

# Work systems in heavy engineering: the role of national culture and national institutions in multinational corporations

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## Abstract

This paper is based on an Anglo-German research project of two research groups in both countries. It is based on data collected by qualitative research in the three largest multinational corporations (MNCs) in the lift and escalator industry. The headquarters (HQs) of the three corporations are based in the United States, Finland and Germany, respectively, and all three MNCs each have subsidiaries in Germany and Britain. Our main objects of analysis were change processes in the work systems of these three MNCs.

We chose the lift and escalator industry as an example because it has been characterized by strong concentration processes during the last 10 years. Most of these corporations have grown by acquisition and there are strong tendencies in the market towards standardized, globally uniform products.

National cultures and institutions, first of all play a role on the HQ level. Important areas were the standardization of products and production technology, the design of management systems and location and relocation decisions for R&D and manufacturing. Second, MNCs take differences in national cultures into account and deliberately “use” them in allocating resources and investment within the multinational group. National cultures and institutions massively shape the very formulation of manufacturing strategies within the multinational groups, as well as the R&D strategies—a particular important field in an industry still relying heavily on small-batch and unit production. National cultures also play a significant role in implementing the

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global strategies of MNCs in different host countries. Our data reveal striking differences on this level.

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## 1. Introduction

The effect of globalization on business has been subject of a controversial debate among management scholars (Child, 2000). Some argue that worldwide homogenous economic and technological rationales lead to a more or less worldwide standardization of organizational structures and processes. This view coincides and has been strongly encouraged by a considerable bias on evolutionary concepts, which dominated theory building in the field of the multinational business organization in the last two decades, the most prominent example still being the “transnational solution” (Bartlett and Ghoshal, 1989, pp. 66–71). This view, however, has become increasingly under scrutiny because it neglects the fact that business organizations still differ remarkably from country to country and region to region. It is argued here that global organizational strategies and processes are significantly shaped by concrete national environments, and that the unified, globally harmonized and standardized organization clearly is a myth and an oversimplified perception of a generally more complex reality (Doremus et al., 1998; Ruigrok and Van Tulder, 1995, pp. 152–169).

This paper acknowledges the forces and constraints of the globalization process and its manifestation within multinational corporations (MNCs) while at same time contending, that the development as well as the implementation of globalization strategies is significantly shaped and influenced by the respective national culture and institutions. The paper looks at the role of national culture and institutions for MNCs on two different levels. We assume that national cultures and institutions, first of all, play a role on the HQ level in designing and implementing global strategies. Second, national cultures play a significant role in implementing the global strategies of MNCs in different host countries.

## 2. MNCs between global convergence and national diversities

Recently, Child (2000; see also Morgan et al., 2001) has characterized the various theoretical approaches in international business according to the criterion of “their sensitivity to nations or regions as analytically significant contexts” (Child, 2000, p. 30). Consequently, one can identify research that pays high attention to national contexts (“high-context” perspectives) and those that refer to universal rationales and are insensitive to specific national contexts (“low-context” perspectives, see upper part of Fig. 1). Low-context perspectives see corporations dominantly structured by their environment, which in most cases, consists of markets. Along these lines, beginning with Chandler, various authors, such as Bartlett and Ghoshal (1989) and others, have conceptualized the “multiunit business enterprise” as the dominating, transnationally

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