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# Constructing Global Firms? National, Transnational and Neocolonial Effects in International Management Consultancies

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## Abstract

Drawing on an empirical study of four major international management consultancies, this article examines managerial efforts to construct 'global' organizations. We show how these efforts are undermined by inter-office conflicts over the utilization of firm-wide human resources in relation to both local and transnational client projects. We argue that such constraints cannot be adequately understood as an outcome of inappropriate organizational structures and incentives since this explanation ignores the important role of institutional contexts. In this vein, we outline and develop four different institutionalist lenses and apply them to the empirical findings. In so doing, we reveal the need to adopt a multi-dimensional institutionalist approach to the study of 'global' firms, one that can account for not only national effects but also *transnational* and *neocolonial* influences on these organizations.

**Keywords:** transnational, institutional theory, management consulting, multinational corporations, postcolonial.

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## **Introduction**

In the last two decades, a number of corporate executives and management scholars have claimed that, as a response to the increasing complexity of the international business environment, the multinational corporation (MNC) is taking on a new form (variously described, among other terms, as ‘transnational’ [Bartlett & Ghoshal, 1989], ‘metanational’ [Doz et al., 2001] and ‘globally integrated’ [Palmisano, 2006]). Led by a cosmopolitan executive leadership team, this new kind of MNC abandons its ties to its country of origin, locates its operations anywhere in the world, taps into skills and knowledge wherever they might be located, and integrates its constituent parts into a unified structure by means of shared management systems and practices. In short, the contemporary MNC (hereafter referred to as ‘global’) is said to have transcended national borders in terms of how it organizes its operations.

However, a growing body of research in the field of organization studies reveals that ‘the notion of the global corporation transcending national boundaries is, very largely, myth’ (Ferner, 1997, p. 19). In practice, MNCs remain deeply rooted in their country of origin (Doremus et al., 1998; Hu, 1992; Whitley, 2001) and are also significantly shaped by the host national institutional contexts across which they operate (Kristensen & Zeitlin, 2005). Home/host country effects manifest themselves at various levels and, moreover, lead to headquarters-subsidiary tensions that undermine the effective implementation of shared management systems/practices (Almond & Ferner, 2006; Boussebaa & Morgan, 2008; Faulconbridge et al., 2012). From this perspective, therefore, national contexts continue to have a major influence on the organization of MNCs (see also Ailon & Kunda, 2009).

The observation that national contexts remain a key determinant of MNC organization calls into question the ‘global’ firm argument. However, simply to reject this argument and treat the MNC as a federation of largely separate ‘national’ entities is to neglect the transnational systems/practices that multinationals have implemented over the last twenty years in an effort to give meaning and effectiveness to the idea of the ‘global’ firm. Moreover, and as is the case with the ‘global’ firm perspective, the view of the multinational as a federation leaves out of consideration the uneven geography of this entity and, in particular, the impact of long-term processes of colonial and imperial domination on MNC organization. In this article, therefore, we argue for the need to develop a multi-dimensional approach to the study of MNCs, one that can account for not only national institutional effects but also transnational and neocolonial influences on the firm and its constituent parts. To advance this argument, we present qualitative research on international management consultancies. Such firms are an ideal empirical site for

our purpose because they are present in a large number of countries and, more importantly, tend to portray themselves explicitly and publicly to clients and others as truly 'global' firms (see e.g. Bäcklund & Werr, 2004; Jones, 2005). We examine such a claim by addressing the following question: how, and to what effect, do managerial efforts to create 'global' firm structures interplay with national, transnational and neocolonial influences on MNC organization?

The article is structured as follows. We first examine the literature on the organization of MNCs, contrasting the traditional contingency view with the institutionalist perspective. In an effort to advance the development of the latter perspective, we identify and critically evaluate a variety of institutionalist approaches to the study of MNC organization. After outlining our study, we present our findings on some of the key coordination mechanisms that the four case study firms put in place to operate as 'global' organizations. We then reveal how, from the perspective of our interviewees, these mechanisms failed to fulfil their purpose. In the following discussion, we consider the degree to which the various institutionalist lenses we identified help explain our empirical findings. In broad terms, we argue that a combined and extended institutionalist framework is required. We conclude by assessing our contribution and suggesting areas for future research.

### **MNC organization and varieties of institutional analysis**

Until the last decade, organization studies as a field of enquiry paid relatively little attention to MNCs as specific forms of organization. There existed a tradition of research on the international dimensions of organizational behaviour (e.g. Adler & Graham, 1989; Boyacigiller & Adler, 1991; Hofstede, 1980) but this was mainly concerned with studying micro-level issues such as communication, leadership and negotiation across cultures rather than examining MNCs as organizational structures (for notable exceptions, see Ghoshal & Westney, 1993; Kogut & Singh, 1988). The study of MNCs was left mainly to economists using models of transaction costs to explain why and how firms internationalized. Insofar as organizational issues were concerned, contingency theory provided the main framework of analysis (see e.g. Bartlett & Ghoshal, 1989). This perspective, which focused on identifying invariant relationships between types of contingencies and types of multinational structures, was dominated by what March and Olsen (1989) describe as a 'logic of consequences': it assumed that managers engaged in rational decision-making, aiming to maximize performance by choosing organizational structures that best fitted environmental contingencies such as market demand and technological developments. This logic

continues to inform (explicitly or implicitly) some studies of MNC organization in the field of international business/management (see e.g. Aharoni, 1996; Segal-Horn & Dean, 2009) but, within organization studies, it has become increasingly questioned and research has moved beyond an effort to develop universal models of organizational structure (see e.g. March, 2007).

Although a contextual approach to the study of organizations can lead in many directions, in this article, we adopt an institutionalist framework of analysis. A key characteristic of this is a rejection of the logic of consequences described above in favour of a ‘logic of appropriateness’ (March & Olsen, 1989), in which human action is assumed to be driven by rules of *appropriate* behaviour. Such rules are organized into institutions and followed because they are perceived as ‘natural, rightful, expected and legitimate’ (March & Olsen, 2006, p. 7). From this perspective, organizational structure is seen to take shape not so much in rational response to the dictates of objective contingencies but rather in response to rules specifying appropriate ways of organizing work. Such a view raises a new set of questions such as: where do rules come from; how do they become institutionalized; how are they manipulated and reshaped; and how are they replaced (see Greenwood et al., 2008)? Fortunately, however, the concern of this article is not institutional theory *per se*, but its relevance for understanding MNCs as organizations. In terms of how this relationship has evolved, it is useful to start by comparing the ‘institutional duality’ approach with the ‘comparative capitalisms’ approach.

### **Institutional duality and comparative capitalisms**

The ‘institutional duality’ approach is based largely on the research of Kostova and her colleagues (Kostova, 1999; Kostova & Roth, 2002). Drawing on neo-institutional theory (e.g. DiMaggio & Powell, 1983; Scott, 1995), these scholars argue that each country has a distinctive ‘institutional profile’ – i.e. a unique set of cognitive, normative and regulatory institutions – and that, therefore, MNC headquarters and subsidiaries develop ways of doing things that are *appropriate to* the different national contexts in which they are embedded. This then creates one of a number of barriers to the effective implementation of globally shared management practices. That is, headquarters might seek to transfer its practices to subsidiaries in order to achieve a degree of firm-wide consistency but, being under domestic institutional pressures, subsidiaries will not necessarily implement (i.e. internalize) such practices at the local level if perceived to be inappropriate in that context – mere ‘ceremonial adoption’ is more likely. The greater the ‘institutional distance’ (Kostova, 1999) between home- and host-country contexts, the more difficulty

headquarters will have in transferring its practices to subsidiaries and, by implication, in facilitating the development of 'global' firm structures.

This approach has been valuable in bringing a clearer focus on the role of institutions in the organization of MNCs. However, its theoretical conception of institutions is limited given that, as Jackson and Deeg (2008, p. 541) point out, it 'approaches institutions as unidimensional "variables"'. Institutions in this view are not socially or historically embedded but accessed through individual attitudes and then aggregated into scores – an approach similar to, if more developed than, that followed by Hofstede (1980) and therefore subject to the same conceptual and methodological weaknesses (for notable critiques of Hofstede's approach, see Ailon, 2008; Baskerville, 2003; McSweeney, 2002). Moreover, the connections between institutions within a particular country and the degree of their interdependence, complementarity and reinforcement are not explored (see Crouch [2010] for a discussion of these issues). Writing from a more sympathetic position, Shenkar et al. (2008, p. 910) suggest that the view of institutions underpinning the 'institutional duality' approach oversimplifies a very complex reality and, hence, constitutes 'a poor representation of the actual environment'. Indeed, Kostova and her colleagues themselves have recently challenged the value of studying MNCs from this perspective and instead suggested a more complex view of the relationship between MNCs and national contexts, one that is more dynamic and political than previously acknowledged (see Kostova et al., 2008).

The 'comparative capitalisms' approach moves away from both attempts to construct institutions via the belief systems of individuals and efforts to create a measure of institutional distance. Instead, it relies on traditional comparative approaches to the study of national institutional differences, in which the societies under consideration are systematically compared holistically and historically (see e.g. Kogut, 2010; Locke & Thelen, 1996). Although there are many differences between proponents of this approach (for different perspectives, see e.g. Hall & Soskice, 2001; Schmidt, 2010; Whitley, 1999), the common theme for the purpose of this article is the emphasis placed on how the 'rules of the game' for economic actors are shaped by broad societal forces deriving from distinctive financial, educational, training, legal and political systems. From this perspective, different national business systems engender different patterns of work and modes of organizing. Such differences, in turn, lead to the emergence of different sectors in different societies and also different capacities to produce firms that are competitive on international markets – a process discussed in terms of 'sectoral specialization' (see Hall & Soskice, 2001; also Quack et al., 2000). In terms of MNC organization, therefore, the 'comparative capitalisms'

approach is, firstly, concerned with how home- and host-country institutions (as constituted through historical processes of politics and change) shape distinctive ways of working/organizing at the levels of headquarters and subsidiaries and how this, in turn, impacts on efforts to create 'global' firm structures (see e.g. Almond & Ferner, 2006; Boussebaa & Morgan, 2008; Geppert & Williams, 2006; Faulconbridge et al., 2012; see also contributions in Dörrenbächer & Geppert, 2011; Morgan et al., 2001). Secondly, this approach seeks to examine how specific institutional configurations shape the nature of sectoral specialization and thereby the growth and internationalization of certain types of firms (see Quack et al. [2000] for an analysis and critique of sectoral specialization; also Taylor, 2004). Here, and as will be discussed later, a sector such as management consultancy emerges in particular conditions and, whilst its skills and know-how may be transferable to other contexts, continues to be shaped significantly by its origins in a particular form of capitalism.

### **Alternative approaches: Transnationalism and postcolonialism**

Both 'institutional duality' and 'comparative capitalisms' approaches tend to emphasize the fragmentation of the MNC resulting from its location in multiple *national* institutional environments. The MNC is viewed as a temporary federation, an arena of competing 'local logics of appropriateness', and thus as a dynamic site of conflict, negotiation and accommodation. The problem with both approaches, however, is that they underestimate the degree to which the MNC can impose and sustain a 'transnational logic of appropriateness' within its boundaries through the implementation of various firm-wide networks, systems and practices. They also tend to underestimate wider globalization forces, perhaps best captured in the 'world society' perspective (e.g. Drori et al., 2006; Meyer et al., 1997). According to this perspective, rules of appropriateness often extend beyond national borders due to the growing importance of international organizations such as the OECD, UN and WTO; the growth of various transnational communities (see Djelic & Quack, 2010) and global regulatory agencies (see Djelic & Sahlin-Andersson, 2006); the increasing internationalization of management education (see Wedlin, 2006); and the widespread diffusion of the 'globalization' discourse through newspapers and corporate press releases (see e.g. Fiss & Hirsch, 2005). Thus, like many other social actors, MNCs are embedded in a '*metainstitutional* field [that is] increasingly disconnected from national institutional systems' (Kostova et al., 2008, p. 998, original emphasis). This transnational embeddedness, together with the MNC's own power to structure itself independently of national contexts, suggests that MNC organization cannot

simply be reduced to an analysis of conflicts between different *national* institutional logics. The MNC is, in many cases, the carrier of a broader, transnational logic that can be distinguished from discourses articulated in particular local domains.

However, a shortcoming of this meta-institutional approach is that it potentially ‘privilege[s] large-scale macrosocial forces over local processes of adjustment, articulation, ambivalence, or resistance’ (Fourcade & Savelsberg, 2006, p. 514). It recognizes the potential disjuncture or ‘loose coupling’ between rationalized scripts and what actually goes on inside organizations, but places strong emphasis on the ‘enactment’ of universal models. Other authors have therefore sought to combine an acknowledgement of the emergence of a transnational sphere with an equal recognition of the national or local domain. For example, Morgan (2001) and Morgan et al. (2003) use the concept of the ‘transnational social space’ (Pries, 1999) to emphasize that the boundaries of the MNC as an organization overlay the boundaries of national contexts, creating a multi-layered phenomenon that is structured precisely through interactions between transnational and national or local spheres (for an exemplary and detailed discussion of these multi-level processes, see Halliday and Carruthers’ [2009] study of how international organizations such as the IMF, UN and World Bank sought to implement corporate bankruptcy laws in a group of Asian countries and how national policy-makers responded to such efforts). Increasingly, this approach to the study of MNCs, which we label the ‘transnational’ approach, is also pointing to the need to take into account the *uneven* geography of the MNC as a socio-economic space (Boussebaa, 2008, 2009; Morgan, 2011). It shows how some subsidiaries are much more significant than others in terms of resource endowment, productive capability and financial profitability, and that such differences shape the density of communication and network activity between, and the degree of power held by, different parts of the firm. Thus, some areas of the firm are ‘peripheral’, relatively disconnected and producing little value (or at least can be made to seem that way, as we shall discuss below) whilst others are more ‘central’ to the production process and able to engage in intensive inter-unit networks (see also Barrett et al., 2005). The degree of centrality, in turn, shapes the extent to which subsidiaries can participate in the transnational sphere (see e.g. Ferner et al., 1995) as well as the degree of their commitment to developing ‘global’ firms structures (Boussebaa, 2008). Clearly, as the research on subsidiary initiative and voice has shown, these sorts of structural imbalances are not fixed in time since subsidiary actors can strategize to increase their centrality in the MNC via mechanisms of voice (see e.g. Bouquet & Birkinshaw, 2008) and



to augment their value producing capabilities by, for example, innovating on their own initiative (see e.g. Kristensen & Zeitlin, 2005).

Our understanding of these transnational conditions and dynamics can also usefully draw on recent applications of postcolonial theory to the study of MNCs (e.g. Frenkel, 2008; Shimoni, 2011; Shimoni & Berghmann, 2006). This line of research encourages us to approach and conceptualize the MNC in terms of not only a clash between *different* logics of appropriateness but also an *unequal* encounter between colonizing (mostly Western/Northern) and colonized (typically Eastern/Southern) organizational actors. In other words, it embeds global-local tensions in long-standing, macro-level processes of colonial and imperial domination (see also Frenkel & Shenhav, 2003; Jack & Westwood, 2009; Prasad, 2003). Such a view, which we label the ‘postcolonial’ perspective, is necessary because the various national contexts across which the MNC operates are not simply separate and different institutional settings; they are also societies that have been intertwined in a complex and shifting hierarchy of nations over centuries. Smith and Meiskins (1995) alluded to this kind of hierarchy in their concept of ‘dominance effects’, which referred to the way in which certain societies dominated particular eras of capitalist development as exemplars of work organization. However, in our discussion, we shall approach this phenomenon in postcolonial theoretical terms to refer to a longer running process of colonial and imperial dominance in the world economy which continues to have effects on MNC organization. Most of the world’s largest MNCs, for example, are headquartered in former colonial powers (e.g. Britain and France) or in the US which arguably took on a modified form of imperial power in the period after 1945 (see Gabel & Bruner, 2003; Fortune, 2011). Many of their subsidiaries are in countries that were once formally colonized and parts of empires and that have continued in many cases to provide their former imperial rulers with markets, materials and labour. As such, MNC organization is, as Frenkel (2008, p. 924) puts it, ‘increasingly a matter of relations between dominating and dominated societies’, between colonizing and colonized spaces, and therefore not merely between home- and host- country settings and/or transnational and national spheres.

In sum, from an institutionalist viewpoint, the organization of the MNC can be approached from four different perspectives – institutional duality, comparative capitalisms, transnationalism and postcolonialism. In this article, our aim is to engage with these four approaches empirically. Broadly speaking, any institutionalist approach will emphasize the centrality of logics of appropriateness to MNC organization. If we follow the ‘institutional duality’ approach however, we would expect to observe a lack

of subsidiary commitment to ‘global’ firm structures due to conflicting home- and host-country logics of appropriateness. We would expect a similar outcome if we follow the ‘comparative capitalisms’ approach but, in addition, we would expect headquarters-subsidiary relations to reflect sectoral specialization dynamics. If we follow the ‘transnational’ approach, we would expect to observe the co-existence of national and transnational logics of appropriateness as well as varying levels of subsidiary engagement resulting from the uneven geography of the MNC. If we follow the ‘postcolonial’ approach, we would expect to see various logics of appropriateness in conflict and cooperation with each other based on historical processes of colonial and imperial domination. Our research aim is therefore to establish which of these approaches is best able to explain our empirical data.

## **Methodology**

Gaining access to management consultancies is known to be difficult (Sturdy et al., 2009). As Kipping (1999, p. 194) notes, these organizations ‘are extremely secretive, preserve few internal documents, and divulge even less’. Our own experience with this problem led us to collect data through individual interviews and select participants using the snowball sampling method. A total of 61 interviews were conducted across four of the world’s 20 largest international management consultancies (see Table 1), which, for the purpose of confidentiality, we refer to as Consultancy 1, Consultancy 2, Consultancy 3 and Consultancy 4. Each firm employed thousands of staff in scores of countries across continents and provided services for many of the *Fortune* Global 500 corporations as well as government agencies and other national organizations. Two of the firms were American by origin, one continental-European and one comprised independent national partnerships, albeit with a strong US heritage and a very largely Anglo-American executive leadership team (more precise details are not provided in order to protect the firms’ anonymity).

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Insert Table 1 about here  
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The interviews were conducted over a period of ten months in 2006 with staff based in the UK subsidiaries of the firms. Clearly, what the research participants were able to describe was their own particular, UK context-dependent experience of working in a ‘global’ firm. We would expect that, had our interviewees been from France, the USA or elsewhere, there would have been certain differences (as

well as similarities) in their responses. We attempt to acknowledge and clarify this limitation as the article develops. Nevertheless, in the absence of any similar study, a geographically limited sample still has the potential to make a contribution in opening up the issues that we describe.

The interviews were semi-structured and lasted between 45 and 90 minutes. They focused on the mechanisms by which the firms sought to coordinate international staff transfers and transnational client projects. The aim was to examine formal coordination systems and how they were seen to work in practice. We interviewed employees at various career levels, from consultant to partner, as shown in Table 2 below. Given the professional/managerial nature of consulting work, such a range does not exactly conform to conventional ‘bottom-up’ approaches in the field of organizational studies. However, we sought to go at least some way beyond the ‘top-down’ research approach that characterizes much of the literature on MNC organization. Moreover, we adopted a sceptical attitude throughout the fieldwork, making a conscious effort to avoid ‘collecting’ idealized accounts of ‘global’ firm organizing. For example, to question partners’ overly positive statements about their firms’ global coordinating capabilities, we often used comments by managers about the difficulties involved in transnational project work. We also conducted most interviews out of the office – in airports and hotels for example, with a guarantee of personal anonymity, and explained to the participants that we had no interest in evaluating firms against each other. Our approach seemed to work to the extent that many of the participants appeared to be forthcoming about the challenges involved in developing ‘global’ firm structures. In addition to interview data, we consulted publicly available information such as websites, annual reports and other publicity material as well as internal documents provided by some interviewees (though of course, none of these can be quoted directly in order to preserve the firms’ anonymity).

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Insert Table 2 about here  
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We analyzed the interview data in three stages. In the first, we transcribed the interviews *verbatim* and read the transcripts to get a ‘feel’ for the content. In the second stage, we entered the transcripts into the qualitative data management software package QSR NVivo® and indexed them by case and interview number. Mobilizing a mixture of ‘induction’ and ‘deduction’ (Langley, 1999), we then coded each transcript through both ‘tree nodes’, which brought together ‘chunks’ of data that related to pre-defined themes established through our literature review (e.g. formal coordination systems, home/host country

tensions, etc.), and ‘free nodes’, which linked data segments related to unexpected themes emerging from the data (e.g. fee-rate differentials, see below). In the third and final stage, through multiple iterations between the data and pre-existing theory, we gradually integrated the tree nodes and free nodes and generated what we considered to be the most convincing interpretation of our findings.

As noted already in relation to conducting the interviews, we sought to be sensitive to, and sceptical of, the different meanings that consultants, managers and partners attached to their experiences. In particular, we analysed our data in ways that differentiated between idealized statements and more critical utterances of the ‘global’ firm. Partners often reproduced the former while managers were typically more interested in discussing the challenges they faced in international staff transfers and transnational project delivery. The accounts of more junior consultants were more varied or fell somewhere in-between. These differences were, however, only tendencies. There was much overlap between respondents.

In summary, despite some limitations, the data collected provides an unusual opportunity to understand something of the experience of ‘global’ firm organizing in the context of international management consultancies (see also Boussebaa, 2009). In the following two sections, we report on our findings, firstly in relation to managerial efforts to build the ‘global’ firm and then in terms of its limits. The interviewees are identified by the letter ‘C’ for Consultant, a number and the name (pseudonym) of their firm (e.g. ‘C1, Consultancy 4’).

### **Building the ‘global’ firm?**

Company websites and our interviews revealed that, in terms of the United Nations Conference of Trade and Development indices (UNCTAD, 2008), the firms under study were high on internationalization and geographical spread. However, assets, sales and employees were predominantly concentrated in offices based in the largest consultancy markets – principally the US and the UK, and, to a lesser extent, the larger continental European economies. Thus, the size of offices in each of our four firms varied greatly. Some were substantial operations, delivering a range of services for domestic and overseas markets. For instance, a partner commented that his office had a ‘...significant presence in the UK. We have got thousands of people in this country. We would be a FTSE 30 company if we were a UK firm’ (C3, Consultancy 1). Other offices were relatively small, employing as few as ten people and being responsible for developing business locally or assisting in the delivery of the transnational projects led by larger offices elsewhere. Offices were grouped into geographical clusters (e.g. Americas, EMEA, Asia) whereby

smaller offices were generally controlled by larger operations within the same region (e.g. UK and Ireland were part of the same unit with the former being the main office to which the latter was subordinated).

Our data also revealed that the client projects which the firms delivered varied greatly in terms of size and scale. Some were run with local clients (e.g. government agencies, national companies and MNC subsidiaries) and thus relatively small and confined within one national context. Others were conducted with the global headquarters of multinational clients and thus typically large and transnational in scope. The firms promised clients to use ‘the best person for the job’ on projects. What this meant, *in theory*, is that they would assemble project teams based on individual ability and client need rather than geographical location. Thus, if a project managed by a particular office required expertise not available locally, that office would call upon offices overseas to fill the gap and thereby provide the client with the best possible service. As one partner put it, ‘for each opportunity that presents itself, we pull together the best possible team, wherever it may come from’ (C1, Consultancy 2). The firms also promised (in the case of multinational clients running transnational projects) a ‘truly global service’. By this, the firms meant that they would provide a service that would be both *differentiated* (i.e. responsive to the cultural and linguistic specificities of different nations) and *integrated* (i.e. internationally consistent in terms of pricing, methods and standards).

To fulfil these promises, the four firms put in place variations of two related coordination systems: *global resourcing systems* and *global service teams*. The resourcing systems were online databases designed to facilitate the inter-office exchange of consultants for the staffing of client projects. They provided information on the location and availability of consultants and on openings related to both ongoing and new projects. According to our interviewees, consultants had worldwide access to this information and could get involved in projects anywhere in the world by contacting the relevant project managers. Equally, project managers could use the resourcing systems to search for consultants in the formation of their teams. The global service teams, for their part, were assembled on an *ad hoc* basis in response to client demand. They typically consisted of several sub-teams based in each of the countries in which a multinational client required service. A partner headed each sub-team. The sub-team based in the country in which the client was headquartered acted as the lead team at the head of which was a global client service partner (hereafter, GCSP), whose responsibility was to manage the interface between the client, his/her team and the other sub-teams involved in service delivery.

The resourcing systems and service teams were key elements in making the firms 'global' from an organizational point of view. The research participants viewed them as concrete parts of their organizational lives and appeared largely committed to their implementation. As one partner explained, 'these systems are important. How can you work as a global firm if you can't move people around the world and if you can't work in global teams? This is what our clients expect and this is what we do' (C4, Consultancy 3). However, and as we shall see in the following sections, the two systems were being continually undermined by inter-office conflicts of interest.

### **The limits of the 'global' firm**

The key problem from the perspective of most of the interviewees was that the logic of the resourcing systems and service teams was at odds with the way in which the firms' subsidiaries and the employees within them were evaluated and rewarded for their work. Respondents described how the subsidiaries (usually based at country level) essentially operated as separate profit centres. Each was headed by a managing partner with responsibilities for achieving sales, revenue and profit targets, and for managing the performance of the people employed in his or her subsidiary. These responsibilities placed managing partners, and by implication those operating below them, under a great deal of pressure to optimize the performance of their respective office. This pressure, in turn, led to significant inter-office conflicts of interest over the allocation of revenues and, as a result, undermined the *raison d'être* of both the resourcing systems and the service teams.

The four firms attempted to overcome these conflicts by linking a proportion of subsidiary incentives to *global* profits but, according to our interviewees, this change had a limited impact because its 'global' component was relatively small and, therefore, seen as insufficient to resolve the above problem (cf. Boussebaa, 2009). On-going discussions on the possibility of linking a more significant proportion of subsidiary incentives to overall firm profitability were taking place within each of the four consultancies but, at the time of the research, no such change had been made. Indeed, some of the interviewees explained that this potential solution was extremely difficult to implement because it required a considerable transfer of profits from the largest and most successful offices to the smaller ones. It meant that the financial rewards and, by implication, the power and prestige of the most profitable offices would be adversely affected, and was therefore resisted by these dominant units. Some of the consultants we interviewed also commented that many overseas offices suffered from a 'lack of skills and

expertise' and, as such, contributed little to the overall success of the firms. Therefore, the idea of a global performance-based compensation that would redistribute earnings from the top revenue producing offices and individuals to the 'less productive' peripheral offices was seen as unacceptable from the point of view of the major offices. In what follows, we examine the implications of these internal tensions for the resourcing systems and service teams that the firms put in place in an effort to create 'global' firm structures.

### **Global Resourcing Systems**

At the level of resourcing systems, the problem that our interviewees perceived was two-fold (see also Boussebaa, 2009 for a more extensive account). Firstly, subsidiaries tended to avoid utilizing consultants based in overseas offices since doing so would inevitably imply losing a proportion of their revenues to other offices. One manager explained this problem as follows:

*'If you want your remuneration to be satisfactory, you have to optimize the country [national subsidiary]. So there is a very strong incentive to resource work within the country you are operating in.'* (C4, Consultancy 4)

Secondly, subsidiaries avoided lending their resources to overseas offices given that this would, again, reduce local profits. When partners negotiated a price for a consulting project, they calculated the direct costs to the office (in terms of salaries, expenses, etc.), the indirect costs (i.e. a form of overhead apportionment) and then the resulting profit. In principle, profit always went to the office of the partner 'owning' the project. If a partner lent his/her consultants to work on projects 'owned' by other offices, his/her office would be reimbursed the direct costs of employing such resources, but was not necessarily apportioned a part of the profit. Lending offices perceived this as unacceptable, as the following quote demonstrates:

*'If you were working at home, you would get full recognition of profit. If you were overseas, basically all (profit) went to the overseas profit centre... We'd get our costs covered but we wouldn't get any overheads covered so we wouldn't get any profit from that work. You send people out; ok, their salaries are paid but they wouldn't be contributing to our own targets back in the UK. So that drives behaviour.'* (C9, Consultancy 4)

As a result, subsidiaries tended to resist sharing their resources with other offices. This was particularly the case and evident with consultants enjoying a high reputation and high visibility within the

firms. Paradoxically, these ‘star consultants’ were the least likely to be used on a worldwide basis because their home office considered them to be a key resource that they needed to utilize as much as possible. In fact, there was often a tendency to loan overseas those consultants who were seen as least effective or with a low profile in the home office and therefore as most likely to be left ‘sitting on the bench’, adding to cost, not profitability. This practice, of course, directly contradicted the promise of utilizing ‘the best person for the job’ on client projects.

Some consultants explained that this problem was occasionally resolved by sharing revenues between offices more equitably. Thus, offices importing staff would not only reimburse salary costs but also provide additional compensation to take into account the lending office’s opportunity cost of not employing its resources on domestic projects. However, in practice, this arrangement never fully resolved the problem because offices always prioritized *their* domestic projects on the assumption that they could generate more revenue by assigning *their* consultants to such projects.

The presence of such inter-office conflicts of interest obviously did not mean that no inter-office staff transfers occurred within the firms. The ‘interest of the client’ would typically be stressed as a way of persuading offices to share their consultants. There were also reciprocal relations at work, whereby offices would sometime lend their resources on the expectation that the borrowing offices would return the favour at a later date. Moreover, it was sometimes the case that some offices were so dependent on importing experts from other countries to deliver their domestic projects that they would have no choice but to absorb the full cost of such resources and thus reduce their possible profit on an engagement, as demonstrated in the following quote:

*‘If I have a great opportunity to sell a £100 million worth of work in the UK but I need the supply chain solution from Chicago, I am gonna have to bring them over here... I got 20 people from the UK I’m trying to put onto this job in the UK but in order for me to get those 20 employed I need 3 experts from Chicago... I am quite prepared to pay a full arms-length rate for these 3 as if he was selling them to a client. So in fact... he gets all the fees for their time working on this client. I get nothing. What I get is the benefit of their expertise and the 20 people I can employ who are from the UK are going to earn me my money.’ (C4, Consultancy 1)*

However, whilst the above form of exchange was quite common between the UK and the USA, the same could not be said where other offices were concerned because significant fee-rate differentials existed between Anglo-American offices and the rest (cf. Boussebaa, 2009). The interviewees explained



that offices based in the UK and the USA had superior skills and expertise and thus commanded fee rates that were considerably higher than those charged out to clients by offices located in other countries. This made the importation of American and British resources by offices overseas extremely costly and, hence, often impossible. Overseas offices faced the choice of raising their client fees so that they could employ UK and US consultants – in this way, they could maintain their profit margin, but, in so doing, they risked overpricing themselves and failing to win the business. Alternatively, they could absorb the cost themselves, but this would inevitably reduce their profit margin. By contrast, UK and US offices could reduce their costs by importing cheaper consultants from overseas (although this was problematic if it meant that their own consultants were left ‘on the bench’). One associate partner put it as follows:

*‘I can import people from France and Sweden to work on my projects but I can’t export my people to work on French and Swedish projects because the client won’t stand the English fee rates; because the expectation of what clients will pay in England is much, much higher than what they will pay in the rest of the world.’ (C6, Consultancy 2)*

This difference was even more pronounced between the UK and offices based in small economies and developing nations. These ‘peripheral’ subsidiaries would find it prohibitively costly to import consultants from the UK and other larger offices. When faced with no choice but to do so, they would typically request one consultant at a time ‘but they would be paying through the nose for the privilege’ (C8, Consultancy 3). On the other hand, the fact that these ‘peripheral’ offices commanded fee rates that were relatively low meant that their employees were sometimes sought after by the larger offices as ‘cheap resources’ (a variation on outsourcing).

### **Global Service Teams**

According to the interviewees, the tensions discussed above also acted as a major obstacle to the formation of global service teams and, by implication, the delivery of transnational projects. The offices ‘owning’ such projects almost invariably sought to deliver them by drawing upon their domestic resources as a way of maximizing their local profits. This meant that, in practice, global teams were often little more than local teams operating internationally. However, a number of factors tended to moderate this preference for local teams. For instance, some transnational projects spanned so many countries that offices had no choice but to request the assistance of other offices. It was also often the case that offices not only lacked the necessary technical expertise to deliver transnational engagements, but also needed

additional cultural and linguistic skills to operate in different countries. Although the headquarters of multinational clients generally expected their consulting providers to demonstrate ‘global’ capabilities, the reality of implementation in multiple countries almost invariably required ‘local’ knowledge. As a manager explained:

*‘We’re working for this global client at the moment. When we go to Italy, for example, they are expecting us down at the factory level to understand how the market works there. So you have to have consultants who have local knowledge, who have the skill sets of working in particular markets, who have credibility to consult in those markets’.* (C8, Consultancy 2)

However, as in the case of inter-office staff transfers, the process of assembling global teams was frustrated by conflicts over revenue allocations. The interviewees explained that there were often great complexities around the question of how revenues would be divided among the participating offices. GCSPs typically sought to allocate as many of their local resources as possible to their transnational projects in order to maximize their own revenues and profits, inevitably reducing the amount of revenue available to overseas offices. This problem was exacerbated by the fact that clients often attempted to manage the firms’ fees downwards. As a result, overseas offices tended to resist working on foreign-owned transnational projects, preferring instead to focus on domestic engagements. When accepting to collaborate, they sometimes refused to assign their local staff to such projects on a full-time basis. On occasions, they also failed to release the resources that they had initially promised, as demonstrated by the following quote:

*‘We’ve got a central team for this project but we’ve (also) got local people in each market who are responsible for that market. Now, the way it was set up is that there should have been a full-time team of 2 to 3 people in most markets, but they [overseas offices] haven’t actually provided that. So the project has been a bit slow and sometimes the relationships have been a bit tricky.’* (C9, Consultancy 4)

Promises were made, but it was easy to lose sight of transnational projects controlled by other offices and become preoccupied with the engagements that really mattered, that is, projects run with *domestic* clients. Thus, overseas offices, especially smaller ones, would sometimes offer collaboration only half-heartedly. This clearly limited the extent to which GCSPs could freely tap into their firms’ international resource pools and, as a result, constrained their ability to offer a ‘truly global service’ to

their multinational clients. One manager explained that these complexities were ‘a major obstacle and they will continue to be an obstacle’ (C5, Consultancy 4).

That said, it was sometimes possible for GCSPs to bypass their local counterparts (and therefore the associated initial negotiation) and hire or ‘poach’ consultants directly. Indeed, consultants were themselves, in theory, free to work on foreign-owned projects. However, in doing so, they risked being looked upon less favourably by their local partner/s and becoming less visible in the home office, possibly damaging their career prospects as a result. Indeed, local partners acted as the primary influence on consultants’ performance appraisals and associated rewards and promotion. They therefore typically remained a necessary intermediary in the sourcing process.

The degree to which overseas partners could resist resource demands and cost pressures from GCSPs partly depended on the economic strength of the overseas offices. Partners based in the US, Germany and France, for example, could easily decline requests by UK GCSPs on the basis that they had more important clients to serve, including home-based *Fortune* Global 500 corporations. In contrast, partners based in ‘peripheral’ offices, i.e. offices located in small economies such as Belgium and developing nations such as Poland, were less able to do so, especially as they had few, if any, home-based multinationals to serve. Here, it is important to note that multinational clients were of high strategic importance to the four firms in terms of revenue and reputation. The firms’ executive leadership teams, which were composed of partners drawn from global headquarters and the largest subsidiaries such as the UK offices, made it clear that their organizations’ growth and success depended on such clients. Failing to address the needs of these high priority clients would be contrary to the interests of the ‘global’ firm. In this context, GCSPs were reported to possess an enormous degree of influence, making it difficult for peripheral subsidiaries to resist their demands.

Having said this, not all peripheral offices responded in the same way to GCSP requests. For example, it was reported that whilst small offices in Europe and other Western nations tended to be relatively weak actors that could, to varying degrees, easily be influenced, the same could not be said of peripheral offices located in the Middle East and the Asia-Pacific region. The fact that countries in these regions were characterized by very different economic, cultural, political and regulatory conditions meant that GCSPs were often strongly dependent on the skills, knowledge and networks afforded by offices based in these contexts. This is illustrated in the words of an associate partner:

*'It is really hard to do business in certain countries. In China, for example, you can't go into business without a local partner: you have to have one; it is the law. You need them [Chinese consultants] because you need someone who understands how it works in that country'. (C7, Consultancy 3)*

Moreover, several of the offices which in the 1970s and 1980s might have seemed peripheral were now increasing in importance because they were based in rising powers such as Brazil, China, India, Russia and the Gulf Cooperation Council countries – nations that are not only evolving into major players on the world stage but are also home to an growing number of *Fortune* Global 500 corporations (Fortune, 2011). As such, they were becoming increasingly central to the four firms' growth and reputation. In this context, the GCSPs had little choice but to be more open to negotiation and to offer stronger financial incentives than they would otherwise be prepared to do or than they would have offered in the past when these markets were worth less.

## **Discussion**

Our research revealed that the firms under investigation all recognized the pressure to provide high quality services for clients in and across diverse national settings, and to operate as 'global' organizations more generally. In order to do so, they had developed a system for identifying and moving consultants across countries – the global resourcing system – and a related system for delivering transnational client projects – the global service team. Our research also revealed that the subsidiary actors we examined were in support of such coordination mechanisms and the idea of the 'global' firm more broadly. Yet, paradoxically, these actors also observed strong countervailing forces to these mechanisms. In particular, they explained that the firms' various offices (including the UK ones we investigated) tended to hoard or protect their own consultants, especially those seen as 'stars', and were reluctant to borrow or fully pay for those based in other offices overseas. Client project teams were then constituted through processes of negotiation where, contrary to managerial rhetoric, the interests of particular subsidiaries typically played a greater role than those of the 'global' firm and its clients. Thus, our firms' subsidiaries acted in ways that undermined the very systems of which they claimed they were in support.

How can we understand these findings? The interviewees themselves tended to provide an explanation that was both economic and organizational in character. In short, they felt that the structure of national profit centres and the incentive systems that this generated created a barrier to cross-national

cooperation. Thus, the countervailing forces discussed by our interviewees could be understood as a rational response to the organizational and incentive structures within which these actors were located. It follows that, in order to resolve the observed problems, senior management simply had to redesign the relevant structures to ensure that the right incentives were in place. However, such a change would have necessitated a substantial transfer of financial resources out of the richest offices into smaller and peripheral ones and, although the firms had discussed such a reform, none had made any substantial moves in that direction.

Our argument is that this economic/organizational explanation is important but does not go far enough because it is underpinned by a 'logic of consequences', in which managers are assumed to be rational actors who organize firms by adopting organizational structures that best fit environmental contingencies. As we discussed earlier, in the field of organization studies, this logic has been largely superseded by a 'logic of appropriateness', in which organization is seen to occur under conditions of uncertainty, limited knowledge and conflicting goals. How, then, might the different institutionalist lenses we discussed earlier help us better understand our problem?

Let us first consider the 'institutional duality' approach. Our empirical material did not reveal any significant headquarters-subsidary tensions over modes of organizing work, as typically discussed in studies following this approach. Certainly, none of the UK consultants we interviewed demurred from the discourse of the 'global' firm; on the contrary, as noted above, they were supportive of such a discourse and considered it important to create 'global' firm structures. In this sense, our UK interviewees were casting their experiences in 'a global frame rather than a national or local one' (Meyer et al., 2006, p. 25). This finding might suggest that the firms we examined had become detached from national contexts, thereby confirming the view of the 'global' firm advocated by some management scholars (e.g. Ohmae, 1990) and corporate executives (e.g. Palmisano, 2006) in the last twenty years. However, our research has shown that these firms were in reality far from having transcended national boundaries.

Can the 'comparative capitalisms' approach shed more light on our problem? As with the 'institutional duality' approach, this perspective would predict that headquarters-subsidary tensions would arise over ways of organizing work. However, as we have discussed, our interviewees revealed no such tensions. The 'comparative capitalisms' approach does, however, offer an alternative way forward with its other focus on how different national contexts give rise to different patterns of sectoral specialization and thus different types of skills and organizations. In this respect, a few comparative

studies reveal how different national contexts produce different consulting markets in terms of, for instance, the nature of the services required, the sorts of organizations requiring consultants, and the way in which consultants are used (see e.g. Grimshaw & Miozzo, 2006; Kipping & Engwall, 2002; Kipping & Wright, 2012). These differences, in turn, yield varying levels of consultancy income and profitability (see e.g. Gross & Poor, 2008). Indeed, in revenue terms, the US and the UK alone account for more than half of the global consulting market (Gross & Poor, 2008; International Financial Services, 2005). Thus, international consultancies are potentially highly differentiated spaces, with national offices varying greatly in terms of number of employees and clients as well as the scale of revenue and profit generated. Further, behind these differences lies a hierarchy of power, prestige and wealth, with the US and UK offices being generally dominant thanks to their historic role in developing the consultancy profession (McKenna, 2006). It is relevant at this point to note that international consultancies appear much more geographically spread than most manufacturing multinationals. The latter tend to have operations in a limited number of key locations whereas the former perceive it necessary to keep an office in practically every country in order to serve their clients effectively (Gross & Poor, 2008). They therefore create a context for multiple interactions across national borders, but interactions that, as we have demonstrated, can be highly unequal because of the differences in scale and profitability of different consultancy markets.

For the consultants whom we interviewed, the *appropriate logic* to follow in this differentiated and uneven context was to maximize UK office profits through the utilization of UK staff on UK owned projects and, where possible, the hiring of ‘cheaper’ consultants from overseas offices. When global teams were needed for their transnational projects, the UK consultants sought to minimize revenue outflows to protect UK profits. Inevitably, such a logic created conflicts over the allocation of revenues and resources within the firms and different forms of struggle and resistance emerged as a result. Offices based in other major economies such as the USA or in fast growing and institutionally distant emerging economies such as China held the key to large markets and major clients; they therefore had the potential to retaliate in damaging ways if their requests for more revenue were ignored in the UK. For this reason, there had to be some negotiation and bargaining. On the other hand, offices based in small and peripheral economies were seen to have few resources in their own right and therefore often unable to resist UK exploitation.

The firms considered the possibility of overcoming these tensions and inequalities through the introduction of more equitable incentive systems but, as some interviewees reported, the UK and other dominant offices resisted this solution since it would have reduced their profits and, by implication, their wealth, power and prestige. Moreover, many of the smaller offices around the world were seen as 'less developed' and far less important than the UK and other large offices in terms of their contributions to firm success. There was, for our interviewees, therefore no point in the large offices providing these offices with more revenue because they were largely irrelevant to sustaining the position of the firm in the global marketplace. Thus, even though the firms and, in particular, the consultants we interviewed adhered to 'globalization' (Drori et al., 2006; Fiss & Hirsch, 2005) and supported the implementation of 'global' firm structures, they acted in ways that negated these very ideas. Their world was already pre-structured as a 'postcolonial hierarchy' (Frenkel 2008, p. 934) that justified the cultural and economic dominance of large offices based in major Western nations and prevented them from perceiving any problems with the inequalities and differences on which this dominance depended and which were reproduced by it.

In summary then, we suggest that understanding a case such as ours requires a combination of different strands of institutional theory. The least helpful in this respect appears to be the 'institutional duality' framework of analysis. Our interviewees did not point to significant organizational differences between themselves and central headquarters. As might be predicted from the 'world society' perspective, they viewed themselves as existing in a globalized world in which the management and organization of work no longer had a nationality. However, following Frenkel (2008), this view can be seen to be, at least in part, because these actors were embedded in the metropolitan heartlands where management consultancy and its global rhetoric were strong and the value of other countries, particularly in the developing world, was largely ignored. This, in turn, reflects the way in which international management consultancies have originally grown out of specific contexts, a point which emerges from a 'comparative capitalisms' analysis. The US and the UK developed a particular model of consultancy early in the twentieth century and remain among its strongest markets (Gross & Poor, 2008). This historical embeddedness is reflected in the taken-for-granted centrality of the US and the UK markets and the existence within the consultancies of a hierarchy of power and influence amongst the various offices. The contexts of the offices are very different, most particularly in terms of, firstly, their ability to produce markets for consultants and, secondly, their ability to deliver profitable opportunities to both firms and

consultants. The large offices in our four firms were unwilling to risk their own power and prestige in the system by dispersing their resources more widely across smaller and peripheral offices where they would generate less value. The firms, led as they were by the most powerful offices, were therefore unwilling to put in place systems that coerced these offices to redistribute their own assets, wealth and income to other subsidiaries. As a result, no matter what 'global' firm structures were implemented and no matter how strongly consultants saw themselves as part of a 'global' organization, the practical reality was one of international fragmentation and muddling through with the large offices exercising a broad hegemony over other parts of the firm.

For these reasons, therefore, we support the 'transnational' approach, which takes into account both the national and transnational spheres (Morgan, 2001) as well as the uneven geography of the MNC as a socio-economic space (Boussebaa, 2008, 2009; Morgan, 2011). Actors such as our interviewees are situated in particular parts of this space and this positioning shapes their perspective on how the firm operates. These actors, however, perceive their organization in terms of a 'global' firm discourse supported by 'global' firm structures. In part, this is because they are located in the centre of the organization and because they serve multinational clients across nations. From this position, they promote the idea of the 'global' firm whilst simultaneously engaging in practices that reproduce and reinforce a hierarchy of nations within the organization.

That said, the 'postcolonial' perspective is also helpful in understanding the organizational nature of MNCs such as the ones we have examined here in the sense that it encourages us to link the uneven geography of these organizations to long term processes of colonial and imperial domination. In particular, it helps us re-conceptualize 'central' and 'peripheral' actors as 'colonizing' and 'colonized' actors and understand how the latter come to be dominated by the former. However, with the growing importance of the so-called 'Rising Powers' (e.g. China, India, Brazil, Russia and the Gulf Cooperation Council countries), the challenges from offices based in these nations to the existing systems of power and wealth are likely to grow in the future (Boussebaa, 2008). At the top of the firms' hierarchy, US and UK dominance are also likely to be challenged by offices based in increasingly important European consultancy markets such as France and, in particular, Germany (Sturdy, 2011). Thus, the transnational social space of the firms is structured by power relations that have their roots in the broader international division of labour and history of colonialism and imperialism, and that are changing and evolving as the world economy takes on new, multi-polar forms in the 21<sup>st</sup> century.



## Conclusion

Our research has explored the idea of the ‘global’ firm in the context of international management consultancies. Empirically, our contribution is to show that these organizations are establishing systems and practices that are increasingly global in scope but that these coordination mechanisms are being continually undermined by inter-office conflicts over the utilization of firm-wide human resources. Theoretically, we make two contributions. Our first is to suggest that approaches such as the ‘institutional duality’ approach and the ‘comparative capitalisms’ approach, which both emphasize significant institutionally derived differences between headquarters and subsidiaries, are no longer sufficient in understanding multinational organizations such as the ones examined here. The problem is that these organizations have made much progress towards the establishment of globally shared systems and practices. Their subsidiary employees support or profess to support these coordination mechanisms and, indeed, the idea of the ‘global’ firm more broadly. Inter-unit struggles over human resources prevent the firms from becoming truly ‘global’ but these tensions are not the product of conflicting logics of appropriateness between headquarters and subsidiary actors, as understood in the ‘institutional duality’ approach or the ‘comparative capitalisms’ approach. Thus, at the level of systems and practices, we need to accept the growing influence of a global discourse such as that discussed by Meyer and his colleagues in their ‘world society’ thesis (e.g. Drori et al., 2006; Meyer et al., 1997). This is a significant institutional force in the contemporary era and must therefore be taken into account in our understanding of MNC organization.

Our second theoretical contribution is to show that the ‘world society’ argument needs to be combined with some of the insights afforded by other institutionalist approaches if the organization of firms such as the ones we have studied is to be fully understood. A first step in this direction is to relate consultancy, as an industry, to specific national institutional contexts as suggested by the ‘comparative capitalisms’ approach and its focus on sectoral specialization. In so doing, it becomes clear that certain consultancy markets are much more lucrative than others and that, as a result, actors based in these lucrative contexts develop material interests that are antithetical to the idea of the ‘global’ firm. The bulk of profits within the firms are generated by a handful of large offices based in the largest consultancy markets. To act in ways that could potentially threaten such a reality (e.g. by sharing revenues with other offices) goes against the interests of these actors. Thus, despite much progress, completion of the ‘global’ firm project remains elusive, producing instead the paradox observed in this study, that is, a fundamental

clash between a shared aspiration to be truly ‘global’ and the reality of local, institutionally conditioned material interests of actors.

Grasping these processes in turn requires seeing the firm as a transnational social space embedded in the wider, historic processes of colonialism and imperialism that have shaped, and continue to shape, corporate globalization. Indeed, we have shown how these processes can be built into seemingly neutral formal coordination mechanisms in much the same way as others have shown organizations, for example, to be gendered (Acker, 1992). In this sense, we agree with postcolonial scholars (e.g. Frenkel, 2008; Shimoni, 2011) that the study of MNC organization cannot be separated from the historical and contemporary development of the world geo-political economy. More specifically, we see these processes as having two important implications for MNC organization. Firstly, they contribute to the making of the MNC’s uneven geography and its implications in terms of actor centrality in, and commitment to, the ‘global’ firm, as discussed above. Thus, for instance, central actors are still engaged in a form of imperial rivalry with each other (e.g. UK versus France) whilst simultaneously being united by a shared interest in sustaining their power over peripheral or colonized territories. They therefore share an interest in international expansion and domination, and in developing ‘global’ firm structures even if they engage in conflict and rivalry over control of ‘the empire’. Secondly, historic processes of colonialism and imperialism complicate the global-local problem by creating an additional set of tensions along colonizer/colonized lines above which is more than simply a home/host-country divide and/or a transnational/national division.

We recognize that there is considerable scope to develop the empirical basis of our argument. First, the fact that our conclusions emerged from an analysis of the perceptions of UK consultants leaves us with the question of whether and how far these conclusions reflect the experiences of subsidiary actors based in different national contexts. Thus, research is needed from the perspective of consultants in nations other than the UK. One approach would be to extend our study to other advanced economies such as France, Germany and the USA. Another would be to focus on subsidiaries in more peripheral regions such as Eastern Europe, the Middle East and Asia, and examine how consultants (both locals and expatriates) perceive the issues discussed in this study. Both approaches would help further develop our understanding of the tension between the idea and the practice of the ‘global’ firm, and allow us to bring more directly into institutionalist discussions issues of transnationality and inequality in the world economy. Similar insights might be derived from looking at organizational and individual social identity

among different national groups, especially in terms of multiple and competing local and global identities and discourses.

A second line of research would be to examine the extent to which our findings are relevant to other types of professional service firms such as accountancies, law firms, advertising agencies and recruitment/head-hunting firms. These operate in different professional service sectors and may therefore exhibit patterns of cooperation and conflict that are different from those observed in the present study. Law firms, for instance, have historically been characterized by strong national boundaries in terms of how professional work is defined and regulated, suggesting that the problem of ‘institutional duality’ may be more relevant for these organizations than we have observed in management consultancies. What seems clear, however, is that the multiple institutionalist lenses that we have outlined and applied to a particular context – international management consultancies – have the potential to shed much light on the interactions of multiple logics of appropriateness in MNCs.

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**Table 1: Largest global consultancies**

Firm	International revenue \$m
1. IBM Global Services	13767
2. Accenture	8589
3. Deloitte	6930
4. NTT Data Systems	6249
5. Capgemini	3973
6. CSC	3600
7. Lockheed Martin	3437
8. Atos Origin	3151
9. McKinsey & Company	3150
10. Bearing Point	3050
11. Mercer	2644
12. Hewlett-Packard	2512
13. Booz Allen Hamilton	2500
14. SAP	2448
15. T-Systems	2087
16. LogicaCMG	1895
17. Oracle	1751
18. Unisys	1650
19. Siemens Business Services	1640
20. Steria	1404
	N/A

*Source:* International Financial Services (2005); originally sourced from *Consultants News*, May 2005

**Table 2: Case-study firms and interviews by hierarchical level**

<b>Group</b>	<b>Career level</b>	<b>Consult. 1</b>	<b>Consult. 2</b>	<b>Consult. 3</b>	<b>Consult. 4</b>	<b>Total</b>
<b>Partner</b>	Partner	4	4	5	3	16
<b>Manager</b>	Associate Partner					
	Senior Manager Manager	8	7	7	8	30
<b>Consultant</b>	Senior Consultant					
	Consultant Analyst	3	3	4	5	15
	Total	15	14	16	16	61

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