

Contents

List of Figures and Tables	xi
Foreword	xv
Preface	xvii
Acknowledgements	xxiii

Part I Organizational strategy: for global competitive advantage

1 Strategy and organization: for corporate coherent advantage	3
To compete internationally: globalize, localize and reorganize	3
To manage size, diversity and complexity: the global–local dilemma	5
Introducing a 3 × 3 × 3 transcontinental comparative framework	16
2 Reshaping organizational strategy: for continued growth	18
Forces shaping reorganization: traditions, trends, threats and opportunities	18
Twentieth-century transitions: revolution through evolution	19
Global trends: increasing inter- and intracontinental interdependence	25
Global 50 growth: multi-industry as well as multicontinental	37

Part II Management dynamics: to concert differing perspectives

3 Structuring: for multicontinental systems	57
Formal dynamics of power: framing multicontinental systems	57
Top corporate governance: parochial or global-minded	58
Splitting international operations: by product, by function and by territory	67
Continental coordination: operating, coordinating and supporting	72

International affiliates: omnibus and <i>ad hoc</i>	76
Lateral linkages: binding the vertical hierarchies	80
4 Staffing: for international general management skills	84
Human dynamics of power: affecting cross-border coordination	84
Changing international general management roles: towards power-sharing	85
Developing international general managers: for linchpin roles	93
Internationalizing global management: mixing and meshing cultures	102
5 Sharing values: for a unifying spirit and style	108
Ideological dynamics of power: forging corporate mind-sets	108
Managing cultural diversity: mixing and blending country values	111
Managing occupational cultures: focusing corporate strength	121
Orchestrating value-sharing: the critical leadership task	128
 Part III Case studies of organizational change and continuity: differing perspectives driving leading multinationals	
6 American corporations: globalizing product perspectives	137
From international divisions to global product divisions	137
One international division runs all overseas operations	141
Procter & Gamble (P&G): continental centres with 'dual matrix responsibility'	141
Philip Morris: from tobacco no. 7 to consumer packaged goods no. 1	147
One international division manages major overseas business(es)	152
General Motors (GM): a massive agglomeration of multidivisional multinationals	152
Ford: strategic development of international alliances	162
Exxon: Exxon International runs foreign oil, not chemical, businesses	171
Global product divisions manage international operations	178
Mobil: business-separated international operations	178
General Electric (GE): from repeated restructuring to 'shared management practices'	183
Continental organizations concert international operations	192
E.I. Du Pont de Nemours (Du Pont): abolishing the international division	192
International Business Machines (IBM): the company many Japanese multinationals consider a model	197

7	European groups: globalizing product perspectives	206
	From 'daughter' companies to global product divisions	206
	'Operating' companies manage international operations	211
	Nestlé Group: a holding company of globally dispersed operating companies	211
	Royal Dutch/Shell: headquarters service companies assist national companies	217
	Global product divisions manage international operations	225
	Bayer: from function-driven to product-driven in three stages	225
	Daimler-Benz: bank-led rapid diversification and growth	235
	Fiat: dynasty-led, government-fed rapid diversification and growth	239
	Alcatel Alsthom: integrating the ITT acquisition	246
	Philips: metamorphosis to a more focused, product-split company	252
	Continental organizations represent corporate interests	259
	Imperial Chemical Industries (ICI): strengthening the business groups and dismantling affiliates	259
	British Petroleum (BP): transforming an 11 × 70 matrix into a streamlined 4 × 3 one	266
8	Asian <i>keiretsu</i> and <i>chaebol</i>: globalizing functional perspectives	273
	From trading companies to function-specific affiliates	273
	Trading company develops international operations	283
	Samsung Group: a nation-encouraged, extremely diversified conglomerate	283
	Mitsui & Co.: global trading and developing	289
	Global function systems manage international operations	298
	Toyota: Toyota Motor Corporation, Toyota Group and the Mitsui grouping	298
	Mitsubishi Electric: major member of the Mitsubishi grouping	310
	Hitachi: diversified constellation of function-specific firms	317
	Continent-coordinated global localization	322
	Matsushita Electric Industrial (MEI): establishing a continental management support headquarters	322
	Nissan Motor: establishing continental coordinating offices	330
	Sony: rapid global continentalization	336

Part IV Reorganization: for managing transcontinental enterprises

9	Leading teams: for strategic corporate coherence	347
	An agenda for a coherent organizational strategy: for managing locally world-wide	347
	Strengthen 'our' corporate-concerting ideas: beyond cultural colonialism	351
	Globalize corporate governance: beyond myopic-mindedness	357
	Localize lateral coordination: beyond hierarchies	361
	Develop linchpin managers: beyond specialization	365
	Empower three-dimensional teams and leaders: beyond committees and matrices	370
	Thriving on multidimensional diversity and complexity, with well-led teams providing coherent direction	372
	Sources and methodology	375
	Bibliography	377
	Index	396

List of Figures and Tables

Figures

1.1	The global–local dilemma: the search for a strategic balance	10
1.2	Three sets of perspectives driving multinational mosaics	12
1.3	Simplified organograms depicting three prototypes	13
1.4	Simplified organograms depicting three combination approaches	14
1.5	Dynamics of management	15
1.6	A $3 \times 3 \times 3$ transcontinental comparative framework	17
2.1	GDP (\$Bn) of ‘richest’ nations compared by ‘macrocontinent’, 1988	27
2.2	World trade flows (\$Bn), 1989	28
2.3	Foreign direct investment, 1988	29
2.4	European Community ‘togetherness’ in trade, 1960–5 and 1985–90	31
2.5	Broadening the European Community	32
2.6	East Asia/Pacific rim: two-way trade flows, 1978–88	34
2.7	ASEAN, APEC, and East Asia Economic Caucus	36
3.1	Comparison of board composition: ‘insiders’ and ‘outsiders’	59
3.2	Types of corporate executive team member	62
3.3	Comparison of three international organization prototypes	68
3.4	Canon organogram, 1989	70
3.5	3M organogram, 1991	71
3.6	Spectrum of matrix-like arrangements	81
4.1	Simplified comparison of country general manager roles	87
4.2	Differences in country general manager job demands	93
5.1	Ebbs, flows and residual impact of business fads: 1950–88	115
5.2	International differences in work-related values	119
5.3	How core cultures perpetuate themselves	123
5.4	Core competences: the root of competitiveness	125
5.5	Spectrum of branding strategies for projecting corporate identity	127
6.1	Procter & Gamble organogram, 1991	144
6.2	Philip Morris organogram: before and after the 1991 reorganization	150

6.3	General Motors organogram, 1991	156
6.4	General Motors Europe organogram, 1991	158
6.5	GM Hughes Aircraft organogram, 1991	160
6.6	Ford Motor Company organogram, 1991	169
6.7	Exxon Corporation organogram, 1991	175
6.8	Mobil Oil Corporation organogram, 1991	181
6.9	Mobil Chemical Company (MCC) organogram, 1991	182
6.10	General Electric organogram, 1992	189
6.11	IBM 'Blueprint for growth', c. 1992	200
7.1	Nestlé growth	214
7.2	Royal Dutch/Shell organogram	220
7.3	Royal Dutch/Shell three-dimensional support matrix	222
7.4	The evolution of the Bayer Group organization	226
7.5	Bayer organogram, 1989	231
7.6	The Bayer organization and affiliates	234
7.7	Italy's private-sector dynasties' network of power	242
7.8	Alcatel Alsthom organogram, 1991	248
7.9	Philips transnational matrix-like organization, c. 1988	254
7.10	Philips organogram, 1991	256
7.11	Imperial Chemical Industries organogram, 1992	263
8.1	Samsung Group organogram, 1991	284
8.2	Mitsui Group evolution	291
8.3	Mitsui & Co.'s relations with an affiliate	296
8.4	Toyota's production outside Japan	303
8.5	Creation of Toyota Group companies	304
8.6	Toyota Motor Corporation's relations with group companies	306
8.7	Toyota Motor Corporation organogram, 1991	309
8.8	Mitsubishi Electric organogram, 1989	314
8.9	Hitachi organogram, 1991	318
8.10	Matsushita Electric Industrial organogram, 1990	324
8.11	Panasonic Europe organogram, 1990	327
8.12	Formation of Nissan Motor	330
8.13	Globalization and change in Nissan's overseas functions and organization	335
8.14	History of Sony in Europe	337
8.15	Sony in the United States	340
8.16	Sony's European operations: organizational structure	341
8.17	Sony and industrial policy	343
9.1	Successive phases in the organization of international operations of prototypical leading American, European, and Asian industrial corporations	350
9.2	Comparison of corporate extended families	353
9.3	Reorganization for coherent corporate direction: three sets of dynamics concerting three sets of organizational perspectives	373

Tables

P.1	Global 50 largest corporations in the world: ranked by sales within country and industry (\$Bn), 1991	xx
1.1	The global-local dilemma	6
1.2	Features reflecting/affecting operational distance/autonomy	9
2.1	Global 50: by country 1950-91	20
2.2	Successive organizational phases of prototypical leading multinationals	24
2.3	Global 50: sales, profits, assets and employees, 1991	38
2.4	Global 500: government majority-owned corporations, by country and industry, 1991	40
2.5	Global 50: 1959-91	42
2.6	Extent of multi-industry diversification by 25 leading multinationals: by industry, ranked by sales	44
2.7	Global 500: by country and by industry, 1991	46
2.8	Concentration of Global 50 in major industries 1959-91	48
2.9	1991 Global 50: by sales, changing rank within Global 50, 1959-91	50
3.1	A few factors affecting/reflecting global mindedness	65
3.2	Comparison of roles of continental centres	74
3.3	Wholly or majority-owned affiliates with sales sufficient to rate in the Global 200, 1988 (if they had been independent companies)	76
3.4	Comparison of roles of national affiliates	77
4.1	Four approaches to management staffing	94
4.2	Cross-boarder assignments in Procter & Gamble Europe	97
4.3	Management staffing of affiliates: home, host and third country approaches	104
4.4	Comparative use of headquarters country nationals (HQCN), host country nationals (HCN) and third country nationals (TCN) as reported in 1982	105
5.1	A continental comparison of a few management cultural characteristics	112
6.1	The largest US industrial enterprises: by assets 1917-91	138
6.2	American motor-vehicle companies' rank among the US industrial enterprises: by assets, 1917-91	154
6.3	Ford around the world	166
6.4	Exxon Corporation companies and their businesses	173
6.5	Some General Electric organizational evolution benchmarks	186
7.1	The largest industrial enterprises in Great Britain: by assets, 1919-91	208
7.2	The largest industrial enterprises in Germany: by assets, 1919-91	210
7.3	Deutsche Bank's non-bank holdings of 10 per cent or more	237
8.1	Comparison of sales growth of top ten American, European and Asian multinationals, 1969-91	274

8.2	Japan's leading corporations: by industry groups and by major groupings, 1990	278
8.3	Major companies in Mitsui grouping, 1991	292
8.4	Companies of the Mitsubishi grouping, 1990	311
8.5	Profiles of Nissan continental affiliates, 1990	333
9.1	Successive organizational phases in confronting the global-local dilemma	351