

Book Review

Lothar Hack, unter Mitarbeit von Irmgard Hack
(2007): *Wie Globalisierung gemacht wird.
Ein Vergleich der Organisationsformen und
Konzernstrategien von General Electric und
Thomson/Thales*

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There is a continuing public debate, as well as a scientific discourse on the quality shifts in globalisation. In this context it seems that the process of globalisation is mainly a process which develops according to its own set of rules, one that needs to be adapted to. Although from time to time the protagonists of globalisation may be mentioned, it is very rarely to find details on how globalisation is in fact created. This is exactly the question that this third and latest empirical survey by Lothar Hack, in co-operation with Irmgard Hack, sets out to answer.

In their latest work, the two authors show how corporations as “media of globalisation” turn into the central actors of globalisation, due to the gradual reorientation of their organisational structures and strategies. General Electric (GE) is the main focal point of this analysis – a corporation which is of central importance for the creation of corporate guidelines in companies, as well as in science, and which has inspired organisation and management research in their concept development like no other corporation. Therefore, the authors are not merely seeking to find out how globalisation is made, but they also look into the interdependencies between the development of corporate organisations and the changes in organisation and management research concepts.

The argument of the analysis is broken down into various stages. Initially the structures of GE are portrayed, and the changes in GE's organisational forms which mark the creation and prerequisites for global strategies and structures are pointed out (chapters 1 and 2). The authors first illuminate the globalisation strategies specific to the corporation in the context of the changed structure of the corporation as a whole (chapter 4), and subsequently against the background of the multiple research and development restructures (chapter 5). In contrast, they analyse the French corporation Thomson – including its branches Thales and STM Microelectronics in a separate chapter (chapter 3). The comparison of these two transnationally operating corporations shows just how much they are “elements, manifestations and media of social structures and processes, as well as of cultural traditions” (17).

The authors trace the history of GE very elaborately. In this way it becomes apparent that the decisive organisational changes for globalisation set in as early as the beginning of the 1980's, when the company's top management under Jack Welch began to realise that the global competition in the area of microelectronics would become harder and fiercer in the face of the “Japanese challenge”. In consequence, Welch initiated a dramatic change in organisational strategy, as well as in technology strategy. Hierarchy levels were reduced, rationalisation concepts were implemented, and human resources were cut back. External control mechanisms were systematically implemented, and since the late 80's there has been an increased focus on the implementation of forms of automatic control. These efforts were accompanied by rigid guidelines: Business segments should be “number 1 or number 2” in their respective areas, and the “fix, close or sell!” formula added the necessary motivation. From the point of view of technological strategy, GE underwent a fundamental change at the time: While the corporation was considered as one of the most intensive research enterprises worldwide until the mid 80's, a different strategy of handling scientific knowledge was developed under Welch. In the 80's and 90's GE went over to buying up intellectual potential in different forms in various markets (competition, start-ups and high potentials). Therefore, comprehensive integration management to incorporate these numerous acquisitions became part of the strategic direction. This created the essential prerequisites for the globalisation of the corpora-

tion, long before there was even real globalisation to speak of: A highly bureaucratised corporation opened up to its environment.

Internationalisation leading to a far-reaching globalisation took place in several phases. The internationalisation phases which GE underwent are classic in their process: initially the company focuses on export, then follows the phase during which international distributive units are established, and subsequently the global sourcing of products and services takes place (251). However, it was only for a comparatively short time, about the beginning of the new millennium, that the corporation could really call itself a globalised enterprise. While under the management of Welch, intellectual potential was bought externally, the research organisation as an instrument of globalisation was reassessed under the new CEO (Immelt) since 2001, and the “globalisation of the intellect” has moved into the focus of attention. This can be linked to the restructuring efforts which have been initiated in the 80’s (364). This is the reason why the company has only switched, from an offshoring concept according to the principle of the “extended workbench”, to the “GE Global Research Center” (p. 366) with internationally distributed competence centres in the fields of research and development, at a rather late point in time.

A noteworthy aspect of Lothar and Irmgard Hack’s survey is their differentiated view of the different qualities of corporate globalisation, which they exemplify by aid of the gradual internationalisation of GE and the Thomson group. In this way, the authors go further than the phase models of internationalisation conventional in the literature, in that they do not merely describe what determines the new globalisation phase, i.e. the new approach of handling knowledge, but in also showing what the organisational and strategic prerequisites for a truly “global reach” (462) of the corporation are. In this context, Hack & Hack describe how GE has been propagating the concept of the “boundaryless organization” for many years, and how the corporate structures have been aligned to it, even before scientific corporate research has discovered the changed relevance of corporate boundaries. Simultaneously, the authors give a word of warning about equating the transnationality of enterprises with “footloose enterprises” without national attachment, which is what some authors call the new type of global enterprises. Lothar and Irmgard Hack rather show that the transnational direction of GE, and of

the companies within the French-based Thomson group (Thomson, Thales, STM), by no means leads to a weakening of the countries, but conversely, the respective governments play a key role in the support of the enterprises, and also that the enterprises serve as “extended arms” of national governments in realising transnational industry, research and technology policies (463).

With their latest survey, the authors have laid the indispensable empirical groundwork, in order to add more substance to the debate about globalisation. In their work, Lothar and Irmgard Hack minutely portray the basic processes of change in one of the most prominent and important corporations, while underlining their initial assumption: Globalisation is no abstract development that simply “happens” but it is created by concrete and identifiable protagonists “by means of changed forms of the capitalistic organisation in the realisation processes” (21).

The analysis also stands out in its empirical content, with its argumentative bulkiness among the often superficial and trendy discussions about globalisation. The result is an exciting and precise analysis of the globalisation implemented by corporations “off the economist tracks”, which focuses on how the globalisation process is constructed, and not on how it is reacted to. In this way, the authors offer science diversified and exciting starting points, and inspire further research, like the question how power can be balanced in corporations after the new phase of globalisation. This is why the survey is an essential work for scientists who are interested in the empiricism of globalisation, even though the authors do not always make it a very easy task to follow the vital and exciting arguments through the wealth of empiricism.

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