

Relations industrielles Industrial Relations



Bélanger, Jacques, Christian Berggren, Torsten Björkman and Christoph Köhler, editors, *Being Local Worldwide: ABB and the Challenge of Global Management*

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Volume 55, numéro 3, 2000

URI : <https://id.erudit.org/iderudit/051332ar>

DOI : <https://doi.org/10.7202/051332ar>

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Éditeur(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (imprimé)

1703-8138 (numérique)

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Citer ce compte rendu

Ferner, A. (2000). Compte rendu de [Bélanger, Jacques, Christian Berggren, Torsten Björkman and Christoph Köhler, editors, *Being Local Worldwide: ABB and the Challenge of Global Management*]. *Relations industrielles / Industrial Relations*, 55(3), 527–529. <https://doi.org/10.7202/051332ar>

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Recensions

Book Reviews

Being Local Worldwide: ABB and the Challenge of Global Management

edited by Jacques BÉLANGER, Christian BERGGREN, Torsten BJÖRKMAN and Christoph KÖHLER, Ithaca and London: ILR Press, 1999, 281 p., ISBN 0-8014-3650-8.

ABB has acquired almost a totemic significance within the management literature for its pioneering approach to the challenges of international management, and in particular for the way it combines a global strategic thrust with the autonomy of local operating units. As a result it has been presented as providing a model of future developments in the large multinational company.

This rich and fascinating study sets out to further our understanding of ABB, and hence of multinationals and internationalization processes more generally, by 'stepping inside a "global" corporation and capturing its dynamics from both a local and an international perspective' (p. 3). In doing so, it wishes to avoid the alleged weakness of much managerial literature, of concentrating excessively on the viewpoint of senior management and hence overlooking the sometimes 'huge gap from executive policy statements to plant reality' (p. 267). Thus, a central part of the research design is the detailed examination of how local units perceive and respond to the strategies and initiatives launched by global management. The research concentrates on the power transformer business, one of several dozen 'Business Areas' into which ABB's operations are organized.

Early chapters provide a useful overview of ABB, the nature of the 'electro-technical' industry, and the power transformer Business Area (BA).

Chapter 2 explains the crucial series of global programmes, seen by the authors as the core 'internal coordination' mechanism in the company. These programmes, launched by BA headquarters in the early 1990s, focused on developing standardized products and processes, improving quality, rationalizing supplier relations, reducing 'throughput time' and comparing plant performance through systems of 'metrics' such as 'Seven-Ups' (measuring indices of quality, efficiency and productivity, production, management of suppliers and customer satisfaction). The core of the book comprises six chapters on plants in Sweden, Germany, Spain, Britain, Australia and Canada. These studies explore how national plants responded to BA's global programmes and to changes in the product market, and analyse each plant's performance against BA measures.

In addition, there are single chapters on two other BAs, power plant production and process automation, which provide useful points of comparison with the power transformer business. For example, they make clear the limits of international managerial control based on systematic comparative metrics, since areas like process automation have resisted codification into measurable performance indices. A final chapter by Bélanger and Björkman thoughtfully revisits the key threads that connect the field studies: mechanisms of global

coordination and their interaction with national institutions, the dynamics of organizational learning and 'best practice', changing 'production regimes' at plant level.

The cumulative effect of the book's focus on both BA and local plants is compelling. A complex picture emerges in which the BA's global programmes provoke a highly variable set of responses in individual plants, according to such factors as the plant's history (e.g. whether an original 'core' ASEA plant or an acquired Westinghouse or GE plant), institutional IR arrangements, local and international market conditions, and relations with customers. There also emerges a clear sense of the way in which the global-local pattern in power transformers derives from the sector's specific market characteristics and how these are evolving as a result of regional integration, privatization and deregulation.

The concern to go beyond a 'managerialist' approach is illustrated by the book's interest in plant-level IR issues. The country chapters depict the interaction between BA global strategies and local patterns of management-union relations. For example, Martin and Beaumont paint a picture of endemic adversarial relations and a culture of excessive overtime in Scotland; Köhler describes a militant union tradition in Spain. Both show how management harnessed international pressures within the BA and difficult product market conditions to force through change against union or workforce opposition.

The case studies also provide much detailed information on work organization and in particular analyse the consequences for existing patterns of work organization of central initiatives in areas such as total quality or the reduction of 'throughput time'. The study of the turbine production BA, by comparing the precise meaning of the notion of 'group work' in three different countries,

usefully makes the point that apparently similar tendencies within the BA may conceal significant differences in work organization practices in the plants. A valuable result of the focus on both processes and performance is that the studies give a strong sense of the power — and the limitations — of international benchmarking through the system of ABB metrics. Thus on the one hand, the BA 'Olympics' comparing systematic performance data across plants clearly exerted strong pressure on individual plants, and those that lagged behind were compelled to react — Köhler talks of the 'ABB internal race for survival' (p. 117). On the other hand, performance against metrics was only one factor in the equation. For example, as Berggren and Köhler argue in their overview (ch. 10) of national variation, if key customers 'have a clear preference for one particular [plant], irrespective of its performance in the internal BA Olympics, then that plant is chosen, and the other closed down' (p. 212). Inevitably, there are gaps in the analysis. Possibly the most serious, especially in view of the book's claim to bridge the gap between top-level management objectives and plant realities, is that it does not explore in sufficient depth and detail the dynamics of the evolving, negotiated relationship between the BA and the plants. The book is littered with frustratingly brief hints and allusions which are rarely developed systematically.

For example, the Australian chapter suggests that senior management was highly critical of and resistant to initiatives such as Six Sigma; the Swedes were at first snuffy about programmes such as Common Product and Common Process before embracing them as a way of defining a strategic role for themselves within the evolving BA; the Scots adopted Six Sigma but let it lapse when time grew harder. All these instances point a complex relationship between the plants and the BA, giving rise to

questions that are never satisfactorily answered.

First, what exactly are the limits to plant autonomy, and what leverage do the plants have to evade BA scrutiny and imposition of central initiatives? A tantalizing few lines indicate that the BA had limited leverage on the old core plants because within the ABB matrix structure BA management had to negotiate with the national ABB organization e.g. on plant closures (p. 181, 212). This seems to imply that the matrix organization creates the structural conditions for plants to play off the BA against the country organization, but the theme is not developed. Again, Bengtsson's intriguing account of managerial strategy at the flagship Swedish plant, Ludvika, alludes to tensions between BA control of export mandates and the interests of Ludvika in supplementing its flagging domestic markets with increased exports. But there is no exploration of the countervailing pressures and resources that Ludvika was able bring to bear in order to win the export argument with the BA.

Second, and conversely, what levers does the BA have at its disposal to ensure compliance with central programmes, and how does it wield them? Metrics are evidently important, but it

is not always clear exactly how they work in practice. Thus, the Canadian chapter refers to the entrenchment of performance metrics by linking unit leaders' pay to 'metrics' — but we are not told whether this was common across the plants or merely a local Canadian initiative. We do not learn in detail what steps and sanctions the BA takes against under-performing plants. Nor is there much explicit discussion of how the BA monitors the introduction of its global programmes such as time-based management or the 'Customer Focus'. If plants are free to choose whether to adopt them, how does the BA 'persuade' them to fall into line?

In short, the study does not always provide a sufficiently rich picture of *how* BA pressures are transmitted to the plants, or conversely of how plants pursue their sectional interests within the framework set by the BA.

Overall though, this is a fascinating and worthwhile book that, as its authors claim, 'highlights the actual workings of the geocentric and multidomestic principles' (p. 268) enshrined in the slogan of 'being local world-wide'.

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Unemployment Insurance in the United States : Analysis of Policy Issues

sous la direction de Christopher J. O'LEARY et Stephen A. WANDNER, Kalamazoo : W.E. Upjohn Institute for Employment Research, 1997, 761 p., ISBN 0-88099-174-7 (hardback), ISBN 0-88099-173-9 (pbk.).

Topics in Unemployment Insurance Financing

par Wayne VROMAN, Kalamazoo : W.E. Upjohn Institute for Employment Research, 1998, 173 p., ISBN 0-88099-194-1 (hardback), ISBN 0-88099-193-3 (pbk.).

L'un des défis de la période actuelle en matière de sécurité sociale consiste à revoir les systèmes d'indemnisation du chômage en vue de les adapter aux mutations de l'emploi et de la famille. Il s'agit, en effet, d'étendre la protection assurancielle à celles et ceux qui en sont

exclus parce que leurs activités de travail se déroulent dans le cadre d'un emploi « hors norme » (travail autonome) ou dans la famille (soins aux personnes dépendantes), ou encore parce que ces activités sont interrompues de façon prolongée (chômage de longue