

Co-ordination and Control in Transnational Businesses and Non-profit Organizations

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1. INTRODUCTION

During the 1990s many transnational organizations have achieved important changes in their strategies and structures. Turbulent transformations of the economic and political world system have offered both new opportunities to, and required adaptations from, transnationally active organizations. At the same time, changes in the importance and in the character of national and local environments have partly increased and partly decreased pressure for the responsiveness of large-scale organizations. Finally, the mode of articulation between these different levels has been altered by the economic and political integration of world regions through organizations such as the European Union, or through the development of new regimes of international polity. As a general tendency, we can observe the eroding of boundaries, enhanced interdependencies, and a greater variety of options (Steger et al. 1998), both within organizations and in relations between organizations and their environments.

Against this background it becomes obvious that apart from cross-border migration, transnational organizations are central fields for the study of emerging "transnational social spaces", i.e. social interconnections and communities which are no longer coterminous with national or regional states. By constituting dense institutional frameworks composed of artefacts, social practices and symbolic representations, transnational organizations form pluri-locally integrated communities (Pries 1998). The most important factors shaping social spaces in transnational organizations, and the most important preconditions for their emergence, are structures and strategies of control and co-ordination. These structures and strategies determine the degree and quality of interconnectedness between individual and collective actors, and mould the social integration of an organization's members.

In this paper we will consider different modes of co-ordination and control in transnational organizations and illustrate their importance by referring to empirical findings. Our focus is on the tension between shared organizational strategies and goals on the one hand, and the need for local autonomy on the other. This is why issues such as centralisation versus decentralisation or homogeneity versus diversity are of particular interest. In dealing with co-ordination and control we hope to contribute to the analysis of "transnational social spaces" that develop within, or are fostered by, the activities of transnational organizations.

We decided to focus on both non-profit organizations and on business enterprises for a variety of reasons. First of all, we expected that studying different types of organizations would help clarify the particularities of transnational organizations. When studying transnational co-ordination and control, for example, one might attribute certain phenomena to the transnationality of an organization, although these phenomena might be the result of the organization's size, structure or task. By comparing various types of organization we hoped to identify the phenomena that transnational organizations have in common. Secondly, comparing a variety of transnational organizations helped us elicit the more telling characteristics of these organizations. Thirdly, research on

business organisations on the one hand and non-profits on the other is carried out by rather separate communities. We felt that integrating studies of transnational businesses and non-profits would benefit our knowledge and understanding of both types of transnational organization.

This paper is based mainly on literature reviews and research which we ourselves conducted in various research projects. We conclude our paper with illustrative information acquired during semi-structured interviews with managers of four transnational organizations, carried out for the preparation of this paper and as part of ongoing research work on transnational management and industrial relations.

2. BALANCING THE GLOBAL AND THE LOCAL: ELEMENTS OF CO-ORDINATION AND CONTROL IN TRANSNATIONAL ORGANIZATIONS

In the context of the current trend towards increased international connections and interdependencies, sociology has experienced somewhat of a paradigm shift. The hitherto unquestioned assumption that social and national borders conform to one another, the so-called territorial bias, has been heavily challenged by globalisation. Consequently, the territorial dimensions of social phenomena have had to be reconsidered and the relationships between global and local phenomena have become an important issue in the sociological discussion. To put it crudely, there are two contradictory theses. One thesis is that the homogenisation of society is a consequence of hegemonic global trends fostered in particular by world markets and their tendencies towards uniformity and global rationalisation (e.g. McDonaldisation, Ritzer 1993).

The second thesis questions the assumption that a convergence of cultures is taking place and stresses the dialectic nature of the globalisation process. To view global and local phenomena as two parts of a simple polarity, in which either global forces act upon localities or localities resist the predominance of global forces, is considered a simplification. It has been argued, for example, that the thesis of increased global homogeneity does not take into account the complexity of the relationship between localities and forces of globalization. Many feel that globalization is actually a mutual and co-operative process, in which both localities and global forces play an important role (Robertson 1992,1998; Albrow et al. 1990).

The analysis of transnational organizations is a complex endeavour. Underlying and within the systems upon which transnational organizations are built, are polarities that arise from conflicts between trends towards global rationalisation, homogeneity, and centralisation, and efforts to maintain local specialisation, variety, and decentralised structures. The strategies of transnational organizations usually fall between the two polar extremes that result from such conflicts. Phase models and typologies of the structural characteristics of transnational organizations usually take this fact as their starting point, as is demonstrated by the influential study from Bartlett and Ghosal in which "multinational", "transnational" and "global" companies are defined and distinguished from one another. The fact that transnational companies tend to be neither purely centralized nor purely decentralized is a starting point for Perlmutter's study, which distinguishes between "ethnocentric" and "geocentric" companies. Typologies of transnational companies are useful as long as the strategies of these companies are not regarded or described simply as points on a continuum between homogeneity and variety, but rather as complex and intricate products of various intertwining elements. However, it is difficult to relate empirical cases to ideal types. Studies of Daimler-Benz (Büchtemann/Kuhlmann 1996) and Asea Brown Boveri (cf. Behr/Hirsch-Kreinsen 1998) did demonstrate that different sectors of transnational companies exhibit different forms of internationalisation. Another shortcoming is that although typologies do not

necessarily suggest a historical tendency towards one type of organization, in practice such a teleological bias often influences the debate. Quite obviously, the "global" type of organization has been associated with the era of "globalisation", and "globalisation" in turn has been characterised by the spread of "global" organizational forms.

In view of these problems our aim in this paper is not to engage in a debate on the classifications or typologies of transnational organizations. For our purpose it is more useful to focus on the elements of co-ordination and control that can be found in a great variety of combinations in real world organizations. In describing different elements of co-ordination and control we take as a starting point the distinction between the following core elements of co-ordination and control within large scale organizations: hierarchical or bureaucratic elements, quasi-market elements, and normative elements. These distinctions are partly in line with Etzioni's (1961) classification of coercive, utilitarian, and normative organizational control. In a summary of analytical concepts, and for the purpose of analysing the diffusion of organizational change within transnational enterprises, Ferner and Edwards (1995) also distinguish between different modes of influence: authority relations, resource-dependent power relations, exchange relations and cultural relations. In the following sections we will, though not exclusively, use such terminology when considering the more general aspects of the empirically important elements of co-ordination and control.

"Authority brings formal control over resources and decision-making – including the right to allocate investment funds, or to impose sanctions on under-performing units – according to clearly understood organizational rules. Authority relations are normally reflected in the *formalisation* of practices in the shape of sets of routines, standard operating procedures and general guidelines, rules and policies" (Ferner/Edwards 1995:232). Hierarchy and formalisation are the key elements of "direct control" management styles, which are characterised by the direct involvement of superiors in decision-making and the surveillance of sub-units. But hierarchy and formalisation are also the key elements of "indirect budgetary control" styles of management which lay stress, among other things, on target setting and the monitoring of performance (see Flecker/Schienstock 1994, Hirsch-Kreinsen 1995, Armstrong 1996). Targets are set in a unilateral or in a negotiated way, depending on the degree of input allowed sub-units, and success is measured by analysing sales numbers, and measurements of efficiency, profit and other such indicators. A variety of indicators are used to monitor the economic performance of the company's sub-units and measure output, technical efficiency or overall results in order to "subject the sub-units to systematic appraisal for their contributions to the business as a whole" (Smith/Elger 1997:284).

Co-ordination and control in organizations is not determined by authority relations alone, since actual distributions of power may differ from formally established structures of authority. In the case of *resource-dependent power relations* all "zones of uncertainty" (Crozier/Friedberg 1979) are potential sources of power for those who control them. Power relations therefore deviate from authority relations even though formal authority is the most important source of power in organizations. Thus, a better understanding of "micro-politics" within organizations will not only improve our

understanding of authority relations, but will also allow us to analyse processes of organizational co-ordination that come into being as a result of "power games" (ibid.).

In decentralised companies co-ordination is frequently based on contractual relationships or, more generally, *exchange relations* between sub-units. For example, sub-units are free to decide whether they will hire work out to other units within the company itself or turn to units outside of the company for help. In such an organizational setting, hierarchical co-ordination is partially replaced by the direct horizontal co-ordination of transaction networks. In decentralised organizations *communicative co-ordination* is also said to assume increased importance, in particular in the form of direct horizontal communication (e.g. Hirsch-Kreinsen 1998). Conferences, meetings, and telephone, intranet and e-mail communications make the implementation of the plans and activities of spatially dispersed units possible and allow for mutual learning processes.

Cultural relations are composed of taken-for-granted assumptions about an organization, the social relations within the organization, and the actors' perceptions of their own interests and those of the corporation (Ferner/Edwards 1995:233f). Cultural relations also facilitate the management of meaning, by which the legitimacy of actions, ideas and demands (ibid.) is established. Company-wide mission statements, and the procedures to set these up, influence the orientations of an organization's members. Company-wide mission statements are also designed to give guidance in ambiguous situations when clear rules are not available and hierarchical decisions are not being made. As well, the different areas of Human Resource Management, such as recruitment, training, appraisal, placement etc., are used as a means of influencing perceptions and orientations and consequently the corporate culture (Townley 1991).

We have already alluded to the fact that we can expect to find a variety of elements of co-ordination and control within every organization. Research findings suggest that modes of control differ amongst the functional areas of a firm. It is thus typical to find a high degree of centralisation in units concerned with financial matters and a low degree of centralisation in units concerned with personnel management (e.g. Coller 1996:154). It goes without saying that organizational structures are shaped by production processes and product markets or, in the case of non-profit organizations, "issues". But organizational structures are also shaped by organizational "trajectories" and the legacies of past power struggles. Hence, the combination of elements of co-ordination and control differs not only between organizations but also within organizations.

3. DEVELOPMENTS IN THE CONTROL AND CO-ORDINATION OF INTERNATIONAL BUSINESS ORGANIZATIONS

In this part of our paper we will describe important characteristics in the development of forms of co-ordination and control within transnational companies. Of course it is not possible to summarise the vast and growing body of analytical work and empirical evidence related to this theme. Rather, we want to focus on the relative importance of different elements of co-ordination and control and their consequences for the character and the degree of social integration within a company.

Cultural Relations and Communicative Co-ordination

Authors of management literature often see normative integration or "culture" as a solution to problems of co-ordination and control in complex organizations or inter-firm networks. "In the context of MNEs that are operating as networks or diffuse, 'loosely coupled' power and authority structures, 'culture' has been presented as a form of 'corporate glue' binding the organization together through sets of taken-for-granted assumptions about the enterprise and its way of doing things" (Ferner/Edwards 1995:240).

The example of Daimler-Benz shows that the globalisation of corporate activities and the decentralisation of decision-making leads to new challenges for head offices in the management of (cultural) diversity. Transnational companies have to employ more international managerial personnel with knowledge of, and experiences in, foreign countries, in order to be able to co-operate with much more autonomous sub-units and react flexibly to changes in global market conditions (Büchtemann/Kuhlmann 1996:97; for a different conclusion see Kotthoff in this volume). Consequently, the globalisation strategy of Mercedes-Benz is supported by a special programme for the training of international managers (Pries 1997).

On the other hand we still find ethnocentric approaches to corporate culture. So-called expatriate managers are often used to transfer organizational culture and managerial styles, that they have internalised as workers in the parent company, to subsidiaries in other countries. The use of expatriates was an important aspect not only in the management of Japanese 'transplants' in North America and Europe, (Ferner/Edwards 1995:241, Buhr 1998:32f) but may also be characteristic of many direct investments in transformation economies in Central and Eastern Europe (see Rudolph/Hillmann 1998).

There is evidence that it is not only the US-American centres but also those of the Asian and German transnational companies that seek to impose their cultural stamp on their subsidiaries abroad. There is a widespread tendency towards the deliberate limitation of local cultural orientations. This means that the ethnocentric approach to the establishment of organizational culture is still prevalent (Buhr 1998:38). In an interview, the Human Resource Director for the Central and Eastern European branch of a large transnational corporation told us that they deliberately alter the behavioural relations

between superiors and subordinates in their Russian subsidiary. They are not prepared to wait until the traditional attitudes towards authority are weakened over time. According to Rudolph and Hillmann, the main task of expatriate managers in the Baltic countries is transferring, along with technical know-how, a "customer-centred organizational culture" and stimulating "positive attitudes towards work" amongst local colleagues (1998:50).

The diffusion of so-called matrix or virtual forms of organization leads to dense interconnections between individuals and groups formally belonging to separate corporate entities. In an interview, the manager of a global corporation put it as follows:

"We are working more and more at a pan-European level, which means that the manager for a particular area may well be located in a different country and may be in charge of several countries. The decision on what is sold at what price has to be made within what we call the virtual organization. And there are people here that report to me but who are not working for this country at all. Rather their job is to participate in projects in other countries or in cross-border task forces. This is increasingly fostered because it does not make sense to have a specialist for this and that in every country. Service and competence centres are increasingly organised at a pan-European level – apart from pan-European outsourcing."

Decentralised organizations in particular, tend to strengthen direct communicative co-ordination. Hirsch-Kreinsen (1998) describes these "communication processes" between managers and their regional and functional superiors, and between managers of different – and competing – sub-units as follows: "It is the more or less explicit aim to reach a management decision by consensus of all those involved" (p.47). Reaching a consensus often implies time consuming bargaining processes that are aimed at reconciling the interests of individual sub-units with corporate goals. Hirsch-Kreinsen argues that failure to reach consensus cannot be ruled out. In this case, the senior management ensures that a decision is made. But if such a situation occurs more than twice, the managers are replaced (1998:48).

Although communicative co-ordination can be seen as a distinct type of organizational integration, it is closely related to authority structures. With reference to a situation that occurred at Asea Brown Boveri, Ferner and Edwards argue that "the *creation* of the task force and the definition of its role were the result of the intervention of a higher-tier manager rather than of 'spontaneous' generation. Such groups could therefore be seen as an element in a sort of 'democratised' authority structure, in which lower levels have more of a contribution to policy development, and consequently more of a stake in its successful implementation." (1995:239f.)

In addition, and as the example mentioned above clearly indicates, communicative co-ordination takes place in the shadow of authority relations. Hierarchical control structures and reporting systems form a tight framework for communicative activities in task forces, management meetings or intranet applications. More generally we would argue that strengthened cultural relations and intensified communicative co-ordination within transnational corporations should not lead us to underestimate the importance of

other more traditional elements of co-ordination such as authority relations.

Authority Relations

In the debates on the organizational structures of international companies there has been agreement that there is a tendency towards decentralisation and, generally speaking, the diminishing importance of bureaucratic elements of control. Co-ordination and control that is based on authority relations and exerted through the channels of corporate hierarchy became increasingly disadvantageous for transnational companies because of the growing complexity of cross-border organizations and the resulting uncertainties faced by head offices. Apart from being costly, bureaucratic elements such as centralisation and formalisation turn out to be ineffective. For example, they restrict the room for manoeuvre available to local management, thereby smothering their commitment and their ability to adapt to local contingencies. Even in the 1960s, Perlmutter (1965) described decentralised confederations which allow for the far-reaching autonomy of individual subsidiaries, that emerged as a consequence of ineffective and costly bureaucratic elements.

Of course, it became the dominant view both in managerial and in scholarly debates that heterarchy replaced hierarchy (Hedlund 1986), local autonomy replaced centralised decision-making, and output control replaced rules and process formalisation. But it would be a mistake to treat hierarchy and formalisation as obsolete forms of co-ordination and control. Rather, they remain important frames of action even within companies that have to adapt to a variety of local environments. Nohria and Goshal pointed out that, in order to meet strong pressures from both local and global environments, companies opt for an "integrated variety" model of management that combines the autonomy of local management with general integrative systems. Apart from normative integration, general integrative systems consist of "rule and process formalisation" (1991; quoted by Coller 1996). Recently, case-study evidence has indicated that companies are reversing some of the steps they made towards decentralised corporate structures. It is quite interesting in this context that *the* exemplary decentralised, "multi-domestic" company (see Bartlett/Goshal 1993), Asea Brown Boveri (ABB), has strengthened central functions and integrated previously separate units in order to overcome co-ordination problems (Hirsch-Kreinsen 1998). Even if "re-centralisation" is not a general tendency, it is becoming clear that hierarchy combined with other elements remains the most important principle of organizational control.

Indirect hierarchical control by way of target setting and performance monitoring implies that decision-making on operative issues has devolved into the management of sub-units. Direct control is weakened. However, authority is strengthened by the application in complex organizations of practices termed "comparative control" or "coercive comparison", which are used to monitor and compare the performance of sub-units (Dohse 1987, Ramsay/Haworth 1990, Mueller 1996). The information gathered by means of "comparative control" and "coercive comparison" is in turn used as the basis for investment decisions (*ibid.*). The data on the sales figures, profitability, and cost

structures etc. of every sub-unit are available in a corporate information system. This data is used not only by the head office for surveillance purposes, but is also, perhaps more importantly, used as a basis for self-monitoring amongst the managers of sub-units, who are in a position to compare their performance with the performances of others on a monthly basis (Hirsch-Kreinsen 1998:46).

Owing to differences in products or processes and dissimilar conditions in local environments, the indicators of different sub-units are usually not directly comparable. This fact, however, does not hinder the application of the procedure, as a manager of a world-wide corporation explained in an interview:

"Positive competition always creates incentives, and you do not forget that performance is not absolutely comparable. You simply have to set targets and people have to try hard to meet them, and due to the comparison they will try harder. If you accept that things are not comparable, everybody will look for reasons why his or her situation is different. Everybody only finds the downside arguments and not the upside arguments. That is why I say I do not care. More and more we use pan-European bottom-lines to communicate that this is one single business."

Another characteristic of authority relations is that the technological or organizational features of sub-units are influenced by the centre. One method of influencing sub-units is the dissemination of the "Best proven practice" (see Mueller 1996). But the "Best proven practice" is not necessarily developed by the centre, since local developments can also be acknowledged as the "Best proven practice", in which case other sub-units must adapt accordingly. Research on the automobile industry has revealed that in the process of determining which practices are most favourable, subsidiaries may assume the role of "experimental plants" and thereby enjoy a certain degree of autonomy. "These new 'innovation laboratories of Production Configuration and Concepts' differ explicitly from company traditions as well as from local idiosyncrasies. Based on new social and contextual power relations in the places of new or renewed location, these plants are able to define and design a great number of configuration variables. At the same time, the company headquarters offers a new type of 'temporary autonomy' to the new experimental plants to develop new solutions" (Pries 1997:[16]; see also Mueller 1996, Dörre 1996).

It is quite obvious that the step from behaviour or process control to output control has important consequences, yet the number of limitations that head office face in the negotiation of targets and in the assessment of performance may remain constant or even increase. With the establishment of contractual relationships within organizations and the establishment of competition between sub-units, companies further transform authority relations. The "internalisation of competition" (Cowling/Sugden 1987, quoted by Mueller 1996:349) is said to replace traditional models of hierarchy. The argument is that in order to achieve rationalisation goals, companies introduce principles of internal competition, i.e. they make sub-units compete for orders and investment. In this process the managers and workers of plants are forced to rationalise their operations by reducing the number of employees, lowering wage levels, increasing flexibility etc., in order to reach the performance levels of other plants or to outperform them.

One of the most important innovations in large-scale organizations was the implementation of quasi-markets within the corporation. Contractual relationships (customer-supplier relations) between sub-units for example, have been widely established to co-ordinate complex processes of production and service provision. While internal competition and market-like relations strongly enhance an organization's ability to co-ordinate complex interrelationships, they also have considerable drawbacks. Managers of sub-units may focus on their immediate interests and on the performance indicators of the unit, and may thus neglect overall corporate goals, obstruct synergy and refuse to join corporate alteration programmes (Hirsch-Kreinsen 1998:51f).

In summary, the overview provided above demonstrates that there is a multiplicity of co-ordination and control elements and that there may be considerable tensions between these elements. For example, the internalisation of competition makes the establishment of cultural relations and communicative co-ordination more difficult. We would argue that the 'systemic' (authority and quasi market) forms of co-ordination and control have grown stricter, partially through the application of the principle of shareholder value. This affects not only those who are made responsible for the meeting of targets, but also the rank-and-file employees, who become more and more dependent on the relative performance of the sub-unit they belong to. At the same time, managers of transnational companies are subject to strategies of cultural inclusion and are engaged in intensified communicative co-ordination activities. One of the consequences of these trends is a deeper gulf between management and local workforces. Though targeted in company principles or mission statements, local workforces are usually not included in transnational communities, even though they are significantly affected by corporate strategies and international competition between an organization's sub-units. In this context it might be useful to consider Lockwood's demand, made in the 1960s, that we analyse social change not only with reference to social integration, i.e. the relations between actors, but also with reference to system integration, i.e. considering the relations between parts of a system. What we have observed, although it has not been systematically analysed thus far, is an ongoing and 'systemic' process that destroys high-trust relations within the local establishments of transnational companies. There is a need to investigate whether the emergence of transnational communities of corporate managers fuels this tendency by making it easier for those carrying out corporate strategies to detach themselves from the (local) consequences of their decisions.

4. ***CO-ORDINATION AND CONTROL IN TRANSNATIONAL NON-PROFIT ORGANIZATIONS***

Discussions about globalisation often focus on the world market and the influence of profit-oriented organizations whereas non-profit organizations are often disregarded. Actually, the management of international non-profit organizations has not been given much attention so far (Zimmer/Priller 1997).

In this part of our paper we want to stress two points. First of all, that non-profit organizations are important transnational actors out of which transnational social spaces emerge. Secondly, that non-profit organizations have specific features which influence the characteristics of co-ordination and control strategies and the transnational social spaces within these transnational organizations.

Non-profit Organizations as International Actors

Many problems addressed by non-profit organizations, as well as many of the NPOs themselves, are multinational. Global warming or the nuclear threat, are transnational phenomena, as is the world-market and its influence upon the underdevelopment of certain areas. Humanitarian efforts to provide social aid or to further human-rights do not stop at national borders. Therefore, non-profit organizations that work on "borderless" issues, large advocacy organizations, environmental and developmental organizations in particular, must engage in a large amount of international work (Keck, Sikinkh 1998; Princen/Finger 1994). The activities of human rights organizations for example, have been and continue to be conducted internationally.

Since 1945, non-profit organizations have been actively engaged in international politics, collaborating with intergovernmental organizations such as the UN, the WTO and the WHO, a trend which has accelerated since the UN summit in 1992. The increasing importance of non-governmental actors in international politics goes hand in hand with a significant decline in the influence of national governments. Accordingly, current theories on global governance and global civil societies (The Commission on Global Governance 1995) give much space and attention to the international work of non-profit organizations.

Non-profit Organizations as Sources of Transnational Social Space?

There are some indicators that transnational social spaces are emerging as a result of the activities of non-profit organizations (Townsend 1999). Communities of transnational non-profit organizations are characterised by an intensive exchange of information. In fact, discussions regarding policies, strategies, goals, values, and cultures, along with the use of a non-profit specific "technical language", and a shared set of beliefs and habits, leads to a sort of emotional and interactive form of intimacy amongst transnational non-profits. As regards personal experiences, values and interests, a member of Greenpeace Russia may thus have more in common with somebody working

for Greenpeace UK than with his or her next door neighbour.

Common ideologies always help to define and unite social groups (Brown/Brown 1983). This fact may account for the intensity of the transnational social spaces that exist amongst non-profit organizations, whose members are to a large extent motivated by ideologies. There is strong evidence that transnational communities exist not just within transnational non-profit organizations, but also within the transnational networks of these organizations. While in the business world one might assume that most small companies are locally oriented, in the world of non-profit organizations even small and locally oriented organizations very often work and network internationally.

Defining Non-profit Organizations

The term NPO itself refers primarily to organizations located "somewhere in between the market and the state" and it covers a huge variety of organizations, ranging from transnational advocacy organizations and large charity organizations to sports clubs, private schools, trade unions and cultural institutions, just to name a few. The large variety of non-profit organizations is one reason why non-profit organizations have been defined in a number of different ways. In this article we will define non-profit organizations as organizations that are to some extent formally organised, private, meaning that they are institutionally separate from any government, non-profit distributing, self-governing, meaning that they are not controlled by other organizations, and voluntary in nature (Salomon/Anheier 1992,135).

The Specific Challenges of Co-ordination and Control in Non-profit Organizations:

Non-profit organizations use different organizational structures and procedures depending on their size, tasks, financial resources, culture and history (Bernard 1999). The degree of centralisation and hierarchy in non-profit organizations varies significantly, which is not surprising given the great diversity of such organizations. Despite differences, there are a number of factors which influence the systems of co-ordination and control in most non-profit organizations. These factors will be described in the following section, and will be illustrated by referring to the results of case-studies of Greenpeace and Amnesty International.

Multiple Embeddedness, Goal Ambiguity and the Difficulties of Measuring Efficiency and Effectiveness

Research in the field of new institutional theory proposes "that non-profit organizations are best understood as embedded within communities, political systems, cultures, industries, or co-ordinative fields of organizations" (Feeney 1997, 490f; Powell/DiMaggio 1991). Institutional environments and the constituencies of NPOs tend to exhibit a high degree of complexity and multiplicity (Herman/Heimovics 1991, Anheier/Cunningham 1994). If for example, a developmental aid organization meets the demands of local groups in the South for active leverage policies aimed at changing

terms of trade, it risks alienating major donors in the North. After analysing stakeholder evaluations of the efficiency of NPOs, Herman and Renz concluded that non-profit organizations are best understood as multiple stakeholder organizations. "The idea that there is a single objective organizational effectiveness independent of the judgements of various stakeholders is no longer tenable or useful" (1997, 201).

Although all organizations face dilemmas and contradictory expectations, non-profit organizations have fewer opportunities to handle these problems by referring to one dominant logic or to one dominant external relationship.

Concerning co-ordination and control, it is obvious that the more complex an organization's environment is, the more challenging is the task of integrating sub-units. The multiple embeddedness of non-profit organizations and differing stakeholder interests often cause problems in defining and measuring efficiency and effectiveness.

When constituencies give priority to different organizational goals and apply different criteria when defining success and efficiency, managers are faced with a high degree of uncertainty. Elements of control like bench-marking or target-setting, which depend on clear operational goals, cannot be easily applied. If goals and evaluation criteria are not specified or if they are contradictory, an organization might end up trying to simply 'muddle through'. Seibel (1992) has called this phenomena "Functional Dilettantism". He argues that because of a lack of evaluation criteria and goal-specification in non-profit organizations, a failure of co-ordination and control is the norm rather than the exception. This situation heightens the necessity of negotiation processes, which, if carried out correctly, will result in valuable organizational learning experiences and increase an organization's capacity for communicative co-ordination.

The High Impact of Ideologies

Ideologies, often seen as an aspect of cultural relationships, have a particularly high impact on the organizational life of most non-profit organizations. Ideologies can be defined as relatively coherent sets of beliefs and shared values that bind people together, provide explanations for phenomena and suggest appropriate actions (Brown/Brown 1983).

The following excerpt from Greenpeace's 25th Anniversary Report (1996) demonstrates the importance that NPOs place on shared ideologies, "Greenpeace is driven by passion. Whether it is the fight to save whales or stop nuclear tests, our campaigns, and the millions who support them, have at their heart a passionate commitment to change."

Shared ideologies and values help facilitate processes of transnational co-ordination. While profit-making organizations often dedicate much time and money to the development and implementation of shared principles, the high impact of a common "mission" in non-profit organizations is almost guaranteed. Shared ideologies help provide focus and orientation in ambiguous situations, they engender a high degree of commitment and motivation and they can facilitate mutual tolerance and understanding between people of different cultures.

The importance of ideology for NPOs can also be a source of organizational conflicts, that result from different sets of values and different negotiation contexts. In transnational organizations ideological differences can also be further aggravated by cultural differences. In parts of Asia, for example, Greenpeace is regarded as a very radical and extreme organization, while some European critics feel that Greenpeace is becoming too moderate and is moving too close to the establishment. These differences in evaluations of Greenpeace probably stem from different cultural concepts and ways of dealing with conflicts. Moreover, in organizations where ideologies carry great weight, moral arguments can be the basis of closed-mind strategies and irrational arguments.

Resistance Against Authority

The characteristically high level of informality within NPOs is matched by a degree of resistance against formal power structures.

The volunteers and employees of smaller non-profit organizations who were born in the wake of new social movements, often have a deep-seated mistrust of power-politics, hierarchies and formal structures. Clear-cut job descriptions, elaborate rules for decision-making processes and the existence of a centralised executive power, are often seen as structures which limit personal freedom and destroy the individual characteristics of their organization, thereby making the structures of their non-profit organization too similar to those of business organizations. Members of NPOs are also often critical and wary of power and highly sensitised to any form of injustice that might result from the abuse of formal power. Interestingly enough, members often use their training and experience gained during their fights against other formalised organizations "at home" as well, i.e., to defeat bureaucratic structures in their own organization (Patak/Simsa 1993). This is especially true in those non-profit organizations that are staffed primarily by volunteers, since such workers can hardly be forced to do anything.

As a consequence, there are often serious limitations to comprehensive planning and top-down decision-making structures in non-profit organizations. The strategic influence of executives is often heavily restricted. Co-ordination processes depend to a large extent on the people involved and their respective personalities. The absence of formal structures often leads to the unduly high influence of resource-dependent power relations based on informal power and individual interests. Although money is not the central focus of non-profit organizations that we studied, the employees of these non-profits spoke of an underlying tendency to accord rich countries more influence. Therefore, the power of a partner's unit is to some extent determined by the amount of financial backing a partner receives. On the other hand, the absence of formal structures in NPOs allows a lot of space for horizontal co-ordination and exchange relations between sub-units.

Another advantage of loose formal structures might be the fact that NPOs usually allow a lot of room for the fulfilment of the respective needs of a variety of cultures, and afford a wide variety of strategies and problem-solving processes in sub-units. The

flexibility of NPOs can also ease the adaptations that must be made as a result of changing contexts and conditions. Empirical evidence suggests that decentralised federal structures are more successful in meeting the challenges of international environments than are centralised organizations and hierarchical federations (Young 1992; Anheier/Cunningham 1994).

During fieldwork we conducted at Greenpeace (a very successful transnationally operating organization) we observed trends towards more centralised and homogenised structures, and the concentration of decision making forces. Until a few years ago, many decisions regarding campaigns and co-operation within the organization depended to a large extent on coincidence and on the financial strength and interests of individual national offices. According to Greenpeace's "Program of Reform", in the past, greater emphasis was laid on allotting more power to the international head office (Greenpeace International) and on formalising structures of co-ordination and strategy, which in turn led to a clarification of the relationship between international and national offices. This state of affairs gave Greenpeace International a stronger position and placed a slightly greater emphasis on structures, at the expense of the influence individual actors were allowed to exert. Greenpeace's "Program of Reform" has introduced the element of target-setting into the organization. Targets are now set by means of bilateral agreements between national offices and international management and are based on the Organizational Development Plan of each national office. If a joint plan is not approved by the international office, an intensive negotiation process will be started aimed at harmonising national plans with international goals and necessities. As the co-operation between Greenpeace International and national offices is mainly communicative and requires consensus, this process is usually very demanding and requires a great deal of time, communicative competence, persuasive ability, and facilitation.

The Pitfalls of Transnationality – Cross Border Co-ordination

The features of non-profit organizations described above do not refer exclusively to transnational organizations. In organizations which operate across borders, many challenges may arise because of an organization's embeddedness in a variety of national and institutional frameworks.

National Egoisms versus Transnational Homogeneity

All globally operating organizations need national units. Workers have to be employed according to national laws, and fund-raising, lobbying and ad campaigns often have to be tailored to one or several different local settings. Thus conflicts arise between international and national units because of differences between overall organizational goals and the diverse goals of individual units. Consequently, competition between national units, based on emotions such as national egoism, is common. Such inter-unit competition is possible because at times the responsibility felt by national managers for their own national concerns, outweighs their commitment to the international levels of the organization. Sometimes we can even observe a certain distrust of international staff, who are criticized by local staff members for "not knowing what they are talking about

when it comes to national affairs". Such dynamics can lead to a situation in which, for example, the fundraising manager of Greenpeace International might be asked to support a national fund raising campaign, only to find that his or her helpful suggestions are met with resentment from local fundraising managers. These local fundraising managers might claim for example, that the strategies recommended by the fundraising manager of Greenpeace International would not be suitable in the local context where the fundraising campaign was to be held. Although such an argument might be valid, it might also be used as a kind of "killer argument", that simply reflects the resentment or fear that local managers have when faced with new ideas.

At the same time, we also observed agreement amongst many workers that adherence to common strategies and even a certain degree of subordination to central principles and goals is necessary. Such consensus arises from a set of shared ideologies. Nonetheless, national managers as well as international specialists must function as links between national and international interests and manage the tensions between national and international units by using a mixture of "diplomacy and pressure".

Members increasingly feel affiliated not only to the national, but directly to the international organisation because of the very high importance and density of communication and the sometimes very time consuming international meetings. Although e-mail and other communication technologies are extremely important and helpful, the implementation of personal commitment and emotional engagement and the establishment of transnational spheres necessitates a certain amount of face-to-face contact. Generally, despite "the natural proclivity to organise nationally, many NGOs may be more effective eschewing national identities as an organising concept" (Finger/Princen 1994, 230).

On the other hand, in some non-profit organizations the balancing of national and international strategies might give international (confrontational) strategies undue preference, even when local interests might have been better served by localized strategies and negotiation processes, a problem which has been considered in studies of development-organizations (Cleary 1995, Nelson 1999).

Cultural Differences

In transnational organizations conflicts between centralised and decentralised units can be aggravated by cultural differences. Three cultural differences which can complicate transnational co-ordination, harmonisation, and negotiation processes are, differing communicative strategies and styles, differences in local perspectives on the significance of an issue, and different institutional and political environments.

Apart from different ways of dealing with conflicts, different perceptions of radicalism and different modes of co-operation, there are also different ways of using language that can lead to transnational misunderstandings. According to one of our interview partners, a German employee e.g., would reject a proposal by saying, "No, that is nonsense!" while a Japanese employee would express the same view by saying, "this is a good idea, but we should think a little bit more about it". This example demonstrates that in all

transnational communications, the opinions voiced by participants exist in a context which is defined and affected by the conventions of a speaker's native language.

Another factor which can complicate transnational co-ordination is variation in the local significance of a given issue. For example, whereas environmental campaigns against whale-killing were highly successful and led to a significant rise in donations in most countries, these campaigns created massive financial problems for Greenpeace's Norwegian headquarters. Similarly, human-rights campaigns against the discrimination of homosexuals or female genital mutilation are not equally received in all countries. This is why Greenpeace's national offices now have the right to veto the launch of proposed campaigns in their countries. In recognition of local differences, Amnesty International has begun to formulate agendas in a more culturally responsive manner. Thus, as a result of internal conflicts, Amnesty International's slogan "one message – one voice" was changed to "one message – many voices".

Regional differences in institutional and political environments can also pose problems for transnational organizations. , since a legal conflict in any given country might undermine efforts towards transnational harmonisation. In China, for example, activists protesting nuclear tests took the risk of being imprisonment or killed because of their activities. Nonetheless activists who operate in more democratic countries criticised the protestors in China for the "inappropriate mildness" of their actions. To avoid such inter-organizational conflicts, transnational organizations must take into account the legal and democratic structures of respective countries.

Western Predominance and Efforts to Shake It Off

Conflicts over central co-ordination and organizational culture are common, especially since western values and viewpoints have thus far predominated in many non-profit organizations. For example, although Greenpeace is making serious efforts to evolve from a merely international into a truly transnational organization, Europe and the USA still supply the most members. Likewise, Greenpeace is eagerly pursuing the aim of staffing local offices with local people, but the international board of directors is almost exclusively made up of Anglo-American males. Greenpeace's past campaigns were also sometimes run without the collaboration of the domestic organizations of the countries concerned. Today there is a tendency to enforce the integration and incorporation of local people, even though such efforts are sometimes impeded by a lack of qualified personnel in some countries. Amnesty International faces a similar situation. For example, Europe, Northern America and Canada dominate the processes by which Amnesty International's organizational culture and strategies are determined and established. As part of an effort to shake off this western dominance, Amnesty International often holds its international meetings in regions where the organization is less established. Additionally, non-western members are being encouraged to take over leadership positions.

Transnational Communities in Non-profit Organizations

Despite the above-mentioned problems and obstacles that hinder transnational homogeneity and co-ordination, a high degree of identification with an NPO's international policies, platforms and goals is found in many non-profit organizations. Strong emotional ties and the frequent use of dense communication networks justify talk of the emergence of transnational communities within NPOs. At Greenpeace, a large number of employees are internationally oriented. Not only the staff members of the international headquarters, but also members working in local offices on campaigns, fundraising and external communications, actively engage in intensive networking and international communication. Information about international research and the results of campaigns conducted in other countries are speedily distributed within the organization and facilitate discussions as well as the development of local strategies.

An organization's transnational community arises as a result of three factors; intense communication, shared ideologies and effective organizational structures.

5. CONCLUSIONS

Our conclusions on the relationship between the elements of control and co-ordination and the emergence of transnational social spaces can only be tentative as the main purpose of this paper was to describe broader organizational trends. Of the broader organizational trends we have considered, we would like to stress four which are of importance to both business enterprises and non-profit organizations.

1. The first point relates to the multiplicity of elements of co-ordination and control in transnational businesses and non-profit organizations. In transnational companies the combination of different elements of co-ordination and control depends on the character of the production process and the product market, internationalisation strategies and organizational legacies, and partly on 'home-country-effects'. Describing general trends and developing typologies is not easy because of the great variety of organizations that must be taken into account, and the fact that each company uses a variety of modes of co-ordination and control. One of the most topical trends however, is the strengthening of organizational cultures and communicative co-ordination in an effort to cope with the increased complexity of transnational companies. It is our argument that these processes of organizational integration do not replace authority relations. In fact, the decentralisation of operational decision-making and the strengthening of indirect, "budgetary" control, combined with the establishment of quasi-market relations, considerably strengthens authority relations within transnational corporations.

Rational management approaches that focus on goal attainment, and the use of structures, administration, authority and standard operating procedures, often have to be adapted and modified before they can be put to use in non-profit organizations. Nonetheless there seems to be a tendency towards a higher degree of formality and standardisation in these organizations, as well as a trend towards transnational uniformity and co-ordination. As a result of these trends, authority relations become more acceptable. At the same time, a slight tendency towards allowing a greater number of cultural constituencies an increasing amount of influence in NPOs can also be observed. The increasing influence allowed cultural constituencies affects in turn the hegemonic cultural norms of the NPOs. Communication-based movements towards global uniformity might lead to tightly knit transnational communities and a greater entanglement of cultures.

2. Since tensions between central units and regional units exist in nearly all large organizations, many of the challenges faced by transnational organizations are a result of their large size, not necessarily their transnational character. Thus, the transnationality of an organization is not always a defining principle, but rather a force which can increase tensions which already exist.

As regards the institutional environments of an organization, we do find characteristics that are caused by an organization's international operation in a variety of legal and political, cultural, communicative and social environments. Transnational organizations

usually adapt to the variety of the international system by establishing two parallel structures, the governance system and the corporate system. The governance system is the sum of an organization's formal legal structures and cultural expectations, and the corporate system is the sum of an organization's general co-ordinating structures.

3. The concept of transnational or pluri-local social spaces mainly relates to social integration (i.e. shared norms, values, identities, communicative co-ordination, etc.) and can be distinguished from (transnational) system integration (e.g. corporate structures and strategies that impact on people's lives). Global and local phenomena are increasingly systemically linked because of economic tendencies towards increased internationalisation. Conceptualising economic and organizational phenomena at transnational levels, in terms of the relationships between systems or between parts of a single "world- system", is well established (e.g. Wallerstein 1974). On the other hand, the perspective of social integration or, in other words, the action-oriented perspective is a new and important contribution to the debates on internationalisation.

One consequence of this approach was that we had to take a closer look at the relationships between the "transnational" and the "local" constituencies of the organizations we studied. As far as business organizations are concerned, the shortcomings of unitary concepts of organizational cultures are increasingly obvious. Usually, only a small percentage of an organization's employees are integrated into the company's transnational social spaces. As concerns the "transnational orientations" of an organization's employees, there seems to be a big difference between international employees who hold leadership positions and the staff members of local and national level offices, the latter group of employees being rarely involved in international affairs.

In non-profit organizations, transnational communities tend to be more inclusive, partially because more members share the overall norms and values of the organization as a whole and engage in direct communication with the organization's members in other countries. It seems as if common structures encourage transnational social integration only if they are introduced and carried out discursively. Transnational social integration also demands a high level of communication. Therefore common and centralised structures are an important prerequisite for social integration. But centralized structures can also result in the creation of two classes within the organization, an "elite" class of internationally active and integrated employees and a class of nationally oriented employees.

4. In discussions on globalisation, scholars stress both the tendencies towards integration and the trends towards fragmentation (Menzel 1998, Baumann 1991). World-wide systems integration of markets and production systems leads to a maintenance of, or an increase in, regional inequalities, not just between countries but also within national borders. Tendencies towards fragmentation can therefore be found not only within organizations but also within regional spaces. The dwindling significance of national borders is thus matched by the emergence of new borders which are social rather than geographic in nature. For example, people involved in transnational organizations and communities often form social relationships that are separate from other communities (Hannerz 1991). Therefore the disappearance of

borders does not necessarily lead to more openness or cosmopolitan orientations, but gives rise to the emergence of socially constructed borders within and across regional spaces. The transnational spaces that result "tend to be more or less clear cut occupational cultures" (ibid., 243). These transnational spaces are often established by the employees of transnational organizations who work abroad in a foreign land, and form social islands in which they identify themselves more often as members of an organization than residents of the country where they are working. Such employees often work in a country for a very short period of time and have to adapt quickly to a new environment, a new job and new colleagues. As a consequence they rarely come into contact with locals who do not work for the same organization that they do, but rather form a social space apart.

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