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Heidi Dahles^a; Lineke Stobbe^a

^a Faculty of Social Sciences, Department of Culture, Organization and Management, Vrije Universiteit, 1081 HV Amsterdam, The Netherlands

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Managing Cohesion in Transnational Organizations: An Introduction

HEIDI DAHLES* and LINEKE STOBBE†

Vrije Universiteit, Faculty of Social Sciences, Department of Culture, Organization and Management, De Boelelaan 1081, 1081 HV Amsterdam, The Netherlands

INTRODUCTION

In the early 1990s, confidence in the global economy soared and the claim that the placeless organization was becoming the norm experienced a boom, inspiring ‘hyper-globalists’ such as Kenichi Ohmae (1990: 94) to entice business leaders to share his vision of the footloose transnational corporation: ‘Country of origin does not matter. Location of headquarters does not matter. The products for which you are responsible and the company you serve have become denationalized’ (cited in Dicken, 2003: 28). A few large companies, such as General Motors, Mitsubishi, and Unilever match the transnational corporation in Ohmae’s sense in that they are ‘owned by shareholders and controlled by Boards of directors who can be citizens of any country’ (Sklair, 2001: 2). What commits the shareholders and directors to the corporation is their common aim and responsibility ‘to make the company as profitable as possible with no specific privileges extended to their states of origin’ (Sklair, 2001: 2). Although these corporations do not operate under the authority of a particular nation state, they are still identified as American, Japanese and British–Dutch by theorists and analysts alike. Distinguishing a number of processes affecting such organizations at different levels may solve the apparent contradiction between borderless management and operations, and national positioning. First, there is internationalization, which describes processes taking shape in the pre-existing system of nation-states. Second, there is transnationalization, which refers to cross-border processes not deriving their energy and power from the state. While, third, globalization is where the world economy is heading – implying the establishment of a borderless economy and the eradication of economic nationalism – the ‘transnational, transcending nation-states in an international system in some respects but still having to cope with them in others, is the reality’ (Sklair, 2001: 3). In the globalizing economy, large corporations operate in transnational spaces characterized by multiple, shifting and interpenetrating domains, most adequately articulated in Appadurai’s concept of ‘scapes’, such as finanscapes, technoscapes, or mediascapes (cited in Lewellen, 2002: 136). At the political level, these transnational operations are both facilitated and regulated by an international system of sovereign nation states and supra-national institutions.

Shifting our perspective from the transnational organization to its spatial arrangements, it is remarkable that recent literature suggests that transnational social spaces emerge ‘as social

*Email: h.dahles@fsw.vu.nl

†Email: jm.stobbe@fsw.vu.nl

realities and entities that grow up either from the grassroots by international migration or through a complex top-down and bottom-up process brought about by international business companies' (Pries, 2001: 3). These transnational social spaces are 'plurilocal configurations of people, organizations, social practices and symbol systems' (Pries, 2001: 20). Emerging transnational social spaces do not exist without a geographic-spatial embedding and, therefore, are not de-territorialized. The development of international business networks generates transnational spaces either through the operations, investments, outsourcing of production and services, etc, of the enterprises involved or through labour migration created by these operations. This specific condition of transnational spaces affects the management strategies, coalitions and joint ventures, and the competitive position of organizations establishing themselves in these spaces. The economic arrangements that emerge in transnational spaces are comprised of elaborate network relations, public-private partnerships, forms of subcontracting and outsourcing, and these relations of economic co-operation bind together large-scale and small-scale enterprises, multinational corporations and small and medium-scale enterprises. Corporate identities meet with a large diversity of organizational cultures and management models. This is a challenging field for research on processes of integration, fragmentation, hybridization, the emergence of multiple identities in organizations and the dynamics of local management strategies.

The increasing number of organizations and networks crossing national borders raises questions about passing involvements vis-à-vis commitment and loyalty in organizations at both managerial and work floor levels. As Flecker and Simsa (2001: 178-9) have shown, cultural differences can complicate processes of transnational coordination, harmonization, and negotiation. Among these differences range: diverse communicative strategies and styles, differences in local perspectives on the significance of an issue, and different institutional and political environments. New network organizations, in order to operate successfully, need to establish management and cooperation processes that span the distances between multiple locations, time zones, and corporations. A particular role is played by modern information technologies, which seem to increase the distance between the physical and virtual 'presentation' of organizations. Technologies such as the internet, mobile phones, virtual reality, enterprise resource planning, e-commerce, etc have been introduced with a high speed and at a large scale in organizations as diverse as businesses, government departments and NGOs. Under progressing transnationalization and virtualization, it seems to become increasingly difficult to manage cooperation and integration.

It seems that the risk involved in entering into business partnerships in the complex and unpredictable global market, fuels the preoccupation of business leaders with concepts such as integration, loyalty and consensus (Koot *et al.*, 2003b). From an integration perspective on corporate identity, which dominates managerial discourses into the 21st century, the most important condition for becoming a successful global company is the emergence of a common social and cultural space: cohesion, coordination, cooperation, and integration (cf. Hofstede, 1995; Schein, 1985; Trompenaars, 1993). Contemporary management theory addresses the need to create a general, overall sense of purpose in organizations in order to maintain the loyalty of employees, strengthen corporate identity and imbibe particular cultural values. Managers generally acknowledge that the continued creation of economic prosperity depends on their ability to manage cohesion; or, in other words, to create and maintain particular modes of symbolic production. In the 1990s, new managerial teachings and practices focused on methods of creating and maintaining a stable organizational identity and solid loyalty from employees whilst keeping the workforce flexible, the structures fluid and the spirit innovative.

As a complete turnaround from the integration perspective in both scholarly work (cf. Martin, 2002: 100) and management discourse, it becomes increasingly accepted that

heterarchy replaces hierarchy and local autonomy replaces centralized decision-making (Hedlund, 1986; Flecker and Simsa, 2001). These developments do not render structures and strategies of control and coordination obsolete. Instead, these structures and strategies determine the relationship between individual members and the organization and between organizations in cooperative efforts. In order to meet strong pressures from both local and global environments, many organizations opt for an 'integrated variety' model of management that combines the autonomy of local management under the integrative regime of a global organization (Bartlett and Ghoshal, 1998). Physical and symbolic boundaries within this 'integrated variety' have to be re-negotiated, which may result in a rearrangement of organizational boundaries, not their breakdown. Hernes and Paulsen (2003: 4) argue in favour of a 'reinvestigation of the making of boundaries' – boundaries not only as upholders of order and control, but also as vehicles of change and transience.

In transnational business ventures, 'an increase can be seen in networks formed on the basis of ethnicity where affection plays a significant role' (Koot *et al.*, 2003a). Management analysts (cf. Kotkin, 1993), inspired by the unprecedented economic success of Japan and the Asian 'Tiger economies', identified primordial relations as the success formula of Asian businesses. Co-operation and trust based on cultural and religious affinity and ethnic affiliation obviously provide a more stable fundament for successful business ventures than do Western relations rooted in 'rationality'. These voices were echoed by scholars pointing out that ethnic and cultural diversity, generating both rivalry and cooperation, may produce synergy and strength in society and in organizations in particular (Koot and Rath, 1987). Transnational economic exchanges in the past and present coincide with the emergence, growth and prospering and – sometimes – withering of ethnic communities and organizations operated by their members. Some of these communities are renowned for their economic success, a success that is attributed to their role as intermediaries in trade and commerce between their host and home countries. There is a striking parallel between issues of cooperation and loyalty among these groups and issues of cooperation and trust among organizations in general. In both fields of study, research pertains to questions of how commitment and loyalty, trust and cooperation are accomplished within and among organizations and their members, and to the consequences that a lack of commitment or forceful destruction of trust may imply for organizational cooperation.

This Special Issue of *Culture and Organization* addresses the question of how processes of transnationalization affect cohesion and loyalty within organizations and business networks and of what strategies – if any at all – the management applies in order to establish a certain measure of integration and commitment. The contributions to this Special Issue were originally written for a workshop organised by the Department of Culture, Organization and Management (COM) at the *Vrije Universiteit* in Amsterdam on 29 November 2002. At this workshop, seven papers were presented, mainly by researchers from the Department of COM. In addition, Jeff Hearn – from the Swedish School of Economics, Helsinki, and the University of Manchester – delivered a keynote speech, and Tom Keenoy – from The Management Centre, King's College London – participated as discussant.

The six papers included in this Special Issue all address the question of cohesion in organizations operating in transnational space, yet they do so in very different ways. First, the transnational organizations under study range from genuine transnational corporations to smaller companies, and from large NGOs to small voluntary organizations cooperating across national borders. The reader will come across a Telecom operator, a foundation of transfrontier conservation areas, a diaspora organization, and two fire brigades in a European borderland. Second, the transnational spaces in which these organizations operate differ in geographical range and scope. We 'travel' from Northern Europe to Southern Africa and from the Netherlands Antilles to Indonesia. Along the way, we cross different kinds of boundaries: a national border

between close cultural neighbours, more distant (post-)colonial borders, but also time zones, and symbolic boundaries hidden in the magical and mysterious Kalahari Desert landscape. Third, the themes addressing the debate on transnationalism and organizations vary, too. They range from the encompassing debates on understanding and conceptualizing 'the transnational' and on time management in transnational organizational practices, to more acute debates on dual positioning, cross-cultural management strategies, community development and boundaries as symbolic constructs.

In the first paper, Jeff Hearn addresses the very broad topic of the different ways of understanding and conceptualizing 'the transnational' and the management of cohesion from a gender perspective. His contribution revolves around three conceptual and theoretical questions that address meanings, disciplinary frameworks and epistemological debates in studying transnational organizations and management. Moreover, he identifies three social domains in studying transnational phenomena: the field of studies, the research projects and the researchers. He shows that 'the transnational' means different things when it comes to research projects and researchers and that the complex connections between these different social domains do not allow for cohesion to be managed easily. Hearn suggests that, in fact, transnational researchers are becoming small transnational organizations of their own.

The contribution by Ida Sabelis discusses the issue of time in relation to global management. She argues that we need to introduce a perspective of time plurality into the debates on transnational organizations. Using case study examples from top managers she argues that a more encompassing and holistic understanding of time is important to grasp the tensions and contradictions in current global managerial practices. Sabelis tentatively contends that current theories on transnationalization as well as transnationally operating managers assess managerial ways as convergent. Cohesion is only possible through acceleration and standardization of work processes. However, by acknowledging a more encompassing and holistic notion of time, cohesion turns into a concept in which cultural diversity, global responsibility and 'a time for everything' are included and treasured.

Alfons van Marrewijk presents a comparative analysis of the strategic alliances of the Dutch telecom operator KPN in two (post-)colonial countries, the Netherlands Antilles and Indonesia. KPN considered the strong cultural, technological, financial and educational links between the countries as an advantage in doing business. However, by employing ethnocentric cross-cultural strategies, they overlooked the huge cultural differences between the Netherlands and the Antilles, and, most of all, the cultural sensitivities that existed among the Antillean partners. The dominant position of KPN triggered a new awareness of the national cultural identities that were used as symbolic resources in the resistance strategy by the local telecom operators. He introduces the concept of 'ethnicization' to describe and analyse these resistance strategies.

The contribution by Dahles and Van Hees discusses boundaries as symbolic constructs to overcome structural impediments in the cooperation between two fire brigades operating in the Dutch-German borderland. They argue that in building cooperation and trust based on affinity with the others, local culture may provide a more stable fundament for successful common ventures than do regulations enacted by state authorities. Especially at the discursive level, through the notion of neighbourly assistance, the cooperation is strong and enhances feelings of security and shared social life in the borderland. The authors conclude, however, that differences in organizational culture, such as the level of professionalization, and the quest for autonomy supported by national institutional frameworks do not facilitate integration between the two fire brigades.

The paper by Halleh Ghorashi revolves around the ways in which the activities of an Iranian diaspora organization in the United States transcend the duality of the past/place of

origin and the present/place of residence. Ghorashi questions the dominant approach towards immigrant communities, which has an essentialist conception of identity and, consequently, presumes that diasporas experience dual loyalties. She argues that the positioning of Iranian-Americans is hybrid and transnational as they go through a process in which cultural identity is de-territorialized. They create a new – imaginary – space, which hosts the multiplicity of being Iranian and American. The diaspora organization NIPOC plays a pivotal role in creating this imaginary space.

The contribution by Draper, Spienburg and Wels discusses elite pacting and community development in transfrontier conservation areas in Southern Africa. The creation of these areas is headed by the South African Peace Park Foundation (PPF), a coalition between the old – mainly white – and new political and business elites in post-apartheid Southern Africa. The authors argue that there is a paradox in the managerial attempt of the PPF. On the one hand, the foundation presents these conservation areas as the prime motor of sustainable socio-economic development of local communities and, as such, claiming social and economic legitimacy. On the other hand, the foundation manages cohesion through the development of a new ‘Super-African’ identity, which is based on the imagery of an aesthetic Edenic landscape and divides local communities into ‘good’ and ‘bad natives’ depending on their closeness to nature. However, if the local communities indeed develop, they will become ‘bad natives’ that no longer fit in the Edenic landscape. The authors argue that the attempt to manage cohesion, paradoxically, leads to the further marginalization of the intended beneficiaries.

Despite the diversity in the approaches, the overall idea emerging from the contributions in this volume is that managing cohesion is not easy and straightforward, but rather is a complex and ambiguous process. Two partly converging and partly conflicting scenarios emerge for transnational organizations. First, processes of transnationalization generate crises in organizations that may result in either the collapse or the revitalization of the organizations involved. On the one hand, the identification with organizations is eroded, commitment and loyalty gives way to disintegration and fragmentation. As a consequence, the organization as a locus of collective action and meaning is doomed to collapse. A strong case illustrating this effect of transnationalization is the aborted KPN strategic alliance in the Dutch Antilles, which disintegrated before it left the launching pad as cohesion was dictated top-down by the dominant partner. A similar fate may be in store for the Peace Parks of Southern Africa if the local communities who experience further marginalization stand up and turn against the coalition of African elites who lead the Peace Park initiative based on a homogenizing pan-African fantasy. Sabelis’ appeal for the concept of time plurality in transnational management has to be understood as a caveat, as management based on clock time cannot but entail further acceleration and standardization of work processes – to which there are limits. On the other hand, the loss of social cohesion and collective identity in the globalizing society at large may turn into an opportunity for organizations to assume the characteristics of a community with which people can identify. Therefore, organizations in general and transnational corporations in particular may figure as new foundations for cooperation and mutual trust. A strong case in point is the local initiative of two fire brigades in the Dutch–German borderlands to work together despite professional differences and national regulations acting against this joint venture. As Dahles and Van Hees show, this cooperation makes sense to the local communities in terms of a feeling of security and shared borderland culture. It seems that transnational researchers working in the field of transnationalization find purpose and meaning for their professional work in the acting as transnational entrepreneurs themselves, as Jeff Hearn eloquently argues.

Second, one may argue that, in transnational spaces, primordial ties (imagined or real) constitute a strong identity and boundary marker and a sound fundament for solidarity within

and between organizations. Primordial ties provide the new foundations for cooperation and trust for organizations operating in transnational arenas. There are several cases in this Special Issue which may plead this case. Ghorashi's American–Iranian organization, and Draper *et al.*'s new African elites with their pan-African dreams: in all these cases appeals are made to ethnic identity as a cohesive force in transnational ventures. However, transnationalism based on primordialism is a scenario that carries the seeds of its own destruction. After all, transnational spaces provide the social conditions under which primordial ties hybridize and turn into social capital that becomes strategically employed in order to further both individual and collective interests in a competitive global market. In this sense, primordialism contributes to the erosion of loyalty and to fragmentation of both organizations and society. As Ghorashi's case shows, the imaginary space created in and through a diaspora organization, in which Iranian immigrants living in the United States can be 'good' Iranian-Americans, facilitates the emergence of a new hyphenated identity, which is neither Iranian nor American. The same applies to the Peace Parks in Southern Africa in which a 'Super-African' identity is constructed and employed to distinguish between 'good' and 'bad' natives. These Peace Parks are neither the Edenic African landscape nor the productive land required by local communities.

Unless the strategies employed to manage cohesion in transnational organizations account for diversity, heterogeneity, fragmentation and ambiguity as part of the scenario, the management of cohesion remains an illusionary effort from above and a *piece de resistance* from below.

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