Case Context

Facilities Management (FM) embraces diverse array of site services such as cleaning, security, catering and site maintenance. Unlike most GlobeCo functions, which by 2010 were managed

on a regional or global basis, FM was still managed locally. Even local coordination was constrained as different sites within the same country reported into different parts of GlobeCo (e.g. offices to the MCO, factories to GESO). Consequently, there was no consistent approach to managing Facilities within GlobeCo Europe. In places FM services were ‘self-performed’ by GlobeCo staff but in others outsourced – with over 600 separate supply contracts for FM services in place across Europe. While this high degree of fragmentation partly reflected differences in site requirements, it was also a sign that there was scope for rationalisation. However, nobody within GlobeCo was in a position to make this evaluation as nobody felt they had responsibility for coordination within this area.

During analysis, it became clear that there are three separate phases to the case. Each of these have a different emphasis in terms of the key actors, the issues and the actions undertaken. Initially, we see a stage of *Idea Formulation*. This is a diagnostic phase where there is recognition of an issue/opportunity, with the associated challenge as to the whose responsibility this is. The second phase is that of *Solution Development* in which the project team work with stakeholders to develop a solution that is broadly acceptable to the all the key parties while building trust in, and legitimacy of the project team’s capabilities. Finally, the third stage is that of *Solution Implementation* in which the team work with local sites to migrate these to the third-party service provider – at times against resistance from local management. These three stages are summarised in Figure 8.1.

**Figure 8.1: Summary of the Case Stages**



### 8.1.2 Formulation of the Idea

With nobody in GlobeCo having overall responsibility for Facilities nothing was done to review whether there were ways to coordinate activity. However, during the latter 2000s a European Procurement Team was formed to oversee all buying activity across the continent. Kate Walters, a Procurement Manager with FM experience was recruited to review the area and to identify any scope for savings. She highlighted the fragmented nature of GlobeCo's approach to FM, and through talking to suppliers and GlobeCo FM managers – along with some “crude analysis” – identified opportunities to rationalise FM procurement. However, Kate struggled to get leverage for her ideas as sites did not see this as being a Procurement responsibility.

In parallel, a new global services organisation was being formed within GlobeCo – GlobeCo Business Services (GBS). GBS assumed responsibilities for ‘back-office’ services in IT, Finance and HR, and during the creation of this new group, Vincent Peeters – who became ‘Chief Business Services Officer’ – suggested to the CEO that the responsibilities of his group could be extended to include aspects of Facilities Management. The CEO agreed even though Vincent said that he “had no clue what that would really mean in practice.”

While hardly constituting a mandate, this was sufficient to allow Vincent to create a small group within GBS, including Randy Fischer as the Workplace VP and Harry Rankin, an experienced FM professional, as his ‘Global Transformation Director’. Although the details were very sketchy, Harry and Randy Fischer proposed ‘Facilities and Building Services’ as one of the potential service line strategies for GBS at a ‘Dragon’s Den’ style strategy process held in mid-2011.

During this workshop around 60 senior and middle managers from GBS reviewed potential approaches in 40 areas across business services, enabling them to agree and strengthen the service line strategies that would be the basis of GBS's new 2012-2014 Business Plan. During the workshop, the outline strategy for ‘Facilities and Building Services’ received significant support from the GBS managers who saw this as potentially ‘virgin territory’ where GBS could add value. As a result, ‘Facility Services’ was included in the pack of ‘Service Line Strategies’ sent as briefing to the CEO.

At this stage there was little detail of how improvement would be delivered. Rather, the focus was upon highlighting and legitimising the issue rather than providing a solution, emphasising potential cost saving, simplification and environmental benefits that aligned with GlobeCo's broader strategy.

Although providing feedback on the broader strategy, the CEO appears to have made no specific comments about the outline plan for FM. This lack of veto from the CEO, combined with the broader enthusiasm within GBS allowed Harry to pull together a small team of junior and middle managers from around GlobeCo, including Kate from Procurement to work on the issue (hereafter, 'the team') – mostly in addition to their day-to-day responsibilities.

As the team started to look at the data that had been collected by Procurement they quickly realised that the initial assumptions of the solution were too limited. Harry saw that this would just result in “nine different countries coming out with nine different solutions, under the guise of 'but we have made some improvement.'” Rather, there could be bolder vision “to flip it on its head and actually look at this from a European perspective as opposed to a local-for-local perspective.”

As a result, the team started to envisage the potential for fundamental change through outsourcing FM across all of GlobeCo's sites in Europe to a single Facilities supplier.

### **8.1.3 Development of the Solution**

While the team had developed an appealing vision of the future of FM, this would require FM to be managed in a radically different way. Having no direct power to impose a solution, this would require the team to convince stakeholders that not only was this the best strategy for GlobeCo, but that they as a team were the right people to design, negotiate and then run the service contract. This was a considerable challenge, as while some of this team had FM experience, and others long tenure in GlobeCo, none of the team had previously managed transformational outsourcing. Furthermore, as a mix of middle and junior managers “we [were] quite a small team that wasn't ... high up in the hierarchy.”

#### ***The Creation of a SteerCom***

Accepting that they lacked the authority to unilaterally agree or implement the outsourcing approach, Randy explained their approach of established a steering committee (SteerCom) of key stakeholders:

*“And so what we had to do was to put together a Steering Committee of the most influential influencers – kind of the owners of the different functions like a Supply Chain, a Finance, an HR, R&D – the ones that were actually be the key clients that*

*would be the users of service. To make sure that they were on board and that they had vetted out our solutions.”*

Randy was able to use his personal connections with the SVP of HR in Europe to sponsor the project and to bring other senior leaders on board.

While this body had no formal status within GlobeCo, as its membership included senior leaders of each of the parts of GlobeCo that would be impacted by the project, it effectively became a decision-making body that could approve the proposal.

The team met with SteerCom roughly monthly over the next year. While the SteerCom were broadly happy with the approach there were differences in the degree of enthusiasm among the members. The representatives of the European Sales and Marketing Division were positive. However, there was significant push-back from some of the other SteerCom members. The SVP Supply Chain was particularly concerned about the possible overlap between FM responsibilities and those of site engineers and those managing production lines. The head of R&D was very concerned about the unique requirements of his business and was opposed to having third-party contractors within his laboratories.

Facing these challenges, the team decided to modify the scope of the project. The few R&D sites were removed from the scope of the proposal. In the case of factories, the SVP Supply Chain's concerns about the risk of overlap between FM and engineering staff was seen as a legitimate concern. As Tim Visser, who lead the implementation, outlined “[the Supply Chain SVP said] 'please do not touch anything within the production line', and we said, 'yes it makes sense'.” Consequently, it was agreed that Supply Chain staff had responsibilities for all issues within the safety zones around equipment, while FM would be responsible outside these ‘yellow lines’.

### ***Tender of the FM Contract***

By the Spring of 2012 the team was ready to issue a formal tender to key facilities providers who were assessed as being able to offer an integrated service across much of the European region. While based around a single outsourcing deal, it did not strictly limit the shape of the final solution. Suppliers could focus their proposals, with indicative pricing, to specific geographies, service types or site types.

The tender was run as an iterative, relationship building exercise. Suppliers were taken to visit representative GlobeCo sites, while the team visited sites that the prospective suppliers ran across Europe. Ahead of bid submissions the team held informal meetings with each bidder

to review their preliminary ideas, answer further questions, and identify areas of misunderstanding. As the bids were received, the team deliberately widened the number of people involved by including key FM staff and managers from other key areas act as 'subject matter experts' to evaluate the suppliers' written proposals.

It was clear to team members that it was now necessary for them to make key decisions and to recommend a solution to the SteerCom. This involved multiple meetings and discussion among the small core team, culminated in a week where the team "locked ourselves in Hughenden", GlobeCo's residential training centre, while making key choices around the structure of the deal, the preferred supplier and finalising the business case.

During this there was "good debate" as the solution was "crafted" until there was "pretty good alignment". There is a sense that through discussion, debate and challenge the members of the team developed a shared understanding of the direction that they wished to take FM. This led to an unambiguous decision to recommend a single supplier solution with self-delivery by the supplier rather than relying on further sub-contractors. Where GlobeCo personnel currently delivered FM services they should transfer to the selected supplier, except for a single manager each country for overseeing FM, where the reporting line would change to reporting directly into GBS, with Tim as their line manager.

### ***Negotiation and Approval***

Following their week in Hughenden, the team planned a key meeting with the SteerCom. Ahead of this Harry or Tim held one-to-one meetings with all SteerCom members to explain the recommendations and resolve outstanding issues. Consequently, when it came to the formal meeting the SteerCom quickly endorsed the recommended approach. Given the reduced scope in the Supply Chain and R&D, support was forthcoming from all SteerCom members for a project which offered an attractive business case.

*Harry: "It was very straightforward... that's the most positive I've ever seen [the SVP Finance Europe] and the most simple authority we've ever got through."*

Following a final round of proposals, the SteerCom agreed to the team's proposal to negotiate a final contract with ServEx as preferred supplier.

This was followed by three months of contract negotiations between ServEx and a small GlobeCo negotiating team comprising Harry, Matthew (the Finance Director) and an in-house lawyer. Apart from dealing with a mass of details around Financial and HR issues, this included

key process issues that were critical how the project would be rolled-out and subsequently governed.

By January 2013 negotiations were complete and formal authorisation was given by GlobeCo's CEO, Remco Mertens, without further discussion. Randy Fischer commented that "at that point it is more of a formality and a 'rubber stamp'". The team had formal approval for their solution and for their governance of it.

#### **8.1.4 Implementation**

Formal approval of the project meant that that the contract with ServEx could be signed and the team move on to implementation. However, this did not make it a formality that all sites would migrate FM to ServEx management. Rather, recognising the heterogeneity of GlobeCo's sites, the team negotiated the contract in such a way that there was no requirement for GlobeCo to transfer any specific site where due diligence showed that this would be value destructive or where there are other significant material business obstacles.

During the *solution development* phase, Fran, the HR manager, had already had preliminary discussions with HR leaders in each of the countries and informed the European Works Council in broad terms about the project. However, as the team moved into *implementation* they initiated a comprehensive communication strategy to keep people throughout the organisation informed of what the end-state looked like, and the process that would be followed to get to this.

As part of the contract negotiations, the team had also established that it had the responsibility to decide upon the order in which the outsourcing would be rolled-out across the 50+ sites. Consequently, they were able to 'sequence' the roll-out, that is select the order in which sites would go-live in order to avoid early resistance and build some momentum.

*Tim: "So you move into a sequencing where you said, 'these are the easy wins, they will move with us because they will like the convenience, they will like the solution – it's one party, it makes sense to them', also about mind-set. And then you move into the more difficult parts."*

Well ahead of each site's planned migration date, Tim led a comprehensive due diligence process at each site, including a week's visit from ServEx and members of the GBS team in order to work with local management to understand "were the services that were going to be delivered in the future appropriate or correct for that particular site". ServEx would then

propose a service solution and budget (within the constraints of the contract), but this could be modified in discussion with the local site. Martin, a young finance manager who had joined the implementation team, explained:

*"[It was] then for them [the sites] to make that choice. 'Yes, you know, I want the savings instead of the service', or 'no, I want to keep the same level, or a higher level of service but for more cost' and it's ... giving them the option, giving them that choice."*

The early transfers to ServEx went smoothly. However, the team quickly ran into resistance in several key countries where the roll-out was challenged. This was exacerbated by the idiosyncrasies of each site and country that needed to be understood, particularly around HR rules/practices and labour relations, including appropriate consultation with Unions and Works Councils.

*Harry: "We talk as Europe as one collective, but as we all know it's a collection of countries that all have very different heritages and cultures and individuals in them, and they all work in very, very different ways at times."*

The team had anticipated that they would need to listen to challenges and resistance and that this may require adaptation of the solution.

*Harry: "We built the solution that allowed that flexibility, so when we really hit those things which this was absolutely brick-wall resistance of we're not going to get this through a works' council, we're not going to get that culturally landed, then actually we need to adjust the solution to deal with it."*

Perhaps not surprisingly, resistance came most strongly from unions and works councils who objected to the outsourcing. In Belgium, unions reacted strongly against the transfer of GlobeCo employees to ServEx and implementation was delayed for many months by industrial action. Eventually a settlement was agreed that allowed implementation but with enhanced benefits for transferring employees. Similar compromises were made in a number of other countries to facilitate the deal execution.

However, resistance was most notable in Germany. In this case, local management largely sided with Unions and Works Councils, using them to try to avoid an initiative that they saw as a distraction to wider restructuring they were undertaking. This proved to be a major obstacle, and which was seen by the team as largely political:

*Tim: "They could not resist the solution itself because it made commercial sense to do so, and also probably people sense to do so, but locally they had an agenda which didn't comply with our initiative. And that for example was Germany, where they had different, where Works Council and Unions were very strong, and local leadership didn't like the idea because it was giving them hard times in other areas... And then it becomes political ... if you are a Chairman of a certain country you should know that [FM] is not our core business, of course. So, then you know it's political."*

The team used their periodic meetings with the SteerCom as a forum to involve more senior management from within GBS and the European Regional Management put pressure upon German management. Eventually, Tim was able to find a compromise with local management:

*"It was close to a tactical solution, we went for a hybrid model and what we did... There was a bigger restructuring programme in Germany we called 'Plan A', we had to fire 200 people, very difficult discussion, and I can tell you that I got a phone call on Thursday afternoon ... and then the VP for Supply Chain said to me 'Tim, we need to do Plan A, they are resisting, we need to give something away, can you agree to a hybrid model where we do a manpower agreement with ServEx ... with ServEx managing the services, still delivering the savings, still managing the operations but people employed by GlobeCo, so a sort of secondment'. And then we took that moment... he said, 'if I can give that away we can do Plan A because the Works Council can go back to their audience and say that we have achieved something'. And that is what we did. Two hours later we had that agreement in place."*

With this, ServEx took responsibility for managing FM in the German sites under the supervision of the GBS team.

With momentum behind the initiative, the remaining site sites transferred relatively smoothly and the GBS team had managed to take responsibility for managing ServEx and FM services at 50+ sites across Europe.

## 8.2 Case Analysis – Changing the Structure of Power Relations

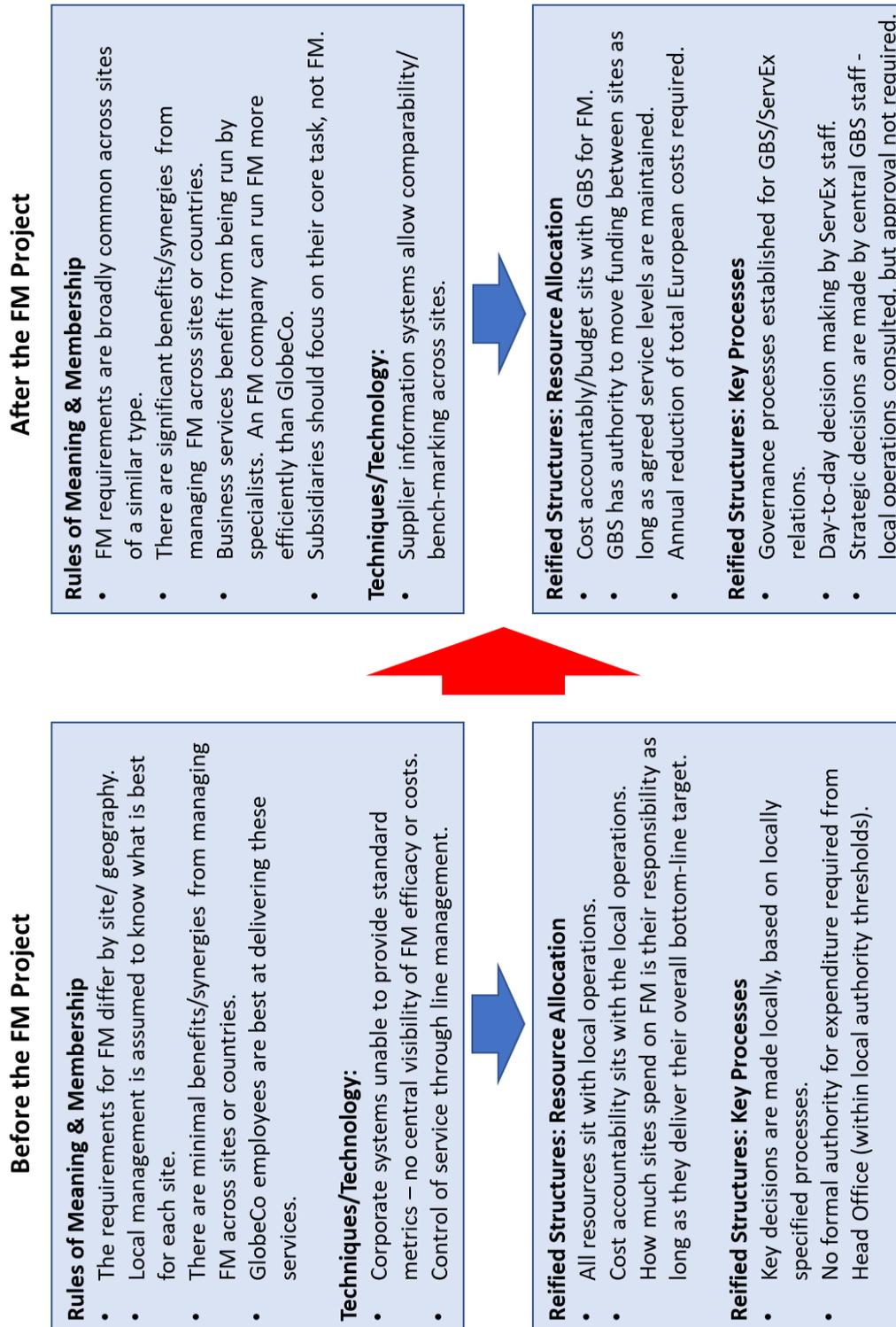
The example of the transformation of FM in Europe provides an interesting case within a networked multinational. It illustrates how an area that is fragmented across multiple different organisational actors, that is the focus of no one's overall attention and has no coherent strategy, is totally reshaped. Not only is a new strategy for FM adopted, but the organisational responsibilities for FM are fundamentally shifted. Prior to the project the taken-for-granted assumption within GlobeCo was that FM services were best managed locally (and often in-house). By the end of the project management of the services regionally, via the global services division, using a single supplier had become the accepted model. With the changed assumptions on how FM should be run came reified structures of resource allocation and processes that reflected fundamental changes in the structural power relations (changes in Clegg's, 1989, 'obligatory passage points'), as outlined in Figure 8.2.

As a consequence of this the landscape of power relations was materially altered as the boundaries of bounded autonomy, solution filtering and solution co-creation were renegotiated. As a consequence of this, there was an acceptance that actors who had new or different roles within the organisational processes. While the heterogeneity of the pre-project landscape makes it difficult to be comprehensive, examples of change include:

- Before the project, a GlobeCo FM manager had *bounded autonomy* for day-to-day FM issues at a site. At the end of the project, the ServEx site manager had *bounded autonomy*.
- Through the project Tim obtained *filtering* rights for major changes in FM services at each site. Previously the local OpCo Chairman had been in this position – whereas now they are (at most) consulted as part of *co-creation*.
- Prior to the project the local OpCo had *bounded autonomy* on all aspects of selecting and managing outsourcing partners. After the project this sat with the GBS team (particularly Tim).

Yet this change in power relations was not the consequence of a single set of decisions and actors. Rather, across the course of the project we see the cast of actors evolving as the issues being faced evolve (Table 8.1). The idea development phase was restricted to a relatively small number of actors, within which the focus was firstly upon diagnostic framing (Kaplan, 2008) – that is highlighting that there is a problem (and hence opportunity) in FM and legitimising this as something worthy of attention within GlobeCo, as well as establishing the legitimacy that GBS were the appropriate group to lead any review.

**Figure 8.2: Changes in the Structural Power Relationships through the FM Project**



**Table 8.1: Analysis of the Phases of the FM Project**

	<b>Stage 1: Formulation of the Idea</b>	<b>Stage 2: Solution Development</b>	<b>Stage 3: Implementation</b>
<b>Key Issues</b>	<ul style="list-style-type: none"> <li>1) Diagnostic legitimacy – establishing acceptance of the opportunity to improve FM.</li> <li>2) Establish 'ownership' of the issue – does this sit with Procurement or GBS?</li> <li>3) Get FM as a priority within GBS.</li> </ul>	<ul style="list-style-type: none"> <li>1) Identify/agree the shape of a solution (prognosis) - ensuring its acceptability to stakeholders.</li> <li>2) Establishing commitment from stakeholders.</li> <li>3) Building the trust &amp; legitimacy of Team among top management.</li> </ul>	<ul style="list-style-type: none"> <li>1) Understand local concerns and adjust solution accordingly.</li> <li>2) Establish trust and legitimacy of both solution and team among local management.</li> <li>3) Build the credibility of the solution.</li> </ul>
<b>Key dyads &amp; forums of dialogue &amp; discussion</b>	<ul style="list-style-type: none"> <li>· Vincent Peeters/CEO – to get support for GBS ownership of issue.</li> <li>· Widely across GBS (e.g. Dragon's Den) in building support for FM as a GBS priority.</li> </ul>	<ul style="list-style-type: none"> <li>· Within Project Team – ongoing discussions to shape solution.</li> <li>· Project Team socialising the solution with SteerCom.</li> <li>· Team with individual SteerCom members – to address specific concerns.</li> <li>· Team negotiations with suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>· Implementation team and local sites – how implementation should work in practice</li> <li>· Project team and German Management – applicability to their area.</li> </ul>
<b>Key actors</b>	<ul style="list-style-type: none"> <li>· Kate Walters (Procurement Mgr)</li> <li>· Vincent Peeters (head of GBS)</li> <li>· Remco Mertens (CEO)</li> <li>· Randy Fischer (VP Workplace)</li> <li>· Harry Rankin (Facilities Transformation Director)</li> </ul>	<ul style="list-style-type: none"> <li>Project Team, including: <ul style="list-style-type: none"> <li>· Harry Rankin</li> <li>· Fran Rowling (HR Manger)</li> <li>· Tim Schauwen (European Facilities Director)</li> <li>· Matthew Jackson (Finance Director)</li> <li>· Kate Walters</li> </ul> </li> <li>GBS: Vincent Peeters, Randy Fischer</li> <li>SteerCom including: <ul style="list-style-type: none"> <li>· SVP HR Europe</li> <li>· SVP Finance Europe</li> <li>· EVP European Supply Chain</li> <li>· Head of R&amp;D Europe...</li> </ul> </li> <li>Suppliers: including ServEx</li> </ul>	<ul style="list-style-type: none"> <li>Implementation Team including: <ul style="list-style-type: none"> <li>· Tim Schauwen</li> <li>· Martin Smith (Finance Mgr)</li> <li>· Ellie Farmer-Bell (Project Mgr)</li> </ul> </li> <li>Individual site teams</li> <li>German national management</li> <li>Project team</li> <li>Key ServEx personnel</li> </ul>

In the second stage the cast of actors widened, to include new project team members and key (managerial) stakeholders as the focus moved to developing a solution (prognostic framing) that was broadly acceptable to stakeholders and that they were committed to. A necessary part of this was not only the details of what the solution, but in building trust and legitimacy of the stakeholders with the key individuals within the project team. At the third and final stage, the focus moved on to the implementation team working with key actors from the individual sites and national operating companies. Here the focus was upon both refining the broad solution to meet the idiosyncratic characteristics of individual sites, but also upon building trust and legitimacy of both the team that would manage FM and of the solution.

The rest of this chapter attempts to unpick *how* this change in power relations occurred, focusing on the episodic *actions and practices* that were used by team members and others. The outcome from this analysis is summarised in the data structure in Figure 8.3.

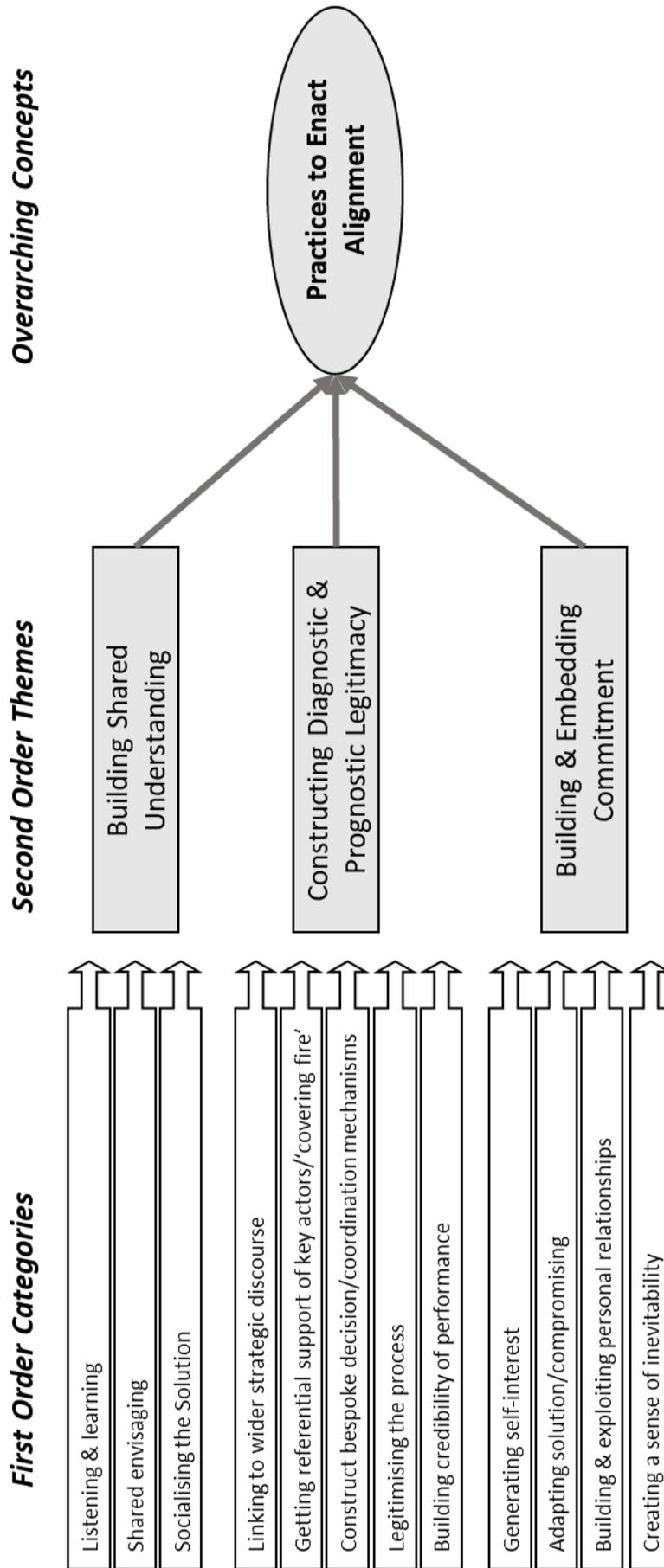
### **8.3 Enacting Alignment: Building Shared Understanding**

The first broad practice identified in the FM case are efforts by repeated partners to build shared understanding. As Tim highlighted:

*“So then you need to create that common understanding. You start with your contact at a cluster level. So ‘this is my plan, this is what I intend to do, do you understand, would you agree to these priorities?’”*

Here the concept of ‘shared understanding’ follows from those used in engineering and product development, particularly Hoffmann *et al* (2013, p. 175) who define shared understanding as “the ability of multiple agents within a group to coordinate behaviours towards common goals or objectives based on mutual knowledge, beliefs and assumptions on the task.” Actors have to understand what they need to do to ensure that the task is accomplished. Within the case we see this coalescing around activities of listening and learning, shared envisaging and socialising the solution. Consequently, this has a strong overlap with ideas around sensemaking and sensegiving (Gioia & Chettipeddi, 1991). Supporting quotes for this section are provided in Table 8.2.

**Figure 8.3: Data Structure – Practices to Enact Alignment in the Heterarchical MNC**



**Table 8.2: Building Shared Understanding – Supporting Quotes**

Supporting Quotes			
First Order Categories	Stage 1: Idea Formation	Stage 2: Solution Development	Stage 3: Solution Implementation
<b>Listening &amp; learning</b>	<p>Listening to others when building the idea:  <i>"I had some ideas, I done a lot of research ... and ... I'd had a lot of meetings with companies like ServEx."</i>  <i>"So, we asked [the FM suppliers] to take us on a trip across Europe for a few weeks... It was really, really amazing information."</i></p>	<p>Listening to and learning from the SteerCom:  <i>"[the SteerCom members] understood what was going to be done, they were able to provide feedback ... and ... you listen and you understand."</i>  <i>"How do we bring them on board? Not by blackmail or forcing them on board, but by making sure that we understood their concerns, that we came up with strategies that were fitting, that were acceptable to them."</i></p>	<p>Listening and learning from sites:  <i>"[The approach] allowed sites to open up and become more transparent in what they did."</i>  <i>"It is key to understand their needs. If you don't do that you will lose the connection and you will lose, in the end, what you are built to do."</i>  <i>"So then you need to create that common understanding."</i></p>
<b>Thinking it through together</b>	<p>Working together to change the direction of the project:  <i>"We actually took a step back on the FMT programme for quite a few months ... because we wanted to go back and do this properly, deep dive."</i>  <i>"We'd got one kind of idea in our mind as to how it should work and then [a consultant], ... started to input into it... We took a step back again and thought there's a different way to do this."</i></p>	<p>Team working together:  <i>"So you take all of that together and then you brainstorm and then you say this makes sense."</i>  <i>"We just really were in sync together, spent a lot of time together and started to craft out how this could work."</i>                      Team working with the SteerCom:  <i>"So then [the SteerCom members] were able to, being a part of the process, quickly ascertain is it a real approach and do we change our direction, or do we fight through it."</i></p>	<p>Working with sites to develop the appropriate solution:  <i>"[At one site] ... I think they had a different expectation of the amount of savings that would actually be delivered. And that was a case of then ... saying 'hang on, we can deliver you, maybe, a bit more savings, but the impact of delivering more savings would mean an impact on the service'. And then for them to make that choice."</i>  <i>"Tim did a lot of talking with the Chairman of Germany at the time to say ... 'how can we then approach it and make it work.'"</i></p>

<p><b>Socialising the solution</b></p>	<p>Using the GBS Dragon's Den to share the idea:  <i>"I think the real benefit was people getting a picture of what the whole thing was about."          "All the work we went through with the one-pagers and everything. It was all about almost creating this clear communication around what this is."          "It certainly helped in giving the project visibility."</i></p>	<p>Selling the idea to senior stakeholders:  <i>"Being able to sell the idea."          "And there was a lot of sub-stakeholder management that went on in the background."          Explaining the solution:          "I remember well the number of times that I was drawing diagrams on boards to try and help people [understand] ... 'forget the words guys, actually, this is in principle what we're trying to achieve'."</i></p>	<p>Socialisation with sites:  <i>"We did a lot of communication with the local site leads. So we had monthly Live Meetings keeping them up-to-date on the project: this is coming, this is the intent."          "All the way through that, we had a very clear ... plan of who we needed to engage with, why we needed to engage with them."          "And that is a continuous process of being engaged with the local parties."          "Randy was very pivotal in that, as was Harry because there were road shows that they did for staff, to make staff feel comfortable."</i></p>
--	---	--	---

### ***Building Shared Understanding During Idea Formulation***

Throughout this Idea Formulation stage of the project much of the focus of building shared understanding was constrained within specific parts of the GlobeCo organisation. At these very early stages there are clear instances of small groups within Procurement and GBS working to make sense of the opportunity. This is largely inward-looking and seems to have come through meeting, talking and brainstorming – albeit informed by data collected largely from outside GlobeCo about suppliers’ and peers’ activities.

Yet at this early stage, the Dragon’s Den process provided an opportunity to help the wider GBS organisation understand why this new area could be a potential priority. Furthermore, the iterative nature of the exercise seems to have helped the Randy and Harry refine their thinking. Key to the workshop and the subsequent strategy submission to the CEO was a one page ‘PowerPoint’ slide for each initiative which “crystallised stuff again in a simple way”. For FM this went through at least nine drafts both before and following the workshop as Randy and Harry took on board comments from across GBS, helping them to refine and reposition the summary of what they were looking to achieve.

### ***Building Shared Understanding During Solution Development***

As the project moved into the solution development phase, we see shared understanding being built in three different arenas. Central to this was the project team, but two other groups of actors were suppliers (especially ServEx) and the SteerCom.

Firstly, we see the team members spending time together in meetings to understand key aspects of the project. Specific sessions were devoted to issues such as the business case and HR matters. This concluded with the week-long meeting of the team at the Hughenden training centre. Ginny, one of the junior members on the team outlined her experience:

*“I think as a team going through the tendering process that team was a very open team, and I think everybody was listened to and heard. And I think everybody was encouraged to give their views, so I think from that perspective I think everybody contributed to coming up with that final solution.”*

The HR member of the team, Fran, similarly reflection on this time:

*“I have to say I was very included in all of the decisions, I ... felt like I was a key decision maker in those decisions and hopefully an influencer in some of the decisions*

*that were made... Tim and Harry were very open to my suggestions... So that I was able to influence ...the decisions that we took."*

There is a feeling of collective sensemaking as the team developed, challenged and shaped ideas together. Kate refers to the team "crafting" the solution together while Tim refers to it as "good debate" without there being serious disagreements. Indeed, looking back, the team members view the ideas around the project evolved rather than changing revolutionarily. "They matured. I don't think it fundamentally changed" was Harry's opinion, while Fran concluded "it just evolved as we became more understanding of the activities ... but I don't think the over-arching vision or strategy changed".

However, this internal sensemaking to the team did not happen in isolation – on one side there was continual input from and to the suppliers. This was seen, for example, in the working sessions which sought an alignment in the understanding of the bidders with the GlobeCo team, giving suppliers the chance to seek clarification and "do a sense check", while the GlobeCo team could avoid "surprises and glaring issues".

This sense of two-way flow is emphasised by one of the ServEx bid team. He highlighted the role of "the workshop in Munich ... where we went through and identified what was it that really mattered to GlobeCo", but also in "ServEx needing to explain what was necessary to make it work for us as an organisation".

Thirdly, the team needed to build shared understanding with the SteerCom – which involved both a sensegiving role of explaining the project, the process steps and the implications, but also listening to the SteerCom's concerns and reflecting these into the project – if necessary changing key aspects such as the scope in R&D and the Supply Chain. This two-way dialog was highlight by Tim:

*"In any transformation if you come with an Excel sheet and PowerPoints from London sent by email saying this is what we're going to do, and by the way if you don't like it take it anyway, that will fail in the end... But with complex transformation you need to create that visibility and that people can do 'OK, yes, I've been able to input, I've been able to have my word, I've received the answers to the questions I've raised, I may not like all the answers, but at least they answered my questions', and then you have those relationships also built on that level."*

### ***Building Shared Understanding During Solution Implementation***

It seems clear that much of the work of the team during the *solution implementation* phase was of building a shared understanding. This involved both clarity of the process, but perhaps more importantly of helping the local companies and sites to understand the solution. As Harry commented:

*“The resistance you're getting, or the politics you're getting, is generally coming from just not quite understanding or people feeling that you've not grasped a point that is very important to them. That's easy to deal with, once you've got visibility of it. And then when people, when you and they go through that curve and come out of the end of it and go 'great, fine', that's great.”*

This required meetings, roadshows, visits, face-to-face conversations and a great deal of talking. Critically, this quote again emphasises the two-way nature of this. It is not only about sharing information with others (sensegiving) but listening and reacting to avoid “people feeling that you’ve not grasped a point that is very important to them”. This required the team to learn from what they were hearing and, where necessary, accept compromise and adjustment (such as in Germany), rather than trying to impose their own version of the solution.

Key to the roll-out of the FM project was that the team members were sensitive of the need to build local support and were aware that there would be local specifics which would require adaptations to the solution that were specific to key sites.

This was largely achieved by the design of a roll-out and due diligence process to allow the interaction between team, ServEx and site management in order to identify issues, and solve these in a way that was acceptable to all parties. As Harry was very clear on the need for such a process, and was also lead negotiator for GlobeCo, it was relatively straight-forward for the process to be embedded into the contract with ServEx. Effectively Harry was able to use the GlobeCo-ServEx contract to impose a process upon GlobeCo which would allow for the interactions required to build shared understanding.

### ***Conclusions – Building Shared Understanding***

It is clear from the case of FM that participants from all sides needed to work to share understanding. This involved both a two-way flow of information – both ‘sensegiving’ and listening – and required considerable time and opportunity for actors to ponder ideas together to collectively craft the solution. Without such shared understanding it would have been

impossible for the project to be implemented – key actors just would not have known what to do, or would have acted in uncoordinated ways.

However, the objects upon which this shared understanding focused changed materially over the course of the project from understanding the prognosis and developing a shared understanding of roles and responsibility, through refining the solution with the SteerCom (diagnosis), and then optimising this on a site-by-site basis.

This required deliberate work and actions. This did not follow from sending instructions (“Excel sheets and PowerPoints”) but by devoting time to talking, listening and developing relationships. As Fran stressed: “I quickly learnt that the key was building relationships, so I really tried to keep people updated even if there's nothing to tell” – understanding that nothing had changed was also important.

#### **8.4 Enacting Alignment: Constructing Diagnostic and Prognostic Legitimacy**

The second broad practice identified in the FM case are efforts by repeated partners to build legitimacy. The concept of *legitimacy* used here broadly follows Suchman (1995, p. 574) who described this as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. That is, it is not enough for others just to understand a problem or solution. Additionally, we see the individuals acting to build the perception that there is an issue that requires resolution and that the solution (including outsourcing, the form of this outsourcing, and the GBS oversight of this) is desirable, proper and appropriate for GlobeCo. Supporting quotes are provided in Table 8.3.

**Table 8.3: Constructing Diagnostic and Prognostic Legitimacy – Supporting Quotes**

First Order Categories	Supporting Quotes		
	Stage 1: Idea Formation	Stage 2: Solution Development	Stage 3: Solution Implementation
<b>Link to wider strategic discourse</b>	<p>The FM project built upon GlobeCo priorities of cost reduction, simplification and sustainability: <i>“Objectives: ... Target significant cost savings ... Work together to harmonise specifications, systems &amp; processes where appropriate.”<sup>1</sup></i></p> <p><i>“Deliver on our aggressive sustainability and cost targets ... [while] creating great and effective workplaces for our people”<sup>1</sup></i></p>	<p>The initiative contributes to achieving GlobeCo’s financial goals: <i>“The numbers engage people.”</i></p> <p>Fit with GlobeCo’s corporate strategy: <i>“There are significant opportunities to harmonise services across sites, leveraging innovation and driving efficiencies in line with the Corporate agenda”<sup>1</sup></i></p>	<p>Link to GlobeCo’s simplification thrust: <i>“We’ve consolidated ... from 800 suppliers ... into one! That’s an enormous simplification across the way that we do business.”</i></p> <p>Link with the narrative of being ‘one’: <i>“Moving to one principal supplier contributes significantly to reducing cost, driving greater consistency and alignment in our services.”<sup>2</sup></i></p>
<b>Referential support of key actors – ‘covering fire’</b>	<p>GBS had the senior level support that was lacking for Procurement: <i>“I didn’t have the gravitas and the authority to do that.... Whereas, when GBS came on board they had the gravitas to be able to do that.”</i></p> <p>Support from the CEO: <i>“The good thing is that the businesses [the CEO] had come from he had seen the value of what global services had done... That in itself made it very difficult for ... his reports, to be able to whinge and go ‘why are we doing this?’”</i></p>	<p>The SteerCom approval as a way to get support from CEO/CFO: <i>“Here are the folks that have been a part of the process and have agreed to it’ (which is typically those that they’re close to).”</i></p> <p><i>“So the actions we took, very initially was very strong senior sponsorship and engagement. That worked very well. And I say having the SVP HR as the key sponsor from the outset was very, very strong. And then clearly getting the SVP Finance on board ... is very, very strong.”</i></p>	<p>The SteerCom as a mechanism for legitimising the project into the countries and sites: <i>“[They] could sell it to their teams.”</i></p> <p><i>“I think the engagement with [the SteerCom] gave credibility... Through them they got their VPs engaged and the cascade happened.”</i></p> <p>Getting the key country stakeholders on board: <i>“If they’ve been involved in the programme, and it has their name and their stamp behind it, then you are more likely to get traction in those sites.”</i></p>
<b>Building bespoke decision and co-ordination mechanisms</b>		<p>Creating the SteerCom as a decision-making body: <i>“What we had to do was to put together a steering committee of the most influential influencers.”</i></p> <p><i>“[The] SteerCom which was already quite unique in a very busy environment like GlobeCo is.”</i></p>	<p>Introduce a roll-out mechanism that gave sites veto rights: <i>“They had the power to stop a local agreement at a site level happening, if there truly wasn’t value in the business case.”</i></p> <p><i>“We had to influence the sites so that they would want to do this. Every site we went to, there would be a ‘go’ or ‘no go’ decision.”</i></p>

<p><b>Legitimacy of process</b></p>	<p>Extending the process to embrace management of FM services, not just their procurement:  <i>"There was already something underway, but it started more as a Procurement process... but it was a good opportunity for us to ... put the right discipline and structure behind it to make sure that not only are you able to get it to the point of a contract but you are able to actually deploy and deliver it and then continue to run those operations."</i></p>	<p>The team followed a formal procurement process:  <i>"We went through a very in-depth tendering process ... They submitted very, very detailed tender specifications, [including] the questions we wanted them to answer... [And] we did have subject matter experts, who came in and ... viewed those specific elements."</i>          Making SteerCom part of the process:  <i>"[SteerCom] trusted the process and the facts presented to them because they were part of ... that process and they were able to input into that and to feedback and give challenges."</i></p>	<p>Build legitimacy by involving sites in the roll-out decision:  <i>"[It was] then for them to make that choice. ... the beauty about the programme was, we were giving them the power, the leaders of the sites, to choose whether they did this or not."</i>  <i>"The decisions about reducing the local specification was done at a local level."</i></p>
<p><b>Build credibility through performance</b></p>			<p>Showing the benefits of the project:  <i>"If you can ... demonstrate that with some of the sites at the beginning, I think they see that and are more willing to take that step and join in."</i>  <i>"But as a project team you actually have the ... benefit to choose which sites you were going to do, so therefore you know which are the easier sites, the problem sites you can say 'well we'll leave those'."</i></p>

<sup>1</sup> Example from internal documentation.

<sup>2</sup> Example from public document.

### ***Constructing Legitimacy During Idea Formulation***

At the early stage in the evolution attempts at legitimation primarily focused upon justifying FM as an issue worthy of attention – Kaplan’s (2008) diagnostic framing. This was largely built upon a discourse-based strategy that positioned the transformation of FM as something that contributed to the wider aims of GlobeCo – supported by referencing the understanding obtained from suppliers and peers. That is, the issue of FM was linked into the wider narratives within GlobeCo. However, it is also clear that prior to the formation of the European Procurement Group (and more especially GBS) the issue was almost literally ‘unthinkable’ – there was nobody who had could frame the issue of FM in terms of a region wide perspective. That is, legitimising the diagnosis of the issue required actors who had legitimacy to frame the problem in such as way. Even the Procurement Group fails to have achieved this (“why are you looking at this”). As such the creation of GBS could be seen to represent a step change in giving a group legitimacy to consider issues such as the regionalisation of FM.

However, this does not mean that GBS immediately had legitimacy for the oversight of FM. As the case shows the Procurement organisation believed that they had neither the “weight or leverage” to lead the project. The creation of GBS as a shared service unit gave Vincent Peeters the opportunity to exploit the ambiguity around the new group’s role to argue that this could extend to Workplace Services. Little legitimation of this claim was needed as the CEO acquiesced quickly (probably based upon his experience of Shared Service Organisations in other companies). There is no significant sign of resistance to this at this preliminary stage – and at the corporate level this is effectively a non-debate. Perhaps this should not be surprising given the ambiguity of what GBS’s ‘responsibility’ entailed, that there was neither consultation nor significant implementation action that affected the wider business.

### ***Constructing Legitimacy During Solution Development***

As we move into the *Solution Development* phase the focus of legitimation differed significantly from that previously seen.

The first challenge for the team was in recognising that they lacked the legitimacy to force through any solution. Despite the initial support from the CEO, they knew that they could not go directly to him to approve any initiative without building support more widely in the organisation:

*Randy: "We knew if we went right to the CEO and CFO without aligning their teams and their teams' teams, it's just going to lead to question after question and it's not going to go anywhere and it will probably get stopped."*

Furthermore, nobody believed that they had a mandate within the GlobeCo business to take responsibility for FM and force a solution upon local management:

*"So, you've got the [CEO] saying you have legitimate power, but no one in the business outside the [CEO] believes it. So Randy has to talk to the chairman of a country who says 'I don't care about you [the CEO] is sitting a far away so I can ignore him'."*

In the case of FM this was exacerbated by its perceived local nature. As Randy said, "at the end of the day, what's more local than a physical brick-and-mortar building, land and building?". Consequently, the team required a way to achieve legitimacy both for their ownership of FM and for the solution that they were proposing.

The establishment of the SteerCom can be seen as one way to address both these issues. Bringing these senior stakeholders together brought a number of key advantages. At one level these were "the ones that [would] actually be the key clients that would be the users of service" and could provide useful feedback on what was required and what was either acceptable or unacceptable. Yet such feedback could have been obtained without the creation of the SteerCom as a body. Rather, by creating the SteerCom, the team effectively created a decision-making body to fill the void between the CEO and the individual sites. By leveraging the existing organisational legitimacy of these senior leaders in concert, then their approval could itself be a basis for legitimacy of both the initiative and the team.

Such legitimacy from the endorsement of the SteerCom would potentially advance the project in two ways, as Randy highlighted. Firstly, "they could sell it to their teams that we would have to interact with and drive it" – that is providing 'covering fire' in projecting the legitimacy downward into the organisation to the people with whom the project team would need to interact at a later stage. As Harry said:

*"[A key role of the SteerCom] was to ensure alignment to the decision, it was to therefore to stand as a reference point for us to go back to when there were challenges, so that we could say 'no, no, at a senior level we've got buy-in to this programme and therefore we've got credibility for it'."*

Yet the SteerCom also could be leveraged to provide upward legitimacy for the team and the solution, where they could “bless the business case and the decision” which “would be the conduit for us to ultimately get the CEO and the CFO's approval”. That is, it was believed (correctly) that the CEO and CFO would raise no objections to the proposal if it had the support and backing of the key stakeholders.

However, this still required the *SteerCom* to accept the legitimacy of the plan itself. In part this came from continuing to position the project within the broader GlobeCo strategic narratives focused upon raising performance, the need to act as one, and sharing/outsourcing non-consumer facing activity. For example, at an early stage following the creation of the SteerCom, during a presentation to R&D member of the SteerCom and his team, the project team framed the benefits of the project as including “*cost savings with the right FM service delivery at the right cost...*”, “*standardised FM service delivery*” (highlighting GlobeCo's 600 current FM suppliers) and “*outsourced or in-sourced FM service delivery based on commercial rationale and supplier capability to meet GlobeCo's business needs*” [emphasis in original].

At the same time, the team ensured that they did not ignore the importance of local issues within FM, respecting the heritage of localism within GlobeCo. The final proposal highlighting that while the team had indicated a desire to migrate all sites to ServEx, this would not be done where due diligence showed this would be value destructive or where there were other significant material business reasons not to transfer FM services in a particular location.

Above all, the team were able to negotiate a contract that offered very attractive savings such that “the business case spoke for itself” which clearly motivated the SVP Finance as a key member of the SteerCom, as “I know we make [physical products] but we are a Finance company, it's all about the numbers – as is any business”.

### ***Constructing Legitimacy During Solution Implementation***

Although the project had been agreed with the SteerCom, formally approved by the CEO, and the contract signed with ServEx, this was insufficient to guarantee that country operations and individual sites would accept the legitimacy of either the project team or the solution they were suggesting.

As at earlier stages in the project, the team attempted to legitimise the project in terms of its financial benefits and linkages to the broader GlobeCo strategy. However, when dealing with the local businesses and sites this provide insufficient. The people that they were dealing with

in the countries and sites knew the specifics of the local situation better than the project team – and the project often had personal implications for them or the people they knew.

However, it is clear that the Harry and the team were well aware of this:

*Harry: "The way that we put the deal together ... it wasn't trying to do it in a 'command and control' big-brother way, it was trying to do it in a value-add way of, the framework is all there, but we still go and discover the value locally and we still drive to that value, and we still get that local engagement as well. It still allowed local engagement under the main approval."*

That is, a bespoke process was developed allowing the sites to engage with team to shape the solution to fit their local needs – as well as those more broadly of GlobeCo. As Martin, who worked on the finances of each site due diligence interpreted it:

*"The beauty about the programme was, we were giving them the power, the leaders of the sites, to choose whether they did this or not. They had the go/no-go decision, and ... instead of imposing it on them and saying you've got to do this, it's 'is this right for your site: yes/no'."*

Consequently, the legitimacy of *the process* that the team followed seems to contribute to acceptance, it engaged those 'on the ground' and gave them the opportunity to be involved in co-creating the local solution. Harry emphasises that "it was through those sorts of conversations that got people engaged" while Tim added, "if you can add value to the local businesses, why would they not want to work with you?".

The second approach that the team could take to building the legitimacy of the solution was to demonstrate that the project could succeed, and this was where the team had the benefit of being able to sequence the roll-out:

*Kate: "I think what became increasingly obvious for us to ... deliver it in the sites where there's low hanging fruit, prove the savings... [and] then take that story and testimonial to sites that were being a more resistant and go 'look, we're going to do... here's what we've delivered, we're going to deliver this here now'."*

As a consequence, "by going live on a handful of big sites delivering a large chunk of the money ... you already saw some savings flowing in." Such sites where the transformation gave the biggest impact became a demonstration of benefits of the strategy, adding legitimacy to the project and reducing resistance.

### ***Conclusions – Constructing Diagnostic and Prognostic Legitimacy***

Throughout the project we see active attempts to build legitimacy for the project. However, the focus of this evolved in terms of the audience and whether it is problem, the solution or the ownership of the solution that is being legitimised. Different strategies were adopted – linking the initiative to the wider discourse; establishing new process and bodies that themselves helped legitimise the solution; exploiting referential support – both upwards and as ‘covering fire’; and ultimately in sequencing the roll-out to reinforce the performative credibility of the solution and the GBS team.

### **8.5 Enacting Alignment: Building and Embedding Commitment**

The FM case suggests that it is not enough simply for actors to understand their role in an initiative and accept that it is legitimate. Additionally, there is a need for commitment to be built and embedded. Here, the definition of commitment follows Korsgaard *et al*, (1995, p. 61) in being “the extent to which team members accept the strategic decision reached and intend to cooperate in carrying it out”. That is, the test is that actors intend to cooperate in achieving the outcome.

Within this a number of types of actions are identified. In part these are about generating self-interest of the actors in the solution, closely linked to this being adapting the solution to remove barriers to others’ commitment – that is, making compromises. However, the case also shows that commitment can be built also through more psychological ways both through building and exploiting personal relationships and in creating a sense of inevitability.

Supporting quotes for this section are presented in Table 8.4.

### ***Building Commitment During Idea Formulation***

At this early stage of the project there is little indication of actors attempting to build commitment. This is perhaps hardly surprising as the shape of the solution is yet to be developed while the CEO had no resistance to GBS exploring the potential within FM.

**Table 8.4: Building & Embedding Commitment – Supporting Quotes**

		Supporting Quotes		
First Order Categories	Stage 1: Idea Formation	Stage 2: Solution Development	Stage 3: Solution Implementation	
<b>Generating self-interest</b>	<p>Taking responsibility for the FM project would give GBS a way of showing cost savings:</p> <p><i>"Benefit: Cost savings of 10-20% in facilities services cost by 201X"<sup>1</sup></i></p>	<p>FM project as a cost saving project for clients:</p> <p><i>"The SVP Finance wanted to see the money of course!"</i></p> <p><i>"There needs to be a business case, we have to invest money and there was a return on investment and it makes sense and the pay-back was good."</i></p>	<p>Selling the project to sites on the basis of how they will benefit:</p> <p><i>"You're telling them that the services aren't going to get any worse, there'll be 'as is' or better, and ... it makes commercial sense... instead of the stick it's more the carrot approach."</i></p> <p><i>"I think the real challenge is ... helping them to understand why it's important and the value to them."</i></p> <p>Ensuring that the solution met the needs of sites:</p> <p><i>"The solution ... was based on a quality rather than just cost, I think certainly helped to reduce ... resistance... if we'd gone in just with a cost solution the resistance would have been a lot greater."</i></p>	
<b>Adapting the solution/compromising</b>		<p>Understanding the concerns of stakeholders and reshaping the proposal:</p> <p><i>"We have engaged in greater detail with the business units ... as a result we are proposing the following scope clarification..."<sup>1</sup></i></p> <p><i>"We ended up having to de-scope ... areas within the Factory."</i></p> <p><i>"We moved into less of the R&amp;D, because they're a people on their own and they have their own agenda and we couldn't necessarily get them on board."</i></p>	<p>Making adaptations based on feedback with sites during implementation:</p> <p><i>"Then you make maybe some local tweaks according to the local culture or the local needs."</i></p> <p><i>"It isn't one size that fitted all."</i></p> <p><i>["We put] the deal together in the way that we did, still enabling it to have the flexibility that says 'actually we can recognise all these localisms ... we can still recognise those issues if they're really that important to you.'"</i></p>	

<p><b>Building &amp; exploiting personal relationships</b></p>		<p>Importance of personal relationships with the SteerCom:</p> <p><i>"The individuals involved in the project had credibility through different channels. Myself in what I'd done in Workplace and delivered and support through the UK business... Matthew clearly had a very strong relationship within Finance, with the SVP Finance etc., so again that gave it credibility... as Tim did with the European President and SVP Finance. We had really good connectivity with those individuals, and we had credibility with them."</i></p> <p><i>"I think having those relationships in play definitely helped."</i></p>	<p>Building personal relations with key personnel at the sites:</p> <p><i>"So, I think being able to have those sorts of conversations with people really helped in people going 'actually yes, we can trust you'."</i></p> <p>Trust as part of the working relationships with the supplier:</p> <p><i>"Trust is massively important... Because when you start on something like this, you don't really know each other."</i></p> <p>Leveraging the experience and reputation of key team members:</p> <p><i>"Tim as Workplace Services Director did a hell of a lot of lobbying behind the scenes in Europe."</i></p>
<p><b>Creating a sense of inevitability</b></p>			<p><i>"It's getting that momentum, getting that ball rolling and people seeing 'ah, so many sites have gone live, so many sites are in transition', and publicising that."</i></p> <p><i>"It's a little bit like you start your pushing a ball uphill, but you get to that point of critical mass and all of a sudden it starts to be rolling downhill. While then you can pick up speed and it all becomes much easier."</i></p>

<sup>1</sup> Example from internal documentation.

<sup>2</sup> Example from public document.

However, there was need to get commitment *within* GBS for pursuing the FM initiative, where the project would be in competition for resources (time, money and people) with initiatives in the well-established service lines. Here, Randy and Harry were able to leverage the process of the Dragons' Den to give visibility to Workplace as "the new kid on the block". Not only did this highlight to the rest of GBS that this was an area where GBS could generate a new stream of savings, but helped create excitement giving "a bit of a buzz around what we were doing and a real alignment ... as to what we were trying to do."

### ***Building Commitment During Solution Development***

However, as the project moved into the solution development phase the need for commitment among the key stakeholders led to a series of concerted actions.

In part this came from a rationalistic explanation of the benefits in terms of savings. But this was not sufficient in itself to generate commitment from some of the SteerCom members who saw the project as a distraction or creating organisational overlaps. At this stage, we see in key instances that rather than fight resistance, the team were prepared to compromise and adapt the shape of the solution to make it acceptable to others. As Vincent explains:

*"It was stakeholder management – who are the key decision makers, how do we bring them on board? Not by blackmail or forcing them on board, but by making sure that we understood their concerns, that we came up with strategies that were fitting, that were acceptable to them."*

Tim explained the benefit of this in terms of 'credibility'

*"They understood what was going to be done, they were able to provide feedback – on the scope for example, so 'please do not touch anything within the production line', and we said yes it makes sense. And if you listen and you understand, and you agree to certain changes because it does make sense, then you also create that credibility."*

Thus, it seems that by building off the processes of building shared understanding, the team could modify the content of the initiative in a way that would build commitment from members (or at worst, at least avoid them vetoing the initiative).

However, the case suggests that there is far more to achieving personal commitment of others than in refining the solution to avoid resistance. Personal relationships played a key role in

developing the solution. This is most clearly seen in the creation of the SteerCom and the role that relationships played in this:

*Tim: "It goes back to relationship management again. I think one of the key advantages we had in Europe is that we had a very good relationship between our VP for Workplace at the time, Randy Fischer, and the SVP of HR for Europe. And [the SVP HR] bought-in to the project, and by doing so she also made sure that the others in that cluster – the SVP Supply Chain and SVP Finance – joined."*

Randy already had previously worked closely with the SVP HR (having succeeded her in an earlier role). Because of her apparent trust in Randy she 'bought-in' to the project and was prepared to leverage her own relationships in order to bring others into the project.

The project team were then able to exploit their personal working relationships with different members of the SteerCom – as Harry reported:

*"We had really good connectivity with those individuals [the SteerCom], and we had credibility with them."*

Indeed, both Tim and Matthew (the project FD) had previously worked for the SVP Finance, and both had strong personal relationships with the European President. Fran, the HR manager – was as a rising star within HR. Harry, having previously ran the key sites in the UK was well known to SteerCom, as well as more broadly within the Finance and HR communities.

Yet these relationships were not static, through the process of meeting, discussing and collective sensemaking the team were able to further build these relationships. Tim went on to explain the importance of these relationships in allowing others to trust the actions of the team:

*"Credibility you need to demonstrate ... by delivering what needs to be delivered. But it's also what you have built over the last years. So, I'm 23/24 years in GlobeCo, I know a lot of people, I've got probably a credible name ... and the door is open when I try and land a certain solution... So, the credibility which you are able to build over time does [help] to land certain change and transformation... At some point it goes back to the trust and the credibility again, they say 'well if Tim thinks this is best, then probably it's best.'"*

Even though the SteerCom were well engaged with the team and had frequent discussions, it is clear that these senior stakeholders who were devoting one or two hours per month to the

project could never understand all the details and scrutinise every action of the team. Trust can be seen as an alternative to control (see Maguire *et al*, 2001), as suggested by a key member of the SteerCom:

*“I think that the trust was about having a team that you think can actually do this ... it's very hard as a sponsoring team to actually influence what the project team is going to do.”*

That is the personal relationship with key team members allowed the SteerCom to trust that the work was being properly done without them having to become further involved.

### ***Building Commitment During Solution Implementation***

In moving into the third stage of solution implementation the need to build commitment shifted from the SteerCom to focus upon the individual sites and the national operations that were currently responsible for many of them.

In part, the team were able to build commitment through generating self-interest of the sites involved by highlighting the opportunity to make savings. Yet, this alone seems to have been insufficient, particularly early in the roll-out. Why should individuals at sites trust this when it could affect how the site operated and could have personal implications for the individuals concerned?

While existing personal relationships were still important in some cases, the breadth of the project (affecting 50+ different sites) meant that there were many sites where the team had no prior connection with the actors involved. However, the way that the team had constructed the contract to allow the implementation to be refined at a site level and for the site to have the formal 'go/no-go' decision. This had two key benefits.

Firstly, it meant that the team spent time with key actors at the sites, building relationships, as Tim said:

*Tim: “I could make a key difference in how I landed the mobilisation in Europe, by doing it in that specific way ... making [myself] available, building relationships, getting to know your face. I always told the team 'show your face because that makes the connection so much easier going forward'.”*

Secondly, this personal contact was reinforced by the message that was being given which was about building the solution that was right for the individual site:

*Harry: "You started a conversation over 'what's in it for you', rather than a conversation of 'you've got to do this and it's mandated'."*

The role-out process allowed both relationships to develop and for the solution to be adapted (i.e. compromise) in order to build local commitment. The transformation was not something being done to them, but something of which they were a part and of which, ultimately, they were involved in making the decision about.

Finally, the team could use the sequencing of roll-out to generate commitment. As the success of the strategy was demonstrated other sites "are more willing to take that step and join in". Team members talk about the momentum that gets created, to the point at which "you have created so much momentum ... that you could say to the others 'I've done 80%, it makes sense to 80% of Europe why wouldn't it make sense to you?'". Thus, a sense of inevitability is created around the project. As Martin described:

*"They get to a point where the feeling is this is not going to go away. There are so many people now on board, that if I don't get on board ... they'll get somebody in who will make this happen – so I think that's part of the mental philosophy, at that point you've crossed over to get that engagement."*

That is, it reached a stage where those responsible for the later sites to be implemented did not wish to be seen to be blocking and accepted that the outsourcing transformation had become the way in which GlobeCo managed FM in Europe.

### ***Conclusions – Building and Embedding Commitment***

From the solution phase onwards, we see active attempts to build commitment, although the focus of this changed as it moved from getting the commitment of the SteerCom through to getting the commitment of the sites.

A number of different practices were seen around generating other actors' self-interest, as well as solution-adaptation (or compromise) and in creating a sense of inevitability to reduce resistance. However, critical within these stages were the way that the team built and exploited personal relationships. These were the basis of trust which was critical in others becoming committed to the project and therefore actively participating in achieving the outcome.

## **8.6 Summary: Power, Action and Alignment**

The FM case is notable because it resulted in a fundamental shift in the way that part of GlobeCo's business was managed. In place of the taken-for-granted assumption that FM was dominated by local concerns and was best managed locally, a solution emerged where FM was run under a regional outsourcing contract under the auspices of GBS, with the remaining GlobeCo staff in FM moving to report into GBS. Control of the key resources (budgets, people and outsourcing contracts) shifted from local actors to GBS and Tim as the regional FM Director, reflecting a fundamental change in the landscape of power relations. Yet this change did not occur due to a top-down decision or strategy, rather emerging from the work of a group of middle managers.

### **8.6.1 Multiple and Interacting Modes of Power-in-Use**

Throughout the project we see an interaction of the different forms of power-in-use (see Table 8.5). 'Solution co-creation' may appear to dominate – with the myriad occurrences of sensemaking and compromise between different individuals and groups. Yet it is also clear that there are multiple occasions where the project (or key aspects of it) could have been vetoed – at the early stage by the CEO or Vincent as head of GBS; by the SteerCom or its members for different business areas (as actually occurred in the case of GBS); during formal approval by the CEO or CFO; and ultimately at the level of the individual sites.

Some of these potential vetoes are essentially informal while others were formalised within either the GBS Schedule of Authority, or through the outsourcing contract with ServEx. Yet, some of these formal authorities that proved to be more ceremonial in nature: it was extremely unlikely that the CEO would not ratify something agreed by all other parties; while the sites would have found it very difficult to veto a proposal once proven, contracted savings had been offered to them.

**Table 8.5: The Interaction of Power-in-Action During the FM Project**

	<b>Stage 1: Formulation of the Idea</b>	<b>Stage 2: Solution Development</b>	<b>Stage 3: Implementation</b>
<b>Solution Co-construction</b>	<ul style="list-style-type: none"> <li>· Kate talking to suppliers and FM managers to identify issue.</li> <li>· ‘Dragons’ Den workshop of GBS managers to “challenge and improve our Service Line strategies.”</li> <li>· Harry, Kate and the team recognising the potential to reshape strategy into single supplier model.</li> </ul>	<ul style="list-style-type: none"> <li>· Team meeting with suppliers, supplier visits and joint sessions, etc.</li> <li>· Team working with the SteerCom to develop a solution that was acceptable for GBS and stakeholders.</li> <li>· Team brainstorming and sensemaking – for example at ‘Hugheenden’.</li> <li>· Negotiating team and ServEx building a contract that was mutually acceptable.</li> </ul>	<ul style="list-style-type: none"> <li>· Implementation process with visits to understand site specificities and requirements and build appropriate solution with local management.</li> </ul>
<b>Solution Filtering – Opportunities for Veto</b>	<ul style="list-style-type: none"> <li>· Procurement management could have stopped Kate’s work after preliminary analysis.</li> <li>· CEO could have refused to include FM within GBS scope.</li> <li>· Vincent Peeters could have vetoed work on FM within GBS.</li> <li>· CEO could have objected to FM within GBS strategy.</li> </ul>	<ul style="list-style-type: none"> <li>· Key stakeholders could have refused to join SteerCom (passive resistance).</li> <li>· SteerCom could have refused to support the project.</li> <li>· Top R&amp;D management veto of the project extending to their area.</li> <li>· European President, CEO and CFO could all have vetoed the project.</li> </ul>	<ul style="list-style-type: none"> <li>· Sites had formal veto right over implementation.</li> </ul>
<b>Bounded Autonomy</b>	<ul style="list-style-type: none"> <li>· Vincent Peeters allocated a small team to FM.</li> </ul>	<ul style="list-style-type: none"> <li>· Negotiating team had relative freedom to structure the deal in the way that suited them.</li> </ul>	<ul style="list-style-type: none"> <li>· Team had autonomy to sequence roll-out.</li> <li>· Implementation team had freedom within the governance structure.</li> </ul>

Indeed, it is the mode of bounded autonomy that is perhaps least apparent during the case. Yet this is seen in that the small negotiating team had considerable autonomy to structure the deal in the way that suited them – as one participant in those negotiations said: “the individuals in the room had the autonomy to be able to make the decisions.” This was key as it allowed Harry to structure the implementation process in a way that created credibility and commitment – through the GlobeCo team being able to select the sequencing of roll-out, and in embedding the interaction process with sites and in giving them the formal ‘go/no-go’ decision.

Similar autonomy was also seen during the implementation phase where the implementation team led by Tim had considerable freedom to agree the solution for individual sites (with ServEx and the site) without reference to higher authority within GlobeCo. Martin described this as “we were just left to get on with it with the governance framework that we had in place.”

### **8.6.2 Interaction of Practices**

Yet what is clear that it is insufficient to consider only the types of power-in-use. Rather, it is necessary to look at the individual agency of key actors and the practices that allowed them to build a legitimate voice and gain a position of influence.

As such, the case highlights the interaction between the three practices of *building shared understanding*, *constructing legitimacy* and *building/embedding commitment*. The meetings, conversations and sensemaking activity of the team members was integral to building relationships which in turn contributed to legitimacy and commitment. As Tim highlighted about the SteerCom “they trusted the process and the facts presented to them because they were part of it”, while Harry emphasised: “engagement with them gave credibility, and therefore reduced the ... dissent and other views.” Yet this does not mean that the process of developing shared understanding was sufficient – without the processes of sequencing to demonstrate performance and giving sites vetoes, without creating a SteerCom as a decision-making body, without being able to generate tangible benefits for the sites – without multiple actions to build legitimacy and commitment, the transformation would not have happened. Consequently, these practices were not solely discursive, but included constructing processes and temporary structures, and through demonstrating the ability of the team to deliver.

These practices had two distinct effects. Firstly, it meant that vetoes were avoided, and a solution was co-created around which there was alignment, and which could be successfully

implemented within GlobeCo. Yet at a fundamentally deeper level the team members, through the use of these practices, had reshaped the landscape of power relations within GlobeCo. The boundaries of bounded autonomy, filtering and co-creation were all altered. As a result of their work, different actors were accepted as holding significantly different roles in the reconstitution of a new array of power relations.

The next chapter will move on to explore more theoretically the linkages between these episodic practices, the multiple modes of power-in-use and coordination (or 'alignment'). In particular, it will suggest that these practices play a key role in reinforcing or reconstructing power relations that are continually being challenged due to the inherent ambiguity and contestation in the heterarchical MNC.

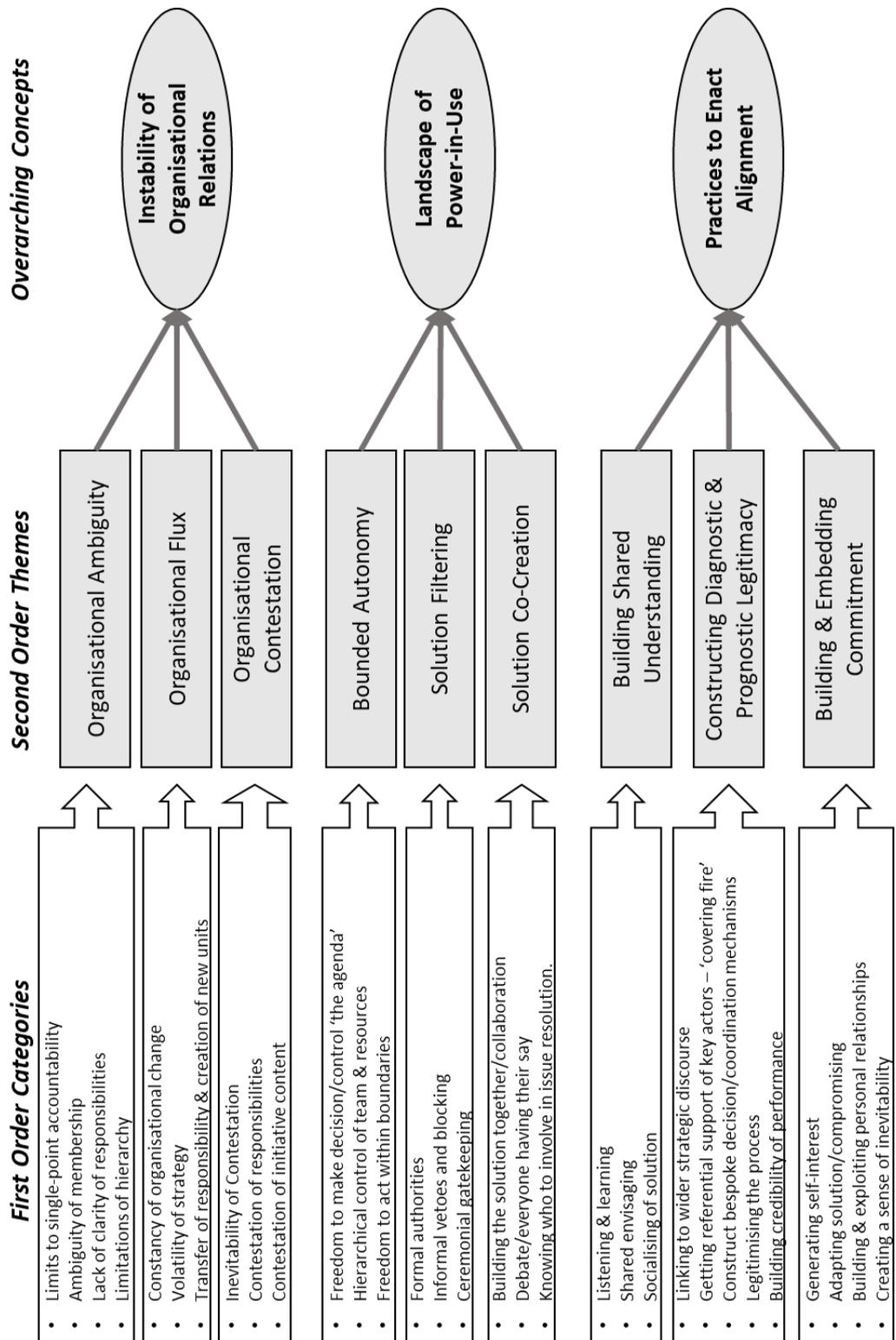
## 9. The Dynamics of Power Relations and Coordination in the Heterarchical MNC

The previous three chapters have considered different aspects of power and coordination in GlobeCo, a heterarchical MNC. Firstly, this considered how the organisational characteristics of the heterarchical multinational and the consequences of this as a context for power relations. In highlighting the *ambiguity, instability* and *contestation* of organisational units this challenging whether units are the appropriate focus for understanding power relations within the MNC, rather focusing attention upon individuals within the organisation. Secondly, the mechanisms through which power is enacted to enable coordinated outcomes, or 'alignment' were considered, showing that while there remained a role for a *bounded autonomy*, the interdependent nature of the MNC was also reflected in the modes of *solution filtering* and *solution co-creation*. Thirdly, through examining the case of Facilities Management, the practices through which individuals worked to reinforce or reconstitute power relations in the heterarchical MNC were revealed. This not only highlighted the interaction of the different coordination modes but revealed how the structures of power relations are changed through *building shared understanding, constructing diagnostic and prognostic legitimacy, and building and embedding commitment*.

As such, this empirical analysis is presented as a series of second-order themes (repeated in Figure 9.1). The first part of the chapter focuses upon these constructs in order to make sense of the interaction between individuals' agency, coordination and the changing power relations within GlobeCo. Building upon the linkages between these constructs highlighted in earlier chapters, this provides an empirical model of the cyclical workings of power relations within the organisation.

The remainder of the chapter then focuses upon how we understand these concepts and model and the theoretical contributions that this perspective makes to the wider literatures on the MNC and power. Firstly, this suggests that organisations such as GlobeCo reflect a 'post-heterarchical' form of the MNC that requires us to move beyond the narrow HQ/subsidiary perspective embracing individuals and groups as well as more formal organisational units. This, in turn, has considerable implications for the debates both around HQ-subsubsidiary relations and how we should conceptualise the impact of geography and institutions within the MNC. Secondly this highlights the necessity for including multiple dimensions in understanding power relations in the MNC, in particular emphasising the dynamic nature of power relations and shedding light on the interaction between episodic and systemic forms of power.

**Figure 9.1: The Dynamics of Power Relations and Coordination in the Heterarchical MNC - Data Structure**



## **9.1 Towards a Model of Alignment and the Transience of Power Relations**

The previous three chapters have provided three distinct analyses on the workings of the heterarchical MNC from the perspective of the individual, considering the macro-level context of the organisation, a meso-level view of the ways in which episodic power are revealed, and a micro-level study of changing power relations within a particular case. However, throughout this there is evidence of linkages and interactions between the different themes. Considering this, an inductively derived model is developed that illuminates the transience of power relations within the MNC: how these are manifest; how they dissolve through the inescapable ambiguities and contestation of the heterarchy; and how they are reinforced or reconstituted through the everyday practices that actors use to achieve alignment (Figure 9.2).

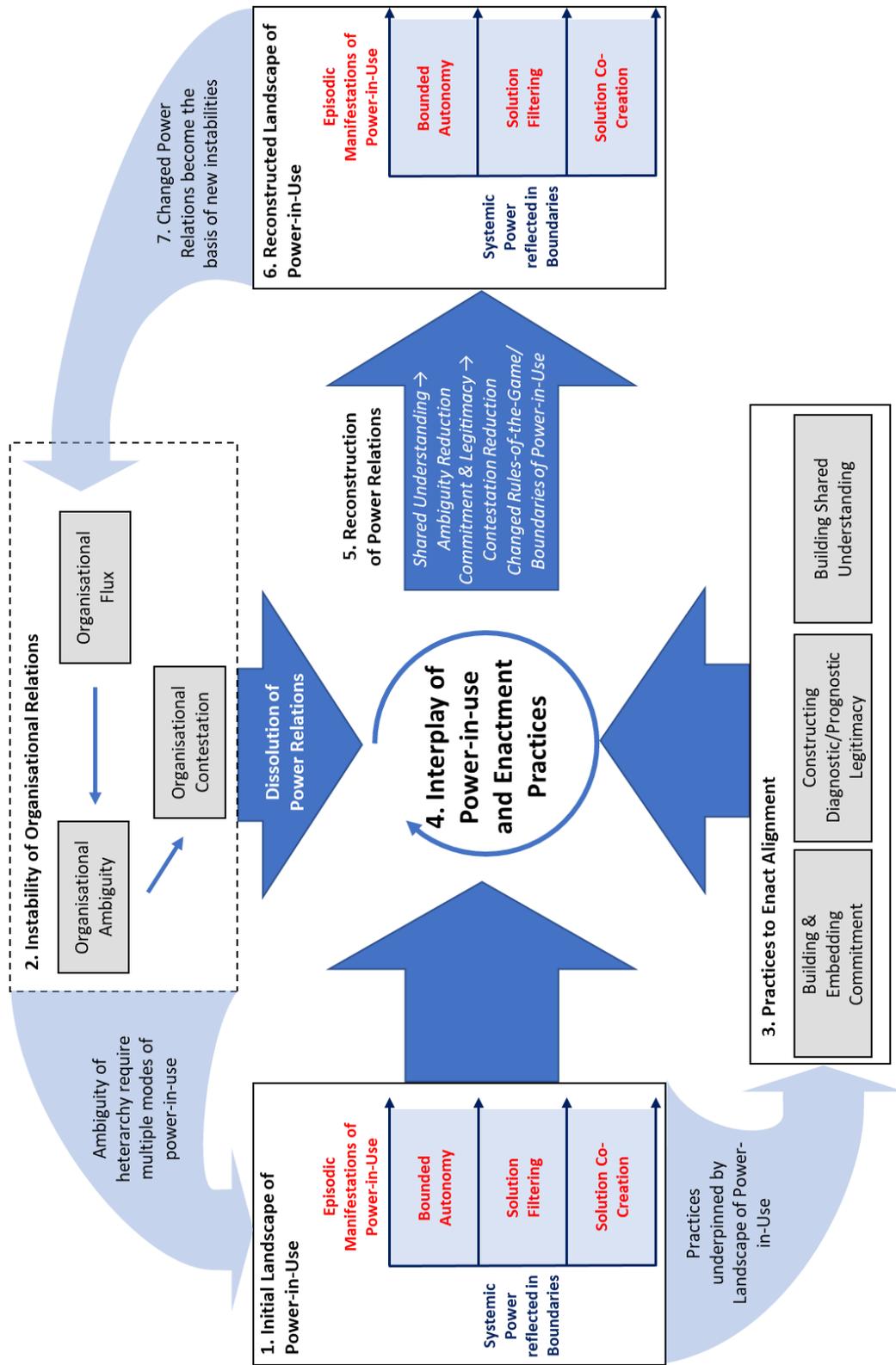
### ***The Initial Landscape of Power Relations (Box 1)***

Chapter 7 sets out a picture of the landscape of power relations. This sees power relations manifest in the different modes of power-in-use, that is the different means by which episodic power is revealed within the organisation. Within the heterarchy this is not limited to hierarchical control (reflected in bounded autonomy), but extends to actors' capability to veto particular options or outcomes (solution filtering) and/or their accepted role in the co-creation of solutions. Furthermore, as previously highlighted these three modes broadly align with the first three of Hardy's (1996) dimensions of power – those of resources, process and meaning. Each of these modes coexists within the heterarchy.

Yet, Chapter 7 also highlighted that the boundaries between these different modes reflect the systemic facet of power. That is, it reflects shared understanding and taken-for-granted assumptions about which actors are able to exercise which modes of power-in-use in a particular circumstance. 'A' may hold a veto in issue 'X' not because it is inevitable or predestined that this is so, but because it has become accepted within the organisation that this is.

Consequently, the starting point for the model is this initial landscape of power relations. This provides the basis through which, if accepted by other members of the organisation, individuals can effect or affect coordinated outcomes. Yet this represents only a snap-shot of the power relations at a moment in time. The model thereafter explores the pressures that challenge stability and the practices that are used to rebuild them.

**Figure 9.2: The Transience of Power Relations in the Heterarchical MNC**



### ***Instability and The Dissolution of Power Relations (Box 2)***

While the power relations within the organisation can be characterised as the landscape of power-in-use, the thesis repeatedly illustrates that this should not be interpreted as meaning that this is stable or constant. As highlighted above, the boundaries reflect socially constructed and taken-for-granted understanding that can change as meanings and understandings develop.

Chapter 6 presented a picture of the heterarchical MNC where organisational and power relations are unstable. Because of the high levels of interdependency and the limitations of hierarchical control that are integral to heterarchies, this leads inevitably to situations of organisational ambiguity and, in turn, contestation. It is partly in response to this, that we see the need for multiple modes of power-in-use to be utilised.

Yet while the multiple modes of power-in-use simultaneously occur, and although their boundaries may be temporarily stabilised, it is clear from the research that relatively small events can either bring underlying ambiguity back to the surface or directly lead to contestation. The research has presented numerous examples. This may be externally generated such as when the mimetic pressure (DiMaggio & Powell, 1983) of competitive created pressures for GlobeCo to act on indirects or explore outsourcing, albeit that these were strongly contested by some. Alternatively, any internal change might become the catalyst for new ambiguities and resistance – for example as the creation of GBS permitted consideration of the debate on regionalising FM.

Consequently, the emergence of new ambiguities and contestation appear inevitable within the heterarchical organisation. This creates pressures for the dissolution of the existing landscape of power relations through either direct challenge to organisational responsibilities or indirectly through the challenge to the content of initiative.

### ***Practices to Enact Alignment/Coordination (Box 3)***

However, while there seems to be an inherent tendency towards the dissolution of power relations within the heterarchical MNC, Chapter 8 reveals that actors are active, on an ongoing basis, in practices to enact alignment through *building shared understanding; constructing diagnostic and prognostic legitimacy; and in building and embedding commitment.*

Furthermore, these practices cannot themselves stand apart from power relation, for these practices are themselves underpinned by the extant landscape of power relations. For example, without recognition that an actor has some legitimacy for their voice to be heard

their ability to build understanding, legitimacy and commitment may be limited. Alternatively (as in the case of FM) access to, and relationships with, actors that are already well positioned may provide the opportunity to engage to reshape the power relations.

#### ***Interplay of Power-in-Use and Enactment Practices (4)***

While it would be comforting to see a clear sequential process of dissolution followed by a reconstitution of power relations, the case presented in Chapter 8 suggests that the reality is rather more muddled. In a complex multi-dimensional issue, what we see is an ongoing interplay of many actors both leveraging the different modes of power-in-use and using practices to enact alignment at all of the different stages of the issue resolution (idea formation, solution development and solution implementation) with respect to different aspects of the issue.

Consequently, in the case of FM we saw the impact of the bounded autonomy of the head of R&D to exclude his sites from the project, the potential for solution filtering via the SteerCom, the President of Europe and ultimately the CEO, and the co-creation of a solution to meet the requirements of both GBS and the German business. However, we cannot say that a solution was found and the boundaries of responsibilities and the shape of the landscape of power relations changed solely through these modes of power-in-action. Rather we see that simultaneously the practices or work of key individuals in *building and embedding commitment, constructing diagnostic and prognostic legitimacy, and building shared understanding*. In FM these activities were key to shaping the proposal, building support and preventing the vetoing of the idea. Through these practices the shape of the solution was not only constructed, but became accepted, embedded and enacted within GlobeCo.

Accordingly, we see outcomes – both in terms of the tangible outcomes of the organisation and in terms of the power relations within the organisation – as emerging from an interplay of the existing boundaries of power-in-use along with the practices that serve to reinforce or reshape the boundaries of accepted responsibilities. From this, aligned outcomes emerge, along with either a reinforcement or reconstruction of the boundaries of power-in-use.

#### ***Reconstruction of Power Relations (5)***

Critically we see that the practices to enact alignment working to counteract the pressures that are challenging the extant power structures. As highlighted in Chapter 8, the practices being used to enact alignment can be seen to mitigate the different aspects of organisational instability. Actions *building shared understanding* are reducing the level of *organisational*

*ambiguity* while both actions to *build and embed commitment* and *construct diagnostic and prognostic legitimacy* serve to moderate the level of *organisational contestation*. Consequently, we can see the practices to enact alignment as directly countering the pressures that dissolve power relations.

While there are clearly opportunities to use these practices to reinforce extant power relations, to the extent that these lead to a change in the accepted 'rules of the game' (e.g. the acceptance that FM is best managed through outsourcing), this becomes the basis for reconstituting new, temporarily stable power relations (box 6).

### ***The Cyclical Nature of the Transience of Power Relations***

The reconstitution of power-relations may appear to be an end of the journey – so in the case of FM key team members had gained key capabilities to deploy episodic power, while others in operating companies had seen their responsibilities shrink. Yet, as we saw earlier, any change is likely to trigger new instabilities within the organisation – creating ambiguity that leads to contestation (7). In the case of FM, senior management deemed the project so successful in Europe, that immediately suggestions were made that it should be extended to other regions – which, for example, created new ambiguity as to whether responsibility for FM in North America should remain with the US business or should be absorbed by GBS.

Consequently, we see a cyclical process whereby the reconfiguration of power relations can provide the impetus for a new round of contestation leading to further dissolution of power relations. The inevitable ambiguities resulting from the interdependencies within the heterarchical MNC creates a dynamic but unstable environment where power relations are constantly being contested, dissolved and reconstructed.

### ***Coordination as Transient Intersubjective Alignment***

It is clear from Chapters 6-8 that actors within GlobeCo manage to achieve coordination – coordination to enable them to perform their everyday activities, as well as coordinated action that permits the organisation to embark on one-off projects and major change. Yet this model highlights three particular aspects of such coordination.

Firstly, it does not appear necessarily to achieve full agreement on actions. Rather it is to have sufficient *alignment* such that activities are not fundamentally contradictory – that is a state where there is sufficient acceptance, coherence and compatibility between the many disparate objectives within the organisation and the action plans to achieve them. Secondly,

this alignment is *intersubjective*, in that it critically depends upon meanings and understandings that are shared (Seale, 2004), and in some ways ‘lies between’ (Malpas, 2000) individuals within the organisation, and reflecting the dynamics of relations where intersubjectivity “is not a fixed state but an interactional achievement” (Reich, 2010, p. 55). Combined with the concept of alignment this fits well with Maitlis & Christianson’s (2014, pp. 66-67) perspective that ‘intersubjective’ “need not indicate a completely overlapping, agreed-upon understanding, but rather understandings that are close enough, or equivalent, in ways that allow coordinated action.” Yet, thirdly, it is clear that there is may be no permanence to this shared alignment, they are based upon situational context, power relationships and understandings that are inevitably *transient*. While some understandings and power relations may persist for a period, others are fleeting as individuals, knowledge and circumstances change. Consequently, coordination is not something to be achieved once – it requires constant work to build and maintain.

## **9.2 Contributions to our Understanding of the *Post-Heterarchical* MNC**

Although the previous section focused upon an empirical model of the dynamics of power relations, this – along with analysis in the three preceding chapters – has broader implications for how we understand the MNC. In particular, it reinforces the need to consider the MNC as a community of individuals. It is at the individual level that the characteristics of heterarchy are experienced, and at which the challenges of multiple geographies and institutional pressures must be faced. Rather than envisaging this organisation as a heterarchy of units, I suggest organisations such as GlobeCo should be consider as a *post-heterarchical* MNC comprising a heterarchy of individuals and their relationships.

### **9.2.1 Moving from a Focus upon Units to a Focus upon Individuals**

The examination of GlobeCo takes our understanding of the heterarchical MNC forward in one key way that has wider implications for those studying the MNC. While Hedlund (1986, 2005) maintained a focus on the heterarchy as comprising discrete units, this study has repeatedly seen that the traditional organising unit (such as ‘headquarters’ or ‘subsidiary’) are both unstable and poorly defined. Units do not necessarily have a ‘unity of command’ (Simon, 1946), there are multiple reporting lines out of units and membership of units overlap as individual managers see themselves as belonging to multiple units. As such, this problematises

the organisational unit as the key building block and unit of analysis that dominates conceptualisation of the MNC (Ciabuschi, Dellestrand & Holm, 2012; Geppert *et al*, 2016).

In particular, the study introduces the concepts of *organisational ambiguity* and *organisational contestation* as contributions. *Organisational ambiguity* within the MNC suggests both an incoherence to boundaries, and that there may be different understanding of, and meanings attached to, the organisational structure. While similar concepts can be found within the literature they are largely presented as an undesirable outcome (e.g. Hamel & Prahalad, 1983, who see ‘organizational ambiguity’ as the product of lack of ‘strategic clarity’) or are considered as a trigger for sensemaking (Jacobs & Heracleous, 2006)<sup>14</sup>. However, the concept here reflects an ongoing state – “more or less continual” (Alvesson & Sveningsson, 2011, p. 351) – of ambiguity that exists due to the inherent contradictions and interdependencies within the heterarchy. Accordingly, this is a specific example of the type of ambiguity referred to by McCabe (2010, p. 152) where “ambiguity infuses the exercise of power in both intentional and unintentional ways. It highlights that ambiguity does not merely serve management ... but poses limits to managerial control.”

Here the consequence of *organisational ambiguity* is *organisational contestation* – that is contestation of roles, responsibilities, reporting lines and unit boundaries – either directly, or through the challenge to initiative content. Contestation, in turn, results in an *organisational fluidity*, in which entirely new organisational units are born (such as GBS and FM Europe) while others are dismantled.

Consequently, it is not possible to continue to see the organisational unit as the sole unit of analysis of the MNC. This thesis has shown how the boundaries of organisational entities are both ‘fluid’ and ‘fuzzy’ and can be regarded as negotiated constructions, the result of interaction between key actors within the MNC. Yet at the same time, the organisational structures within the MNC reflect aspects of a shared understanding of roles and authorities.

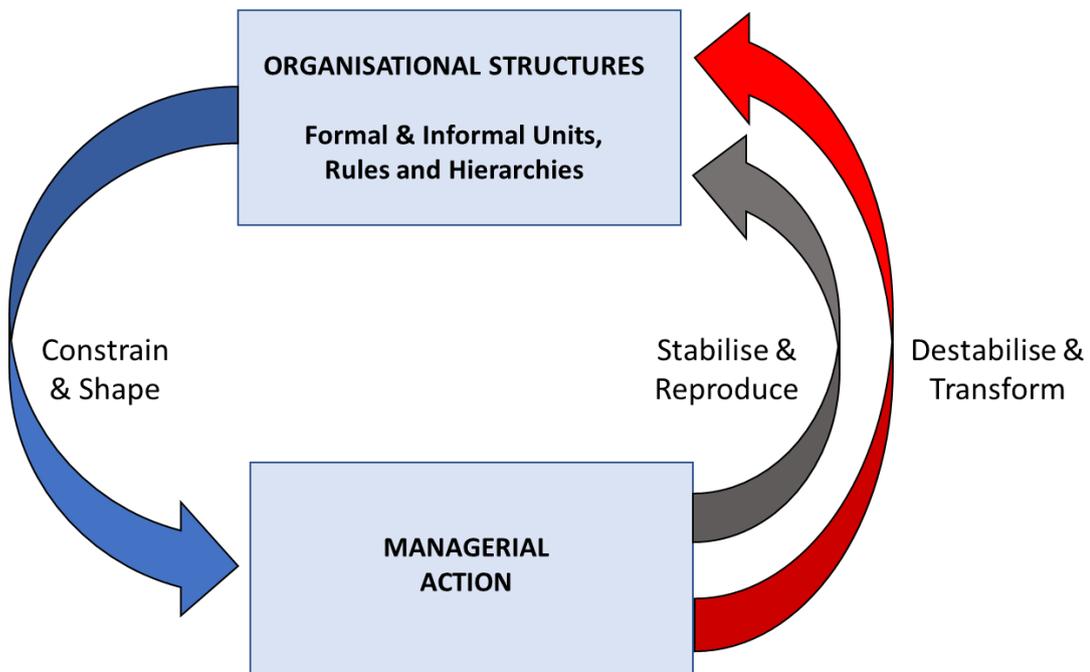
This suggests an iterative relationship between organisational structure and the individual manager (Figure 9.3). While the actions of managers are constrained and shaped by an organisational structure that comprises both formal and informal entities, rules and hierarchies, these structural aspects are not deterministic given the interdependencies and ambiguity within the heterarchical MNC. Rather, managers have significant agency, and

---

<sup>14</sup> Ambiguity is also a key theme within the capability-based view of the firm, although focusing upon ambiguity around the link between firm resources and sustained competitive advantage (King & Zeithaml, 2001; Barney, 1991).

through their actions they either stabilise and reproduce the organisational structure, or they act in ways that destabilise and transform them.

**Figure 9.3: Interaction Between Organisational Structure and Managerial Action**



Such a model is not novel as it has strong echoes of Giddens’ (1984) structuration theory in which activities within the ‘action realm’ are both shaped by, and simultaneously shape, the ‘institutional realm’. Through every action and interaction individuals either enable the persistence of existing institutions or cause them to be modified (Orlikowski, 1996). Similarly, there are close parallel’s with Clegg’s (1989) ‘Circuits of Power’ in recognising the existence and interaction between an agentic/episodic circuit and structural circuits.

Consequently, this thesis contributes to the MNC literature by problematising the use of units as the fundamental building block of analysis of the MNC. This is, of course, not entirely new as an idea – with Morgan’s (2001a) view of the MNC as ‘transnational social space’ and Kostova *et al* (2016, p. 182) commenting that “just as the modern MNC is becoming more and more a network organisation ... so its critical employees seem to be acting as loosely defined communities or networks of individuals”. Yet the implications of this perspective have largely not been investigated and the focus of understanding the MNC has remained upon the organisational unit as the key unit of analysis.

This does *not* mean that there cannot be MNCs where units are stable and well-defined, but this does challenge the unquestioned use of this as an assumption. This has importance beyond the literature on the heterarchy, as the HQ/subsidiary model is retained as a central

assumption in much of the literature of the MNC (for recent examples consider: Luring *et al*, 2017; Hansen & Mattes, 2017; Beugelsdijk & Jindra, 2018; and even Glenn Morgan's (2018) recent chapter on power relations within multinational corporations). While it may be convenient to envisage the MNC as a structure of units, the analysis of GlobeCo suggests that this can be a gross over-simplification.

### 9.2.2 Understanding the MNC as a Post-Heterarchical Organisation

This focus upon the individuals rather than units as the key building blocks suggests that GlobeCo can be envisaged as a different type of organisational form – what I would call a *post-heterarchical* organisation. While such an organisation shares many of the characteristics of Hedlund's (1986) vision of a heterarchical organisation (for example in interdependence, being managed along multiple dimensions, lacking clear apex of decision making, limitations to hierarchy), it is emphasised in the *post-heterarchical* MNC that it is individual managers, rather than collective units, that are the level at which the challenges of coping in a heterarchical environment is experienced. Consequently, we see managers as members of multiple teams along multiple dimensions (e.g. regional, functional); that managers are unable to get issues resolved because they do not fall within a single hierarchy with a clear apex – for example frequently perceiving that they have multiple 'bosses'; that managers simultaneously face multiple organising modes – hierarchical in one dimension, but collaborative with social control in others; and managers may have roles that are both central/corporate and operational. Indeed, units are fluid and temporary, with both formal and informal groupings forming, evolving and dissolving.

Consequently, it is the focus upon the individual and their relationships that differentiates the *post-heterarchy* and the *heterarchy*. Hedlund repeatedly talks about units as the building blocks of the heterarchy (emphases added) – saying “a further characteristic of a heterarchy concerns the degree of coupling *between organizational units*” (1986, p. 23), “the range of types of relationships between *units* in the company” (1986, p. 24), “critical interdependencies between *units*” (ibid), and “any unit is both a coordinating and directing center and a subordinated part” (2005, p. 211). Although in his 1994 paper on the 'N-form' Corporation, Hedlund did start to consider implications beyond tight organisational boundaries, reflecting on “*temporary constellations* of people and units rather than *permanent structures*” (1994, p. 82, emphasis in original).

The contrasts between the Heterarchical and the post-Heterarchical perspectives of the MNC are summarised in Table 9.1.

**Table 9.1: Characteristics of Heterarchy and Post-Heterarchy**

	<b>Heterarchy</b>	<b>Post-Heterarchy</b>
<b>Organising Principles</b>	Organisational structure reflects multiple organising principles, with none superordinate to the rest. Non-transitive, may be circular.	Individuals simultaneously face multiple organising principles. Where emerging, autonomy and control are temporary and both issue and individual specific, with managers having a series of non-transitive relationships.
<b>Shape of the Organisation</b>	Non-symmetrical, network of units, at the extreme no visible apex. Flexible.	Non-symmetrical. A network of formal and informal relationships, partly manifested in temporary units and teams.
<b>'Headquarters' and the Location of Thinking</b>	A multitude of 'centres', holographic – the 'firm as a brain' model.	Blurring of what is centre and periphery. Individuals have both HQ and operating responsibilities and influence.
<b>The Subsidiary</b>	May have a strategic role for the whole MNE. Tasks are complex, unstable and intricately related to the tasks of other units	Both 'fuzzy' and 'fluid'. Reflects the (temporary) negotiated outcome of agreeing responsibilities. Membership overlaps that of other teams and units.
<b>Nature of Control</b>	Control primarily through normative control. Focus is upon horizontal relationships.	Multiple forms of control revealed. Focus is upon individual relationships in all directions.

(Heterarchy column based on Hedlund 1986, 2005)

This perspective, of seeing the MNC as a *post-heterarchical* organisation, with a focus upon the varied relationships at an individual rather than unit level, is itself novel. However, it also raises implications for a number of the key ongoing debates in the MNC literature – particularly around HQ-subsidary relations and upon the way in which we understand the influence of geography and institutions.

### 9.2.3 Implications for the Debate on HQ-Subsidiary Relations in the MNC

Dereifying the unit as the key building block of the MNC presents a significant challenge for a debate that problematises relations within the MNC in terms of these units. Yet this does not mean that this is a completely irrelevant debate. Firstly, the post-heterarchical organisation is only one possible form of the MNC and there is no claim for universality. Understanding many MNCs in terms of a structure of units may continue to be both appropriate insightful. Furthermore, a characteristic of the *post-heterarchical* MNC is that there are multiple organising forms present within the one organisation – consequently, even within organisations such as GlobeCo there may be parts of the organisation (or periods of time) where consideration in terms of units is fruitful.

#### *Need to Go Beyond the HQ-Subsidiary Dyad*

The MNC debate has largely taken the perspective that the dyadic relationship between HQ and subsidiary is the key relationship within the MNC. Through this relationship knowledge must pass and, coordination achieved, and consequently it becomes the focus for conflict. However, the *post-heterarchical* perspective neither HQ or subsidiary unit (to the extent that they can be delimited) is univocal – as units comprise of multiple individuals with differing understandings and interests. As has been repeatedly shown in this thesis, conflict occurs within the apparent boundaries of ‘units’ and there are multiple voices speaking and being heard in and from these ‘units’. The relationships within the *post-heterarchical* MNC are therefore largely polyadic, rather than dyadic.

However, this heterogeneity *within* the building blocks of the MNC poses challenges to key theoretical approaches. From the agency perspective it questions the appropriateness of considering relationships within the MNC as a simple dyad of HQ (as principle) and subsidiary (as agent), as the many of different relationships between individuals in an HQ and a subsidiary may comprise a multitude of agency relationships with multiple layers and multiple principles (where individuals believe they have two or more reporting lines). As Hoenen & Kostova (2015, p. 109) stress – albeit for networks of units rather than individuals – this requires the understanding and design of the “system of relationships for the entire set of principal-agent relations”.

Similarly, by challenging the integrity of subsidiary boundaries, the ‘subsidiary initiatives’ debate (Birkinshaw, 1997) can be recast to consider how initiatives arise as the product of individuals within the wider MNC organisation – possibly involving a mix of actors regarded as part of HQ as well as those from subsidiaries, and consequently falling between Burgelman’s

(1991, 2002) 'induced' and 'autonomous' strategies. Indeed, the case in Chapter 8 reveals a case of how a change developed *between* and *across* units, involving individuals who might be considered as from HQ, global operations and subsidiary. Furthermore, this reveals that the line of causation is not just one of from unit to initiative, but also highlights how the development and shaping of initiatives itself determines the understanding of units or what Strutzelberger & Ambos (2014, p. 328) refer to as "how individual action translates into organizational behaviour".

Additionally, moving from a unit-based perspective of relationships to one based on individuals introduces additional factors that are regularly ignored. Michailova & Paul (2014) recently suggested that "to orchestrate MNC intra-firm relationship, one needs to understand them" (p. 377) but went on to argue that because "the relationship structure of subunits can be considered more transactional in nature ... integrating concepts of trust and shared value is omitted from our discussion" (p. 386). Yet ignoring these important aspects of human relations suggests a very partial view of the MNC. The multidimensional nature of power relations highlights the key role of meaning and, in this context, Chapter 8 highlighted the work done to build understanding, commitment and legitimacy. Such concepts are difficult to incorporate into an impersonal unit focused perspective, rather they require understanding of the motives, actions and relationships of individuals. By restricting analysis to the unit level key aspects of power relations are inevitably excluded, restricting our understanding of the way in which the MNC works.

### ***Insight into the Creation of Units***

Taking the perspective of the individual enables us to better consider how new organisational entities (including units and teams) are born or come into being. The analysis within this thesis reveals a dynamic process in which individuals from both HQ and operations interact to discuss, challenge and ultimately come to an understanding of the appropriate organisational form for particular parts of GlobeCo. As such this challenges the extant literature that is largely restricted to a static set of organisational units – or implicitly adopts the assumption that new units appear at the will of head office. As such what we see is far more than the reassignment of, or conflict over, subsidiary 'charters' (Birkinshaw & Hood, 1998). Rather it emphasises the dynamic nature of the post-heterarchical MNC and the danger of viewing the MNC as some sort of fixed array. This echoes Cynthia Hardy's (2001, p. 43) more general concerns when she stressed that "the influence of postmodernist thought on the field of organization and management theory has long emphasized the dangers of reifying phenomena like

‘organizations’ and argued that we need to treat them as fluid, unfinished, fragile relationships.” Indeed, rather than units being the fundamental units-of-analysis, this thesis has shown that they are the by-product, or epiphenomenon, of organising at the individual level.

#### **9.2.4 Implications for the Debate on the MNC, Geography and Institutions**

The key characteristic that distinguishes the MNC from other complex organisations is its multinationality (Roth & Kostova, 2003) – the need to operate across geography and in different institutional and cultural environments. However, this has generally been considered within the context of the dyadic relationship between units that are assumed to be largely homogeneous and bounded within a particular institutional field (or geography). Yet this thesis challenges whether either of these assumptions are appropriate.

##### ***Beyond Geographically Bounded Units***

Firstly, we have seen that organisational units need not be geographically bounded, spreading across cultural, institutional and geographic boundaries. In particular, with both the regionalisation and globalisation of operations there have emerged teams and units that can be considered as ‘born global’ (Rennie, 1993; Knight & Cavusgil, 1996), or at least ‘born regional’. There are clear examples within the empirical chapters, be that of the GlobeCo European Supply Organisation, or of GlobeCo Business Services and its key service centres around the world. These ‘units’ had newly created elements as well as incorporating parts of units already based within disparate geographies, and provide services across geographic and cultural frontiers and face the inevitable challenge of working across distinct regulatory environments. For such units, the concepts of home and host country may be meaningless – yet *internally* they face the challenge of dealing with the conflicts and pressures of the multiple regulatory and cultural environments across which they work and including managers within their boundaries who are ‘carriers’ of different normative and socio-cultural perspectives.

Secondly, this thesis makes clear that the boundaries of units are ‘fuzzy’, with individual managers having multiple reporting lines and being members of multiple teams in which they have relationships with a myriad of other individuals of diverse nationality and background. Consequently, this refocuses our attention upon the impact of institutional and cultural differences at the individual level. How do individuals respond to the diversity of relationships within the post-heterarchical and the corresponding challenges of institutional duality? This

challenge can be illustrated with the example of one of the respondents, a German who was functional VP in Russia, an organisation with an Indian CEO, but line reporting to a Dutch functional SVP. This individual has to deal with the consequences of her own understanding, the different cultural/geographic frames of her multiple bosses, as well as the cultural and institutional environment within which she and her team operate. It is at this individual level that this is faced, and where the individual manager needs to confront the “schizophrenic, 'Janus' challenge” of operating while looking in multiple directions.

Consequently, while Kostova & Roth (2002, p. 216) saw institutional duality as the situation where a “foreign subsidiary is confronted with two distinct sets of isomorphic pressures and a need to maintain legitimacy within both the host country and the MNC”, this research illustrates that this is perhaps an oversimplification. Rather, in the post-heterarchical MNC we see that this challenge is focused at the level of the individual and is multi-dimensional rather than dyadic – the individual needs to maintain legitimacy with multiple bosses, with teams in their local or host ‘unit’, with others in the wider function that they work, and perhaps more widely in the locations that they work beyond the MNC boundaries. Consequently, we could perhaps best describe the situation faced by the individual manager as one of cultural and institutional polyality.

### ***Managers Anticipate Geographic Differences***

This thesis recognises that issues of geographic, cultural and institutional diversity are key issues within the post-heterarchical MNC. However, what appears key is not just there are such differences, which present constraints that individuals within the MNC must find ways to work around, but that there are different *understandings* within the organisation, including the understanding of such constraints. At the extreme these distinct understandings may be so deeply engrained within individuals to appear as different rationalities – to the extent that they can be “distorting, denying, projecting or in other ways falsifying to ourselves what may be going on around us” (Schein, 2004, p. 32).

The literature highlights the possibility of actors using national/institutional factors as a political ‘resource’ for their own ends (see Ferner *et al*, 2012; Ailon-Souday & Kunda, 2003) – and there are examples that could reflect this in the research – including the example of the resistance to the FM outsourcing in Germany. Yet, it is neither easy nor necessary to identify whether institutional and geographical differences that are raised by actors are genuinely being perceived as a constraint, or whether there is a deliberate, or sub-conscious construction of such constraints in order to advance some particular goal. Similarly, such

differences in perceptions may result from bounded rationality (ignorance of key facts), differences in rationality, or irrationality, on the part of one or other actor. Yet, the thesis highlights that whatever the underlying driver of perception differences (even if these can be identified), the key is that such differences in understanding need be sufficiently resolved to align on a path of action. Although managers within GlobeCo generally accepted that resistance was normally motivated by a genuinely different understanding of the situation, even where this was not the case, any political resistance needed to be “dealt with ... as a reality”.

Clearly such differences in perspective/frame are a key cause of contestation (see Section 6.4.1) within the MNC. But it is also apparent that such differences come as no surprise to individuals within GlobeCo. It is anticipated that others will have different perspectives and institutional constraints, and actors take deliberate action to seek these out (a key part of *building shared understanding*). In the case of the FM outsourcing key the team both designed a process that incorporated the opportunity to learn about local requirements, but also made it clear that they had retained the necessary flexibility in the operating model to adapt to geographic, institutional and other differences. Indeed, I would argue that it is this shared understanding that other individuals have different perspectives and that there are differing institutional requirements that leads to *solution co-creation* being adopted so frequently as the dominant manifestation of power-in-use in the post-heterarchical environment. Individuals accept that their own understanding and cognition is bounded, and consequently accept the limitations upon their own autonomy and inadequacies of hierarchical authority as the way to resolve issues within the post-heterarchical MNC. Indeed, respondents see GlobeCo as having “culture of still wanting to listen to everybody” and that this is “so engrained in GlobeCo people ... that need to make sure that you are engaging everybody and getting them on board.” An interpretation of this is that such a taken-for-granted shared understanding has developed within GlobeCo as a response to cope with the institutional and cultural heterogeneity that its managers face on a daily basis.

### ***Geography is Only One of the Causes of Perception Differences***

Although geographic heterogeneity may be the defining characteristic of the MNC, it is critical to recognise that multinationality is not the only source of diversity of perspectives/frames. As highlighted in Section 6.4.1 perceptions differ between managers for a wide variety of reasons that extend well beyond geographic/institutional framing. For example, we also see an expectation that perspectives will differ based upon the organisational role of the individual

– while the HQ/'subsidiary' dichotomy is one reflection of this, it is also seen from differences expected due to the functional perspective of the manager (e.g. HR *versus* Finance), the scope of their focus (customer, national, regional, global) or some other characteristic of organisational 'silos'. This is shown clearly in the vignette from the Institutional Business in the UK which opened this thesis – with the clash between a 'oneness' agenda in the UK business and the desire of the Institutional Business to maintain independence and a separate identity. Such organisational differences are further reinforced by the different targets that individuals face for reward purposes. Finally, there is a recognition that others have different experiences and interests, including what could be regarded as personal or political agendas.

As such, we should regard cultural, geographic and institutional differences as only a sub-set of a broader set of perceptual differences that are experienced by managers and that can be a cause of conflict within the MNC. Furthermore, it is not obvious that the cultural/institutional perspective differences that result from geography are different in kind to those which come from organisation/function, individual history and experiences or from personal agendas. Such differences need to be understood and overcome, irrespective of their origin. This, in turn, suggests that the challenges faced in the post-heterarchical MNC may be similar to those faced in other complex, networked organisations, even if the latter are geographically bounded. This echoes Regnér & Zander (2011) view that the MNC can be considered the general case, of which national organisations are the 'special case' (i.e. lacking the additional complexity of multiple geographies).

### **9.3 Contributions to our Understanding of Power Relations in the Heterarchical MNC**

The first part of this chapter presented an empirical model highlighting key aspects of power relations and how these are seen to dissolve and be reconstituted through social processes, at the same time providing the alignment required to allow coordinated action and outcomes. This section now considers the implications of this mode for our understanding of power relations within complex organisations with reference to the key literatures. In particular, this highlights that the workings of power relations within GlobeCo has illustrated how this is both multifaceted and dynamic. It is insufficient just to look at one sort of power, as outcomes are seen as coming from the interaction of the different dimensions of power, with the impact of both the impersonal and personal relationships, embracing the episodic and systemic, and that while focusing upon individual actors is impacted by the organisational structure.

### **9.3.1 Power in the Heterarchy Require Focus upon Individual Actors, Groups and Units**

The key conclusion of the previous section is that it is no longer possible to consider the post-heterarchical MNC solely as a collection of units. Rather it is necessary to look at the actors within those units and their divergent frames and interests.

This perspective has specific consequences for the study of power relations within the MNC. If different actors within a unit have different preferences and objectives then the unit is itself a 'conflict system' (March, 1962), embedded within the wider conflict system of the MNC. March's analysis highlights that if the unit is not homogeneous, then it is dangerous to consider the organisational unit as the basic unit of analysis. Rather than solely considering power and issue resolution in the context of the relationship between units it becomes necessary to consider the simultaneity of the way that power and politics are revealed both across *and* within units as issues are resolved within the MNC. Consequently, this thesis reinforces the perspective that the organisation structure is constructed through the interactions between actors, and is a product of, and not just the source of, their relations and power.

Consequently, this analysis shows that it is insufficient to consider just units or individuals when considering power relations within the heterarchical MNC. We need to understand the agency of individuals; as well as their collective working, cooperation and coordination as groups; within the context the organisational structure, its units, rules and processes.

The earlier chapters of this thesis highlighted the need to move beyond the dominant focus upon organisational units (the HQ and subsidiary) as the unit of analysis in considering power in the contemporary multination. Consequently, this model of the dynamics of power relations was generated by focusing upon the role of individual actors. However, it is clear that given the interdependencies of the heterarchical MNC, the resolution of complex issues can rarely be achieved by individuals and requires the cooperation of collections of individuals – be these informal groups or teams, or more formalised organisational units.

#### ***Individuals and Their Relationships***

This investigation highlights the role played by the individual in understanding power relations within the MNC. To a significant extent this should not be a surprise, as definitions of power largely focus upon the relationships between actors – such as in Lawrence *et al's* (2012, p. 105) definition of power as “the dimension of relationships through which the behaviours, attitudes, or opportunities of an actor are affected by another actor, system or technology”.

In part this is a consequence of the emphasis of the MNC literature upon collective units. Yet, Fleming & Spicer (2014) argue that, much of the literature on organisational power is impersonal. Because power is seen as operating *through* people rather than as a property of an individual, this has led to a tendency to abstract power from the particular individual. Consequently, power has become “curiously disembodied” focusing upon how power plays out through “relatively abstract categories and positions” (p. 278).

Yet this model repeatedly highlights the agency of the individual actor – as well as its limits. It reveals individuals use of episodic power-in-use through (bounded) autonomy, solution filtering and participating in co-creation. At a practice level, it shows the work to build shared understanding, construct prognostic/diagnostic legitimacy and build/embed commitment. This is done by individuals through such everyday activities as listening and learning, linking discourses, demonstrating credibility, compromising, and leveraging personal relationships.

Consequently, this analysis contributes in responding to Fleming & Spicer’s (2014, p. 278) call to “bring concrete individuals back into the research”. In doing so it shows that the agency of the individual actor, while also revealing the importance role of personal relations. Power relations are not just a factor of the resources an actor controls, their participation in processes, or their ability to shape meaning. Rather power relations are dependent upon the individuals involved in those relationships and influenced by their feelings, friendships and histories. Consequently, there is a need to also focus upon “the kind of personal relationships that people have developed with each other through a history of interactions” (Nahapiet & Ghoshal, 1998, p. 244) – what Nahapiet & Ghoshal refer to as *relational embeddedness*. In the example of the FM case this is illustrated in importance of the personal relationships between key actors within the project. Because members of the SteerCom had previous positive working relationship with project team members there was an acceptance of the project team’s perspective, and confidence that the project team could deliver a desirable outcome. Repeatedly it appears that relationships played a key role in supporting the legitimacy and commitment required for a successful project outcome, and for the resulting reconstitution of power relations within GlobeCo. Trust, respect and friendship all play a role – a role that can only be understood by considering individuals rather than collective actors.

### **Groups**

Yet this model further highlights that power relations in the heterarchical MNC is not just about individuals. The modes of power-in-use all require multiple actors working together: be that in recognising the bounded autonomy of another, in processes of filtering, and – most

obviously – in the co-creation of solutions. Furthermore, the key practices highlighted are about bringing groups of individuals together to achieve alignment around which they can collectively work to achieve an outcome – reminiscent of Weick’s (2006) ‘emerging collectivity’. Yet such groups are neither solely the product of top-down hierarchical decisions, nor do they arise solely from existing units, such as subsidiaries. Rather we see that key actors are members of multiple groupings – while some of these are formalised within the organisation, others are of a more informal nature, allowing actors to work across organisational boundaries.

This empirical observation becomes theoretically important in considering power within the MNC. Morriss (2002) discussed at some length the power of groups. He defined a group as having the ‘non-epistemic ability’ (or theoretical power) to do a task if there was a possible set of actions among the members of the group that will achieve that outcome. Yet what becomes critical is whether the actions of the group can be coordinated into an ‘epistemic ability’ (or effective power).

Most notably, although the total MNC may have the ‘non-epistemic ability’ to achieve an outcome, this only becomes effective if an appropriate set of actors (both individual and collective) can be coordinated. Yet, as we have seen that many different actors are accepted as having autonomy or veto rights, then the set of tasks/outcomes for which the MNC has epistemic ability may be much smaller than the set of non-epistemic abilities. That is there are many potential courses of actions that the MNC could take but are constrained by the inability to ‘coordinate’ these.

Consequently, this puts emphasis upon how multiple actors can work together, and whether they can form some group or coalition (March, 1962; Dutton & Ashford, 1993; King *et al*, 2010) which, given the interdependence within the heterarchy, requires going beyond the boundary of units. As we saw in the case of the FM project this could be seen by the combined membership of the project team, the SteerCom, and the wider organisation (e.g. with sites during the implementation phase) in changing informal groups. Together this set of actors comprised a group with the ability, the ‘effective power’ to deliver a particular outcome.

This suggests that one way of interpreting the ‘practices to enact alignment’ is in seeing these as the actions of actors to build groups (coalitions) that have the ‘epistemic ability’ to deliver on an outcome. Not only does this emphasise the role of informal groups and coalitions, but this suggests that sets of possible outcomes (epistemic abilities) are a function of the sets of the possible groups or coalitions and outcomes among which they could become aligned.

### 9.3.2 Need to Recognise Multiple Dimensions of Power

The literature on power tells us that the concept of power is multifaceted (Haugaard & Clegg, 2009). Modern syntheses of organisational power recognise four 'dimensions' in which power can operate (Fleming & Spicer, 2007, 2014; Hardy, 1996). However, we have seen that most of the literature on power within the MNC focuses narrowly upon specific manifestations of power (Geppert *et al*, 2016) – either centring on resources through focus upon the micro-political aspects of behaviour (Becker-Ritterspach & Dörrenbächer, 2011), or upon the shaping of meaning within the discursive perspective (Rouleau & Balogun, 2011).

However, this model of the dynamics of power within the heterarchical MNC highlights that it is insufficient to focus upon one manifestation of power – such as the primacy of resource control and dependency, or the role of discourse. Rather all the different dimensions of power are revealed to be working simultaneously within the heterarchy. It is necessary to understand the range of these different dimensions and in their interaction to understand power relations within the MNC.

#### *All Four Dimensions of Power*

This study makes clear that actors leverage multiple dimensions of episodic power. The three modes of power-in-use highlighted in Chapter 7 broadly reflect Hardy's (1996) three dimensions of episodic power (resources, process and meaning) and each of these are seen operating simultaneously within the heterarchical multinational. Specifically, in the case of the FM outsourcing it is clear that we cannot understand the achievement of the key actors in the team solely through the resources they controlled – indeed from a resource perspective they could be considered 'low-powered actors' (Bouquet & Birkinshaw, 2008a). Yet it is also not possible just to consider this a discursive game, as it is clear that they also constructed processes to create legitimacy (e.g. establishing the SteerCom) and credibility (sequencing the roll-out to allow the demonstration of a performative credibility) that go well beyond the focus upon language seen in the discursive framework.

Furthermore, it is also clear from the model that power relations within the post-heterarchical MNC cannot be understood just by considering the episodic dimensions – and includes the systemic perspective that requires to be better understood in the study of the MNC (Geppert *et al*, 2016). Firstly, from a perspective of the context of power relations, Chapter 7 highlighted that the boundaries of the modes of power-in-use reflect systemic assumptions of who has

the ability or legitimacy to leverage power in what way – be that through the control of bounded autonomy, vetoing in solution filtering, or shaping understanding in solution co-creation. Yet also, the ‘alignment’ that is sought and achieved can be the basis of systemic power relations when it becomes reflected in taken-for-granted, shared understandings about the purpose and objectives of the organisation and the ways in which it would be achieved. In the case of GlobeCo, examples of this could be seen in the increasingly taken-for-granted narratives focused upon raising performance, the need to act as one, and sharing/outsourcing non-consumer facing activity. Consequently, this highlights the need to understand the systemic taken-for-granted assumptions within which episodic power is deployed.

### ***Insufficiency of Hardy’s Four Dimensions***

While the analysis presented here argues that each of Hardy’s four dimensions are seen within the ways that power relations are manifest within GlobeCo, it can also be suggested that her model may be insufficient. Along with other studies of power, Hardy’s model can still be seen as relatively impersonal and disembodied (Fleming & Spicer, 2014), relying upon “relatively abstract categories and positions” (ibid, p. 278).

However, as suggested above, aspects of *relational embeddedness* appear to be important in both determining outcomes and in the reconstitution of power relations within GlobeCo. This represents a specific aspect of power relations that gives some actors the ability to influence others that is not explicit within the existing four-dimensional perspective of power such as used by Hardy (1996)<sup>15</sup>.

Indeed, the importance of such relational embeddedness may well be particularly high in interdependent, heterarchical organisations. In the case of GlobeCo, solution filtering is a key way in which power is manifest, with multiple actors having power of veto. Yet it may be that aspects of “relational embeddedness” – such as trust, friendship and credibility – may be key to avoiding the non-veto of initiatives, or in allowing access to the co-creation process, thereby allowing other actors to achieve or influence outcomes.

Consequently, this suggests that in the dimension of relational embeddedness there is scope to fundamentally add to our understanding of power. Through looking at power-relations at the level of the individual, then it becomes critical to understand the social relations between

---

<sup>15</sup> This deficiency runs across much of the literature on power. For example, ‘trust’ is absent as an index entry in both Clegg’s (1989) ‘Frameworks of Power’, and Morriss’ (2002) ‘Power: A Philosophical Analysis, but see Hardy *et al* (1998).

actors, and the ways in which this can be leveraged to shape outcomes, and ultimately reconstitute power relations.

### ***Power is Influence as well as Control***

In moving beyond (bounded) autonomy, the thesis also emphasises that power relations are not just about *effecting* outcomes (i.e. bringing something about) but about *affecting* outcomes (influencing what comes about). Respondents frequently regarded their power as that of influence. This contrasts sharply with Morriss' (2002) separation of the concepts. More broadly, this challenges definitions of power that rely upon the *effecting* of outcomes such as Dahl's (1957, pp. 202-3) "A has power over B to the extent that he can get B to do something that B would not otherwise do". Even where such definitions are moderated by the inclusion of words such as "to the extent" or "probability" (Weber, 1922/1978, p. 53) of this occurring, power is still conceptualised in terms of the *determination* of outcome.

Rather, from the perspective of the respondents, the view of influence as power supports a wider definition being adopted – for example following Lawrence *et al* (2012, p. 105, emphasis added) in seeing power as "the dimension of relationships through which the behaviours, attitudes, or opportunities of an actor are *affected* by another actor, system or technology". To affect is to influence. Adopting this wider definition brings focus upon the way that actors influence outcomes (e.g. through vetoes, or co-creation) that go beyond controlling or dominating (Fleming & Spicer, 2007) the outcome.

### **9.3.3 Interaction between Systemic and Episodic Power**

This thesis further contributes to the understanding of power relations in the MNC by highlighting and explaining the interaction between episodic and systemic aspects of power. Although this is emphasised within the wider social sciences literature it receives scant attention in the literature on the MNC. While included by both Hardy (1996) and Fleming & Spicer (2007, 2014) as a key dimension/face of power, the interaction between the two is only hinted at with Hardy (1996, pp. S8-S9) indicating that "it is against this [systemic] dimension of power that managers must employ the other three [episodic] dimensions if they are to bring about strategic action". Indeed, this study provides greater clarity of the interaction between the episodic and systemic nature of power relations. In providing such a dynamic perspective of power, the thesis contributes to a literature that has "tended to regard power as static and reified" (Clegg *et al*, 2018, p. 747).

### *The Systemic Basis of Episodic Power*

As is clear above, actors have an epistemic ability to shape outcomes through the bounded autonomy (resources), solution filtering (process), and co-creation (meaning) – yet to a large extent we see that this lies in a shared acceptance of who can, or cannot, legitimately act within any particular area, as reflected within the boundaries of power-in-use. Such shared understanding consequently presents a systemic underpinning of the way in which power can be deployed.

The analysis in earlier chapters highlight that there can be many factors lying behind such shared understandings. While there are clear shared cultural meanings that are specific to the MNC, they also emerge from the different institutional environments within which the MNC operates.

The formal organisational structure, rules and processes are themselves play a role within the systemic aspect of power relations. More directly these may determine the abilities of particular actors to deploy bounded autonomy (particularly where there are aspects of hierarchy exist) or in determining the right of veto (for example through the formal Schedule of Authorities).

Indeed, as part of this the concept of ‘units’ may play a role in determining the shared understanding of the MNC its rules of the game. Concepts from the literature on power give us a language to understand this. In particular, this suggests that concepts such as HQ and subsidiary (or any other unit) are important when those within the MNC regard them as meaningful. This is a specific example of King *et al*'s (2010 p. 292) more general point that “organizations are actors because society, not only legally but also practically and linguistically, grants them that status”. If managers see the ‘rules of the game’ (Clegg, 1989) as being played between HQ and subsidiary, then these units have been ‘granted’ a status and have become objectified as the key players in a ‘game’ to be played between units. In such a case focus upon the power relations is entirely justified. This was perhaps the case in GlobeCo in its ‘polycentric’ past, when managers identified much more unambiguously with the unit of which they were a part, and when it was perhaps much more relevant to focus upon power relations at the inter-unit level. However, even at that stage, GlobeCo comprised hundreds of different subsidiaries, many of which existed for purely legal or tax reasons, and which were never considered as having been granted a status in the HQ/subsidiary game. Yet even within the post-heterarchical MNC, understanding of units and their roles may still have consequences – notably in the FM case we see GBS being ‘granted’ a status within GlobeCo that changed the

rules of the game, as, for the first time, this that allowed the existing way in which FM was managed to be challenged.

One way of interpreting this is to consider that in some instances understanding power relations in an MNC in terms of units becomes an aspect of Clegg's (1989) obligatory passage points. Consequently, the concepts of HQ and subsidiary can be used as devices for "channelling and framing the 'conduct of conduct'" (Clegg *et al*, 2018, p. 753) that "fix the rules guiding actors' actions and constrain available possibilities" (Oliveira & Clegg, 2015, p. 427). Yet, as Clegg stresses, OPPs are not permanently fixed, rather they give a "temporary and partial" stabilisation that are "permanently challengeable as actors continuously deploy their strategies of and for power" (Clegg *et al*, 2018, p. 753).

Consequently, this emphasises the danger of focusing solely upon power relations between extant units. For in doing so a particular set of 'rules of the game' are being assumed without considering or challenging how such rules come to be fixed or altered (Geppert and Dörrenbächer, 2014). The consequence of this is to put focus upon the episodic characteristics of power, while taking for granted those facets that deal with the systemic nature of power within the MNC.

### ***Episodic Work to Reconstitute Systemic Power Relation***

We also see that within the post-heterarchical multinational this systemic understanding is fragile. Given the interdependencies within the organisation and the inevitability of different perspectives and priorities, the systemic understandings can breakdown. Yet this analysis has highlighted that through specific episodic activity actors can work to strengthen their power relations through acts of building and embedding commitment, constructing legitimacy and building shared understanding. The findings here complement the recent work of Balogun *et al* (2019) on legitimising strategies. However, this thesis adds significantly to the literature. Firstly, it shows that such practices are not limited to HQ actors. Secondly, it emphasises that this is much more than just a discursive act, but involves construction of processes that both provide legitimacy and allow for performative credibility to be shown. Thirdly, the thesis extends analyses that have focused primarily on solution implementation<sup>16</sup>, to show that the same practices are revealed to be at work during idea formulation and solution development. Fourthly, the thesis demonstrates how through these practices systemic aspects of power

---

<sup>16</sup> e.g. Balogun *et al*, 2019; Alfoldi *et al*, 2017; Balogun *et al*, 2011; and Whittle *et al*, 2016 all start at the stage of 'solution implementation', after a 'decision' has already been made.

relations can be reshaped – either reinforcing the position of those actors and, potentially, reconstructing power relations. While the actions that constitute these practices appear mundane – and, at times, almost trivial – they are central to reinforcing a systemic acceptance of who is responsible for what as well as how things get done. Consequently, this contributes to our understanding in the largely neglected area of the role of managerial agency in power in the MNC (Geppert & Dörrenbäcker, 2011).

Consequently, as was seen in Figure 9.2, we see an iterative process in which the systemic understanding shapes the possibilities of episodic power-in-action, but that episodic action in turn shapes the systemic understanding of power relations. While this largely echoes the type of interaction between the systemic and episodic seen in Clegg's (1989) 'circuits of power', this model goes further in highlighting both the forces driving for the dissolution of power relations, as well as the specific practices that actors within GlobeCo are pursuing to reconstruct power relations. Through their episodic practices (building legitimacy, commitment and understanding) actors that can transform the Cleggian rules that fix relations of meaning and membership in the 'circuit of social integration'. As a result, existing obligatory passage points are contested, and new ones become established (Chapter 8) – and in so doing reconstructs the systemic power relations within the organisation. As such, the thesis not only brings a thinking based on the circuits of power to the MNC – at least partly addressing the gap identified by both Blazejewski & Becker-Ritterspach (2016) and Clegg *et al* (2018) – but also helps us understand the workings of the 'circuits of power'.

In so doing, the analysis of the changing of power relations seen in GlobeCo highlight that the concepts within the model can help to understand the dynamics of power, instead of using the 'circuits of power' model primarily as an explanation of stability (Silva & Fulk, 2012). Rather, we see a clear picture of how individuals are able to reproduce or transform the systemic aspects of power relations, reinforcing or reconstructing the shared and accepted boundaries of responsibilities that comprise the systemic aspects of power-relations within the heterarchical MNC.

#### **9.4 Summary of Contribution**

As highlighted above, this thesis is positioned at the intersection of two literatures on the MNC and on organisational power. In examining the dynamics of power relations within the MNC it can make contributions to both.

For the MNC literature, the primary contribution of the thesis is to suggest the emergence of the *post-heterarchical* organisation, which focuses upon the individual and challenges the taken-for-granted assumption of the organisational unit as the primary building block of the MNC. In showing that units are ambiguous and unstable this requires a refocusing upon the actions of individuals and (informal) groups within and across formal organisational boundaries in the MNC. In particular, this directly challenges the focus upon the HQ-subsidary dyad and highlights the need to understand how initiatives emerge from individuals' relationships between, across and within organisational entities. Furthermore, this refocusing impacts the debate on multinationality, culture and institutions in MNCs, repositioning the pressures from diverse geographies as a challenge or constraint for the individual. Yet while the importance of geography is recognised by actors, this is considered as but one of the multiple differences in perception that they encounter, and where they must act to build shared understanding and overcome differences.

Insights from the thesis contributes empirical and theoretical richness in understanding the linkages between systemic and episodic aspects of power relations. In particular, it highlights that it is insufficient to focus upon particular aspects of power (be that micro-politics or discourse, or specific dimensions of power). Rather, power relations within the MNC are complex and multifaceted, embracing multiple dimensions of power, and embracing both individual and collective actors – revealed in the three modes of power-in-use and how the boundaries of these reflect systemic understanding and taken-for-granted assumptions within the MNC. This thesis additionally contributes to understanding the dynamics of power relations. In particular, this highlights the inherent characteristics of the heterarchy that lead to the dissolution of power relations, as well as the work being done by actors to reconstruct power relations. In so doing, they achieve a temporary stability or *transitory intersubjective alignment* in which coordination is achieved in a complex and interdependent organisation of individuals with disparate perspectives and interests.

## 10. Summary and Conclusions

This thesis provides a case study of GlobeCo, a European MNC that has developed into a heterarchy – that is an organisation with high levels of interdependence and limitations to the workings of hierarchy. Through the experiences of managers within the organisation we get a picture of their perception of ‘how things get done’ within GlobeCo with implications for our understanding of both coordination and power relations in the MNC. By following the unfolding of a specific example of organisational change, the dynamics of the evolving power relations can be seen.

This concluding chapter builds upon the Chapter 9 by summarising the key findings of the thesis, and reflecting upon the limitations of this study, and the implications that this has for future research.

### 10.1 Summary of the Thesis

This thesis is distinctive in that it attempts to refocus attention of theorising in the MNC from the organisational unit to the individual manager. As such, it directly responds to Piekkari & Welch’s (2010) call to reconceptualise the MNC to incorporate the ‘human dimension’. Through using concepts of power as the theoretical lens this also contributes to our understanding of power in the multinational corporation – an area in which Geppert & Dörrenbächer’s (2014, p. 226) complained that “it is notable that power relations in multinational corporations ... have not gained enhance attention in the academic community”. Through applying ideas from the wider social sciences literature to the MNC this picks up the challenge from Geppert *et al* (2013, p. 429) that “despite the rich variety of politics and power perspectives in current OS literature, these concepts are rarely applied to the study of MNCs.”

The thesis addresses two specific research questions:

*1. How do actors navigate the organisational structure of the heterarchical MNC, and what are the implications for our conceptualisation of the MNC?*

This thesis shows that the organisational characteristics of the heterarchical MNC are both dynamic and unstable. The interdependencies within the organisation, the differing perspectives of managers, and the responses to try and manage these, create conditions of *organisational ambiguity* for managers with a lack of clarity of responsibilities; ambiguity of membership due to multiple reporting lines and membership of multiple teams; limits to single point accountability and limitations to hierarchy. This results in ongoing *organisational*

*contestation* – both in the form of the direct contestation by individuals of responsibilities, and in the indirect challenge of organisational structures and responsibilities through challenging the content of initiatives. This in turn creates pressure for ongoing *organisational flux* – reflected in the transfer of responsibilities between units, teams and individuals, but also through the creation of entirely new organisational entities (units and teams) coalescing while others are dissolved.

Consequently, this case of GlobeCo challenges many of the taken-for-granted structural assumptions around the MNC. The coherence of units is challenged with ambiguity around their boundaries, responsibilities and membership. Teams or units are both contested and unstable. Individual managers find themselves with multiple reporting lines and members of multiple teams, struggling with multiple ‘authorities’ each claiming some form of legitimacy. As such this problematises the dominant focus of the MNC literature in considering relations between coherent and relatively homogeneous units – particularly HQ and subsidiary. Rather it suggests that we should consider GlobeCo as a *post-heterarchical* form of MNC in which the characteristics and challenges of the heterarchy are experienced at the level of the individual.

In particular, it is at the level of the individual that differences in perception and understanding need to be identified and resolved in order to allow coordination. Consequently, pressures of different contexts, institutions and cultures from the multinational nature of the MNC are pervasive factors in personal relations both across and within formal organisational boundaries. Yet it is also clear, that differences in perceptions and understanding also arise for non-geographical reasons – for example due individual’s function, role and personal history. Critically it is clear that within this particular post-heterarchical MNC managers expect others to have different understandings and perceptions – and that they both seek out others’ views, frequently relying on non-hierarchical modes of behaviour allowing multiple voices to be incorporated into determining outcomes.

By moving the focus of study of the MNC beyond units to the level of the individual, we see the post-heterarchical MNC as a context in of interdependence and ambiguity of the organisation. In order to navigate this, we have seen that individuals cannot rely solely upon the formal hierarchy and rules, but need find other mechanisms through which they can work collaboratively and coordinate their actions. Inevitably, this requires us to consider broader aspects of the power relations between individuals, and to reflect upon the way that they act to achieve coordination.

2. *How should we theorise the dynamic power relations that affect the coordination of individuals in the heterarchical MNC.*

In considering the first research question it became apparent that managers are unable to rely upon the organisational hierarchy to resolve conflicts within the post-heterarchical multinational. Yet despite the challenges of interdependence, and heterogeneous perspectives and interests, coordinated outcomes are achieved daily with the *alignment* of agendas. While aspects of hierarchy are seen, this is only as one of three different modes of, what I call, episodic 'power-in-use'.

Firstly, this is seen in instances of *bounded autonomy* where an actor has effective freedom to determine actions, but within accepted limits. This mode of episodic power echoes classical perspectives of legitimate authority, it is 'causal power' (Clegg, 1989), and closely reflects Hardy's (1986) first dimension of power, the power of resources.

Secondly, episodic power-in-use is revealed in *solution filtering* where an actor has an effective veto over all or parts of a possible solution. Closely related to Hardy's 'power of process', this highlights how actors can prevent particular options being realised, but is also limited in that the actors cannot determine or *effect* particular outcomes

Thirdly, episodic power-in-use is seen in *solution co-creation* where solutions are collaboratively developed by a range of actors, with different responsibilities, working together to deliver an outcome. This can be associated with Hardy's 'power of meaning' in that this is about shaping "perceptions, cognitions and preferences" (Hardy, 1996 p. 58), such that there is no apparent conflict and apparent consensus.

Yet in each of these cases there remains key boundary issues around who has the right to veto, whose voice is heard during co-creation, or over what aspects of which issues an actor has autonomy. These boundaries are illustrated in issue space, reflecting the systemic, taken-for-granted basis of power relations. It is this combination of the modes of episodic power-in-use, along with the systemic understandings of the boundaries of its application that comprise the landscape of power relations within the heterarchy. Consequently, coordination is not something fixed within the organisation but is the consequences of a *transient intersubjective alignment* where there is sufficient agreement and compatibility between individuals and their actions to permit coordinated outcomes to result.

The extended case study of organisational change in Facilities Management (FM) within the thesis further reveals how power relations are reinforced and reconstructed. Through this case, the landscape of power relations is fundamentally altered, with significant changes to

which actors have bounded autonomy or filtering rights, and who can participate on what issues in solution co-creation. This reflects fundamental changes in the 'obligatory passage points' (Clegg, 1989) that lie of the heart of power relations. In particular, Chapter 8 reveals that driving these changes are apparently rather mundane, every-day actions as key actors work on *constructing legitimacy*, *building commitment* and *building shared understanding*. Through focusing upon the relationships between actors, we can see that they are able to strengthen or reconstitute the boundaries of 'power-in-action', redefining their abilities to act within the MNC.

Consequently, the total thesis presents a picture of power relations working in a multifaceted and dynamic way within the heterarchical multinational that embraces multiple dimensions of episodic power and their relationship with the systemic underpinning of power relations. Incorporating the key constructs from Chapters 6-8, an inductively derived model is developed that illuminates the transience the relations that permit alignment within the MNC: how these are manifest; how they dissolve through the inescapable ambiguities and contestation of the heterarchy; and how they are reinforced or reconstituted through the everyday practices that actors use to achieve coordination.

Furthermore, this thesis shifts the perspective of power relations in the heterarchy from one of statics to one of fluidity. Power relations are not predefined, but result from the history of relationships and understandings within the organisation, as well as the ongoing work of key actors to reconstruct and reinforce their positions.

## **10.2 Limitations of the Study**

For some, the key limitation of this study is its qualitative nature, relying on interpretations of a single case in order to generate theoretical insights. As reflected on in Chapter 5, there can be no unique interpretation that can be privileged over other interpretations, and so there can be no aim for 'reliability', for example in the ability of another researcher to repeat the study and get the same results (Matthews & Ross 2010). Indeed, repetition would be difficult given the nature of this case in which I was partly involved, and in which I had established relationships with a number of the respondents.

Furthermore, this is clearly a study of a single MNC (albeit of numerous 'cases' within it). Clearly, being based upon a single organisation, this cannot be empirically generalisable. However, as Flyvberg (2006) argues, such studies are about achieving a depth of understanding allowing researchers to recognise similar features in their own studies.

Consequently, no claim is being made of either empirical replicability or generalisability. There can be no statistics and t-tests. Rather this research must be judged by Guba & Lincoln's (2006) criteria of trustworthiness and authenticity. Through providing rich data, cross-sectional analysis, vignettes and a detailed case study I can only hope that readers both hear the voices of the respondents. Through the explanation of the process of interviewing, transcribing, analysing and reflecting, I hope you are able to recognise – and trust – the path by which the interpretations were constructed. Ultimately, if this research helps your thinking about how you can understand similar situations then the research will have succeeded in its aim.

However, there are a number of specific limitations that I would highlight – particularly as these provide impetus towards further research.

Firstly, the study of GlobeCo considered only one sort of MNC, a traditional well-established manufacturing company. As Zander & Matthews (2010) remind us that other forms of 'hypermodern' MNC exist. The research findings could have been very different in a services company (especially those 'born global' in the internet age), or in a 'pipeline' MNC coordinating a global network of suppliers. Within such organisations it is possible to envisage that power relations between individuals could work in a very different ways because of the nature of the business, and the path dependency of power relations.

Secondly, GlobeCo originated in a particular set of institutional environments in Western Europe. Both in its geographic origin, and in combining elements from the two slightly different 'varieties of capitalism' seen in the UK and Continental Europe, may distinguish GlobeCo as a context from other MNCs with different institutional backgrounds. Here, with their wide experience of other firms, the respondents could not agree. Many stressed the similarity of GlobeCo with other nationalities saying "the GlobeCo story is a very typical ... you see it everywhere" and the "GlobeCo culture [is] ... not completely dissimilar to other large multinationals", yet at the same time others reflected that there was something different particularly in the culture of American MNCs finding them "much more decision made centrally" and "much faster".

Indeed, it is possible that the focus on the implementation of a project in Europe gave only a partial picture of GlobeCo – as one US based respondent said:

*"I love working in America rather than in Europe. Because in Europe the decision is the beginning of the debate. In America when you make a decision, you might disagree or not disagree, but if you darn-well don't implement in the next 30 minutes*

*you may leave the building and not come back. That discipline is hugely lacking in GlobeCo Europe.”*

As such a key opportunity for future research is to consider how individuals understand and navigate the organisational structure and how power relations operate in interdependent multinationals in a non-European context.

### **10.3 Possible Future Research**

In future it is possible to consider extending this research in three directions – extending the context to include different companies/geographies; extending the methodologies to embrace other research tools; and in focusing upon specific additional research questions.

As the previous section highlighted, this thesis focused upon one multinational with a European background, with much of the research focusing upon projects executed within Europe. Consequently, there are clear opportunities to extend the research to other heterarchical multinationals, particularly those from different institutional backgrounds (e.g. North America, Japan). Firstly, this could consider whether individuals in MNCs from a non-European background handle the heterogeneity of individual perceptions and understandings in a different way from that we see in GlobeCo. Secondly, this would provide opportunity to compare the dynamics of power relations within those contexts. This could help understand whether differences are of degree or of kind: do we still see the same three modes of power-in-use, but just to a different extent? Or are other modes apparent?

Similar insight might be generated from extending the study to focus upon GlobeCo interdependencies in other regions. This would give a potential advantage of standardising within one MNC institutional environment but considering the impact of being based in a different cultural setting. Not only may this reveal additional aspects on power but could further help understanding on the impact of institutional duality (Kostova & Roth, 2002) faced by managers in an MNC.

In terms of methodology, this research has used retrospective case study as a research strategy. While bringing key advantages (see Chapter 5), this approach does risk losing visibility of aspects of micro-level behaviour (Pache & Santos, 2010) that could be particularly important as a component of power relations. Consequently, there is potential for undertaking an ethnographic study of a heterarchical MNC, including observation of meetings and conversations with examination of the actual words used and the use of non-verbal cues,

etc., as well as giving, identification of who is involved at any moment in time. While access and time issues for such an approach are significant, this could give additional richness and insight into the micro-practices that are used to build commitment, legitimacy and shared understanding.

A potential additional area of research suggested by this thesis is the role of personal relationships within power relations. This thesis made use of Nahapiet & Ghoshal's (1998) concept of *relational embeddedness* which originates from the wider literature on social capital (Bourdieu, 1986), albeit being only one of the forms of social capital they identified. Given that Adler & Kwon (2002, p. 23, emphasis added) stress that the effects of social capital "flow from the information, *influence*, and solidarity it makes available to the actor" there is a case for considering power relations through a social capital lens. This could build on the initial observations in this thesis on the role of personal relationships, and consider how different forms of social capital are manifest in different forms of power relations.

Additionally, this research has focused primarily upon how outcomes and alignment are achieved within GlobeCo. Yet Foucault (1978, p. 95) reminds us that "where there is power, there is resistance." While key instances of resistance were highlighted, time and word count has not allowed for these to be examined in depth. I have suggested that there is evidence that equivalent practices are used in resistance as those identified as used for building alignment. There are clear with examples quoted for how actors try to undermine shared understanding – "let me shoot holes in whatever is happening and make a lot of noise about it across the organisation and to senior stakeholders" and "the 'water cooler' chat type of resistance". Similarly, there are signs of actors attempting delegitimise initiatives/others or acting act to reduce their credibility – "my God the amount of criticism ... we got", "X taking the piss out of Y". Yet the methodology does not make it easy to identify the various ways in which this is done, for example through the cynicism and irony (Fleming & Spicer, 2003).

Consequently, there is scope for the resistance to initiatives and individuals to be examined in in further depth, considering cases where coordination is not achieved. This might highlight practices of resistance for which there is no equivalent seen in those seeking alignment, thereby enriching the findings of this thesis.

#### **10.4 Concluding Thoughts**

Earlier in this thesis I described how this PhD became a cathartic process of sensemaking about the world in which I lived for so long. Through my philosophical journey, the empirical findings

and their theoretical interpretation, I have come to understand GlobeCo – and perhaps the world more generally – in a very different way. This is less about either individuals or an organisation striving unquestioningly to do what was ‘best’, or ‘right’. Rather, it is about the interactions between individuals trying to identify and then legitimise possible paths of action. While these individuals each have a unique perspective, they are simultaneously constrained by a network of taken-for-granted – and frequently shared – ‘truths’, habits and assumptions. Power is about the way that these actors try to navigate themselves, their position and the wider organisation within this web of understandings. As such, this is a richer, but far more complicated view of the world than the quasi-mechanical view of the economist and profit maximisation.

While I perhaps expected to be challenged by the content of the thesis, I have perhaps been surprised by the impact of the process of undertaking a PhD that has both challenged me and changed me. Maybe I was naïve, but I had not anticipated the extent of the self-doubt, stress and loneliness that comes with more than four years of study on a doctorate. A PhD takes over your life, it is all embracing, and you cannot escape it. Your waking hours are dominated by thinking about your research, and your sleeping hours are all too often interrupted by it as well.

As I wrote in Chapter 5, this thesis presents a snapshot of my thinking at this moment in time, and undoubtably concepts and ideas within it will develop. Yet it does mark the end of my journey of ‘doing a PhD’ – the end of a journey that I face with a little sadness, and considerable relief.

## References

- Adler, P. and Kwon, S. (2002).** Social Capital: Prospects for a New Concept. *Academy of Management Review*, 27(1), pp. 17-40.
- Agar, M. (1996).** *The Professional Stranger: An Informal Introduction to Ethnography* (2<sup>nd</sup> edition). San Diego: Academic Press.
- Aghion, P. and Tirole, J. (1997).** Formal and Real Authority in Organizations. *Journal of Political Economy*, 105(1), pp. 1-29.
- Ailon-Souday, G. and Kunda, G. (2003).** The Local Selves of Global Workers: The Social Construction of National Identity in the Face of Organizational Globalization. *Organization Studies*, 24(7), pp. 1073-1096.
- Alfoldi, E.A., Clegg, L.J. and McGaughey, S.L. (2012).** Coordination at the Edge of the Empire: The Delegation of Headquarters Functions Through Regional Management Mandates. *Journal of International Management*, 18(3), pp. 276-292.
- Alfoldi, E. A., McGaughey, S. L. and Clegg, L. J. (2017).** Firm Bosses or Helpful Neighbours? The Ambiguity and Co-Construction of MNE Regional Management Mandates. *Journal of Management Studies*, 54(8), pp. 1170-1205.
- Allen, A. (1998).** Rethinking Power. *Hypatia*, 13(1), pp. 21-40.
- Alley, M. (1996).** *The Craft of Scientific Writing* (3<sup>rd</sup> edition). New York: Springer.
- Alvesson, M. (2001).** Knowledge Work: Ambiguity, Image and Identity. *Human Relations*, 54(7), pp. 863-886.
- Alvesson, M. and Sveningsson, S. (2003).** Good Visions, Bad Micro-management and Ugly Ambiguity: Contradictions of (Non-) Leadership in a Knowledge-Intensive Organization. *Organization Studies*, 24(6), pp. 961-988.
- Alvesson, M. and Sveningsson, S. (2011).** Management is the Solution: Now what was the Problem? On the Fragile Basis for Managerialism. *Scandinavian Journal of Management*, 27(4), pp. 349-361.
- Ambos, B., Asakawa, K. and Ambos, T.C. (2011).** A Dynamic Perspective on Subsidiary Autonomy. *Global Strategy Journal*, 1(3-4), pp. 301-316.
- Ambos, T.C., Andersson, U. and Birkinshaw, J. (2010).** What are the Consequences of Initiative-Taking in Multinational Subsidiaries?. *Journal of International Business Studies*, 41(7), pp. 1099-1118.
- Ambos, T.C. and Birkinshaw, J. (2010).** Headquarters' Attention and its Effect on Subsidiary Performance. *Management International Review*, 50(4), pp. 449-469.
- Andersson, U. and Forsgren, M. (2000).** In Search of Centre of Excellence: Network Embeddedness and Subsidiary Roles in Multinational Corporations. *Management International Review*, 40(4), pp. 329-350.
- Andersson, U., Forsgren, M. and Holm, U. (2002).** The Strategic Impact of External Networks: Subsidiary Performance and Competence Development in the Multinational Corporation. *Strategic Management Journal*, 23(11), pp. 979-996.
- Andersson, U., Forsgren, M. and Holm, U. (2007).** Balancing Subsidiary Influence in the Federative MNC: A Business Network View. *Journal of International Business Studies*, 38(5), pp. 802-818.

- Andersson, U., Forsgren, M. and Pedersen, T. (2001).** Subsidiary Performance in Multinational Corporations: The Importance of Technology Embeddedness. *International Business Review*, 10(1), pp. 3-23.
- Andersson, U. and Holm, U. (2010).** Introduction and Overview. In U. Andersson and U. Holm (eds.), *Managing the Contemporary Multinational: The Role of Headquarters*. Cheltenham: Edward Elgar, pp. 1-29.
- Arvidsson, N. (1999).** *The Ignorant MNE: The Role of Perception Gaps in Knowledge Management*, PhD dissertation, Stockholm School of Economics. Available from <https://ex.hhs.se/dissertations/369975-FULLTEXT01.pdf>. Downloaded 20<sup>th</sup> May 2015.
- Arrow, K.J. (1985).** The Economics of Agency. In J.W. Pratt and R.J. Zeckhauser (eds.), *Principals and Agents: The Structure of Business*. Boston, MA: Harvard Business School Press, pp. 37-51.
- Astley, W.G. and Sachdeva, P.S. (1984).** Structural Sources of Intraorganizational Power: A Theoretical Synthesis. *Academy of Management Review*, 9(1), pp. 104-113.
- Astley, W.G. and Zajac, E.J. (1990).** Beyond Dyadic Exchange—Functional Interdependence and Subunit Power. *Organization Studies*, 11(4), pp. 481-501.
- Atkinson, P. and Coffey, A. (2004).** Analysing Documentary Realities. In D. Silverman (ed.), *Qualitative Research: Theory Method and Practice* (2<sup>nd</sup> edition). London: SAGE Publications, pp. 56-75.
- Au, K.Y. and Fukuda, J. (2002).** Boundary Spanning Behaviors of Expatriates. *Journal of World Business*, 37(4), pp. 285-296.
- Bachrach, P. and Baratz, M. (1962).** Two Faces of Power. *The American Political Science Review*, 56(4), pp. 947-952.
- Balogun, J., Fahy, K. and Vaara, E. (2019).** The Interplay Between HQ Legitimation and Subsidiary Legitimacy Judgments in HQ Relocation: A Social Psychological Approach. *Journal of International Business Studies*, 50(2), pp. 223-249.
- Balogun, J., Jacobs, C., Jarzabkowski, P., Mantere, S. and Vaara, E. (2014).** Placing Strategy Discourse in Context: Sociomateriality, Sensemaking, and Power. *Journal of Management Studies*, 51(2), pp. 175-201.
- Balogun, J., Jarzabkowski, P. and Vaara, E. (2011).** Selling, Resistance and Reconciliation: A Critical Discursive Approach to Subsidiary Role Evolution in MNEs. *Journal of International Business Studies*, 42(6), pp. 765-786.
- Barner-Rasmussen, W., Piekkari, R., Scott-Kennel, J. and Welch, C. (2010).** Commander-in-Chief or Absentee Landlord? Key perspectives on Headquarters in Multinational Corporations. In U. Andersson & U. Holm (eds.), *Managing the Contemporary Multinational: The Role of Headquarters* Cheltenham, UK: Edward Elgar, pp. 85—105.
- Barney, J. (1991).** Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), pp. 99-120.
- Bartlett, C.A. (1986).** Building and Managing the Transnational: The New Organizational Challenge. In M.E. Porter (ed.), *Competition in Global Industries*. Boston: Harvard Business School Press, pp. 367-404.
- Bartlett, C.A. (2008).** *Philips versus Matsushita: a New Century, a New Round*, HBS Business Case 9-302-049. Boston: Harvard Business School.

- Bartlett, C.A. (2009).** *Philips versus Matsushita: The Competitive Battle Continues*. Boston: Harvard Business School Publishing.
- Bartlett, C.A. and Ghoshal, S. (1986).** Tap Your Subsidiaries for Global Reach, *Harvard Business Review*, 64(6), pp. 87-94.
- Bartlett, C.A. and Ghoshal, S. (1992).** What is a Global Manager? *Harvard Business Review*, 70(5), pp. 124-132.
- Bartlett, C. A. and Ghoshal, S. (1993).** Beyond the M-Form: Toward a Managerial Theory of the Firm. *Strategic Management Journal*, 14(S2), pp. 23—46.
- Bartlett, C.A. and Ghoshal, S. (1998).** *Managing Across Borders: The Transnational Solution* (2<sup>nd</sup> edition). Boston, MA: Harvard Business School Press.
- Baum, H.S. (1989).** Organizational Politics against Organizational Culture: A Psychoanalytic Perspective. *Human Resource Management*, 28(2), pp. 191-206.
- Becker-Ritterspach, F.A.A. (2006).** The Social Constitution of Knowledge Integration in MNEs: A Theoretical Framework. *Journal of International Management*, 12(3), pp. 358-377.
- Becker-Ritterspach, F.A.A. and Blazejewski, S. (2016a).** The Evolution of a Politics Perspective of the Multinational Enterprise – Past Developments and Current Applications. In F. Becker-Ritterspach, S. Blazejewski, C. Dörrenbächer and M. Geppert (eds.), *Micropolitics in the Multinational Corporation*. Cambridge: Cambridge University Press, pp. 51-117.
- Becker-Ritterspach, F.A.A. and Blazejewski, S. (2016b).** Understanding Organizational Behaviour in Multinational Corporations (MNCs) from a Micropolitical Perspective: A Stratified Analytical Framework. In F. Becker-Ritterspach, S. Blazejewski, C. Dörrenbächer and M. Geppert (eds.), *Micropolitics in the Multinational Corporation*. Cambridge: Cambridge University Press, pp. 185-207.
- Becker-Ritterspach, F.A.A. and Dörrenbächer, C. (2009).** Intrafirm Competition in Multinational Corporations: Towards a Political Framework. *Competition & Change*, 13(3), pp. 199-213.
- Becker-Ritterspach, F.A.A. and Dörrenbächer, C. (2011).** An Organizational Politics Perspective on Intra-Firm Competition in Multinational Corporations. *Management International Review*, 51, pp. 533-559.
- Becker-Ritterspach, F.A.A. and Gammelgaard, J. (2016).** Seminal Contributions of the Rationalistic-Managerialist School. In F. Becker-Ritterspach, S. Blazejewski, C. Dörrenbächer and M. Geppert (eds.), *Micropolitics in the Multinational Corporation*. Cambridge: Cambridge University Press, pp. 123-140.
- Beer, S. (1981).** *Brain of the Firm* (2<sup>nd</sup> edition). Chichester, New York: John Wiley & Sons.
- Bell, E. and Willmott, H. (2016).** Organizational Research Craft and the Politics of Feeling. *Academy of Management Proceedings*, 2016(1), #13574. Received from the authors.
- Berger, P. and Luckmann, T. (1967).** *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. London: Penguin.
- Beugelsdijk, S. and Jindra, B. (2018).** Product Innovation and Decision-Making Autonomy in Subsidiaries of Multinational Companies. *Journal of World Business*, 53(4), pp. 529-539.
- Birkinshaw, J.M. (1996).** How Multinational Subsidiary Mandates are Gained and Lost. *Journal of International Business Studies*, 27(3), pp. 467-495.
- Birkinshaw, J.M. (1997).** Entrepreneurship in Multinational Corporations: The Characteristics of Subsidiary Initiatives. *Strategic Management Journal*, 18(3), pp. 207-229.

- Birkinshaw, J.M. (1999).** The Determinants and Consequences of Subsidiary Initiative in Multinational Corporations. *Entrepreneurship Theory and Practice*, 24(1), pp. 9-36.
- Birkinshaw, J.M. and Fry, N. (1998).** Subsidiary Initiatives to Develop New Markets. *Sloan Management Review*, 39(3), pp. 51-61.
- Birkinshaw, J.M., Healey, M.P., Suddaby, R. and Weber, K. (2014).** Debating the Future of Management Research. *Journal of Management Studies*, 51(1), pp. 38-55.
- Birkinshaw, J.M., Holm, U., Thilenius, P. and Arvidsson, N. (2000).** Consequences of Perception Gaps in the Headquarters–Subsidiary Relationship. *International Business Review* 9(3), pp. 321-344.
- Birkinshaw, J.M. and Hood, N. (1998).** Multinational Subsidiary Evolution: Capability and Charter Change in Foreign-Owned Subsidiary Companies. *The Academy of Management Review*, 23(4), pp. 773-795.
- Birkinshaw, J.M., Hood, N. and Young, S. (2005).** Subsidiary Entrepreneurship, Internal and External Competitive Forces, and Subsidiary Performance. *International Business Review*, 14(2), pp. 227-248.
- Birkinshaw J.M. and Pedersen, T. (2009).** Strategy and Management in MNE Subsidiaries, in A.M. Rugman (ed.), *The Oxford Handbook of International Business* (2<sup>nd</sup> edition). Oxford: Oxford University Press, pp. 367-388.
- Birkinshaw, J.M. and Ridderstråle, J. (1999).** Fighting the Corporate Immune System: a Process Study of Subsidiary Initiatives in Multinational Corporations. *International Business Review*, 8(2), pp. 149-180.
- Birks, M. and Mills, J. (2011).** *Grounded Theory: A Practical Guide*. London, Thousand Oaks: SAGE Publications.
- Blazejewski, S. (2009).** Actors' Interests and Local Contexts in Intrafirm Conflict: The 2004 GM and Opel Crisis. *Competition and Change*, 13(3), pp. 229-250.
- Blazejewski, S. and Becker-Ritterspach, F.A.A. (2016).** Theoretical Foundations and Conceptual Definitions. In F. Becker-Ritterspach, S. Blazejewski, C. Dörrenbächer and M. Geppert (eds.), *Micropolitics in the Multinational Corporation*. Cambridge, UK: Cambridge University Press, pp. 17-50.
- Bourdieu, P. (1986).** The Forms of Capital. In J.G. Richardson (ed.), *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood Press, pp. 241-258.
- Bouquet, C. and Birkinshaw, J.M. (2008a).** Managing Power in the Multinational Corporation: How Low-Power Actors Gain Influence. *Journal of Management*, 34(3), pp. 477-508.
- Bouquet, C. and Birkinshaw, J.M. (2008b).** Weight versus Voice: How Foreign Subsidiaries Gain Attention from Corporate Headquarters. *Academy of Management Journal*, 51(3), pp. 577-601.
- Boussebaa, M., Morgan, G. and Sturdy, A. (2012).** Constructing Global Firms? National, Transnational and Neo-Colonial Effects in International Management Consultancies. *Organization Studies*, 33(4), pp. 465-486.
- Brenner, B. and Ambos, B. (2013).** A Question of Legitimacy? A Dynamic Perspective on Multinational Firm Control. *Organization Science* 24(3): pp. 773-795.
- Brinkmann, S. (2013).** *Qualitative Interviewing*. Oxford: Oxford University Press.
- Brock, D.M. (2003).** Autonomy of Individuals and Organizations: Towards a Strategy Research Agenda. *International Journal of Business and Economics*, 2(1), pp. 57-73.

- Bryman, A. and Bell, E. (2011).** *Business Research Methods* (3<sup>rd</sup> edition), Oxford: Oxford University Press.
- Buchanan, D.A. (2012).** Case Studies in Organizational Research, in G. Symon and C. Cassell (eds.), *Qualitative Organizational Research: Core Methods and Current Challenges*. Los Angeles; London: SAGE Publications, pp. 351-370.
- Buchanan, D.A. and Bryman, A. (2007).** Contextualizing Methods Choice in Organizational Research. *Organizational Research Methods*, 10(3), pp. 483-501.
- Buckley, P. (2011).** International Integration and Coordination in the Global Factory. *Management International Review*, 51(2), pp. 269-283.
- Buckley, P.J. and Casson, M. (1976).** *The Future of the Multinational Enterprise*. London: Holmes and Meier.
- Burgelman, R.A. (1991).** Intraorganizational Ecology of Strategy Making and Organizational Adaptation: Theory and Field Research. *Organization Science*, 2(3), pp. 239-262.
- Burgelman, R.A. (2002).** Strategy as Vector and the Inertia of Coevolutionary Lock-in. *Administrative Science Quarterly*, 47(2), pp. 325-358.
- Burr, V. (2015).** *Social Constructionism* (4<sup>th</sup> edition). Hove; New York: Routledge.
- Callon, M. (1986).** Some Elements of a Sociology of Translation: Domestication of the Scallops and the Fishermen of St. Brieuc Bay", in Law, J. (ed.), *Power, Action and Belief: A New Sociology of Knowledge?* London: Routledge and Keegan Paul, pp. 196-233.
- Cantwell, J and Mudambi, R. (2005).** MNE Competence-Creating Subsidiary Mandates. *Strategic Management Journal*, 26(12), pp. 1109-1128.
- Cater, J.K. (2011).** Skype a Cost-Effective Method for Qualitative Research. *Rehabilitation Counselors & Educators Journal*, 4(2), pp. 3-7.
- Chandler, A. (1962).** *Strategy and Structure: Chapters in the History of the Industrial Enterprise*. Cambridge, London: M.I.T. Press.
- Chang, S. J. (1996).** An Evolutionary Perspective on Diversification and Corporate Restructuring: Entry, Exit, and Economic Performance during 1981-89. *Strategic Management Journal*, pp. 587-611.
- Chang, S. J. and Rosenzweig, P. M. (1998).** Functional and Line of Business Evolution Processes in MNC Subsidiaries: Sony in the USA, 1972-95. In J. Birkinshaw and N. Hood (eds.), *Multinational Corporate Evolution and Subsidiary Development*. London: Macmillan, pp. 299-332.
- Charmaz, K. (2006).** *Constructing Grounded Theory: A Practical Guide through Qualitative Analysis*. London: SAGE Publications.
- Child, J. (1997).** Strategic Choice in the Analysis of Action, Structure, Organizations and Environment: Retrospect and Prospect. *Organization Studies*, 18(1), pp. 43-76.
- Ciabuschi, F., Dellestrand, H. and Holm, U. (2012).** The Role of Headquarters in the Contemporary MNC. *Journal of International Management*, 18(3), pp. 213-223.
- Ciabuschi, F., Forsgren, M. and Martín, O.M. (2011).** Rationality vs Ignorance: The Role of MNE Headquarters in Subsidiaries' Innovation Processes. *Journal of International Business Studies*, 42(7), pp. 958-970.
- Ciabuschi, F., Forsgren, M. and Martín, O.M. (2012).** Headquarters Involvement and Efficiency of Innovation Development and Transfer in Multinationals: A Matter of Sheer Ignorance? *International Business Review*, 21(2), pp. 130-144.

- Ciabuschi, F., Martín, O.M. and Stahl, B. (2010).** Headquarters' Influence on Knowledge Transfer Performance. *Management International Review*, 50(4), pp. 471-491.
- Clark, E. and Geppert, M. (2011).** Subsidiary Integration as Identity Construction and Institution Building: A Political Sensemaking Approach. *Journal of Management Studies*, 48(2), pp. 395-416.
- Clegg, S.R. (1989).** *Frameworks of Power*. London: SAGE.
- Clegg, S.R., (2004).** Case Studies in Construction: Recollections of an Accidental Researcher. In R. Piekkari and C. Welch (eds.), *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar, pp. 585-586.
- Clegg, S.R. (2009).** Doing Power Work. In D.A. Buchanan and A. Bryman (eds.), *The SAGE Handbook of Organizational Research Methods*. London; Thousand Oaks: SAGE Publications, pp. 143-160
- Clegg, S.R. (2013).** Circuits of Power and Control. In E.H. Kessler (ed.), *Encyclopedia of Management Theory*. London: SAGE, pp 115-116.
- Clegg, S.R., Courpasson, D. and Philips, N. (2006).** *Power and Organizations*. London: SAGE.
- Clegg, S.R., Geppert, M. and Hollinshead, G. (2015).** Politicization and Political Contests in Contemporary Multinational Corporations. *Human Relations*, 68(9), pp. 1526-1529.
- Clegg, S.R., Geppert, M. and Hollinshead, G. (2018).** Politicization and Political Contests in and Around Contemporary Multinational Corporations: An Introduction. *Human Relations*, 71(6), pp. 745-765
- Coase, R. (1937).** The Nature of the Firm, *Economica*, 4(16), pp. 386-405
- Collinson, S.C. and Wang, R. (2012).** The Evolution of Innovation Capability in Multinational Enterprise Subsidiaries: Dual Network Embeddedness and the Divergence of Subsidiary Specialisation in Taiwan. *Research Policy*, 41(9), pp. 1501-1518.
- Contractor, F. J. (2012).** Why do Multinational Firms Exist? A Theory Note about the Effect of Multinational Expansion on Performance and Recent Methodological Critiques. *Global Strategy Journal*, 2(4), pp. 318-331.
- Cook, K.S., Emerson, R.M., Gillmore, M.R. and Yamagishi, T. (1983).** The Distribution of Power in Exchange Networks: Theory and Experimental Results. *The American Journal of Sociology*, 89(2), pp. 275-305.
- Crozier, M. (1964).** *The Bureaucratic Phenomenon*. Chicago: Chicago University Press.
- Cunliffe, A.L. (2011).** Why Complicated a Done Deal? Bringing Reflexivity into Management Research. In, C. Cassell and B. Lee (eds.), *Challenges and Controversies in Management Research*, New York; Abingdon: Routledge, pp. 404-418.
- Czarniawska, B. (2003).** Social Constructionism and Organization Studies, in: R. Westwood and S. Clegg (eds.), *Debating Organization: Point-Counterpoint in Organization Studies*. Maldon, Massachusetts: Blackwell Publishing, pp. 128-139.
- Dacin T.M., Goodstein, J. and Scott, R.W. (2002).** Institutional Theory and Institutional Change: Introduction to the Special Research Forum. *Academy of Management Journal*, 45(1), pp. 45-56.
- Dahl, R.A. (1957).** The Concept of Power. *Systems Research and Behavioral Science*, 2(3), pp. 201-215.
- Dahl, R.A. (1958).** A Critique of the Ruling Elite Model. *The American Political Science Review*, 52(2), pp. 463-469.

- Datta, D.K., Musteen, M. and Herrmann, P. (2009).** Board Characteristics, Managerial Incentives, and the Choice Between Foreign Acquisitions and International Joint Ventures. *Journal of Management*, 35(4), pp. 928-953.
- Davenport, S. and Leitch, S. (2005).** Circuits of Power in Practice: Strategic Ambiguity as Delegation of Authority. *Organization Studies*, 26(11), pp. 1603-1623.
- Davis, S.M. (1983).** Two Models of Organization: Unity of Command versus Balance of Power. In R. Hill and B.J. White (eds.), *Matrix Organization and Project Management*, Ann Arbor, MI: University of Michigan, pp. 60-72.
- Deakin, H. and Wakefield, K. (2014).** Skype Interviewing: Reflections of Two PhD Researchers. *Qualitative Research*, 14(5), pp. 603-616.
- Dean, M. (2013).** *The Signature of Power: Sovereignty, Governmentality and Biopolitics*. London: SAGE Publications.
- Deephouse, D. L. and Carter, S. M. (2005).** An Examination of Differences Between Organizational Legitimacy and Organizational Reputation. *Journal of Management Studies*, 42(2), pp. 329-360.
- Deetz, S. (2009)** Organizational Research as Alternative Ways of Attending To and Talking About Structures and Activities. In, D.A Buchanan and A. Bryman, (eds.), *The SAGE Handbook of Organizational Research Methods*. London; Thousand Oaks, California: SAGE Publications.
- Delamont, S. and Atkinson, P. (2001).** Doctoring Uncertainty: Mastering Craft Knowledge. *Social Studies of Science*, 31(1), pp. 87-107.
- Delany, E. (2000).** Strategic Development of the Multinational Subsidiary through Subsidiary Initiative-Taking. *Long Range Planning*, 33(2), pp. 220-244.
- Dellestrand, H. and Kappen, P. (2011).** Headquarters Allocation of Resources to Innovation Transfer Projects within the Multinational Enterprise. *Journal of International Management*, 17(4), pp. 263-277.
- Delmestri, G. and Brumana, M. (2017).** The Multinational Corporation as a Playing Field of Power: A Bourdieusian Approach. In C. Dörrenbächer and M. Geppert, (eds.), *Multinational Corporations and Organization Theory: Post Millennium Perspectives*. Bingley: Emerald Publishing Limited, pp. 325-353.
- Digester, P. (1992).** The Fourth Face of Power. *The Journal of Politics*, 54(4), pp. 977-1007.
- DiMaggio, P.J. and Powell, W.W. (1983).** The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), pp. 147-160.
- Dörrenbächer, C. and Gammelgaard, J. (2011).** Subsidiary Power in Multinational Corporations: The Subtle Role of Micro-Political Bargaining Power. *Critical Perspectives on International Business*, 7(1), pp. 30-47.
- Dörrenbächer, C. and Gammelgaard, J. (2016).** Subsidiary Initiative Taking in Multinational Corporations: the Relationship Between Power and Issue Selling. *Organization Studies*, 37(9), pp. 1249-1270.
- Dörrenbächer, C. and Geppert, M. (2006).** Micro-politics and Conflicts in Multinational Corporations: Current Debates, Re-framing, and Contributions of this Special Issue. *Journal of International Management*, 12(3), pp. 251-265.

- Dörrenbächer, C. and Geppert, M. (2009a).** A Micro-political Perspective on Subsidiary Initiative-Taking: Evidence from German-owned Subsidiaries in France. *European Management Journal*, 27(2), pp. 100-112.
- Dörrenbächer, C. and Geppert, M. (2009b).** Micro-Political Games in the Multinational Corporation: The Case of Mandate Change. *Management Revue*, pp. 373-391.
- Dowling, J. and Pfeffer, J. (1975).** Organizational Legitimacy: Social Values and Organizational Behavior. *Pacific Sociological Review*, 18(1), pp. 122-136.
- Doz, Y.L. (1986)** *Strategic Management in Multinational Companies*, Oxford: Pergamon Press.
- Doz, Y.L., Bartlett, C.A. and Prahalad, C.K. (1981).** Global Competitive Pressures and Host Country Demands Managing Tensions in MNCs. *California Management Review*, 23(3), pp. 63-74.
- Doz, Y.L. and Prahalad, C.K. (1991).** Managing DMNCS – A Search for a New Paradigm. *Strategic Management Journal*, 12(special issue, summer 1991), pp. 145-164.
- Doz, Y.L., Santos, J. and Williamson, P.J. (2001).** *From Global to Metanational: How Companies Win in the Knowledge Economy*. Harvard Business Press.
- du Gay, P. (2000).** Representing Globalization: Notes on the Discursive Ordering of Economic Life. In P. Gilroy, L. Grossberg and A. McRobbie (eds.), *Without Guarantees: In Honour of Stuart Hall*. London: Verso, pp. 113-125.
- Duberley, J., Johnson, P. and Cassell, C. (2012).** **Philosophies Underpinning Qualitative Research.** In G. Symon and C. Cassell (eds.), *Qualitative Organizational Research: Core Methods and Current Challenges*. London: SAGE Publications, pp. 15-34.
- Dunning, J.H. (1977/2002).** Trade, Location of Economic Activity and the Multinational Enterprise: a Search for an Eclectic Approach. Reprinted in J.H. Dunning (2002). *Theories and Paradigms of International Business Activity – The Selected Essays of John H. Dunning Volume 1.*, Cheltenham: Edward Elgar, pp. 52-76. (Reprinted from B. Ohlin, P.O. Hesselborn and P.J. Wijkman, P.J. (eds.) (1977), *The International Allocation of Economic Activity*. London: Macmillan, pp. 398-418).
- Dunning, J.H. (1980).** Towards an Eclectic Theory of International Production: Some Empirical Tests. *Journal of International Business Studies*, 11(1), pp. 9-31.
- Dunning, J.H. (1988).** Trade, Location of Economic Activity and the Multinational Enterprise: A Search for an Eclectic Approach, in Dunning, J.H., *Explaining International Production*, Unwin, Hyman, London, pp. 13-40.
- Dunning, J.H. and Lundan, S.M. (2009).** The Multinational Firm as a Creator, Fashioner and Respondent to Institutional Change, in S. Collinson and G. Morgan (eds.). 2009. *Images of the Multinational Firm*. Chichester: Wiley, pp. 93-116
- Dutton, J.E. and Ashford, S.J. (1993).** Selling Issues to Top Management. *Academy of Management Review*, 18(3), pp. 397-428.
- Easterby-Smith, M., Thorpe, R. and Jackson, P.R. (2012).** *Management Research* (4<sup>th</sup> edition), London; Thousand Oaks: SAGE Publications.
- Edmondson, A.C. and McManus, S.E. (2007).** Methodological Fit in Management Field Research. *Academy of Management Review*, 32(4), pp. 1246-1264.
- Edström, A. and Galbraith, J. R. (1977).** Transfer of Managers as a Coordination and Control Strategy in Multinational Organizations. *Administrative Science Quarterly*, pp. 248-263.

- Edwards, P. (2006).** Power and Ideology in the Workplace: Going Beyond Even the Second Version of the Three-Dimensional View. *Work, Employment and Society*, 20(3), pp. 571-581.
- Edwards, P and Bélanger, J. (2009).** The Multinational Firm as Contested Terrain. In S. Collinson and G. Morgan (eds.). *Images of the Multinational Firm*. Chichester: Wiley, pp. 193-216.
- Egelhoff, W.G. (2005).** Information Processing Theory and the Multinational Corporation. In S. Ghoshal & D.E. Westney (eds.) *Organization Theory and the Multinational Corporation* (2<sup>nd</sup> edition). Basingstoke; New York: Palgrave Macmillan, pp. 172-197.
- Egelhoff, W.G. (2010).** Evaluating the Role of Parent HQ in a Contemporary MNC. In U. Andersson and U. Holm (eds.), *Managing the Contemporary Multinational*. Cheltenham, UK: Edward Elgar, pp. 106-122.
- Egelhoff, W.G. and Wolf, J. (2017).** The Role of Headquarters in the Contemporary MNC: A Contingency Model. In C. Dörrenbächer and M. Geppert (eds.), *Multinational Corporations and Organization Theory: Post Millennium Perspectives*. Bingley: Emerald Publishing Limited, pp. 71-98.
- Egelhoff, W.G., Wolf, J. and Adzic, M. (2013).** Designing Matrix Structures to Fit MNC Strategy. *Global Strategy Journal*, 3(3), pp. 205-226.
- Eisenhardt, K.M. (1989).** Building Theories from Case Study Research. *Academy of Management Review*, 14(4), pp. 532-550.
- Erkama, N. (2010).** Power and Resistance in a Multinational Organization: Discursive Struggles over Organizational Restructuring. *Scandinavian Journal of Management*, 26(2), pp. 151-165.
- ExxonMobil (2018).** *History of Esso in the UK*. ExxonMobil Corporate Website. Available from: <http://www.exxonmobil.co.uk/en-gb/company/about-us/uk-history/esso>. Downloaded 5 March 2018.
- Fang, Y., Jiang, G.-L.F., Makino, S. and Beamish, P.W. (2010).** Multinational Firm Knowledge, Use of Expatriates, and Foreign Subsidiary Performance. *Journal of Management Studies*, 47(1), pp. 27-54.
- Fayol, H. (1949).** *General and Industrial Management*. (trans. C Storrs). London: Pitman.
- Fenton-O’Creevy, M., Gooderham, P., Cerdin, J.L. and Rønning, R. (2011).** Bridging Roles, Social Skill and Embedded Knowing in Multinational Organizations. Politics and power in the multinational corporation. In C. Dörrenbächer and M. Geppert (eds.), *Power and Politics in the Multinational Corporation: The Role of Institutions, Interests and Identities*, Cambridge: Cambridge University Press, pp. 101-136.
- Ferner, A. (2008).** Global Games and General Claims: Locating the Contribution of Kristensen and Zeitlin. *Socio-Economic Review*, 6(2), pp. 379-384.
- Ferner, A. and Edwards, P. (1995).** Power and the Diffusion of Organizational Change within Multinational Enterprises. *European Journal of Industrial Relations*, 1(2), pp. 229-257.
- Ferner, A., Edwards, T. and Tempel, A. (2012).** Power, Institutions and the Cross-national Transfer of Employment Practices in Multinationals. *Human Relations*, 65(2), pp. 163-187.
- Flanagan, J.C. (1954).** The Critical Incident Technique. *Psychological Bulletin*, 51(4), pp. 327-358.
- Fleming, P. and Spicer, A. (2003).** Working at a Cynical Distance: Implications for Power, Subjectivity and Resistance. *Organization*, 10(1), pp. 157-179.

- Fleming, P. and Spicer, A. (2007).** *Contesting the Corporation: Struggle, Power and Resistance*. Cambridge: Cambridge University Press.
- Fleming, P. and Spicer, A. (2014).** Power in Management and Organization Science. *The Academy of Management Annals*, 8(1), pp. 237-291.
- Flyvbjerg, B. (2006).** Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12(2), pp. 219-245.
- Forsgren, M. (1990).** Managing the International Multi-Centre Firm: Case Studies from Sweden. *European Management Journal*, 8(2), pp. 261-267.
- Forsgren, M. (2008).** Theories of the Multinational Firm: A Multidimensional Creature in the Global Economy, Cheltenham: Edward Elgar.
- Forsgren, M. and Holm, U. (2010).** MNC Headquarters' Role in Subsidiaries' Value-Creating Activities: A Problem of Rationality or Radical Uncertainty. *Scandinavian Journal of Management*, 26(4), pp. 421-430.
- Forsgren, M., Holm, U. and Johanson, J. (2005).** *Managing the Embedded Multinational: A Business Network View*. Cheltenham: Edward Elgar
- Fortune (2017).** *Fortune Global 500*. Available from: <http://fortune.com/global500/list/>. Downloaded 5 March 2018.
- Foss, N. (2003).** Bounded Rationality in the Economics of Organization: 'Much Cited and Little Used'. *Journal of Economic Psychology*, 24(2), pp. 245-264.
- Foss, K., Foss, N.J. and Nell, P.C. (2012).** MNC Organizational Form and Subsidiary Motivation Problems: Controlling Intervention Hazards in the Network MNC. *Journal of International Management*, 18, pp. 247-259.
- Foss, N. J. and Pedersen, T. (2002).** Transferring Knowledge in MNCs: The Role of Sources of Subsidiary Knowledge and Organizational Context. *Journal of International Management*, 8(1), pp. 49-67.
- Foucault, M. (1966/2002).** *The Order of Things*. London: Routledge. (Originally published in 1966 in French.)
- Foucault, M. (1975/1995).** *Discipline and Punish: The Birth of the Prison* (2<sup>nd</sup> edition, trans. A. Sheridan). New York: Random House. (Originally published in 1975 in French.)
- Foucault, M. (1978).** *The History of Sexuality (Volume 1)* (trans. R. Hurley). New York: Random House. (Originally published in 1976 in French.)
- Foucault, M. (1983/1994).** The Subject and Power. In J.D. Faubion (ed./trans.), *Power: The Essential Works of Michel Foucault 1954-1984 (volume 3)*. London: Penguin, pp. 326-348. (Reprinted from P. Rainbow and H. Dreyfus (eds.) (1983), *Michel Foucault: Beyond Structuralism and Hermeneutics* (2<sup>nd</sup> edition), Chicago: Chicago University Press, pp. 208-228.)
- French, J.R.P. and Raven, B. (1959).** The Basis of Social Power. In D. Cartwright (ed.), *Studies in Social Power*. Ann Arbor: University of Michigan Press, pp. 150-167.
- Friesl, M. and Silberzahn, R. (2017).** Managerial Coordination Challenges in the Alignment of Capabilities and New Subsidiary Charters in MNEs. *Organization Studies*, 38(12), pp. 1709-1731.
- Galbraith, J. R. (1973).** *Designing Complex Organizations*. Reading, MA: Addison-Wesley.
- Geppert, M., Becker-Ritterspach, F.A.A. and Mudambi, R. (2013).** New Organizational Perspectives on the Study of Politics and Power in the Multinational Company (Call for Papers). *Organization Studies*, 34(3), pp. 426-428.

- Geppert, M., Becker-Ritterspach, F.A.A. and Mudambi, R. (2016).** Politics and Power in Multinational Companies: Integrating the International Business and Organization Studies Perspectives. *Organization Studies*, 37(9), pp. 1209-1225.
- Geppert, M. and Dörrenbächer, C. (2011).** Politics and Power in the Multinational Corporation: An Introduction. In C. Dörrenbächer and M. Geppert (eds.), *Power and Politics in the Multinational Corporation: The Role of Institutions, Interests and Identities*, Cambridge: Cambridge University Press, pp. 3-40.
- Geppert, M. and Dörrenbächer, C. (2014).** Politics and Power within Multinational Corporations: Mainstream Studies, Emerging Critical Approaches and Suggestions for Future Research. *International Journal of Management Reviews*, 16(2), pp. 226-244.
- Geppert, M. and Williams, K. (2016).** Seminal Contributions of the Institutional and Micropolitics Schools. In F. Becker-Ritterspach, S. Blazejewski, C. Dörrenbächer and M. Geppert (eds.), *Micropolitics in the Multinational Corporation*. Cambridge: Cambridge University Press, pp. 141-165.
- Geppert, M., Williams, K. and Matten, D. (2003).** The Social Construction of Contextual Rationalities in MNCs: An Anglo-German Comparison of Subsidiary Choice. *Journal of Management Studies*, 40(3), pp. 617-641.
- Geppert, M., Williams, K. and Wortmann, M. (2015).** Micro-Political Game Playing in Lidl: A Comparison of Store-Level Employment Relations. *European Journal of Industrial Relations*, 21(3), pp. 241-257.
- Gergen, K.J. (1999).** *An Invitation to Social Constructionism*. London; Thousand Oaks, California: SAGE Publications.
- Ghuri, P. (2004).** Designing and Conducting Case Studies in International Business Research. In R. Piekkari and C. Welch (eds.), *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar, pp. 109-124.
- Ghoshal, S. and Bartlett, C.A. (1990).** The Multinational Corporation as an Interorganizational Network. *Academy of Management Review*, 15(4), pp. 603-626.
- Ghoshal, S. and Bartlett, C.A. (1993).** The Multinational Corporation as an Interorganizational Network, in S. Ghoshal and D.E. Westney (eds.), *Organization Theory and the Multinational Corporation*. Basingstoke: Macmillan, pp. 77-104.
- Ghoshal, S. and Nohria, N. (1986).** *Multinational Corporations as Differentiated Networks*. Alfred P. Sloan School of Management Working Paper, Massachusetts Institute of Technology. Available from: <http://mit.dspace.org/bitstream/handle/1721.1/48486/multinationalcor00ghos.pdf?sequence=1>. Downloaded 20<sup>th</sup> May 2015.
- Ghoshal, S. and Nohria, N. (1989)** Internal Differentiation within Multinational Corporations. *Strategic Management Journal*, 10(4), pp. 323-337.
- Ghoshal, S. and Nohria, N. (1993).** Horses for Courses: Organizational Forms for Multinational Corporations. *Sloan Management Review*, 34(2), pp. 23-35.
- Ghoshal, S. and Westney, D.E. (1993).** Introduction and Overview. In S. Ghoshal & D.E. Westney (eds.) *Organization Theory and the Multinational Corporation* (2<sup>nd</sup> edition). Basingstoke; New York: Palgrave Macmillan, pp. 1-19.
- Giddens, A. (1984).** *The Constitution of Society: Outline of the Structuration Theory*. Cambridge: Polity.

- Gioia, D. A. (2004).** A Renaissance Self: Prompting Personal and Professional Revitalization. In R. E. Stablein and P. J. Frost (eds.), *Renewing Research Practice*. Stanford: Stanford University Press, pp. 97-114.
- Gioia, D.A. and Chittipeddi, K. (1991).** Sensemaking and Sensegiving in Strategic Change Initiation. *Strategic Management Journal*, 12(6), pp. 443-448.
- Gioia, D.A., Corley, K.G. and Hamilton, A.L. (2013).** Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods*, 16(1), pp. 15-31.
- Gioia, D. A. and Thomas, J. B. (1996).** Identity, Image, and Issue Interpretation: Sensemaking During Strategic Change in Academia. *Administrative Science Quarterly*, pp. 370-403.
- Gkeredakis, E. (2014).** The Constitutive Role of Conventions in Accomplishing Coordination: Insights from a Complex Contract Award Project. *Organization Studies*, 35(10), pp. 1473-1505.
- Glaser, B. and Strauss, A.L. (1968).** *The Discovery of Grounded Theory: Strategies for Qualitative Research*. London: Weidenfeld and Nicolson
- Goffman, E. (1975).** *Frame Analysis: An Essay on the Organization of Experience*. Harmondsworth: Penguin.
- Göhler, G. (2009).** 'Power To' and 'Power Over'. In S.R. Clegg and M. Haugaard (eds.), *The SAGE Handbook of Power*. London: SAGE, pp. 27-39.
- Goold, M. and A. Campbell (2002),** Parenting in Complex Structures, *Long Range Planning*, 35, pp. 219-43.
- Gordon, R. (2009).** Power and Legitimacy: From Weber to Contemporary Theories. In S.R. Clegg and M. Haugaard (eds.), *The SAGE Handbook of Power*. London: SAGE, pp. 256-273.
- Greenwood, R., Morris, T., Fairclough, S. and Boussebaa, M. (2010).** The Organizational Design of Transnational Professional Service Firms. *Organizational Dynamics*, 39(2), pp. 173-183.
- Guba, E.G. and Lincoln, Y.S. (2006).** Competing Paradigms in Qualitative Research. In P. Johnson and M. Clark (eds.), *Business and Management Research Methodologies: Volume 6 – Evaluating Research and the Question of Criteriology*. Thousand Oaks, California; London: SAGE Publications, pp. 216-236.
- Gupta, A. K. and Govindarajan, V. (1991).** Knowledge Flows and the Structure of Control within Multinational Corporations. *Academy of Management Review*, 16(4), pp. 768-792.
- Gupta, A. K. and Govindarajan, V. (2000).** Knowledge Flows within Multinational Corporations. *Strategic Management Journal*, 21(4), pp. 473-496.
- Hacking, I. (1999).** *The Social Construction of What?* Cambridge, Massachusetts; London: Harvard University Press.
- Hall, P.A. and Soskice, D. (2001).** An Introduction to Varieties of Capitalism, in P.A. Hall and D. Soskice (eds.), *Varieties of Capitalism – The Institutional Foundations of Competitive Advantage*. Oxford: Oxford University Press, pp. 1-70.
- Hamel, G. and Prahalad, C.K. (1983).** Managing Strategic Responsibility in the MNC. *Strategic Management Journal*, 4(4), pp. 341-351.
- Hammersley, M. and Atkinson, P. (1995).** *Ethnography: Principles and Practice* (2<sup>nd</sup> edition), London: Routledge.
- Hansen, T. and Mattes, J. (2018).** Proximity and Power in Collaborative Innovation Projects. *Regional Studies*, 52(1), pp. 35-46.

- Hardy, C. (1996).** Understanding Power: Bringing About Social Change. *British Journal of Management*, 7 (special issue), pp. S3-S16.
- Hardy, C. (2001).** Researching Organizational Discourse. *International Studies of Management & Organization*, 31(3), pp. 25-47.
- Hardy, C. and Clegg S.R. (2006).** Some Dare Call it Power. In S.R. Clegg, C. Hardy, T.B Lawrence and W.R. Nord (eds.), *The SAGE Handbook of Organization Studies* (2<sup>nd</sup> edition). London: SAGE Publications, pp. 754-775.
- Hardy, C. and Leiba-O'Sullivan, S. (1998).** The Power behind Empowerment: Implications for Research and Practice. *Human Relations*, 51(4), pp. 451-483.
- Hardy, C., Phillips, N. and Lawrence, T. (1998).** Distinguishing Trust and Power in Interorganizational Relations: Forms and Facades of Trust. In C. Lane and R. Bachmann (eds.), *Trust Within and Between Organizations: Conceptual Issues and Empirical Applications*. Oxford: Oxford University Press, pp. 64-87.
- Hart, S. L. and Sharma, S. (2004).** Engaging Fringe Stakeholders for Competitive Imagination. *The Academy of Management Executive*, 18(1), pp. 7-18.
- Harzing, A.-W. (2001).** Of Bears, Bumble-bees, and Spiders: The Role of Expatriates in Controlling Foreign Subsidiaries. *Journal of World Business*, 36(4), pp. 366-379.
- Harzing, A.-W., Pudelko, M. and Reiche, B.S, (2016).** The Bridging Role of Expatriates and Inpatriates in Knowledge Transfer in Multinational Corporations. *Human Resource Management*, 55(4), pp. 679-695.
- Haugaard, M. (2002).** *Power: A Reader*. Manchester: Manchester University Press.
- Haugaard, M. (2010).** Power: a 'Family Resemblance' Concept. *European Journal of Cultural Studies*, 13(4), pp. 419-438.
- Haugaard, M. (2015).** Reflections upon Empowerment/Domination, Social Change and the Four Dimensions of Power, *Journal of Political Power*, 8(3), pp. 293-299.
- Haugaard, M. and Clegg, S.R. (2009).** Introduction: Why Power is the Central Concept of the Social Sciences. In S.R. Clegg and M. Haugaard (eds.), *The SAGE Handbook of Power*. London: SAGE Publications, pp. 1-24.
- Hay-Gibson N.V. (2009)** Interviews via VoIP: Benefits and Disadvantages within a PhD Study of SMEs. *Library and Information Research*, 33(105), pp. 39-50.
- Hedlund, G. (1986).** *The Hypermodern MNE – a Heterarchy?*, *Human Resource Management*, 25, pp. 9-35.
- Hedlund, G. (1994).** A Model of Knowledge Management and the N-form Corporation. *Strategic Management Journal*, 15(S2), pp. 73-90.
- Hedlund, G. (2005).** Assumptions of Hierarch and Heterarchy, with Application to the Management of the Multinational Corporation, in S. Ghoshal and D.E. Westney (eds.), *Organization Theory and the Multinational Corporation* (2<sup>nd</sup> edition). Basingstoke; New York: Palgrave Macmillan, pp. 198-221.
- Hedlund G. and Ridderstråle, J. (1997).** Toward a Theory of the Self-Renewing MNC. In B. Toyne and D. Nigh (eds.). *International Business: An Emerging Vision*. Columbia: University of South Carolina Press, pp. 327-354.
- Hennart, J.-F. (2009).** Theories of the Multinational Enterprise, in A.M Rugman and A. Verbeke (eds.), *The Oxford Handbook of International Business* (2<sup>nd</sup> edition), Oxford: Oxford University Press, pp. 125-145.

- Heracleous, L. (2004).** Boundaries in the Study of Organization. *Human Relations*, 57(1), pp. 95-103.
- Heracleous, L. and Marshak, R. J. (2004).** Conceptualizing Organizational Discourse as Situated Symbolic Action. *Human Relations*, 57(10), pp. 1285-1312.
- Hocking, B.J., Brown, M. and Harzing, A.-W. (2004).** A Knowledge Transfer Perspective of Strategic Assignment Purposes and their Path-Dependent Outcomes. *The International Journal of Human Resource Management*, 15(3), pp. 565-586.
- Hoenen, A. K. and Kostova, T. (2015).** Utilizing the Broader Agency Perspective for Studying Headquarters-Subsidiary Relations in Multinational Companies. *Journal of International Business Studies*. 46(1), pp. 104-113
- Hoffmann A., Bittner E.A.C. and Leimeister J.M. (2013)** The Emergence of Mutual and Shared Understanding in the System Development Process. In: J. Doerr and A.L. Opdahl (eds.) *Requirements Engineering: Foundation for Software Quality*. Berlin; Heidelberg: Springer, pp. 174-189.
- Holland, D., Lachicotte, W., Skinner, D. and Cain, C. (1998).** *Agency and Identity in Cultural Worlds*. Cambridge, MA: Harvard.
- Holstein, J.A. and Gubrium, J.F. (2008).** *The Handbook of Constructionist Research*. New York: The Guilford Press.
- Hymer, S.H. (1960).** *The International Operation of National Firms, A Study of Direct Foreign Investment*. Ph.D. Thesis, the Massachusetts Institute for Technology. Available from <http://dspace.mit.edu/handle/1721.1/27375>. Downloaded 25<sup>th</sup> April 2014.
- Jackson, G. and Deeg, R. (2008).** Comparing Capitalisms: Understanding Institutional Diversity and its Implications for International Business. *Journal of International Business Studies*, 39(4), pp. 540-561.
- Jacobs, C.D. and Heracleous, L.T. (2006).** Constructing Shared Understanding: The Role of Embodied Metaphors in Organization Development. *The Journal of Applied Behavioral Science*, 42(2), pp. 207-226.
- James, N. (2008).** Authenticity. In L. Given (ed.), *The SAGE Encyclopedia of Qualitative Research Methods*. Thousand Oaks: SAGE Publications, p. 45.
- Jarillo, J. and Martínez, J. (1990).** Different Roles for Subsidiaries: The Case of Multinational Corporations in Spain. *Strategic Management Journal*, 11(7), pp. 501-512.
- Jarzabkowski, P. and Balogun, J. (2009).** The Practice and Process of Delivering Integration Through Strategic planning. *Journal of Management Studies*, 46(8), pp. 1255-1288.
- Jarzabkowski, P.A., Lê, J.K. and Feldman, M.S. (2012).** Toward a Theory of Coordinating: Creating Coordinating Mechanisms in Practice. *Organization Science*, 23(4), pp. 907-927.
- Jaussaud, J. and Schaaper, J. (2006).** Control Mechanisms of their Subsidiaries by Multinational Firms: A Multidimensional Perspective. *Journal of International Management*, 12(1), pp. 23-45.
- Johnson, K. L. and Duxbury, L. (2010).** The View from the Field: A Case Study of the Expatriate Boundary-Spanning Role. *Journal of World Business*, 45(1), pp. 29-40.
- Kaplan, S. (2008).** Framing Contests: Strategy Making Under Uncertainty. *Organization Science*, 19(5), pp. 729-752.
- Kim, P.H., Pinkley, R.L. and Fragale, A.R. (2005).** Power Dynamics in Negotiation. *Academy of Management Review*, 30(4), pp. 799-822.

- King, A.W. and Zeithaml, C.P. (2001).** Competencies and Firm Performance: Examining the Causal Ambiguity Paradox. *Strategic Management Journal*, 22(1), pp. 75-99.
- King, B.G., Felin, T. and Whetten, D.A. (2010).** Perspective—Finding the organization in Organizational Theory: A Meta-Theory of the Organization as a Social Actor. *Organization Science*, 21(1), pp. 290-305.
- Kleinbaum, A.M. and Stuart, T.E. (2014).** Inside the Black Box of the Corporate Staff: Social Networks and the Implementation of Corporate Strategy. *Strategic Management Journal*, 35(1), pp. 24-47.
- Knight, G.A. and Cavusgil, S.T. (1996).** The Born Global Firm: A Challenge to Internationalization Theory, in S.T. Cavusgil and T.K. Madsen (eds.), *Advances in International Marketing, Volume 8*, Bingley: Emerald, pp. 11-26.
- Knights, D. and McCabe, D. (1997).** “How Would You Measure Something Like That?” Quality in a Retail Bank. *Journal of Management Studies*, 34(3), pp. 371-388.
- Knights, D. and Morgan, G. (1991).** Corporate Strategy, Organizations, and Subjectivity: A Critique. *Organization Studies*, 12(2), 251-273.
- Kobrin, S.J. (1988).** Expatriate Reduction and Strategic Control in American Multinational Corporations. *Human Resource Management*, 27(1), pp. 63-75.
- Kogut, B. (2005).** Learning, or the Importance of Being Inert: Country Imprinting and International Competition, in S. Ghoshal and D.E. Westney (eds.), *Organization Theory and the Multinational Corporation* (2<sup>nd</sup> edition). Basingstoke; New York: Palgrave Macmillan, pp. 47-57
- Kogut, B. and Zander, U. (1993).** Knowledge of the Firm and the Evolutionary Theory of the Multinational Corporation. *Journal of International Business Studies*, 24(4), pp. 625-645.
- Korsgaard, M., Schweiger, D. and Sapienza, H. (1995).** Building Commitment, Attachment, and Trust in Strategic Decision-Making Teams: The Role of Procedural Justice. *The Academy of Management Journal*, 38(1), pp. 60-84.
- Kostova, T., Nell, P. C. and Hoenen, A. K. (2018).** Understanding Agency Problems in Headquarters-Subsidiary Relationships in Multinational Corporations a Contextualized Model. *Journal of Management*, 44(7), pp. 2611-2637.
- Kostova, T. and Roth, K. (2002).** Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects. *Academy of Management Journal*, 45(1), pp. 215-233.
- Kostova T. and Roth, K. (2003).** Social Capital in Multinational Corporations and a Micro-Macro Model of its Formation. *Academy of Management Review*, 28(2), pp. 297-317.
- Kostova, T., Roth, K. and Dacin, M. T. (2008).** Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions. *Academy of Management Review*, 33(4), pp. 994-1006.
- Kostova, T. and Zaheer, S. (1999).** Organizational Legitimacy under Conditions of Complexity: The case of the multinational enterprise. *Academy of Management Review*, 24(1), pp. 64-81.
- Koveshnikov, A., Ehrnrooth, M. and Vaara, E. (2017).** Headquarter-Subsidiary Relations in the Multinational Corporation as a Discursive Struggle. In C. Dörrenbächer and M. Geppert, (eds.), *Multinational Corporations and Organization Theory: Post Millennium Perspectives*. Bingley: Emerald Publishing Limited, pp. 233-264.
- Kristensen, P.H. and Zeitlin, J. (2001).** The Making of a Global Firm: Local Pathways to Multinational Enterprise, in G. Morgan, P.H. Kristensen and R. Whitley, R. (eds.), *The*

*Multinational Firm: Organizing Across Institutional and National Divides*. Oxford: Oxford University Press, pp. 172-195.

**Kristensen, P.H. and Zeitlin, J. (2005).** *Local Players in Local Games: The Strategic Constitution of a Multinational Corporation*. Oxford: Oxford University Press.

**Kumar N. and Puranam P. (2011)** Have You Restructured for Global Success? *Harvard Business Review*, 89(10), pp. 123-128.

**Kvale, S. (2008).** *Doing Interviews*, London: SAGE Publications.

**Langley, A. (1999).** Strategies for Theorizing from Process Data. *Academy of Management Review*, 24(4), pp. 691-710.

**Langley, A. (2009).** Studying Processes in and Around Organisations. In D.A. Buchanan and A. Bryman (eds.), *The SAGE Handbook of Organizational Research Methods*. London; Thousand Oaks: SAGE Publications, pp. 409-429.

**Langley, A. and Abdallah, C. (2011).** Templates and Turns in Qualitative Studies of Strategy and Management. In D. Bergh and D. Ketchen (eds.), *Building Methodological Bridges: Research Methodology in Strategy and Management (Vol. 6)*. Bingley, UK: Emerald Group, pp. 201-235.

**Langley, A., Mintzberg, H., Pitcher, P., Posada, E. and Saint-Macary, J. (1995).** Opening up Decision Making: The View from the Black Stool. *Organization Science*, 6(3), pp. 260-279.

**Langley, A., Smallman, C., Tsoukas, H. and Van de Ven, A.H. (2013).** Process Studies of Change in Organization and Management: Unveiling Temporality, Activity, and Flow. *Academy of Management Journal*, 56(1), pp. 1-13.

**Lauring, J., Andersen, P. H., Storgaard, M. and Kragh, H. (2017).** Low-intensity Conflict in Multinational Corporations. *Multinational Business Review*, 25(1), pp. 11-27.

**Lawrence, T.B., Malhotra, N. and Morris, T. (2012).** Episodic and Systemic Power in the Transformation of Professional Service Firms. *Journal of Management Studies*, 49(1), pp. 102-143.

**Lawrence, T.B., Mauws, M. K., Dyck, B. and Kleysen, R.F. (2005).** The Politics of Organizational Learning: Integrating Power into the 4I Framework. *Academy of Management Review*, 30(1), pp. 180-191.

**Lawrence, T.B., Winn, M.I. and Jennings, P.D. (2001).** The Temporal Dynamics of Institutionalization. *Academy of Management Review*, 26(4), pp. 624-644.

**Leedy, P. and Ormrod, J.E. (2010).** *Practical Research: Planning and Design* (9<sup>th</sup> international edition). London: Pearson Education International.

**Lenka, S., Parida, V., Sjödin, D.R., Wincent, J. and Eriksson, J. (2015).** Role Conflicts in R&D Units Undergoing PSS Transition. *International Association for Management of Technology, IAMOT 2015 Conference Proceedings*, pp. 579-590.

**Leonard-Barton, D. (1990).** A Dual Methodology for Case Studies: Synergistic Use of a Longitudinal Single Site with Replicated Multiple Sites. *Organization Science*, 1(3), pp. 248-66.

**Lervik, J.E.B. (2011).** The Single MNC as a Research Site. In R. Piekkari and C. Welch (eds.), *Rethinking the Case Study in International Business and Management Research*. Cheltenham: Edward Elgar, pp. 229-250.

**Levinthal, D.A. and Workiewicz, M. (2018).** When Two Bosses Are Better Than One: Nearly Decomposable Systems and Organizational Adaptation. *Organization Science*, pp. 207-224.

- Liebrucks, A. (2001).** The Concept of Social Construction. *Theory and Psychology*, 11(3), pp. 363-391
- Lincoln, Y. and Guba, E.G. (1985).** *Naturalistic Inquiry*. Beverly Hills: SAGE Publications.
- Logemann, M. and Piekkari, R. (2015).** Localize or Local Lies? The Power of Language and Translation in the Multinational Corporation. *Critical Perspectives on International Business*, 11(1), pp. 30-53.
- Lukes, S. (2005).** *Power: A Radical View* (2<sup>nd</sup> edition). London: Macmillan.
- Macdonald, S. and Hellgren, B. (2004).** The Interview in International Business Research: Problems we would Rather not Talk About. In R. Piekkari and C. Welch (eds.), *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar, pp. 264-281.
- Machiavelli, N. (c1515/1995).** *The Prince* (2<sup>nd</sup> edition, trans. H.C. Mansfield). Chicago, London: Chicago University Press. (First published in Italian, c1515).
- Maguire, S., Phillips, N. and Hardy, C. (2001).** When Silence = Death', Keep Talking: Trust, Control and the Discursive Construction of Identity in the Canadian HIV/AIDS Treatment Domain. *Organization Studies*, 22(2), pp. 285-310.
- Mahnke, V., Ambos, B., Nell, P. C. and Hobdari, B. (2012).** How do Regional Headquarters Influence Corporate Decisions in Networked MNCs?. *Journal of International Management*, 18(3), pp. 293-301.
- Maitlis, S. (2005).** The Social Processes of Organizational Sensemaking. *Academy of Management Journal*, 48(1), pp. 21-49.
- Maitlis, S. and Christianson, M. (2014).** Sensemaking in Organizations: Taking Stock and Moving Forward. *Academy of Management Annals*, 8(1), pp. 57-125.
- Malnight, T.W. (1995).** Globalization of an Ethnocentric Firm: An Evolutionary Perspective. *Strategic Management Journal*, 16(2), pp. 119-141.
- Malnight, T.W. (1996).** The Transition from Decentralized to Network-Based MNC Structures: An Evolutionary Perspective. *Journal of International Business Studies*, 27(1), pp. 43-65.
- Malnight, T.W. (2001).** Emerging Structural Patterns within Multinational Corporations: Toward Process-Based structures. *Academy of Management Journal*, 44(6), pp. 1187-1210.
- Malpas, J. (2000).** Between Ourselves: Philosophical Conceptions of Intersubjectivity. *The International Journal of Psycho-Analysis*, 81(3), pp. 587-592.
- Mantere, S., Schildt, H.A. and Sillince, J.A.A. (2012).** Reversal of Strategic Change. *Academy of Management Journal*, 55(1), pp. 172-196.
- March, J. G. (1962).** The Business Firm as a Political Coalition. *Journal of Politics*, 24(4), pp. 662-678.
- Marschan-Piekkari, R., Welch, C., Penttinen, H. and Tahvanainen, M. (2004).** Interviewing in the Multinational Corporation: Challenges of the Organisational Context. In R. Piekkari and C. Welch (eds.), *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar, pp. 244-263.
- Marshall, C. and Rossman, G.B. (2011).** *Designing Qualitative Research* (5<sup>th</sup> edition). London: SAGE Publications.
- Martinez, J.I. and Jarillo, J. C. (1989).** The Evolution of Research on Coordination Mechanisms in Multinational Corporations. *Journal of International Business Studies*, 20(3), 489-514

- Matthews, B. and Ross, L., 2010.** *Research Methods: A Practical Guide for the Social Sciences*, London: Pearson Longman.
- McCabe, D. (2010).** Strategy-as-Power: Ambiguity, Contradiction and the Exercise of Power in a UK Building Society. *Organization*, 17(2), pp. 151-175.
- McCoyd, J.L. and Kerson, T. S. (2006).** Conducting Intensive Interviews Using Email: A Serendipitous Comparative Opportunity. *Qualitative Social Work*, 5(3), pp. 389-406.
- Meriläinen, S., Tienari, J., Thomas, R. and Davies, A. (2004).** Management Consultant Talk: A Cross-Cultural Comparison of Normalizing Discourse and Resistance. *Organization*, 11(4), pp. 539-564.
- Meyer, J. and Rowan, B. (1977).** Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology*, 83(2), pp. 340-363.
- Meyerson, D. and Martin, J. (1987).** Cultural Change: An Integration of Three Different Views. *Journal of Management Studies*, 24(6), pp. 623-647.
- Mezihorak, P. (2018).** Competition for Control over the Labour Process as a Driver of Relocation of Activities to a Shared Services Centre. *Human Relations*, 71(6), pp. 822-844.
- Minbaeva, D.B. and Michailova, S. (2004).** Knowledge Transfer and Expatriation in Multinational Corporations. *Employee Relations*, 26(6), pp. 663-679.
- Mintzberg, H. (1983).** *Power In and Around Organizations*. Englewood Cliffs: Prentice-Hall Inc.
- Morgan, G. (2001a).** The Multinational Firm: Organizing Across Institutions and National Divides, in G. Morgan, P.H. Kristensen and R. Whitley, R. (eds.), *The Multinational Firm: Organizing Across Institutional and National Divides*. Oxford: Oxford University Press, pp. 1-26.
- Morgan, G. (2001b).** Transnational Communities and Business Systems. *Global Networks*, 1(2), pp. 113-130.
- Morgan, G. (2006).** *Images of Organization* (updated edition). Thousand Oaks, Calif.; London: SAGE Publications, pp. 1-26.
- Morgan G. (2011)** Reflections on the Macro-Politics of Micro-Politics. In: Dörrenbächer C and Geppert M. (eds.) *Politics and Power in the Multinational Corporation: The Role of Institutions, Interests and Identities*. Cambridge: Cambridge University Press, pp. 415-436.
- Morgan, G. (2018).** Power Relations within Multinational Corporations. In A. Nölke and C. May (eds.), *Handbook of the International Political Economy of the Corporation*. Cheltenham, Edward Elgar, pp. 262-278.
- Morgan, G. and Kristensen, P. H. (2006).** The Contested Space of Multinationals: Varieties of Institutionalism, Varieties of Capitalism. *Human Relations*, 59(11), pp. 1467-1490.
- Morriss, P. (2002).** *Power: A Philosophical Analysis* (2<sup>nd</sup> edition). Manchester: Manchester University Press.
- Morse, J.M.M. (2004).** Theoretical Saturation. In, M.S. Lewis-Beck, A. Bryman & T. Futing Liao (eds.), *The SAGE Encyclopedia of Social Science Research Methods*. Thousand Oaks: SAGE Publications, p. 1123.
- Mudambi, R. (2011).** Hierarchy, Coordination, and Innovation in the Multinational Enterprise. *Global Strategy Journal*, 1(3-4), pp. 317-323.
- Mudambi, R. and Navarra, P. (2004).** Is Knowledge Power? Knowledge Flows, Subsidiary Power and Rent-Seeking within MNCs. *Journal of International Business Studies*, 35(5), pp. 385-406.

- Mudambi, R. and Pedersen, T. (2007).** *Agency Theory and Resource Dependency Theory: Complementary Explanations for Subsidiary Power in Multinational Corporations*. Center for Strategic Management and Globalization, Copenhagen Business School. Available from <http://openarchive.cbs.dk/bitstream/handle/10398/7472/cbs%20forskningsindberetning%20smg%2075%202007-005.pdf?sequence=1>. Downloaded 26<sup>th</sup> March 2018.
- Mudambi, R., Pedersen, T. and Andersson, U. (2014).** How Subsidiaries Gain Power in Multinational Corporations. *Journal of World Business*, 49(1), pp. 101-113.
- Nadler, D.A., and Tushman, M. L. (1997).** *Competing by Design: The Power of Organizational Architecture*. New York: Oxford University Press
- Nag, R. and Gioia, D.A. (2012).** From Common to Uncommon Knowledge: Foundations of Firm Specific Knowledge as a Resource. *Academy of Management Journal*, 55(2), pp. 421-457.
- Nag, R., Corley, K.G. and Gioia, D.A. (2007).** The Intersection of Organizational Identity, Knowledge, and Practice: Attempting Strategic Change via Knowledge Grafting. *Academy of Management Journal*, 50(4), pp. 821-847.
- Nahapiet, J. and Ghoshal, S. (2000).** Social Capital, Intellectual Capital, and the Organizational Advantage. *The Academy of Management Review*, 23(2), pp. 119-157.
- Noda, T. and Bower, J. L. (1996).** Strategy Making as Iterated Processes of Resource Allocation. *Strategic Management Journal*, 17(S1), pp. 159-192.
- Nohria, N. and Ghoshal, S. (1997).** *The Differentiated Network*. San Francisco: Jossey-Bass.
- Nohria, N. and Gulati, R. (1996).** Is Slack Good or Bad for Innovation? *Academy of Management Journal*, 39(5), pp. 1245-1264.
- Oliveira, J. and Clegg, S.R. (2015).** Paradoxical Puzzles of Control and Circuits of Power. *Qualitative Research in Accounting and Management*, 12(4), pp. 425-451.
- Okhuysen, G.A. and Bechky, B.A. (2009).** Coordination in Organizations: An Integrative Perspective. *The Academy of Management Annals*, 3(1), pp. 463-502.
- Orlikowski, W. J. (1996).** Improvising Organizational Transformation Over Time: A Situated Change Perspective. *Information Systems Research*, 7(1), pp. 63-92.
- Pache, A. and Santos, F. (2010).** When Worlds Collide: The Internal Dynamics of Organizational Responses to Conflicting Institutional Demands. *Academy of Management Review*, 35(3), pp. 455-476.
- Pansardi, P. (2012).** Power To and Power Over: Two Distinct Concepts of Power? *Journal of Political Power*, 5(1), pp. 73-89.
- Pant, A. and Ramachandran, J. (2017).** Navigating Identity Duality in Multinational Subsidiaries: A Paradox Lens on Identity Claims at Hindustan Unilever 1959-2015. *Journal of International Business Studies*, 48(6), pp. 664-692.
- Pareto, V. (1906/2014).** *Manual of Political Economy: A Critical and Variorum Translation Edition*. (Trans./eds. A. Montesano, A. Zanni, L. Bruni, J.S. Chipman and M. McLure.) Oxford, UK: Oxford University Press. Originally published in Italian in 1906.
- Parkhe, A. (2004).** Interviews: A Key Data Source in International Business Research. In R. Piekkari and C. Welch (eds.), *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar, p. xviii.
- Pedraza-Acosta, I. and Mouritsen, J. (2018).** Dynamisms of Financialization: Circuits of Power in Globalized Production Networks. *Human Relations*, 71(6), pp. 845-866.

- Pederson, T., Venzin, M, Devinney, T.M. and Tihanyi, L. (2014).** Introduction to Part II: Orchestration of the Global Network Organization. In L. Tihanyi, T.M. Devinney, T. M., T. Pedersen and M. Venzin (eds.), *Orchestration of the Global Network Organization*. Bingley: Emerald Group Publishing, pp. 37-41.
- Perlmutter, H.V. (1969).** The Tortuous Evolution of the Multinational Corporation. *Columbia Journal of World Business*, 4(1), pp. 9-18.
- Peterson, M.F. and Thomas, D.C. (2007).** Organizational Behavior in Multinational Organizations. *Journal of Organizational Behavior*, 28(3), pp. 261-279.
- Pettigrew, A.M. (1977).** Strategy Formulation as a Political Process. *International Studies of Management and Organization*, 7(2), pp. 78-87.
- Pettigrew, A.M. (1985).** *The Awakening Giant: Continuity and change in Imperial Chemical Industries*. Oxford: Blackwell.
- Pettigrew, A.M. (1990).** Longitudinal Field Research on Change: Theory and Practice. *Organizational Science*, 1(3), pp. 267-292
- Pettigrew, A.M and McNulty, T. (1998).** Sources and Uses of Power in the Boardroom, *European Journal of Work and Organizational Psychology*, 7(2), pp. 197-214
- Pfeffer, J. and Salancik, G.R. (1978).** *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper & Row.
- Phene, A. and Almeida, P. (2008).** Innovation in Multinational Subsidiaries: The Role of Knowledge Assimilation and Subsidiary Capabilities. *Journal of International Business Studies*, 39(5), pp. 901-919.
- Piekkari, R. and Tietze, S. (2014).** Micropolitical Behavior in the Multinational Enterprise: A language perspective. In A. Verbeke, R. Van Tulder, S. Lundan (eds.) *Multinational Enterprises, Markets and Institutional Diversity* (Progress in International Business Research, Volume 9) Emerald Group Publishing Limited, pp. 259-277.
- Piekkari, R. and Tietze, S. (2016).** Doing Research on Power and Politics in Multinational Corporations (MNCs): a Methodological Perspective. In F. Becker-Ritterspach, S. Blazejewski, C. Dörrenbächer and M. Geppert (eds.), *Micropolitics in the Multinational Corporation*. Cambridge: Cambridge University Press, pp. 208-240.
- Piekkari, R. and Welch, C. (2010).** The Human Dimension in Multinational Management: A Way Forward. *Scandinavian Journal of Management*, 26(4), pp. 467-476.
- Pihl, H. and Paulsson, A. (2014),** The Omnipotent MNC – A Review and Discussion. In L. Tihanyi, T.M. Devinney, T. M., T. Pedersen and M. Venzin (eds.), *Orchestration of the Global Network Organization*. Bingley: Emerald Group Publishing, pp. 37-41.
- Pitelis, C. and Sugden, R. (2000).** The (Theory of the) Transnational Firm: The 1990s and Beyond. In C. Pitelis and R. Sugden (eds.), *The Nature of the Transnational Firm*. London; New York: Routledge.
- Polanyi, M. (1967).** *The Tacit Dimension*. London: Routledge & K. Paul.
- Porter, M. (1985).** *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: London: Free Press; Collier Macmillan.
- Porter, M. (1986).** *Competition in Global industries*. Boston, MA: Harvard Business School Press.
- Potter, J. and Hepburn, A. (2005).** Qualitative Interviews in Psychology: Problems and Possibilities. *Qualitative Research in Psychology*, 2(4), pp. 281-307.

- Prahalad, C.K. and Doz, Y.L. (1987).** *The Multinational Mission: Balancing Local Demands and Global Vision*. New York: Free Press
- Pratt, M. (2009).** For the Lack of a Boilerplate: Tips on Writing Up (and Reviewing) Qualitative Research. *Academy of Management Journal*, 52(5), pp. 856-862.
- Reed, M. (2005).** The Agency/Structure Dilemma in Organizational Theory: Open Doors and Brick Walls. In, C. Knudsen and H. Tsoukas (eds.), *The Oxford Handbook of Organizational Theory*. Oxford: Oxford University Press, pp. 289-309.
- Rees, C. (2012).** *Agency and Institutions in MNE Research: the Contribution of Critical Realism?* 28th European Group for Organizational Studies (EGOS) Colloquium.
- Regnér, P. and Zander, U. (2011).** Knowledge and Strategy Creation in Multinational Companies. *Management International Review*, 51(6), pp. 821-850.
- Reiche, B.S. (2011).** Knowledge Transfer in Multinationals: The Role of Inpatriates' Boundary Spanning. *Human Resource Management*, 50(3), pp. 365-389
- Reich, W. (2010).** Three Problems of Intersubjectivity—And One Solution. *Sociological Theory*, 28(1), pp. 40-63.
- Reitzig, M. (2011).** Is Your Company Choosing the Best Innovation Ideas?. *MIT Sloan Management Review*, 52(4), pp. 47-52.
- Rennie, M.W. (1993).** Born Global. *McKinsey Quarterly*, 1993(4), pp. 45-52.
- Ridderstråle, J. (1992).** *Developing Product Development: Holographic Design for Successful Creation in the MNC*. Institute of International Business, Stockholm School of Economics.
- Robins, N. (2012).** *The Corporation that Changed the World: How the East India Company Shaped the Modern Multinational* (2<sup>nd</sup> edition). London: Pluto.
- Roethlisberger, F.J. (1968).** *Man-in-Organization: Essays of F. J. Roethlisberger*. Cambridge, MA: Harvard University Press
- Roethlisberger, F.J. and Dickson, W.J. (1939).** *Management and the Worker*. Cambridge, MA: Harvard University Press.
- Roth, K. and Kostova, T. (2003).** The Use of the Multinational Corporation as a Research Context. *Journal of Management*, 29(6), pp. 883-902.
- Rouleau, L. and Balogun, J. (2011).** Middle Managers, Strategic Sensemaking and Discursive Competence. *Journal of Management Studies*, 48(5), pp. 953-983.
- Rowley, J. (2012).** Conducting Research Interviews. *Management Research Review*, 35(3/4), pp. 260-271.
- Rugman, A.M. and Verbeke, A. (2001).** Subsidiary-specific Advantages in Multinational Enterprises. *Strategic Management Journal*, 22(3), pp. 237-250.
- Rugman, A.M., Verbeke, A. and Yuan, W. (2011).** Re-conceptualizing Bartlett and Ghoshal's Classification of National Subsidiary Roles in the Multinational Enterprise. *Journal of Management Studies* 48(2), pp. 253-277.
- Salancik, G.R. and Pfeffer, J. (1978).** Who Gets Power—and How They Hold on to It: A Strategic-Contingency Model of Power. *Organizational Dynamics*, 5(3), pp. 3-21.
- Schein, E.H. (2004).** *Organizational Culture and Leadership*. San Francisco, CA: Jossey-Bass.
- Schotter, A. and Beamish, P.W. (2011).** Performance Effects of MNC Headquarters—Subsidiary Conflict and the Role of Boundary Spanners: The Case of Headquarter Initiative Rejection. *Journal of International Management*, 17(3), pp. 243-259.

- Schulte Steinberg, A.S. and Kunisch, S. (2016)** The Agency Perspective for Studying Headquarters-Subsidiary Relations: An Assessment and Considerations for Future Research. In T.C. Ambos, B. Ambos and J. Birkinshaw (eds.), *Perspectives on Headquarters-Subsidiary Relationships in the Contemporary MNC*. Bingley: Emerald, pp. 87-120.
- Scott, W.R. (1983)**. Introduction: From Technology to Environment. In J.W. Meyer and W.R. Scott (eds.), *Organizational Environments: Ritual and Rationality*, Beverly Hills: SAGE Publications, pp. 13-17.
- Scott, W. R. (2014)**. *Institutions and Organizations: Ideas, Interests, and Identities* (4<sup>th</sup> edition). Thousand Oaks: SAGE Publications.
- Seale, C. (2004)**. *Researching Society and Culture* (2<sup>nd</sup> edition). London: SAGE Publications.
- Sedgwick M. and Spiers J (2009)**. The Use of Videoconferencing as a Medium for the Qualitative Interview. *International Journal of Qualitative Methods*, 8(1), pp. 1-11.
- Seitz, S. (2016)**. Pixilated Partnerships, Overcoming Obstacles in Qualitative Interviews via Skype: A Research Note. *Qualitative Research*, 16(2), pp. 229-235.
- Silva, L. and Fulk, H.K. (2012)**. From Disruptions to Struggles: Theorizing Power in ERP Implementation Projects. *Information and Organization*, 22(4), pp. 227-251.
- Simon, H. (1946)**. 'The Proverbs of Administration', *Public Administration Review*, 6(1), pp. 53-67.
- Smets, M. and Jarzabkowski, P. (2013)**. Reconstructing Institutional Complexity in Practice: A Relational Model of Institutional Work and Complexity. *Human Relations*, 66(10), pp. 1279-1309.
- Sölvell, Ö. and Zander, I. (1995)**. Organization of the Dynamic Multinational Enterprise: The Home-Based and the Heterarchical MNE. *International Studies of Management and Organization*, 25(1-2), pp. 17-38.
- Spicer, A. and Fleming, P. (2007)**. Intervening in the Inevitable: Contesting Globalization in a Public Sector Organization. *Organization*, 14(4), pp. 517-541.
- Stopford, J. and Wells, L.T. (1972)**. *Managing the Multinational Enterprise: Organization of the Firm and Ownership of the Subsidiaries*. London: Longman.
- Strauss, A. (1993)**. *Continual Permutations of Action*. Somerset: Routledge.
- Strauss, A. and Corbin, J. (1998)**. *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory* (2<sup>nd</sup> edition). Thousand Oaks: SAGE Publications.
- Strauss, A., Schatzman, L., Ehrlich, D., Bucher, R. and Sabshin, M. (1963)**. The Hospital and its Negotiated Order. In E. Freidson (ed.), *The Hospital in Modern Society*, New York: Free Press, pp. 147-169.
- Strutzenberger, A. and Ambos, T.C. (2014)**. Unravelling the Subsidiary Initiative Process: A Multilevel Approach. *International Journal of Management Reviews*, 16(3), pp. 314-339.
- Suchman, M. C. (1995)**. Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), pp. 571-610.
- Tan, D. and Mahoney, J.T. (2006)**. Why a Multinational Firm Chooses Expatriates: Integrating Resource-Based, Agency and Transaction Costs Perspectives. *Journal of Management Studies*, 43(3), pp. 457-484.
- Teece, D.J. (2014)**. A Dynamic Capabilities-Based Theory of the Multinational Enterprise. *Journal of International Business Studies*, 45(1), pp. 8-37.

- Thomas, D.C. (1991).** Boundary Spanning Behaviour of Expatriates: A Model of International Exchange in the Multinational Corporation. *Academy of Management Proceedings*, 1991(1), pp. 110-114.
- Thomas, G. (2010).** *How to do Your Case Study: A Guide for Students and Researchers*, London: SAGE Publications.
- Thompson, J.D. (1956).** Authority and Power in “Identical” Organizations. *American Journal of Sociology*, 62(3), pp. 290-301.
- Tietze, S. (2012).** Researching Your Own Organization. In G. Symon and C. Cassell (eds.), *Qualitative Organizational Research: Core Methods and Current Challenges*. London: SAGE Publications, pp 53-71.
- Tippmann, E., Scott, P. S. and Mangematin, V. (2014).** Subsidiary Managers’ Knowledge Mobilizations: Unpacking Emergent Knowledge Flows. *Journal of World Business*, 49(3), pp. 431-443.
- Torfig, J. (2009).** Power and Discourse: Towards an Anti-Foundationalist Concept of Power. In S.R. Clegg and M. Haugaard (eds.), *The SAGE Handbook of Power*. London: SAGE Publications, pp. 108-124.
- Tregaskis, O. (2003).** Learning Networks, Power and Legitimacy in Multinational Subsidiaries. *International Journal of Human Resource Management*, 14(3), pp. 431-447.
- Tsoukas, H. (1996).** The Firm as a Distributed Knowledge System. A Constructionist Approach. *Strategic Management Journal*, 17(Winter Special Issue), pp. 11-25.
- Tsoukas, H. (2009).** Craving for Generality and Small-N Studies: A Wittgensteinian Approach towards the Epistemology of the Particular in Organization and Management Studies. In D.A. Buchanan and A. Bryman (eds.), *The SAGE Handbook of Organizational Research Methods*. SAGE; London, Thousand Oaks, pp. 285-301.
- Turner, J. (2005).** Explaining the Nature of Power: A Three-Process Theory. *European Journal of Social Psychology*, 35(1), pp. 1-22.
- Tushman, M.L. (1977).** Special Boundary Roles in the Innovation Process. *Administrative Science Quarterly*, pp. 587-605.
- UNCTAD (2010).** *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development*. Geneva: United Nations Publications.
- UNCTAD (2013).** *World Investment Report 2013: Global Value Chains: Investment and Trade for Development*. Geneva: United Nations Publications.
- Unilever (2018).** *Our History: 1900-9*. Unilever Corporate Website. Available from: <https://www.unilever.com/about/who-we-are/our-history/1900-1909.html>. Downloaded 5 March 2018.
- Valentino, A., Nell, P.C. and Hotho, J.J. (2014).** MNC Headquarters as Global Network Orchestators: Insights from Headquarters Relocation Patterns in Europe. In L. Tihanyi, T.M. Devinney, T. M., T. Pedersen and M. Venzin (eds.), *Orchestration of the Global Network Organization*. Bingley: Emerald Group Publishing, pp. 37-41.
- Vaara, E. (2002).** On the Discursive Construction of Success/Failure in Narratives of Post-Merger Integration. *Organization Studies*, 23(2), pp. 211-248.
- Vaara, E. and Monin, P. (2010).** A Recursive Perspective on Discursive Legitimation and Organizational Action in Mergers and Acquisitions. *Organization Science*, 21(1), 3-22.

- Vaara, E. and Tienari, J. (2008).** A Discursive Perspective on Legitimation Strategies in Multinational Corporations. *Academy of Management Review*, 33(4), pp. 985-993.
- Vaara, E. and Tienari, J. (2011).** On the Narrative Construction of Multinational Corporations: An Antenarrative Analysis of Legitimation and Resistance in a Cross-Border Merger. *Organization Science*, 22(2), pp. 370-390.
- Vaara, E., Tienari, J. and Laurila, J. (2006).** Pulp and Paper Fiction: On the Discursive Legitimation of Global Industrial Restructuring. *Organization Studies*, 27(6), pp. 789-813.
- Vaara, E., Tienari, J., Piekkari, R. and Sääntti, R. (2005).** Language and the Circuits of power in a Merging Multinational Corporation. *Journal of Management Studies*, 42(3), pp. 595-623.
- Vakkayil, J. D. (2012).** Boundaries and Organizations: a few Considerations for Research. *International Journal of Organizational Analysis*, 20(2), pp. 203-220.
- Van de Ven, A.H. and Poole, M.S. (1995).** Explaining Development and Change in Organizations. *Academy of Management Review*, 20(3), pp. 510-540.
- Vermeulen, F., Puranam, P. and Gulati, R. (2010).** Change for Change's Sake. *Harvard Business Review*, 88(6), pp. 70-76.
- Vernon, R. and Wells, L.T. (1966).** International Trade and International Investment in the Product Life Cycle. *Quarterly Journal of Economics*, 81(2), pp. 190-207.
- Vida, I. and Obadia, C. (2008).** The Dark Side of Internationalisation: Dysfunctional Behaviours in Foreign Subsidiaries. *Transformation in Business and Economics*, 7(2), pp. 130-143.
- Viner, R. (1999).** Putting Stress in Life: Hans Selye and the Making of Stress Theory. *Social Studies of Science*, 29(3), pp. 391-410.
- Watson, T.J. (2015).** Organizations: Negotiated Orders in J. Wright (ed.), *International Encyclopedia of the Social and Behavioural Sciences* (2<sup>nd</sup> edition), vol 14, pp. 411-414.
- Weber, M. (1922/1947).** *Max Weber: The Theory of Social and Economic Organization* (eds./trans. A.M. Henderson and T. Parsons). New York: Oxford University Press (Originally published in 1922 in German)
- Weber, M. (1922/1978).** *Economy and Society* (eds./trans. G. Roth and C. Wittich). Berkeley: University of California Press. (Originally published in 1922 in German)
- Weick, K.E. (1979).** *The Social Psychology of Organizing* (2<sup>nd</sup> edition). New York: Random House.
- Weick, K.E. (1995).** *Sensemaking in Organizations*. Thousand Oaks: SAGE Publications.
- Weick, K.E. (2006).** Faith, Evidence, and Action: Better Guesses in an Unknowable World. *Organization Studies*, 27(11), pp. 1723-1736.
- Weick, K.E., Sutcliffe, K.M. and Obstfeld, D. (2005)** Organizing and the Process of Sensemaking. *Organization Science*, 16(4), pp. 409-421.
- Weiss, R.S. (1994).** *Learning from Strangers: The Art and Method of Qualitative Interviewing*. New York: Free Press.
- Westney, D.E. (2005).** Institutional Theory and the Multinational Corporation, in S. Ghoshal and D.E. Westney (eds.), *Organization Theory and the Multinational Corporation* (2<sup>nd</sup> edition). Basingstoke; New York: Palgrave Macmillan, pp. 47-57
- Westney, D.E. (2009)** The Multinational Firm as an Evolutionary System. In S. Collinson and G. Morgan (eds.). 2009. *Images of the Multinational Firm*. Chichester: Wiley, pp. 117-144.

- Westney, D.E. (2014).** The Organizational Architecture of the Multinational Corporation. In T. Pedersen, M. Venzin, T.M. Devinney and L. Tihanyi (eds.), *Orchestration of the Global Network Organization*. Bingley: Emerald Group Publishing Limited, pp. 5-22.
- Westney, D.E. and Zaheer, S. (2009).** The Multinational Enterprise as an Organization. In A.M. Rugman (ed.), *The Oxford Handbook of International Business* (2<sup>nd</sup> edition), Oxford: Oxford University Press, pp. 341-366.
- Whetten, D.A. (1989).** What Constitutes A Theoretical Contribution? *The Academy of Management Review*, 14(4), pp. 490-495.
- White, R.E. and Poynter, T.A. (1984).** Strategies for Foreign-Owned Subsidiaries in Canada. *Business Quarterly*, 49(2), pp. 59-69.
- White, R.E. and Poynter, T.A. (1989).** Achieving Worldwide Advantage with the Horizontal Organization. *Business Quarterly*, 54(2), pp. 55-60
- White, R.E. and Poynter, T.A. (1990).** Organizing for World-wide Advantage. In C.A. Bartlett, Y. Doz and G. Hedlund (eds.), *Managing the Global Firm*. London: Routledge, pp. 95-116.
- Whitford, J. and Zirpoli, F. (2016).** The Network Firm as a Political Coalition. *Organization Studies*, 37(9), pp. 1227-1248.
- Whitley, R. (1991).** The Social Construction of Organizations and Markets: The Comparative Analysis of Business Recipes. In F. Dobbin (ed.), *The New Economic Sociology – a Reader*. Princeton: Princeton University Press, pp. 162-187.
- Whittle, A., Mueller, F., Gilchrist, A. and Lenney, P. (2016).** Sensemaking, Sense-Censoring and Strategic Inaction: The Discursive Enactment of Power and Politics in a Multinational Corporation. *Organization Studies*, 37(9), pp. 1323-1351.
- Whittle, A., Housley, W., Gilchrist, A., Mueller, F. and Lenney, P. (2014).** Power, Politics and Organizational Communication: An Ethnomethodological Perspective. In F. Cooren, E. Vaara, A. Langley and H. Tsoukas (eds.), *Language and Communication at Work: Discourse, Narrativity, and Organizing*. Oxford: Oxford University Press, pp. 71-94.
- Wicks, D. (2010).** Axial Coding. In A.J. Mills, G. Durepos and E. Weibe (eds.), *Encyclopedia of Case Study Research*. Thousand Oaks, SAGE Publications, pp 154-155.
- Wilkins, M. (2009).** The History of the Multinational Enterprise. In A. Rugman (ed.), *The Oxford Handbook of International Business* (2<sup>nd</sup> edition). Oxford: Oxford University Press, pp. 3-38.
- Williams, E.N. and Morrow, S. (2009).** Achieving Trustworthiness in Qualitative Research: A Pan-paradigmatic Perspective. *Psychotherapy Research*, 19(4-5), pp. 576-582.
- Williams, K. and Geppert, M. (2011).** Bargained Globalization: Employment Relations Providing Robust “Tool Kits” for Socio-Political Strategizing in MNCs in Germany. In C. Dörrenbächer and M. Geppert (eds.), *Politics and Power in the Multinational Corporation: The Role of Institutions, Interests and Identities*. Cambridge: Cambridge University Press, pp. 72-100.
- Williamson, O.E. (1971).** The Vertical Integration of Production: Market Failure Considerations. *American Economic Review*, 61(2), pp. 112-123.
- Williamson, O.E. (1975).** *Markets and Hierarchies, Analysis and Antitrust Implications: a Study in the Economics of Internal Organization*. New York: Free Press.
- Williamson, O.E. (1985).** *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York: Free Press; London: Collier Macmillan.

- Wittgenstein, L. (1953/1958).** *Philosophical Investigations* (trans. G.E.M Anscombe). Oxford: Basil Blackwell. (Originally published in 1953 in German.)
- Yamin, M., Tsai, H.-J. and Holm, U. (2011).** The Performance Effects of Headquarters' Involvement in Lateral Innovation Transfers in Multinational Corporations. *Management International Review*, 51(2), pp. 157-177.
- Yin, R.K. (2009).** *Case Study Research: Design and Methods* (4<sup>th</sup> edition). Los Angeles: SAGE Publications.
- Yu, T., Subramaniam, M. and Cannella, A.A. (2009).** Rivalry Deterrence in International Markets: Contingencies Governing the Mutual Forbearance Hypothesis. *Academy of Management Journal*, 52(1), pp. 127-147.
- Zaheer, S. (1995).** Overcoming the Liability of Foreignness. *Academy of Management Journal*, 38(2), pp. 341-363.
- Zald, M. and Lounsbury, M. (2010).** The Wizards of Oz: Towards an Institutional Approach to Elites, Expertise and Command Posts. *Organization Studies*, 31(7), pp. 963-996.
- Zander, I. and Mathews, J.A. (2010).** Beyond Heterarchy – Emerging Futures of the Hypermodern MNC. In U. Andersson, U. and U. Holm, Ulf (eds.), *Managing the Contemporary Multinational: The Role of Headquarters*. Cheltenham; Northampton, MA: Edward Elgar, pp. 33-59.