Sensemaking and politics in MNCs: A comparative analysis of vocabularies within the global manufacturing discourse in one industrial sector¹

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Abstract

This paper compares sensemaking processes in MNCs situated in the same industrial sector. Our comparative analysis of three MNCs and its subsidiaries in Germany and the UK aims to shed light on the contextual dimension (institutions, culture and politics) of the sensemaking process. First we discuss ideologies related to the discourse about global restructuring of manufacturing. Second, we compare similarities and differences in vocabularies of the (multinational) organization. Third, we compare cross-national vocabularies of work in German and British subsidiaries. Finally we suggest a political approach of sensemaking referring to stories used to legitimize or delegitimize dominant

¹ First drafts of this paper has been presented at the 18th EGOS Colloquium in the subgroup 'Language and Politics in Organizations' in Barcelona in July 2002, at the 2002 Employment Research Unit Annual Conference at the Cardiff Business School in September 2002 and at an ERIM Research Workshop at the Erasmus University in Rotterdam.

ideologies about global manufacturing, established decision-premises within the MNC and specific nationally entrenched work paradigms.

Introduction

Recent research about new organizational forms of international business firms (Bartlett & Ghoshal, 1989; Birkinshaw & Hood, 2001; Ferlie & Pettigrew, 1996) indicates that powerful forces of globalization, rapid technological change and intense international competition, have led to even larger international companies diverging from traditionally rather vertically integrated structures. Even when formal structure is seen as being still present, authors such as Bartlett and Ghoshal (Bartlett et al., 1989) stress that beyond the matrix structure, the successful management of the MNC requires a global mindset. Thus, the creation of globally shared organizational values is seen as equally important as structural organizational changes. Moreover, it is stressed that traditional power relations in MNCs depart from paternalist and expansionist control approaches to more democratic headquarters (HQ) - subsidiary relationships including functional or geographic subsidiaries (Birkinshaw et al., 2001). The idea is again that the emergence of global norms and belief systems will diminish traditional conflicts caused by different national and local institutional settings. The underlying logic of this discussion is that new organizational forms such as the 'transnational solution', and later on the idea of the transnational as a differentiated network (Bartlett et al., 1989; Nohria & Ghoshal, 1997), represent the optimal organizational design to meet the challenges of increased global competition and rapid technological change. In this discussion different national cultures, local interests and dependencies of power are seen rather as relics of former evolutionary stages of the MNC, than as immanent driving forces that shape the direction of approaches to change management. Thus, the main assumption of this research stream is that MNCs become increasingly global enterprises and, thus, as Parker put it, should be seen as 'stateless organizations' (Parker, 1998: 90). Accordingly, it is assumed traditional power tensions and political struggles between functional and geographical subunits can be evaded through the development of shared goals and worldwide learning.

However, in this paper we suggest an alternative approach, which is less focused on the analysis of how multinational firms can be better or more optimally managed. This paper considers discursive practices and linguistic aspects of restructuring processes in MNCs. The comparative sensemaking approach taken here, will show how vocabularies that inform sensemaking differ because of contextual aspects. We will draw attention to a dominant discourse about restructuring of the global manufacturing tasks in our sample, consider three MNCs in the same industrial sector and, in particular, compare national differences in the sensemaking processes between British and German subsidiaries. Moreover, we will examine whether dominant discursive practices developed within the MNC itself permit sensemaking processes across borders as predicted, or whether national identities still matter.

Taking a contextual perspective, our comparison of diverse sensemaking approaches will also shed light on the political dimension of these processes (Pettigrew, 1987).

Main assumptions and problems in the discourse about the 'transnational'

From the discursive perspective adopted here, there are three main problems within the mainstream discussion anticipating the evolutionary transition of management and organization towards the 'transnational solution'.

First, in tradition of classical contingency theory the transition of MNCs is predominantly understood as the outcome of an 'objective' task environment constraint. It is assumed that increased globalization of business activities is going hand in hand with increased environmental dynamics requiring new managerial solutions. The debate about the transnational is a search for new structural and cultural characteristics of the MNC to improve its adaptation to the new technological and economic challenges (Bartlett et al., 1989).

Secondly, managerial decisions are seen as teleological activities which are goal directed. The task of management is to develop the best or the optimal fit with the environment. Accordingly, the development of international business organizations is seen as an evolutionary process towards the 'transnational solution'. This compares with earlier forms of MNCs where the managers either developed local responsiveness at the expense of global efficiency or strategies of global scale were developed at the expense of national differentiation. Thus, strategies towards a transnational differentiated network are seen as optimal decisions when companies try to improve the interrelation of global competitiveness with local responsiveness (ibid).

Third, the need for sharing goals and knowledge is seen as the leverage to develop a transnational organization. In the mainstream typology of organizational characteristics of multinationals, the transition towards the transnational is understood as a worldwide learning process which enables the development of shared goals and knowledge across functional and geographical borders (ibid: 65).

Insert Figure 1 about here

Transnational social space and sensemaking

A complementary approach to the dominant transnational discourse is the idea of 'transnational social space' which emphasizes the social embeddedness of the MNC, a debate recently opened up by Morgan (Morgan, 2001a). Taking an institutional perspective it is argued that the economic and technological constraints of MNCs are 'not context-independent' (ibid: 9), but are rather the result of historically grown social institutions. It is argued that the environment of the MNC is constituted by different local, national and transnational contexts, called 'transnational social space'. In this sense, it is assumed that 'transnational social space' 'incorporates distinct institutional settings, it sets up potential interactions across national boundaries' (ibid: 11). Though the author still sees links between his approach to research in the tradition of the national business systems perspective (Sorge, 1996; Whitley, 1999), and business activities are still seen as shaped by specific historically emergent social practices, it is assumed that internationalization of economic activities leads to the emergence of the global firm. However, in reference to Bartlett and Ghoshal (Bartlett et al., 1989) distinction is made between two types of internationalizing firms: the 'multinational enterprise' and the 'global enterprise'. In the first type the emergence of transnational social space is not expected; 'the key social space remains national – either the home base of the multinational or the host sites in different countries' (Morgan, 2001b: 119). The second type, depicts the global enterprise as understood by Nohria and Ghoshal, as a differentiated network (Nohria et al., 1997), where the possibility of transnational social space is seen as more likely in a global firm heavily involved increasingly internationalizing business activities.

Compared to the mainstream literature about management in MNCs, the 'idea of transnational space' is more aware of different contextual (local or national) rationalities and, thus, does not see environmental constraints as objective, but as socially constructed. Thus, managerial goals and strategies in MNCs are not understood simply as a search for the optimal solutions to improve the environmental fit by combining local responsiveness and global efficiency. Consequently, the emergence of cross-border learning is not just understood as a coherent managerial approach towards the 'transnational solution', but as a political process. Accordingly, emphasis is put on the construction of social space which involves different contextual rationalities and, therefore, could be rather conflicting. In this sense the key question is 'how the boundaries of these transnational communities are structured, managed, redefined, and negotiated' (Morgan, 2001a: 11). From the perspective taken here, the idea of 'transnational social space' helps us to see that MNCs are not unified rational actors and are far from developing uniform economic rationalities and shared goals across borders. Instead it queries the ways in which societal and social contexts influence 'structural interactions' in MNCs (Morgan, 2001b). The key question of this approach is how the macro societal institutions (e.g. the financial and educational

system) structure organizational relationships, actors and their interests, and have influence across learning boundaries.

However, from a sensemaking perspective we pose our argument from a different starting point by analyzing micro (linguistic) processes within MNCs. What is more, we assume that managers in MNCs have a more active role in shaping their environment and look at how discursive practices gain legitimacy in specific social and societal context. Therefore the key question of this paper is not just whether we still find national effects in MNCs or increasingly the emergence of transnational societal space. The analysis of sensemaking processes is close to the structurational view of discourse in organizations (Heracleous & Hendry, 2000). Managerial talk, practices and politics are not just constrained by economic, technological or institutional structures, but as active processes of making choices and sense. Applying Weick's ideas about sensemaking we can summarize that contrary to common approaches about change and development of MNCs, the analysis of sensemaking focuses not on structures, but on processes (Weick, 1993, 1995). Our focus is not on how macro structures of the society of the multinational and its subsidiaries influence managerial practices, but how the macro (transnational, national and local context) is constructed in micro interactions (managerial talk and texts). It is further assumed that the macro structures such as the global market, the national business system or local work practices are socially constructed in micro situations, often in the form of commitments and justifications (Weick, 1993). Accordingly, sensemaking is understood as:

An attempt to produce micro stability amidst continuing change. People produce micro stabilities by social commitment, which means that social interactions become meaningful and that both interactions and the meaning will be repeated. (Weick, 1993: 28)

 Insert Table 1 about here

Consequently, we search for minimal structures, vocabularies, repeated in the discursive practices of MNCs and compare similarities and differences related to different contextual levels, the industrial sector, in the MNC itself and between its subsidiaries embedded in distinct national business systems, the UK and Germany. With our comparative sensemaking approach we want to understand and re(construct) the meaning vocabularies in the global manufacturing discourse in different national institutional contexts. Our research asks what are the strongest commitments within the discourse, and why and how they are repeated and justified.

All in all, the comparative sensemaking approach applied here is not so much interested in mapping the evolutionary stage of a particular multinational organization, but in understanding discursive practices and linguistic aspects in management processes in MNCs that respectively informed the restructuring of manufacturing tasks worldwide.

Understanding and comparing sensemaking processes about restructuring manufacturing tasks in MNCs: Research design and methodology

The paper is based on data of a larger Anglo-German research project about change management processes in MNCs. The idea and design of the research project, to analyze learning and change management processes in MNCs, was jointly developed by the members of the research group in Swansea and a research group at the Humboldt University in Berlin. We have applied the following methodology.

We selected three of the four major global players in a relatively small business sector, namely Lifts & Escalators. The headquarters of the companies studied are each in different host countries: Amy in the USA, Jukka in Finland and Karl-Heinz in Germany². All three companies have national subsidiaries in Germany and in the UK. Our analysis is largely based on in-depth expert interviews with CEOs and managers responsible for change management at the MNC level (in the headquarters and its functional subunits) and at subsidiary level in both countries. Moreover, works counsellors and union representatives of the Lifts & Escalators industry were interviewed in both countries. In co-operation with our German partners we have conducted circa 30 interviews so far, and also studied official documents of these companies as well as relevant newspaper and internet sources. The interviews were conducted in the years 2000 and 2001.

Worldwide, there are only four global players in this sector, so that our sample covers a representative share of the global market. Furthermore, the whole industrial sector is heavily affected by globalization on the market as well as on the manufacturing side. Our research can be seen on the one hand as a contribution to the emerging research agenda about the emergence of 'transnational social space', where comparative research about multinational firms in the same sector but within different business systems was suggested (Morgan, 2001b). Related to this research stream, we ask first: Do sensemaking processes in our three MNCs suggest that people in different national spaces become bound towards being more transnational in their discursive practices? On the other hand, applying a

² All company names have been changed by the author, because interview agreements based on the assurance of data anonymity. All German texts (interview passages and documents, etc.) have been translated into the English language by the author.

cross-national comparative methodology we refer to the ideas of national and societal effects put forward in institutionalist approaches (Lane, 1992; Sorge, 1996; Whitley, 1999). Consequently, we ask secondly: Do national contexts and local traditions remain relevant within the discourse of MNCs about restructuring of global manufacturing functions, compared especially in German and British subsidiaries?

The research design of this paper is somewhat oriented on Pettigrew's earlier ideas (Pettigrew, 1987) about action and context in the transformation of the firm, and what is more on Weick's approach (Weick, 1995) of how language is used in organizations to make sense of their ongoing activities; in our case about what, how and why particular change management ideas have been designed and implemented.

In regard to Pettigrew, we assume that language and discursive practices about organizational change can identified and studied only against the background of its social context (Pettigrew, 1987). It is distinguished between the content, (e.g. particular area of change: global manufacturing), of the organizational change process, and its social embeddedness in the specific inner context (e.g. third order control, work paradigms and politics), and outer (e.g. national and transnational societal) context (ibid: 655-60). From a contextual perspective the analysis of content tells us more about what has been actually changed and the context helps us to understand why change is derived. However, according to Weick the substance of sensemaking lies in the connection with more abstract context (frames) and less abstract cues (experience) (Weick, 1995). To understand how content (what), context (why), and the process of sensemaking (how), can be related to each other it is argued:

Frames tend to be past moments of socialization and cues tend to be present moments of experience. If a person can construct a relation between these two moments, meaning is created. This means that the content of sensemaking is to be found in the frames and categories that summarize past experiences, in the cues and labels that snare specifics of present experience, and in the ways these two settings of experience are connected (Weick, 1995:111).

Thus, the main focus of this paper is to examine how change processes, e.g. worldwide restructuring of manufacturing tasks in a particular MNC, have been legitimized or delegitimized in the inner context (of the MNCs as a whole) and to compare how these commitments and justifications refer to the outer societal (international and national) context.

In the next section we will compare vocabularies used in texts, e.g. in internet sources, newspaper articles, company documents and in depth interviews to retrospectively explain what was happening. As we have already discussed elsewhere (Geppert, Matten, & Williams, 2002b; Geppert, Williams, &

Matten, 2001), a dominant pattern of discourse in all three MNCs was about restructuring the manufacturing tasks worldwide. A key aspect of this paper relates to the cross-national comparison of sensemaking about restructuring of manufacturing in German and British subsidiaries. However, we also consider discourses at the level of the MNC and, thus, apply a multilevel analysis.

In the following discussion we will compare diverse vocabularies that, according to Weick, inform the sensemaking processes and refer to ideologies about global manufacturing, and we will consider the discursive control strategies of our three MNCs and compare work paradigms cross-nationally³. We conclude our discussion by comparing stories developed to legitimize or delegitimize ideologies, third-order controls and country specific work paradigms. This is an aspect which is underdeveloped in Weick's sensemaking approach, but is explicitly underlined in Pettigrew's contextual approach by stressing that strategic change processes are not just about culture but must be linked to politics. By linking politics and sensemaking we see discursive strategies accordingly:

...at least partially as a contest about ideas and rationalities between individuals and groups, then the mechanisms used to legitimate or delegitimize particular ideas or ideologies are obviously critical in such an analysis (Pettigrew, 1987: 659).

 Insert Figure 2 about here

In the next section we will show that discourse about the development global manufacturing strategies is heavily influenced by contextual vocabularies which inform sensemaking processes and political statements.

Comparative discussion

The discussion of this section draws attention to the substance of sensemaking and discusses four vocabularies relevant to the understanding of the discursive patterns of global manufacturing approaches in MNCs. In the first part, we will refer to the 'transnational discourse', that is the restructuring of manufacturing within the industrial sector, Lifts and Escalators. Then, we will compare

³ Besides the three essential vocabularies applied here, which are understood as the substance of sensemaking, Weick also refers to theories of action as vocabularies of coping and tradition as vocabularies of the predecessors, and stories as vocabularies of sequence and experience (Weick, 1995: 106-32). However, in this paper the idea of stories is used to understand the political dimension of sensemaking.

vocabularies of all three MNCs related to how coordination and control of business activities across national borders is accomplished. When we compare paradigms we will focus on vocabularies at work, referring to significant national differences in the discourse about manufacturing. Finally, we compare stories used to legitimize or delegitimize dominant ideologies, decision premises and work paradigms. Hence, we will link the cultural aspects of sensemaking to issues of conflict and politics in MNCs.

Ideologies: Vocabularies about the society in the same industrial sector

In this section we refer to ideologies of the society related to a global discourse about the role of manufacturing and its function in an increasingly internationalized industrial sector which was traditionally focused rather on national markets. Compared to the car industry where the internationalization of products and production started much earlier, the Lifts & Escalators industry began this process just a few years ago. The discourse about manufacturing in the Lifts & Escalators sector reflects two main tendencies: an increasing shareholder-value orientation (together with an increased service orientation) and, related to that, a trend towards global manufacturing (rationalization and the introduction of standardized global products) (Iwer, 2000).

Though an increased shareholder value orientation in the whole industrial sector is reported (ibid), Amy is the only company in our sample which is listed in the New York Stock market so far. Here we have the clearest example of how strong commitments towards shareholders inform sensemaking processes and lead to a dominance of financial vocabularies across national borders. There has not just been an increasing discourse about shareholder value, but there is talk of about severe consequences when a company do not perform, as the interview passage with a HQ manager shows:

"It's a global dynamic. You know, in our country, we talked a lot about ... fifteen and five, you know ... growing up 5 per cent, the Wall Street expect us to ... earnings 15 per cent through a year. ... tremendous pressure and if you don't perform, the stock drops by 40 or 50%. And given ... our stockholders and that's something we can't live with. " (HQ Manager/USA)

Talk of the organization's strong commitment to its shareholders is not just limited to the HQ. The justifications of managers at various levels and across national borders, (in Germany and the UK), show impressively that shareholder value became a strong element of the Amy culture; a development which can lead to radical consequences for so called 'bad performers' such as the UK manufacturing plants, as we will discuss later.

However, even in companies not listed on Wallstreet, such as Jukka and Karl-Heinz, talk about shareholder value and related issues has begun. Karl-Heinz seems to have developed a strong shareholder value orientation, especially at the HQ level, and has not only implemented several measures to meet criteria required to be listed in the New York stock market, but its top managers are also acting as pace-setters and are heavily involved in the public discourse in Germany about the country's 'new corporate governance review' (Betts, 2002). The Finnish company, Jukka, is still family owned, though parts of its shares are traded in the Finnish Stock market. Compared to the other companies, in Jukka the discourse is not so much about shareholder value, but about hard financial targets. The firm was always keen to first set up financial control structures when they acquired another business unit and these 'financial issues appeared to be strongly centralized' (Marschan, 1996: 110). The director for management development in the HQ explains the financial system of Jukka as follows:

Yea of course, we made a medium term plan, a three years plan and then we make budgets which they have always been head-office controlled. So in that sense depending on the country, we have been focusing either on the growth, market share, or the number of units, or then the profitability of companies.

As we will show later, compared to the other two multinational groups the financial control system has recently been closely coupled with the so-called Jukka-model directed towards of the 'harmonization' of structures, processes and culture to develop Jukka into global enterprise.

The most interesting discussion about shareholder value, however, is going on within Karl-Heinz Elevator which is part of a traditional German conglomerate. Together with the accounting system GAAP, a 'portfolio management system' (wertorientierte Unternehmensfuehrung) was introduced. The discourse shows not just the influence of finance driven vocabularies, but also the remaining influence of national institutions and culture. Another storyline in the interview of the personnel director (union approved and appointed to the management board) with (Girndt & Meiners, 2002) shows both how this management system is related to the idea of shareholder value and which kind of problems emerge in classical manufacturing oriented MNC deeply embedded in the German business system:

Increase in value in this system is only possible where the return rate is above average, and who is not above the average rate, is a value annihilator. For logical reasons this definition is not sufficient. Not everybody can make the same profit. Furthermore, we have the steel business, and with that the whole group Karl-Heinz is underrated. That has to do with the arrogance of market analysts and brokers against classical manufacturing. (Girndt et al., 2002: 14)

Nonetheless, in contrast to its competitors, talk in Karl-Heinz was much more related to maintain its position in the upper and middle market segment and less orientated towards developing a global manufacturing strategy. This could be explained as country of origin effect. As discussed by Geppert et al., the strategic discourse about manufacturing tasks in Karl-Heinz is very much influenced by the company's entrenched embeddedness in the German business system (Geppert et al., 2002b). The company's highly skilled workforce, a dominant engineering culture, the creation of a European works council outside the home country and its traditionally persisting close relationships to German banks⁴ can all be related to national business patterns. The deep-rooted institutional embeddedness of the company obviously provides conditions conducive to maintaining its diversified quality production approach (Sorge & Streeck, 1988), compared to the increased discourse about cost leadership and rationalization in Jukka and Amy. However, even if home country effects seem to remain strong, the increasing financial orientation within the discourse about restructuring manufacturing in the sector has had an influence on the company's ongoing sensemaking process, especially at the HQ level. This becomes clearly visible in another storyline of the interview with the personnel director in the HQ of Karl-Heinz:

The trend in the industrial sector are sales and outsourcing of own manufacturing plants. Thus, our competitor say farewell to its manufacturing tasks. The market leader Amy for example is just outsourcing its escalators production towards Eastern Europe...Our lifts plant in S. was also considered to be closed and moved towards Hungary. Then GE our recent CEO, a lifts manager from Canada, came to Germany and gave the plant a last chance. Now the people of S. fight like the world champions to become flexible (Girndt et al., 2002: 12)

Indeed, as stressed in this interview passage, talk in Amy and Jukka was very much related towards standardization of products and production. In particular, sensemaking in the HQ and in the subsidiaries was much more concerned about performance and rationalization of manufacturing processes. Thus, for example, the annual report of Amy explicitly refers to the MNC's significant efforts to streamline its global manufacturing tasks:

...initiated a variety of actions aimed at further strengthening their future profitability and competitive position. Those actions focused principally on rationalizing manufacturing processes, resulting in the

⁴ The company is listed at the London stock market and, as a result, about 60% of its capital stock is freely floated. However, German banks, insurance companies and an investment fund hold 41% of the capital stock.

closure of facilities, and improving the overall level of organizational efficiency, including the removal of management layers. (Annual Report 1999)

The rationalization of manufacturing led to a reduction in the number of plants from 39 to 16. At the same time R&D and construction tasks were centralised which led to the closure of Development Centres, reducing their number from 16 to 6 (Iwer, 2000).

Yet, there are two other discursive patterns influencing the restructuring of manufacturing in the Lifts and Escalators sector which can be related to the discussion so far. On the one hand, there is an increased service orientation, which can be directly linked to the financial discourse, because manufacturing plants have difficulties in competing in terms of profits with companies which mainly focus on service and maintenance tasks. This became apparent when the personnel director of Karl-Heinz talked about problems of traditional oriented engineering companies in relation to portfolio management. On the other hand, there is a strong tradition in the industrial sector to grow by acquisition. The forerunner was Amy. Karl-Heinz was a relative latecomer, but recently acquired a US-American lifts company and became the second in the US market after Amy. However, Jukka's recent discourse about manufacturing is most heavily shaped by its acquisition strategy over the years. Compared to Karl-Heinz and Amy whose Lifts and Escalators divisions belong to larger conglomerates, the Jukka company's business is in this business area alone and has grown heavily since the late 60s. This fact is mentioned by interview participants and in company documents repetitively. Thus, in terms of sensemaking the concept of 'harmonization' of business in order to create a global company is justified on the one hand by the reason given by an interviewee from HQ in 2000, namely that the company's growth through acquisition is now seen as coming to an end. In that interview he mentioned thoughts from within HQ about possible mergers beyond the company's core business of Lifts and Escalators, and indeed the intention to merge was later launched in the press⁵. On the other hand, even when the idea of harmonization is focused to transform the company's business activities and its culture, it is largely seen as a rationalization tool of manufacturing tasks. This is frankly discussed by two HQ managers in interviews:

And all the growth we have been doing is through acquisitions. And now that sort of game is over, that there are a lot of medium size companies in the world, so there are maybe 10 big companies and then very little companies. So we can't really grow any more through traditional acquisitions. So of course we

⁵ It was announced that the company is going to become the leading engineering company of Finland. This time the MNC plans to buy another Finnish engineering company outside Jukka's main market domain, the Lifts and Escalators business. (Financial Times. May 21 2002: 25.)

are acquiring small companies all over but really to gain growth its forecasted that the next step in the elevator industry in general is sort of merging the bigger companies like its happening in auto-industry...(HQ, Director Management Development)

Why do we want harmonization? To enable economies of scale, so if you gonna take something as simple as the purchasing process, the purchase order... Similarly, from a manufacturing viewpoint, why we focused everything in one or two factories? Well, turn the handle up and get the speed up and get the volumes up with the same number of people there, so efficiencies. (Director of the HQ Task force responsible for 'harmonization')

To sum up, we have seen that sensemaking approaches in our three MNCs are driven both by ideologies of the globalization discourse, mainly expressed in financial terms such as shareholder value, and talks about developing a global enterprise. Acquisition strategies, service orientation and outsourcing of manufacturing appeared to be convergent patterns of talk in the discourse. Nevertheless, sector and national specific ideologies played a role and influenced sensemaking approaches. National specific discursive practices became visible e.g. in the rigidity with which the shareholder value concept was used in the discourse of Amy and how easily this can be related to the dominant role of financial institutions in the US business system. Thus, our findings are in line with studies which stress that US MNCs are more likely to establish financial targets centrally and specify target rates of return on investment (Edwards & Ferner, 2000; Young, Hood, & Hamill, 1985). Moreover, Karl-Heinz's strong commitment towards diversified quality production was interpreted as a typical German sensemaking pattern.

Third order controls: vocabularies of the organization

In this section we will focus on the question on whether sensemaking processes about restructuring of manufacturing tasks in our sample developed more socio-integrative mechanisms based on relatively lateral and increasingly transnational interrelationships and mindsets, as indicated in the discussion about the global enterprise. We will compare discursive practices developed to control and coordinate international manufacturing processes worldwide. In the literature a distinction is made between direct and indirect control mechanisms (Harzing, 1999). Direct control mechanisms are held to refer to rather traditional mechanisms such as personal and formal bureaucratic control. A traditional form of indirect control would be output control via budgets. However, another form of indirect control lies behind the

concept of third order controls understood as 'premise control' (Perrow, 1986; Weick, 1995) or 'socio-integrative mechanism' (Harzing, 1999).

This discussion brings us back to the initial debate about developing transnational solutions in MNCs. According to the debate discussed at the outset of this paper, the creation of a global mindset was proposed, to enable knowledge sharing across national borders and worldwide learning within the global enterprise (Gupta & Govindarajan, 2002).

If we compare the vocabularies of our three MNCs, we can say that development of discursive strategies towards more transnational integration was only a topic of major significance within the Finnish MNC. In Amy this issue played a rather moderate role and talk was mainly about financial issues along with the restructuring of global manufacturing processes. The discursive development of socio-integrative control mechanisms across national borders was hardly a topic in the case of Karl-Heinz⁶.

Contrary to the other two companies, in Jukka the dialogue about restructuring the global manufacturing tasks was firmly attached to the overall strategic discourse about harmonization. The HQ in Helsinki developed what they called the 'Jukka model' and set up a task force in Brussels to implement that 'model' worldwide. As we have discussed in the previous section, Jukka has grown heavily through acquisition in the last three decades. Historically, Jukka was, similarly to the other two companies, a rather output controlled company. However, the goals associated with implementing the Jukka model aimed to decrease diversity and with it uncertainty and 'harmonize' not just the organizational structure of its subsidiaries worldwide, but also communication processes and culture. Thus, the overall goal behind the Jukka model was to standardize products, structures and business processes to make business units globally comparable, and with it to improve the centralized control of the HQ. This radical change from a relatively diverse towards more convergent discourse, was explained in an interview with the Managing director of Jukka UK:

What does it mean? It means trying to standardise not only products but processes throughout the World, operations of the corporation, so what we are trying to do is to have a common, what do they call it now, they call it a common culture throughout their major companies of which there are around about 15 – 20.Culture, what they mean by that is that everybody is using the same systems, you are using the same global purchasing strategy, you are using the same product base...You are using the same construction tools, you are using the same computer systems,... The same norms and we are

⁶ Please see also the discussion in Becker-Ritterspach et al. (2002) which provides a comprehensive comparison of the direct and indirect control mechanisms of the three MNCs in our sample.

trying to do that, there are some variations here and there because of national requirements but generally speaking we are working on that strategy.

The interesting point here is that discursive practices creating transnational social space are not just developed top down, but in this case sensemaking processes were also very exclusive. It is no accident that the British managing director refers to selected core companies which are in the main focus of the company's 'harmonization' discourse. However, in another interview a HQ manager made it very clear that only the 'biggest sixteen companies' will be involved in strategic decision-making processes and, thus, have a greater influence on negotiating 'premise controls' than other subsidiaries of the MNC. Moreover, even when the official company language of the Finnish MNC is English, it became very clear that the Finnish home country culture is still dominant in the sensemaking processes towards a more transnational culture. As we will see later in this paper, Finnish expatriates were transferred to host country subsidiaries, because of the political problems emerging during the implementation of the 'Jukka model' in Germany. Furthermore, an article discussing the impact of language on structure, power and communication in multinationals, referring to our Finnish case study, refers to the establishment of the 'Finnish Mafia', a powerful group informally shaping the corporation's communication processes:

The term 'Finnish Mafia' was used by some interviewees, particularly Austrians, Germans, and Australians, indicating the perception that the Finnish formed national 'conclaves' and, in this way, were able to restrict information sharing within the organization. (Marschan, Welch, & Welch, 1999: 429)

Contrary to Jukka, in the Lift&Elevators divisions of the German as well as the US-American MNC, the main focus of the control discourse was on output control (Becker-Ritterspach, Lange, & Lohr, 2002). However, the most distinctive case is again Karl-Heinz where sensemaking processes in the whole multinational group seem to be very decentralized and rather refer to the local context of the particular host country. With the exception of the increased awareness and talk about shareholder value, Karl-Heinz neither imposed any standardized measures to harmonize manufacturing tasks nor were there significant commitments to develop global manufacturing strategies for the whole company. Thus, organizational slack in terms of multiple tasks and functions within and between different host country subsidiaries was not seen as the reason to develop integrative control mechanisms, as in the case of Jukka, but as an usual outcome of a historically grown locally responsible company. Thus, local responsibility and closeness to the customer are seen as a natural outcome of the rather decentralized sensemaking processes in the MNC:

We have basically always pursued a relative decentralized philosophy, and we consider that our national subsidiaries do know their markets and products and their services, which they themselves are best able to sell in the market, and we also consider that they are able to apply these strategies successfully. Even though we now have some things we deal with centrally, for example reporting or certain R&D stories, apart from that our national units are relatively free, when they are successful. (Member of the Management Board, Karl Heinz HQ)

Compared to the other two firms, the discursive practices in Amy were somewhat mixed. Amy has heavily restructured its global manufacturing tasks, but the actual restructuring measures were not as centrally controlled as in Jukka and seemed to be rather ad hoc, though they were coupled with transnational social integration mechanisms⁷. As discussed earlier, decisions about restructuring manufacturing were soundly driven by rather short-term oriented output control. Thus, even when they seemed to have a global manufacturing strategy in place, company talk about restructuring or closure of manufacturing units was based on a strong culture of competition between national units and performance:

... so we have phenomenally high targets to achieve so we are walking around now talking about us being a performance culture and we've got to perform and there is all sorts of talk at the moment about putting in performance management and somebody has seen the General Electric model, hence that's why I've given you all the background which is that every year, every individual is assessed and the 10% bottom performers get told to find new jobs and the benchmark moves up... (Regional Service Manager A/UK)

This comment shows again the consequences of the company's strong commitment to shareholder value, and indicates how this ideology influences premise control and thus constrains sensemaking processes towards quite narrow financial measures.

In summary, we can say first of all that three of the leading MNCs in the Lifts and Escalators sector are far from developing consistent commitments towards transnational discursive practices. In two cases sensemaking processes increasingly developed in the direction of a global enterprise, but differ again

⁷ On the one hand, little deliberate common value creation was observed. On the other hand, globally standardized policies and, above all, the strong culture of internal competition manifested, for example, in the distribution of gold, silver and bronze performance awards were sure to have had a socializing effect in terms of creating common understandings (Becker-Ritterspach et al., 2002).

structurally, culturally and politically, from the predicted developments towards a global mindset (Bartlett et al., 1989; Gupta et al., 2002). Contrary to the picture of the transnational as a relatively decentrally and laterally structured network approach (Nohria et al., 1997), discursive practices in the Finnish case study showed a different picture: the combination of traditional centralized control approaches with some socio-integrative mechanisms. Social integrative practices were only partly inclusive for a selected number of core subsidiaries and were still influenced by exclusive sensemaking within a network of expatriates; again this raises an issue that seems to be widely neglected in the common discourse. What is more, we have seen that discursive practices mainly informed by financial premises did not support socially integrative mechanisms. Here sensemaking was not committed and supportive to the establishment of transnationally shared goals and values, instead, as we saw, competition and political talk between locations increased⁷.

Paradigms: Vocabularies of work

We have shown so far that the content of sensemaking is informed by frames and cues that are on the one hand influenced by rather abstract ideological discourses across national borders and are related to dominant discursive patterns in the industrial sector. Accordingly, we have pointed in particular to talk about restructuring manufacturing related to financial issues such as shareholder value, or global rationalization of manufacturing and R&D functions. We have shown that differences in framing third-order control did influence whether and how sensemaking processes widened towards more transnational discursive practices. However, we have further stressed that even when there was an increasing societal discourse about internationalization of products and production, that control premises and applied approaches towards more social integration were quite different in each MNC. When we compare paradigms of work cross-nationally we see further differences. Thus, it becomes apparent that, apart from dominant ideologies about internationalization of manufacturing activities in the industrial sector and somewhat convergent decision premises (in Jukka and in Amy) regarding global manufacturing, vocabularies at work differ profoundly when comparing German and British subsidiaries across the industrial sector. There still seems to be a strong influence of national societal ideologies and institutions and there is less evidence that MNCs which are going global are becoming stateless enterprises (Ohmae, 1990; Parker, 1998). The clearest sign of enduring national diversity of vocabularies at work is that, compared to Germany, in our three British subsidiaries engineering and manufacturing functions do not play a central role in the discourse. Managers with such an educational

⁷ This is the topic of the discussion in the next section.

background in engineering are more difficult to find here. Accordingly one of our British Amy managers explains how he coped with the particular situation of engineers in the UK when he compares his professional development with that of an engineer in Germany:

...the impression of an engineer to a German is a very solid, strong profession, high prestige. In the UK its very low and that's what made me move to Finance, because here the perception of an engineer is someone with a spanner and an oily rag, not a profession, and I was so disappointed that I actually moved into Finance for that very reason and yet in Germany it's a very different culture, you are held much higher. (Regional Service Manager A, Amy/UK)

In most interviews with the British managers they reported the closure of manufacturing sites (in Amy) or the significant reduction of manufacturing tasks (in Karl-Heinz). In both companies it was stressed that their companies want to concentrate exclusively on service and maintenance tasks. An exception is the British subsidiary of Jukka which predominantly still has a manufacturing function for the British escalators market. However, the implementation of the Jukka-model went hand in hand with a rescheduling of the company's tasks towards service and the separation of the formerly interrelated tasks of manufacturing and service into two companies, 'Supply-line' (manufacturing) and 'Frontline' (service). The same was of course the case in the German subsidiary of Jukka, but service was closer linked to manufacturing functions and, what is more, manufacturing tasks remained highly interrelated with R&D.

So what may we conclude? Why is this company still manufacturing despite the trend of closure manufacturing plants in the British lifts and escalators industry? There are at least two main reasons: on the one hand the firm is manufacturing highly customized escalators for its biggest customer, London Underground which has a strong policy towards 'Buying British'. On the other hand, the remaining commitment towards manufacturing can be explained through the fact that Jukka UK was a subsidiary of a medium sized German firm which is now, after acquisition, Jukka's subsidiary in Germany.

However, the reduction of manufacturing tasks in our British case studies can be explained by the bad image of manufacturing in Britain. Thus, issues raised in the national discourse can be easily found in newspapers articles. For example, the CEO of the German Engineering group Siemens in the UK complains about the 'low status of engineers in this country' (Wood, 2002). Another article reports that manufacturing in the UK has shrunk over the past 30 years as a proportion of total national output to less than 20%, and describes the atmosphere of a special summit of business leaders with government ministers discussing the future of UK manufacturing as 'despondent' (Marsh, 2001).

Having in mind, both the bad image of engineers and manufacturing in British society, justifications why manufacturing has been closed at the company level are not surprising. Accordingly, a Service manager of Amy UK justified the closure of all manufacturing plants:

...but certainly our strength was always the fact that we had manufacturing facilities within the UK, but they were not good, they were highly expensive, highly ineffective, highly inefficient

In another interview, the managing director of Karl-Heinz UK pointed in the same direction when he justified massive reduction of manufacturing jobs in his company with reference to 'the bad image of manufacturing, low productivity and poor management'.

The radical decisions of Amy and Karl-Heinz in the UK can, of course, easily related to the increasing importance of financial vocabularies discussed earlier in relation to the discourse. Furthermore, it can be argued that decision premises (third order controls) especially in the case of Amy led to the closure of British plants. Thus, the selection of plants for global manufacturing was very much related to economic performance. 'Bad performers' as one interviewee put it faced extreme pressure from the HQ. The negative image of UK manufacturing reflects the embeddedness of discursive practices in particular national societal settings. This is again reflected when one Amy manager refers to the favorable societal conditions for radical measures, such as the closure of its manufacturing sites:

In the UK it is probably the easiest country in Europe to do different kinds of things. We really didn't have many obstacles...(Human Resource Management Director, UK)

This statement is a clear reference to specific characteristics of the British national business system outlined in various cross-national studies, comparing Britain and Germany by showing how the system of industrial relations, the labour law or the educational background of the workforce encourages the application of relatively short-term oriented hiring and firing policies (Lane, 1992; Sorge, 1995; Stewart, Barsoux, Kieser, Ganter, & Walgenbach, 1994).

However, even in institutionalist research there are now voices arguing that mindsets of German managers are opening towards the so called model of the global enterprise and 'distancing themselves for their home base and image' as Lane put it (Lane, 2000). It is also being shown that there is an increasing agreement of German managers that the 'German model' needs reforms (Schmidt, 2002). However, Schmidt argues further yet, that managers still see the strengths of the established institutional patterns, based largely upon evidence from recent newspaper interviews of the

management elites of leading German MNCs. They defend the system and see some of its continuing strengths in comparison with the leading Anglo-Saxon model of capitalism (Betts, 2002; Burt & Harnischfeger, 2002). Thus, their opinion can be summarised in the citation of one CEO which stresses:

There really does seem to be life in the old dog yet...Despite much discussion and prophecies of doom, I firmly believe that the Rhenan model (German model, MG) still has good prospects at the of the 21th century. (Betts, 2002)

Correspondingly, we can find talk in our German companies across the industrial sector which accentuate patterns of the societal discourse, underscoring indeed that there is 'still life in the old dog'. Compared with their British counterparts, all German companies are not simply responsible for tight operative tasks in either manufacturing, such as Jukka UK, or mainly service as in the case of the other two UK firms. All three German firms have got a strategic role in their multinational group. Amy Germany is one of the seven regional HQs of the US MNC worldwide. The German subsidiary not only has the strategic management functions for marketing in Central and Eastern Europe, but is also one of the leading R&D centres of Amy, centrally coordinated from the US HQ. Karl-Heinz Germany has the leading role in R&D for lifts and escalators worldwide.

In interviews the strategic position of German companies is explained with its historically grown, strong engineering culture. Similarly to the findings of other cross-national studies, discursive practices are still dominated by engineers and even highly skilled workers who are more involved in local and even transnational decision-making processes. The particular German system of industrial relations leads to greater involvement of various manager and employee groups (Lane, 1992; Whitley, 1999). A similar situation was found in Jukka Germany which has got the leading R&D function for escalators in the Finnish MNC. A German manager explains that one of the reasons for Jukka to acquire the German escalators company as follows:

Sure, here all necessary skills are available, for non-standard products also.

The latter statement shows that even when Jukka's global manufacturing strategy is moving towards cost-leadership and standardized products, the German competence to produce very customized and specialized products is still valued and is seen as a strength of this plant.

In terms of Whitley (Whitley, 1999) our British firms can be described as 'isolated hierarchies' compared to the German firms which refer to a type he called 'cooperative hierarchy'. In the case of Britain we experienced, not just a low image of manufacturing, but also an isolation of manufacturing from other tasks. This feature makes it easy to justify the closure of manufacturing plants. In the UK an increasingly finance orientated discourse the comparison of manufacturing and service tasks goes against the former, and leads to the further separation of tasks by creating isolated units narrowly focused on service and maintenance. There is a different picture in Germany with the ongoing sound focus towards manufacturing. This becomes apparent in the reference of German personnel director of Karl-Heinz mentioned earlier, when he refers to the difficulties of manufacturing when capital market related management systems are applied in his company, heavily involved in engineering. All our German plants are far from being 'isolated hierarchies' and not just responsible operative manufacturing tasks, as is the case for example in Jukka UK⁸, but indeed are cooperative organizations, coupling manufacturing tasks with R&D and service functions interdependently. That makes it more difficult to isolate one function such as manufacturing from interrelated tasks, as the Human Resource manager of Amy Germany explains:

What manufacturing justified is the flexibility which we have here, that we are relatively quick in the development, and secondly quality (of products, MG)... However, we continuously check our decisions about manufacturing sites. No plant is safe for ever. We are in a steady competition with other plants and other sites of the multinational group.

It can be concluded that the paradigms of work differed significantly cross-nationally between our British and German plants. In contrast to the British plants which switched, sometimes abruptly, their focus from manufacturing towards service and are responsible for relatively operational tasks, all our German companies are in a more strategic and more powerful position within their multinational groups (Geppert et al., 2001). Moreover, they are multifunctional companies where the manufacturing functions are more interdependently coupled with service and R&D tasks (Geppert, Matten, & Williams, 2002a).

Stories: exemplifying the political dimension of sensemaking

The main interest of this section is to understand the political dimension of sensemaking processes. Similarly to Weick we see stories as a narrative form where experience is filtered and given a particular

⁸ This is the only fully equipped manufacturing plant in our sample, and Karl-Heinz UK is mainly a service company with a very small workshop doing some extra manual work in order to customize the lifts.

order (Weick, 1995). They are 'cues within frames that are also capable to create frames' (ibid: 131). Therefore, in our previous sections we did not just refer to abstract frames, but already used stories giving examples and comparing how and why 'minimal structures' (frames) have been repeated in various sequences of the sensemaking processes within our three MNCs. We linked institutional settings (past moments) and the actor's experience (present moments) to understand the discourse about global manufacturing in one industrial sector.

However, stories are not just a product of severe editing by the author (of a text or a story in an interview) developed to legitimate his or her own decisions and with it reflect shared values and established meaning. As the discussion in this section will show, stories are also political statements that question established frames. In this section we compare stories developed to legitimize or delegitimize frames such as ideologies within the industrial sector, third-order controls within a particular MNC group and country specific work paradigms.

We will discuss the political dimension of sensemaking by considering again two main discursive patterns: the increased financial drive of the discourse about manufacturing, referring to the case of Amy, and, the development of social integrative mechanisms across national borders, referring to the case of Jukka. We will concentrate on Amy because the discourse dealing with the shareholder value orientation shows clearly how the overall sensemaking processes within the MNC become increasingly political. The case of Jukka is interesting because both the transformation of 'premise controls' towards 'harmonization', as well as the particular hindsight reflection about problems emerging through the acquisition of the former medium-sized German escalators firm by the Finnish MNC, shows the importance of power and politics in sensemaking processes.

A lot of stories in Amy dealt with the intensifying pressure to meet financial targets and shareholder value related performance measures. In all interviews with the British managers, we found a lot of justifications why Amy UK decided to close its manufacturing plants and explanations why the company is now firmly committed to service. We want to discuss two storylines, one told by a British manager and another told by German manager; both can be read as political statements.

The first storyline appeared in an interview with the British Human Resource Management Director, who was not just heavily involved in that decision-making process but was also an active player in international committees and meeting of Amy worldwide. The reason that he referred to the German business units of Amy was probably because we told him about our interest to compare change management approaches in both countries:

Amazing isn't it, nobody would ever think that a company would propose closing their own branch, but we did, which is something that Amy Germany should think about.

This storyline appears to make reference to all three vocabularies of sensemaking. It shows the importance of the shareholder value ideology in the company, which allowed (low cost) manufacturing tasks to look less attractive than service related business activities, which are more profitable assets. The decision premises to close the 'bad performing' manufacturing plants appear to be plausible in a national business context with rather weak institutional settings (e.g. labour law, industrial relations). The second part of the statement, however, not just refers to the national specific paradigms of work, but also shows the emergence of a rather idiosyncratic discourse with less sense for alternative approaches in another business context. The dominance of financial vocabularies goes hand in hand with an increased competition between national subsidiaries. On the one hand, the manager justifies his own restructuring approach and with it legitimizes the overall finance driven ideologies and control premises of the MNC. On the other hand, the delegitimization of the Germans' remaining attachment to manufacturing makes us aware of a contest between different contextual rationalities which confirm recent case study research about the transformation of the British multinational into a global firm. Similar to our findings it has been stressed in the literature that the balance between engineering and financial concerns becomes unclear and 'MNCs seem to lose the means of unifying multiple business logics' (Kristensen & Zeitlin, 2001).

The story told by a German Finance manager of Amy shows again the political dimension of sensemaking, but also demonstrates a very German approach to securing the commitment of employees by involving the works council. Moreover, it shows a different approach to dealing with financial pressure. The manager's story is an example how Amy Germany legitimized their decision to outsource low cost manufacturing tasks towards a recently acquired plant in the Czech Republic in order to maintain their manufacturing competence:

...the works council was massively against that...that has led to redundancies here (in Germany, MG), that hurts...However, the result was that we increased employment afterwards. We were more successful in the market. That was a positive result...afterwards, after one year, for our works council.
(Finance Director, Amy/G)

This story shows that the company is still strongly committed to manufacturing, but contrary to the British company, they had institutionally informed discursive patterns in place that promoted a less

radical restructuring process as in the British plants. Thus, increased financial pressure led to different justifications than in the British case and, thus, to distinct politics of legitimization. The combination of outsourcing of low cost production lines together with a priority to increase the highly skilled workforce were used to legitimize restructuring measures internally and externally. To put it in other words, while British managers want to get ahead by winning the internal competition between subsidiaries by narrowing the focus of business activities down towards service, the German approach is more comprehensive and applies a multifunctional approach.

We come now to our second example, the implementation of the Jukka model in Germany. We have seen that that the discourse in this MNC tended to be most severely directed towards the model of the global firm. We want to concentrate on the German case, because it shows impressively the political dimension of the sensemaking approach in our sample. In interviews and even documents, the Finnish managers at the HQ level and plant level, as well as German managers, referred several times that immense problems emerged after the acquisition, and especially during the implementation of the 'Jukka model'. Moreover, the problem was mentioned in the company's in-house magazine by telling the reader that Jukka Germany is 'not previously a hotbed of Jukka culture'. There are several reasons why the 'harmonization strategy' of Jukka led to problems in the German case, which can be easily linked to textbook material dealing with 'barriers to change', such as excessive focus on costs, failure to perceive benefits, lack of coordination and cooperation, uncertainty avoidance and fear of loss (Daft, 2001). However, we want to concentrate here on stories with political impact on the sensemaking process. First of all it becomes apparent that the Finnish approach to restructuring was less sensible for the German engineering culture and that social integration was enforced by replacement of management elites⁸.

We will next undertake a comparison of reaction to the restructuring, referring to stories of German and Finnish managers, as they engaged in legitimizing or delegitimizing the 'old model' (work paradigm). One of the most senior German managers, who survived reshuffling of management positions, improved his position as leader of global escalators R&D group of Jukka, was deeply involved in the implementation of the Jukka-model. He explains the company's shift from manufacturing customized products towards global standardized products:

I want to say, that we were believed to be very strong in the escalators sector. We applied products to customer needs. That meant we sold first engineering and secondly escalators...and here they didn't see that as very positive...

⁸ However, the managing director was not just exchanged in the German company, but also in Britain during the acquisition process.

Thus, while he clearly refers to the particular production model and its benefits, the newly appointed Finnish Managing Director delegitimized the established German model, describing it as old fashioned and claiming he did not really understand the sense of the 'old model':

Well, the key opponents are the people who have been working with the old way for a long time and they think that this is the only way that the business can be conducted. Typically those people are reluctant to change, they don't even want to see any other possibilities and they just spend their time just finding faults with the new, whatever it is, the Jukka-model or whatever I mean, so they are typically the people who are reluctant to change. So they have grown with the company and grown with the company and grown used to the company, I mean I cannot blame the people....

Moreover, he used the war metaphor to justify the removal of managers, changes in their status and the rejection of the old engineering culture, which primarily was seen to reside in the upper management, who were mainly replaced by Finish expatriates:

Well there are ways to overcome that, it takes a lot of information, a lot of hand-holding and so on. And then there are some people who will even never just never get convinced and then its those people typically become the casualties of the war. But of course it depends on how much time do you have in your hands to make changes. OK, if you have a lot of time then you really can go deep into the individual issues of people and so on. If you don't have it unfortunately sometimes companies have to make shortcuts and that can be very tough (Managing Director, Jukka/G)

The latter statement shows that MNCs which globalize their discursive practices more than ever must be aware that it might be more difficult or not even make sense to develop shared goals and a global mindset. Our last story has shown how difficult it is to implement an overall frame like the 'Jukka model' and that different sensemaking approaches can lead to misunderstanding and senseless political battles.

It can be summarized, that MNCs which are going global are not becoming more coherent actors and are not developing more integrated learning networks as predicted in evolutionary models of the MNC; instead they should be understood as a 'battleground where different social groups fight for social space' (Kristensen, 1996). Therefore, we conclude that the findings of this study are in line with recent research about the global firm which concludes that MNCs that are going global are 'moving towards increasing misunderstandings in their mutual game' (Kristensen et al., 2001).

Conclusions and implications for further research

Our paper is an attempt to develop a more empirically based approach to understand sensemaking processes in MNCs which are developing global manufacturing strategies. We want to shed some light on the question whether and how these discursive practices are still informed nationally or are dispersing towards transnational social communities (Morgan, 2001b). In our initial discussion we criticised that the mainstream literature which sees communication processes, and with it sensemaking processes, mainly as an adaptive process; structure and even processes of multinational organisations are directly linking to a certain task or institutional environmental settings. However, in this paper we have applied an alternative approach which sees macro-structures (e.g. markets and institutions) as constituted in micro-processes (sensemaking). We have compared vocabularies applied in the discourse about global manufacturing.

The comparative sensemaking approach applied here has shown first that there is real evidence of increased influence of financial vocabularies in the Lifts and Escalators sector. However, discursive patterns of the industry were not simply interpreted in each MNC. We also found different national societal discourses in the UK and Germany which informed vocabularies at work.

Secondly, it is especially obvious that these financial control premises influence sensemaking processes across national borders. Accordingly, in two of our MNCs sensemaking was heavily related towards restructuring their global manufacturing tasks which increased internal competition between subsidiaries within multinational groups, particularly when premise controls of the MNC were primarily finance driven, as in the case of the US-American MNC. Conversely, the German MNC developed a very different control approach. Contrary to the two other cases, there was no discourse about developing a global manufacturing strategy in place.

Thirdly, we found in this company that, despite evidence of an increasing financial orientation there are still national context specific discursive patterns which led to very different sensemaking approaches informed by national specific work paradigms: in Britain and Germany, frame and cues are connected differently. Our research has in fact shown that sensemaking approaches especially in German subsidiaries are still deeply embedded in their particular national business system. However, in one case, the Finnish MNC, the change of the overall control frames and related political struggle led to a weakening of typical discursive patterns within the German company. The open question, nevertheless, is whether this will lead to the emergence of more cultural and political 'harmonization' as intended by the HQ, or whether we will see increasing political battles to secure resources and strategic advantages, as seen not just in this case, but also in US-American examples.

It can be summarised that the sensemaking approach applied here helped us to understand whether and how transnational social space emerged. In this our argument is different to the mainstream debate about the transnational solution which predicts that discursive patterns will create more coherent forms of communicating, learning and knowledge sharing, as our research shows a more heterogeneous picture. Thus, our research has shown even where MNCs are going to become more global, the actual sensemaking processes are still profoundly informed by distinct institutional, cultural, political contextual patterns, inside and outside the MNC. It was found that even when talk showed somewhat convergence at the level of the industrial sector, vocabularies related to coordination and control within the MNC and work paradigms at the (national) subsidiary level differed largely. Moreover, we have shown these different contextual sensemaking approaches and rationalities cause severe problems, especially in those two MNCs where global manufacturing discourse was escalating. Thus, we found increasing competition, misunderstandings and conflicts, vertically between the HQ and lateral between subsidiaries.

However, further research is required to contrast our empirical findings, which are mainly focused on one industrial sector, with others. The question remains whether and how the discursive patterns found here, sector ideologies, multinational third order controls, national work paradigms and political stories, differ in other industrial sectors and whether their sensemaking processes constitute transnational social space that differs significantly from the Lifts & Escalators sector. It will be particularly interesting to investigate whether the reform of the German model will lead to a weakening of the social embeddedness of German MNCs. A recent paper by Schmidt presents empirical results which question the convergence of the 'German model' towards the model of Anglo-Saxon capitalism in general, but distinguishes three strategic orientations of German management in different industrial sectors: 1. the strategy of conservative remodelling in the traditional blue collar based industries such as Bosch, 2. the strategy of aggressive remodelling in white collar based industries such as IBM Germany which aims to replace elements of the 'old model' and 3. the strategy of radical remodelling in knowledge based enterprises such as SAP (which aims to get rid of the 'old model') (Schmidt, 2002).

The empirical findings presented in this paper very much 'fit' with the first of his strategy types.

Therefore, it might be worthwhile to expand the comparative sensemaking approach introduced here to other industrial sectors, meeting the criteria of the strategy types two and three, and contrast them with the empirical findings of this paper.

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Figure 1

Dominant approaches about the MNC in the international business literature

- **MNC as rational economic actors** - economic approach: MNC = goal directed, unified rational actor embedded in a market environment, choices about international expansions, overseas investments, decisions about locations, joint ventures, licensing mergers and acquisition, stages of internationalisation (e.g. Buckley)
- **Management of the MNC**: goal of managers to fit the structure to the environment - contingency approach., Evolutionary model (differentiation of the development and diffusion of knowledge in multinational, global, international, transnational organisational structures (e.g. Bartlett and Ghoshal)
- **Further developments**: 1. HQ-SUBS Relations and entrepreneurial role of SUBS (e.g. Birkinshaw, 2. MNCs as differentiated (learning) networks (e.g. Nohria and Ghoshal), 3. Transnational social space in MNCs (e.g. Morgan)

Table 1

Sensemaking in MNCs: key ideas compared to traditional approaches

<i>Key ideas of the 'evolutionary model' of the MNC</i>	<i>Key ideas of the sensemaking approach</i>
<ul style="list-style-type: none"> • Managers as rational decision makers • Focus on configuration (structure) and evolutionary stage of the MNC related to environmental constraints (technical and institutional) • Decisions of MNCs are teleological activity (goal directed) • Need of shared goals and a transnational learning culture (transnational as the new one best way) 	<ul style="list-style-type: none"> • Focus is on process: how the macro is constructed in micro interaction processes • Macro constructions (the market, national institutions or structure) are created in micro situations, often in form of justifications for interdependent actions • Retrospect activity (hindsight emergence of underlying goals and worrying about sharing goals) • Understanding small scale committed interacts

Figure 2

Understanding and comparing sensemaking processes in MNCs

- **Comparative sensemaking approach:** compares discursive practices about global manufacturing of the three MNCs and, especially between German and British subsidiaries
- Cross-national **Comparison of diverse vocabularies that inform the sensemaking processes:** 1. **Ideologies** about global manufacturing, 2. **Discursive control strategies** of our three MNCs, 3. **Work paradigms**
- Linking politics and sensemaking by comparing **stories** developed to legitimise or delegitimise ideologies, third-order controls and country specific work paradigms