

**MULTINATIONAL CORPORATIONS  
AND ORGANIZATION THEORY:  
POST MILLENNIUM PERSPECTIVES**

# RESEARCH IN THE SOCIOLOGY OF ORGANIZATIONS

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RESEARCH IN THE SOCIOLOGY OF ORGANIZATIONS  
VOLUME 49

**MULTINATIONAL  
CORPORATIONS AND  
ORGANIZATION THEORY:  
POST MILLENNIUM  
PERSPECTIVES**

EDITED BY

**CHRISTOPH DÖRRENBÄCHER**

*Berlin School of Economics and Law, Germany*

**MIKE GEPPERT**

*School of Economics and Business Administration,  
Friedrich Schiller University Jena, Germany*



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## LIST OF CONTRIBUTORS

|                                   |   |
|-----------------------------------|---|
| <i>Sharif As-Saber</i>            | RMIT University, Melbourne, Australia   |
| <i>Julia Brandl</i>               | University of Innsbruck,<br>Innsbruck, Austria  |
| <i>Mara Brumana</i>               | University of Bergamo, Dalmine, Italy   |
| <i>George Cairns</i>              | QUT Business School, Brisbane, Australia  |
| <i>Stewart Clegg</i>              | University of Technology Sydney (UTS),<br>Sydney, Australia; also Visiting Professor<br>at Nova School of Business and<br>Economics, Lisbon, Portugal and<br>Newcastle University Business School,<br>Newcastle, UK |
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| <i>Mats Ehrnrooth</i>             | Hanken School of Economics,<br>Vasa, Finland  |
| <i>Michal Frenkel</i>             | The Hebrew University of Jerusalem,<br>Jerusalem, Israel  |
| <i>Mike Geppert</i>               | Friedrich Schiller University,<br>Jena, Germany   |

|                           |  |
|---------------------------|--|
| <i>Markus A. Höllerer</i> | WU Vienna University of Economics and Business, Vienna, Austria, and UNSW Australia Business School, Sydney, Australia |
| <i>Gregory Jackson</i>    | Freie Universität Berlin, Berlin, Germany  |
| <i>Alexei Koveshnikov</i> | Aalto University, School of Business, Helsinki, Finland  |
| <i>Juha Laurila</i>       | University of Turku, Turku, Finland  |
| <i>Fiona Moore</i>        | Royal Holloway, University of London, Egham, UK  |
| <i>Rebecca Piekkari</i>   | Aalto University, School of Business, Helsinki, Finland  |
| <i>Nikolas Rathert</i>    | Hertie School of Governance, Berlin, Germany   |
| <i>Chris Rees</i>         | Royal Holloway, University of London, Egham, UK  |
| <i>Anna Schneider</i>     | University of Innsbruck, Innsbruck, Austria  |
| <i>Chris Smith</i>        | Royal Holloway, University of London, Egham, UK  |
| <i>Eero Vaara</i>         | Aalto University, School of Business, Helsinki, Finland; EMLYON Business School, France; Lancaster University, UK      |
| <i>Peter Walgenbach</i>   | Friedrich Schiller University, Jena, Germany   |
| <i>D. Eleanor Westney</i> | York University, Ontario, Canada   |
| <i>Joachim Wolf</i>       | Christian-Albrechts-University of Kiel, Kiel, Germany  |
| <i>Sabrina Zajak</i>      | Ruhr-University Bochum, Berlin, Germany  |

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## PREFACE

Christoph Dörrenbächer and Mike Geppert are to be congratulated in bringing together this new collection of important papers which consider how insights from organization theory (OT) and international business (IB) enrich our understanding of multinational corporations (MNCs). As they rightly recognize in their introductory article, the editors regard this book as updating and taking stock of the OT/IB relationship in a field that has developed considerably following publication in 1993 of the major pioneering volume on the subject, edited by Sumantra Ghoshal and D. Eleanor Westney (1993). Since then, the nature of and scope of MNCs has changed dramatically with the internet, the emergence of “platform” businesses, the spread of global value chains, and the rise of emerging economy multinationals. Relevant theorizing within OT has advanced with awareness of the role within MNCs of identity and understanding in terms of language, discourse and sensemaking, the significance of power relations and conflict, and the influence of the cultural and institutional contexts within which MNCs operate. The field of IB has also broadened its theoretical frameworks beyond a previously heavy reliance on applied economics and, for example, it now recognizes the significance of headquarters-subsidary relations (not least for effective innovation) and country-of-origin embeddedness. This book ably identifies and discusses these emergent issues and perspectives.

The increasingly critical view many are taking of MNCs today is also reflected in several of the articles in this book. There is considerable disquiet over the negative impact of MNCs on a range of social issues concerning diversity, gender, inequality and the environment. The crisis of confidence in MNCs following the major corporate scandals at the beginning of the millennium has continued to deepen. It raises fundamental questions concerning their appropriate role in contemporary society and the accountability of their leaders. While MNCs have been instrumental throughout the world in raising living standards and satisfying consumer wants (which they have also cleverly stimulated), their leverage in determining how rewards, opportunities, and quality of life are distributed in society has at the same time had negative consequences. The power enjoyed by MNCs is two-edged and not necessarily benign. Critical organization

theory recognizes that the multinational corporation encompasses a massive concentration of power, and that this concentration is maintained through organizational structures and processes.

Evidence of the misuse of corporate power undermines the social legitimacy of MNCs as social institutions. It belies the claim that MNCs operate like other institutions for the general good rather than for private sectional interest, and it places on the political agenda questions concerning their governance and the accountability of their leaders. Chomsky (2000), for example, has called corporations “amoral unaccountable, private tyrannies.” The problem of MNCs’ accountability has to be understood with reference to their structure and governance, how they behave in their markets and wider societies, and how these two aspects are related. This book demonstrates that organization theory can offer significant insights into these issues.

Seen from the outside, MNCs may at first sight appear to be tightly controlled monolithic organizations. Research is showing that this is often far from the case. For example, it has raised questions as to how much power MNC corporate HQs and CEOs actually have (and should have) over their subsidiaries. It has become recognized that a degree of subsidiary autonomy is often necessary to enable responsiveness to local conditions and to encourage dispersed sources of innovation. The emergence of MNC global value chains and applications of the “transnational” model (Bartlett & Ghoshal, 2002) have seen a shift towards networked forms of internal MNC organization with varying degrees and forms of coupling between different units (McKern, 2003). Several contributions to this book consider organizational differentiation within MNCs, analyzing in depth how their internal dynamics tend to be characterized by multiple internal discourses, divergent goals, internal tensions, and contrasting identities. MNCs are arenas for lively organizational politics, as was also well demonstrated by a previous contribution of the editors (Dörrenbächer & Geppert, 2011).

Concern about the power wielded by MNCs in contemporary society, and their accountability to governments and stakeholders, highlights the organization of their external relations. Many of their senior executives would claim that the conduct of MNCs is constrained by market forces, government regulation and their own corporate conscience (CSR). This is at odds with the reality as perceived by many observers, including some contributors to this book. In fact, the organization of MNCs’ external relations is informed by a desire to be free of constraints. Typically MNCs endeavor to exercise market power as well as pursuing various non-market strategies of a political nature. Non-market strategies include lobbying

and PR, often coupled with an attempt to impose corporate definitions of CSR rather than ones reflecting wider stakeholder interests. As Stewart Clegg observes in his article, “the central business of MNCs is politics by other means.” The relevance of organization theory for an understanding of MNCs’ external relations lies in the fact that these are normally highly organized. Executives take initiatives to construct their MNC’s inter-organizational relations with other firms and with relevant institutions. Thus alliances between MNCs can enhance their market power, while MNCs shape institutional policies to their advantage through consciously managed “relational frameworks” (Child, Tse, & Rodrigues, 2013).

It has been a privilege to read this revealing book. In this short Preface I have been able to touch upon only some of the insights it offers. I can recommend *Multinational Corporations and Organization Theory* not only to scholars and students working in OT, IB and related fields, but also to anyone wishing to have a better understanding of the MNC as the dominant institution of our time (Bakan, 2004).

John Child  
University of Birmingham,  
Birmingham, UK

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