



**Évolution des entreprises multinationales,
évolution d' un courant de recherche**

**The Evolution of Multinational Companies,
the Evolution of a Stream of Research**

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Structure

1. Progress of a Stream of Research

1. Power and Politics in MNCs
2. Relations between HQs and Subsidiaries
3. Institutions and National Business Systems

2. Ongoing Evolution of the MNC

1. Disintegration of Production
2. Three Different Domains
3. Three Research Contributions

3. Concluding Remarks



1.1 Power and Politics in MNCs

- **Micro-level**

For employees, what does it mean to work for an MNC ?

Still a contested terrain...and some distance from strategic decision-making

- **Macro-level**

The politics of firms and states



1.2 Relations between HQs and Subsidiaries

The never-ending (and sometimes elusive...) search for simultaneous control and autonomy

- A. Ferner, 2000, in Journal of Manag. Studies; and subsequent contributions
- Being Local Worldwide. ABB. J. Bélanger *et al.* (eds.). Cornell UP, 1999
- Local Players in Global Games. P.H. Kristensen and J. Zeitlin. Oxford UP, 2005



1.3 Institutions and National Business Systems

A. The country-of-origin effect

“In short, the evidence of this project demonstrates that, for American MNCs at least, embeddedness in the country of origin continues to matter...US MNCs continue to have a tendency to operate in a relatively centralized manner, managing through standardized formal systems, processes, and policies”

(Almond and Ferner, eds. American Multinationals in Europe. Oxford UP, 2006, p. 272-3)

Survey evidence also confirms this.



1.3 Institutions and National Business Systems

B. Institutional duality and micro-politics

“The MNC as a totality may be seen as a highly complex configuration of ongoing micro-political power conflicts at different levels in which strategizing social actors/groups inside and outside the firm interact with each other and create temporary balances of power” (Morgan and Kristensen. Human Relations, 2006, p.1473)

–‘Boy Scout Subsidiaries’ and ‘subversive strategists’



Section 2: Disintegration of Production, Renewal of the MNC ?

“Debate since the 1980s points to a shift between two opposed ideal types: from the vertically integrated ‘Fordist’ or ‘Chandlerian’ firm to decentralized, clustered, networked, lean, flexibly specialized, and/or recombinatory producers”

(Herrigel and Zeitlin, in The Oxford Handbook of Comparative Institutional Analysis. G. Morgan *et al.* (eds.). 2010, p. 529)

“Particularly (though not only) in a globalized setting, the firm as the unit of analysis has become outmoded as corporations have increasingly shifted to networked forms of organization” (R. Delbridge *et al.* ‘Beyond the Enterprise’. Human Relations, 2011, p. 488)



Question and Argument

Several centrifugal forces lead to a relative disintegration of production:

A. To what extent is it real ?

To a significant extent, yes.

B. Does it mean that our object of research is running away from us ?

No, not necessarily.



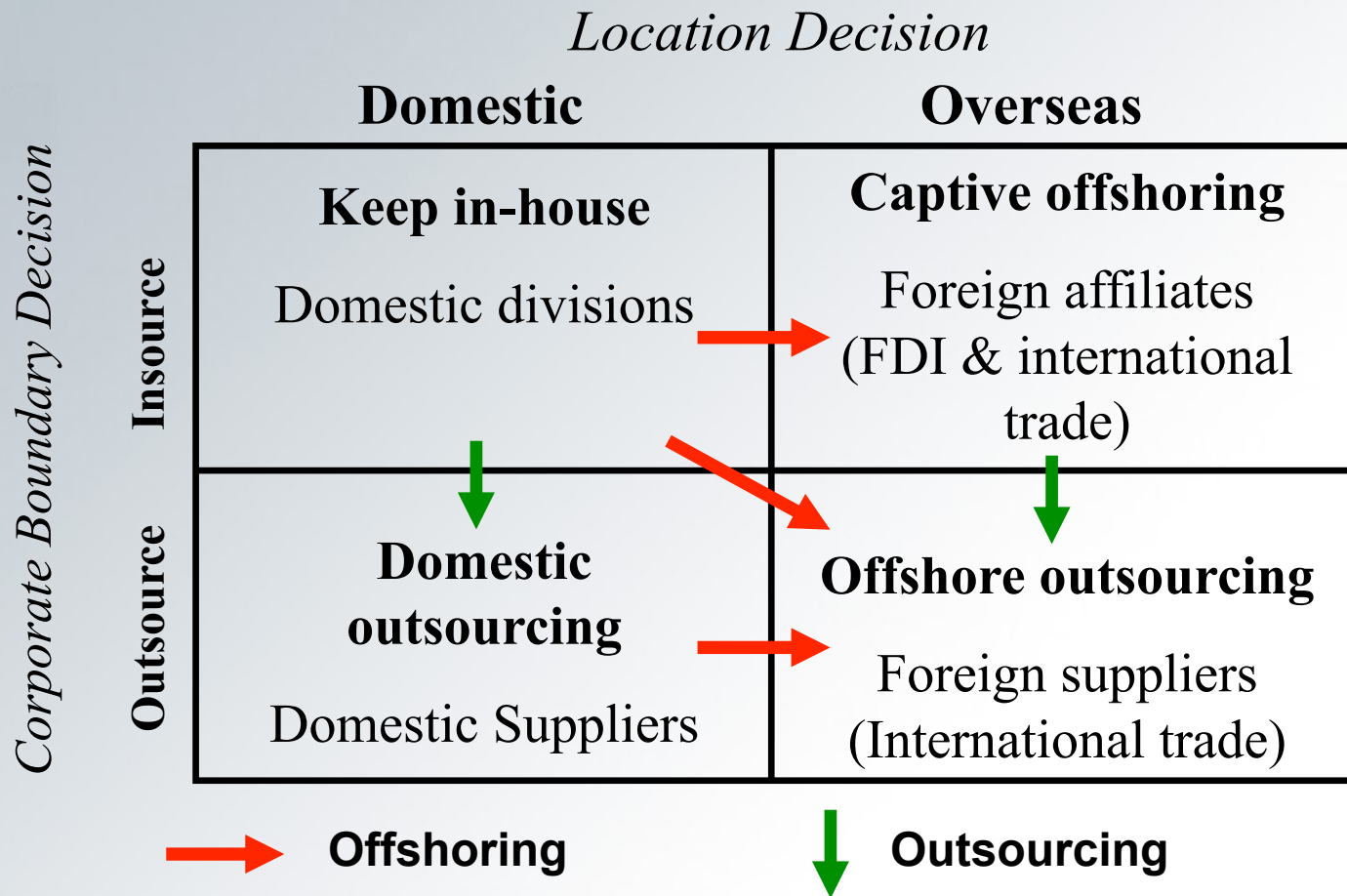
2.1 Three Centrifugal Forces

1. Decentralization of administrative units
(Strategic Business Units)
2. Focusing on Core Competencies
3. Externalization, outsourcing and offshoring

Figure from M. Sako. 'Outsourcing and Offshoring'. Oxford Review of Economic Policy, 2006, p. 503.



Defining Outsourcing and Offshoring





2.2 A Distinction between Three Domains

For throwing light on the many forces at play, some distinction has to be made between spheres of activity :

- 1. Management and Business Organization**
- 2. Production**
- 3. Mergers, Acquisitions, Market Expansion**



2.3 Three Research Contributions

1. The ABB Case: not so much autonomy, not so much independence

2. Who Governs Inter-Firm Networks ?

Fabien Mariotti. Qui gouverne l'entreprise en réseau ? Les Presses de Science Po. 2005.

Also Revue française de sociologie, 45(4), 2004.

3. 'Inter-Firm Relations in Global Manufacturing'

G. Herrigel and J. Zeitlin, in The Oxford Handbook of Comparative Institutional Analysis. G. Morgan *et al.* (eds.). 2010.

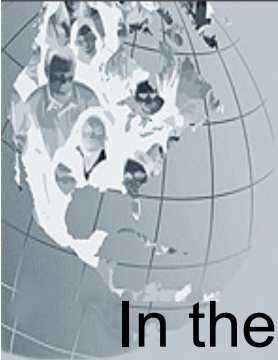


F. Mariotti, 2005

Who Governs Inter-Firm Networks ?

Empirical research in Quebec and France (lead firms and suppliers)

- Inter-firm network is not a simple movement back to the market
- Mariotti looks at the way networks are governed
- He finds asymmetrical relations, by which lead firms seek to redefine an effective control over production activities
- Externalization means that the frontiers of the firm could be redefined to encompass this perimeter of effective control over operations



Herrigel and Zeitlin, 2010

In the context of disintegration of production, inter-firm relations are being redefined globally. These relations cover both design and manufacture, in developed and developing regions.

- “Lead firm MNCs cannot pursue these globalization strategies without the collaboration of their suppliers...Thus, multinational customer firms have encouraged their suppliers to globalize along with them” (p. 544)
- “Hierarchy is not eliminated: there are still ‘leaders’ and ‘followers’ or ‘supporters’ within the intra- and inter-firm division of labour” (p. 546)



Concluding Remarks

First section outlined key findings in the study of MNCs, relating to power, to relations between HQs and subsidiaries, and to institutional effects

Second section discussed issues regarding the evolution of MNCs considering structural changes in the world of production. Key Points:

- Centrifugal forces lead to a relative disintegration of production
- Distinction between management, production, and M&A/market expansion
- In the process, MNCs are not being dismantled; they are redefining their relations with suppliers and customers