

Singapore Management University

Institutional Knowledge at Singapore Management University

Research Collection Lee Kong Chian School Of
Business

Lee Kong Chian School of Business

1993

Managing across Borders: An Empirical Assessment of the Bartett and Ghoshal (1989) Organizational Typology

Siew Meng Leong

Chin Tiong TAN

Singapore Management University, cttan@smu.edu.sg

Follow this and additional works at: https://ink.library.smu.edu.sg/lkcsb_research



Part of the [Organizational Behavior and Theory Commons](#)

Citation

Leong, Siew Meng and TAN, Chin Tiong. Managing across Borders: An Empirical Assessment of the Bartett and Ghoshal (1989) Organizational Typology. (1993). *Journal of International Business Studies*. 24, (3), 449-464.

Available at: https://ink.library.smu.edu.sg/lkcsb_research/277

This Journal Article is brought to you for free and open access by the Lee Kong Chian School of Business at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection Lee Kong Chian School Of Business by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylds@smu.edu.sg.

**MANAGING ACROSS BORDERS: AN EMPIRICAL TEST
OF THE BARTLETT AND GHOSHAL [1989]
ORGANIZATIONAL TYPOLOGY**

Siew Meng Leong* and Chin Tiong Tan*
National University of Singapore

Abstract. This paper reports an empirical test of the Bartlett and Ghoshal [1989] organizational typology. Some 131 senior executives of corporations with worldwide operations classified their organizations as being multinational, global, international, or transnational in nature and evaluated their organizations' configuration of assets and capabilities, role of overseas operations, and development and diffusion of knowledge. Results provide partial support for the typology. As expected, transnational corporations were least frequently reported by the respondents. The hypothesized practices associated with multinational and global organizations were more consistent with the typology's predictions relative to those of the international and transnational types.

The multinational of the 1970s is obsolete. Global companies must be more than just a bunch of overseas subsidiaries with executive decisions made at headquarters. Instead, a new type of company is evolving. It does research wherever necessary, develops products in several countries, and promotes key executives regardless of nationality.

Business Week [1990: May 14, front cover]

Several recent conceptualizations of global business management seem to suggest the emergence of stateless organizations operating in a borderless world. Accelerating this trend has been the lowering of transportation costs and the advent of modern communications networks [Reich 1991]. Such developments have encouraged businesses to get the most value from the least cost for their output. This shift in focus from volume to value production can be observed worldwide and across products and industries. Indeed, Ohmae [1989, 1990] has documented that successful corporations were those with such global-minded management.

*Siew Meng Leong and Chin Tiong Tan are Senior Lecturer and Associate Professor, respectively, in the Department of Marketing, National University of Singapore.

The authors thank the Singapore Economic Development Board for its assistance in data collection, the National University of Singapore for funding this research, and the three anonymous *JIBS* reviewers for their helpful comments.

Received: December 1991; Revised: March, July & November 1992; Accepted: November 1992.

However, many of these arguments have been founded on the observations and views of business people, academics, and management consultants. There has been a relative scarcity of empirical work verifying the extent of globalization among corporations. A major exception to this has been the stream of research by Bartlett and Ghoshal [1986, 1987a, 1987b, 1989]. Using a clinical approach, they conducted an in-depth study of nine companies from three countries operating in three industries with worldwide interests. Both personal interviews and survey questionnaires of key personnel were employed to develop a typology of organizations operating in the international business environment. Based on their results, these scholars identified four forms of organizations used to manage international businesses. They labeled these the multinational, global, international, and transnational corporations. Specific characteristics associated with the four forms of international organizational structures that differentiated their management practices were also proposed. Further, it was argued that businesses with a transnational structure and mindset would be most effective and efficient in future. This thesis is thus consistent with the view that a new, stateless corporate identity with a network of systems and activities in different parts of the world, deriving value from whichever location provides it at the lowest cost, is emerging (cf. Hedlund [1986]; Perlmutter and Trist [1986]; Prahalad and Doz [1987]).

Bartlett and Ghoshal's [1989] typology represents a significant contribution to the literature in international business. These scholars furnished a more fine-grained delineation of the evolution, structure, and orientation of the four organizational types not heretofore accomplished. The typology also offered prescriptive insights for a transnationalistic perspective for future international business organization. Clearly, it also provides propositions for empirical testing necessary for theory building and extension.

We address two issues pertaining to the typology in this article from an international sample of executives of corporations with worldwide interests. These include: (1) the prevalence of the transnational corporation in contemporary international business relative to the other three organization types identified in it; and (2) whether the characteristics purported by it to distinguish one organization type from the others are demarcations employed by executives managing such enterprises. Empirical evidence on these issues would furnish some tentative insights regarding the relevance of the typology for international business organization and perhaps suggest aspects of it that require additional conceptual attention. In addition, the larger sample studied here would augment the empirical basis for the typology by incorporating companies from a wider array of national origins operating in a more diverse range of industries than those investigated by Bartlett and Ghoshal [1989].

In the remainder of this article, we first discuss the evolution of corporate structure in the international business context. In particular, the Bartlett and

Ghoshal [1989] organizational typology, which forms the foundation for our empirical investigation, will be described.¹ Based on this literature review, hypotheses are advanced to examine the extent to which (1) the four organizational structures are adopted among companies, and (2) the various characteristics noted by Bartlett and Ghoshal [1989] correspond to their respective organizational types. The research method employed is then detailed followed by the presentation of our survey results. Finally, we discuss the implications of the findings and provide some directions for future research.

EVOLUTION OF INTERNATIONAL CORPORATE STRUCTURE

Corporations are constantly seeking better ways of managing their businesses. Over time, every company is likely to evolve an organizational structure that facilitates its growth and international expansion (see, e.g., Stopford and Wells [1972]). According to Bartlett and Ghoshal [1989], different types of organizational structure evolve as a function of two key determinants. The first factor is the need for firms to match their capabilities to the strategic demands of their businesses. Hence, companies that manage a portfolio of multiple national entities perform well when the key strategic requirement is a high degree of responsiveness to differences in national environments around the world. Where global efficiency is vital, more centralized strategic and operational decisionmaking and the treatment of the world market as an integrated whole appeared most suitable. Finally, where transfer of knowledge is crucial, a structure that leveraged learning by adapting the parent company's expertise to foreign markets was preferred.

Bartlett and Ghoshal [1989] labeled these three types of organizations that operate in the international business environment as: (1) multinational companies, which build a strong local presence through sensitivity and responsiveness to national differences; (2) global companies, which build cost advantages through centralized global-scaled operations; and (3) international companies, which exploit parent company knowledge and capabilities through worldwide diffusion and adaptation.

The second factor influencing the organization of worldwide operations is the company's administrative heritage. Defined as its existing organizational attributes and way of doing things, it is shaped by the company's founder or key executive, the norms, values, and behaviors of managers in its national companies, and its historical context. Bartlett and Ghoshal [1989: 33] argue that a company's administrative heritage can be a major asset, the underlying source of its key competencies, as well as a significant liability, since it resists change and thereby prevents realignment or broadening of the firm's strategic capabilities. They further detail how this internal force produces strategic and organizational consequences in a firm's expansion overseas [Bartlett and Ghoshal 1989: 48-52].

Briefly, a multinational company reflects a decentralized federation with distributed resources and delegated responsibilities. Such structures are impacted

by the enduring influence of family ownership, personal relationships, and informal contacts upon which organizational processes are built. Rather than relying on formal structures and systems, such processes reinforce the delegation of operating independence to trusted appointees in offshore subsidiaries. In contrast, the global organization can be construed as a centralized hub, a structural configuration based on group-oriented behavior requiring intensive communication and a complex system of personal interdependencies and commitments. This in turn produces a dependence of overseas subsidiaries on the parent headquarters for resources and direction. The international form may be described as a coordinated federation suiting companies with a reputation for professional management. This implies a willingness to delegate responsibility while retaining overall control via sophisticated management systems and specialist corporate staffs.

Bartlett and Ghoshal [1989] caution that no particular organization type is best suited for specific industries or countries. Rather, they propose that the three organizational forms vary based on their (1) configuration of assets and capabilities, (2) role of overseas operations, and (3) development and diffusion of knowledge. Specifically, multinational corporations are seen to (1) be decentralized and nationally self-sufficient, (2) have their overseas operations sense and exploit local opportunities, and (3) develop and retain knowledge within each individual unit. In contrast, global corporations are those that (1) are centralized and globally scaled, (2) have their overseas operations as implementing tools of parent company strategies, and (3) develop and retain knowledge at headquarters level. International corporations are characterized by (1) having some of their sources of core competencies centralized, others decentralized, (2) adapting and leveraging parent company competencies, and (3) developing knowledge at parent level and transferring it to overseas units.

Beyond these organizational types, Bartlett and Ghoshal [1989] go further in arguing that with the growing complexities of conducting international business, such traditional management modes cannot effectively respond to the multi-dimensional and dynamic demands of contemporary industries and markets. They propose a fourth model based on the notion of a transnational corporation. Such companies seek to be globally competitive through multinational flexibility and worldwide learning capability. Their organizational characteristics include (1) being dispersed, interdependent, and specialized, (2) having differentiated contributions by national units to integrated worldwide operations, and (3) developing knowledge jointly and sharing it worldwide.

HYPOTHESES

The Bartlett and Ghoshal [1989] framework thus offers some interesting propositions for empirical testing. To the extent that the transnational structure is considered a new form and ideal structure for international business

management, it can be predicted that it would be the least prevalent form observed in the marketplace today. Hence, H1 states:

H1: Relative to other organizational types, the transnational corporation will be the least prevalent form for organizing international business activities.

The other predictions stated in H2, H3, and H4 arise directly from the assertions of their framework concerning the practices associated with each type of organization. These hypotheses compare characteristics of organizing international activities among the three other types of structures—multinational, global, and international.

H2: Relative to global and international organizations, multinational corporations are more likely to (a) be decentralized and nationally self-sufficient, (b) have their overseas operations sense and exploit local opportunities, and (c) develop and retain knowledge within each individual unit.

H3: Relative to multinational and international organizations, global corporations are more likely to (a) be centralized and globally scaled, (b) have their overseas operations as implementing tools of parent company strategies, and (c) develop and retain knowledge at headquarters level.

H4: Relative to multinational and global corporations, international corporations are more likely to (a) have sources of core competencies centralized and others decentralized, (b) adapt and leverage parent company competencies, and (c) develop knowledge at parent level and transfer it to overseas units.

Given its special status in the Bartlett and Ghoshal [1989] typology, the transnational structure should be assessed against all the other organizational types. Thus, a final test of the typology is that:

H5: Relative to all other types of organizations, transnational corporations are more likely to (a) be dispersed, interdependent, and specialized, (b) have differentiated contributions by national units to integrated worldwide operations, and (c) develop knowledge jointly and share it worldwide.

METHOD

Sample

A major consideration in research of this nature is that respondents be willing and able to provide the necessary information (cf. Campbell [1955]). Clearly, respondents should be executives of sufficiently high corporate standing to possess the likely expertise and bird's eye view required to

furnish an informed perspective of their organization's international management structure. Moreover, they should represent companies with worldwide interests. Finally, they should provide input almost simultaneously so that enhanced comparability is possible within a given time frame [Sekaran 1983]. One opportunity presented itself that enabled these criteria to be satisfied. A Global Strategies Conference was organized in 1990 by the Singapore Economic Development Board. Top officers of MNCs around the world were invited to participate in the seminar. Some 151 executives participated at the meeting and formed the sample for this study. Of these, 131 provided complete and useable returns for the analyses. The modal designation of respondents was managing director (38.4%). Of the remainder, such titles as president, director, chairman, and CEO were common. Their companies were engaged in a wide range of operations, with electronics, computers, and chemical industries most frequently mentioned (45.7%). The large scale of their operations was reflected in annual parent company sales exceeding US\$10 billion for 78.5% of the respondents' organizations. All but 22.2% also had at least 1,000 employees worldwide.

In summary, these statistics seem to suggest that respondents were well qualified to make informed judgments in the survey and represented large corporations with worldwide interests. The sample profile seems to fit well with the four organizational types posited by Bartlett and Ghoshal [1989] to be tested in this study. However, as the sample does not include domestic and probably just-internationalizing firms, more comprehensive validity assessment of the typology is precluded. To the extent that such firms can be shown not to possess the characteristics associated with the four corporate forms in the typology, greater evidence of discriminant validity can be accorded to it.

Measurement

A survey questionnaire was designed that required respondents to (1) categorize the international management structure of their organization into one of four types as defined by Bartlett and Ghoshal [1989], and (2) indicate the extent of agreement with twelve statements on 5-point scales regarding the three dimensions of configuration of assets and capabilities, role of overseas operations, and development and diffusion of knowledge in their organizations. Specifically, respondents were asked to indicate how their company achieved competitiveness in the global market on one of four forced choices: (a) by building a strong local presence through sensitivity and responsiveness to national differences among countries; (b) by building cost advantages through global-scaled operations; (c) by exploiting their parent company's knowledge and capabilities through worldwide implementation and adaptation; or (d) by building interdependent resources with specialized subsidiary roles while maintaining flexible and joint operations among

countries. Each option reflected one of four international management structures in the Bartlett and Ghoshal [1989] framework. In particular, options (a), (b), (c), and (d) reflected the typical multinational, global, international, and transnational type of organization, respectively.

Note that the self-typing approach used by respondents in this study to classify their organizations is not without shortcomings (cf. Snow and Hambrick [1980]). Managers may be reluctant to categorize their own organizations. However, the number who did not do so in this study was a mere 13%. There may be possible variance among managers' perceptions within the same organization. However, this possibility can be discounted given that only one respondent per organization provided the classification in this research. The approach used also lacks external confirmation of the respondents' categorization. However, by using key informants who were willing and able to furnish their perceptions, this possibility is also minimized. Another limitation of this method is executives' tendency to report their organizations' intended rather than realized international management structure. Most serious is that if none existed, an arbitrary one may be created for the benefit of the researchers. However, this is a common problem in the social sciences [Nisbett and Wilson 1977], although use of an 'other' category to allow respondents to fill in their own classification could have alleviated it somewhat.²

Given four organizational types to be evaluated on three dimensions, the minimum of twelve statements was created to assess the individual characteristics of respondents' organizations. These were modified from Bartlett and Ghoshal's [1989: 65] summary table, the conclusions of which were reported in the literature review. The modifications to improve comprehension were based on a pre-test with twelve specialists working in the area of global investment and business. All items were also consistent with the group's views of operations of the various types of organizations.

RESULTS

H1 stated that relative to other organizational types, the transnational corporation will be the least prevalent form for organizing international business activities. Consistent with expectations, only twenty-three respondents considered their organizations as being transnational in character. Of the remainder, some fifty-one respondents considered their organizations as being multinational in nature, twenty-six deemed theirs as being global, and thirty-one classified their organizations as international corporations. The observed frequencies differed statistically from a uniform distribution of firms across the four organizational forms ($\chi^2 = 14.55$, $df=3$, $p < .01$). More importantly, the actual proportion of transnational firms (17.6%) was significantly lower than the 25% expected under the null hypothesis of an equal proportion of firms in each category ($z = -1.97$, $p < .05$). Hence, the evidence appears to support H1 as transnational corporations were observed to be the least

prevalent organizational structure in international business management. Furthermore, the 38.9% of multinational firms significantly exceeded the 25% level ($z=3.67$, $p<.01$). This bears out Bartlett and Ghoshal's [1989] observation that most worldwide operations are of the multinational organization type.

Descriptive statistics concerning respondents' evaluation of the hypothesized practices of the four organizational forms are contained in Table 1. On the average, respondents most strongly agreed with the statements concerning (1) the primary role of overseas units is to find and take advantage of opportunities within the countries in which they operate, and (2) their organization being integrated worldwide, with overseas units playing an important role by contributing their individual strengths and know-how towards their operations. In contrast, they most strongly disagreed with the statements regarding (1) new knowledge developed in overseas units tending not to be transferred to other locations in which their organization operates, and (2) R&D activities conducted and retained at parent company level without being disseminated to overseas units.

To test H2 through H5, the mean agreement score for the target organizational type in each hypothesis was compared against the average score of the other organizations of concern for each of the three characteristics (statements) with which it was associated.³ Given the a priori nonorthogonal nature of the contrasts, *t*-tests were performed using the Dunnett procedure (see Kirk [1982] for details). Table 2 reports the results.

H2 stated that relative to global and international corporations, multinational organizations are more likely to be decentralized and nationally self-sufficient, have their overseas operations sense and exploit local opportunities, and develop and retain knowledge within each unit. As Table 2 shows, multinational corporations differed from their global and international counterparts on two of the three hypothesized characteristics. These included: viewing the role of overseas operations as uncovering and exploiting local opportunities, as well as new knowledge developed overseas tending not to be transferred elsewhere. On the remaining item regarding the autonomy of overseas units and their non-reliance on expertise from other units, the difference in agreement was in the predicted direction but was not statistically significant. Considered collectively, these results furnished some support for H2.

H3 posited that relative to multinational and international organizations, global corporations are more likely to be centralized and globally scaled, have their overseas operations as implementing tools of parent company strategies, and develop and retain knowledge at headquarters level. The survey findings also provided support for H3. Executives of global corporations more strongly agreed with the three statements concerning the characteristics of their organizational type vis-à-vis those from multinational and international corporations. Specifically, they held more strongly to the view that the role of overseas operations was to implement parent company

strategies, that results from research and development activities were retained at headquarters, and that their companies' skills and resources were centralized and globally scaled.

H4 proposed that relative to multinational and global corporations, international organizations are more likely to have sources of core competencies centralized and others decentralized, adapt and leverage parent company competencies, and develop knowledge at parent level and transfer it to overseas units. Executives from international organizations also reported stronger agreement (than those of multinational and global corporations) on all three hypothesized characteristics regarding their categorization. However, only one such difference—that pertaining to the most strategic skills and resources being maintained at parent company level while less important activities were located overseas—was found to be statistically significant.⁴ Overall, the results do not furnish much support for H4.

H5 stated that, relative to all other types of organizations, transnational corporations are more likely to be dispersed, interdependent, and specialized, have differentiated contributions by national units to integrated worldwide operations, and develop knowledge jointly and share it worldwide. Even less empirical evidence was obtained supporting H5. In no case did executives from transnational corporations differ from their counterparts in the other three organizational types on the hypothesized characteristics. In two cases, however, differences obtained were in the predicted direction. These included location of specialized skills and resources worldwide and overseas units contributing their individual strengths and know-how towards their operations. On the remaining item of joint conduct of research and development, the difference was in the direction opposite to that hypothesized.⁵

DISCUSSION

This study produced two principal findings. First, the results showed that executives perceived their companies to vary in international organization type. Multinational corporations dominated, followed by the international and global forms. The transnational form, as expected, was found to be the least evident structure. Second, the evidence in general furnished partial support for the differences in characteristics predicted across the four organization types of Bartlett and Ghoshal [1989]. In particular, the demarcations between multinationally and especially globally organized corporations relative to other organizational types were more evident than those expected for international and transnational corporations. Prior to discussing these results, due qualification must again be made of the sample and questionnaire limitations in this research.

Implications

In general, corporations appeared to be trying to 'think global' and 'act local.' The strong levels of agreement towards the expanded and proactive

TABLE 1
Mean Agreement Scores of International Organizational Structures^a

Statement	Overall	Multinational	Global	International	Transnational
1. The skills and resources of my organization are located around the world, but each overseas unit conducts its own operations without relying on the expertise of other units located elsewhere.	2.75 (1.16)	2.72 (1.10)	2.73 (1.15)	2.69 (1.17)	2.81 (1.33)
2. The main role of our overseas operations is to implement parent company strategies.	3.49 (.88)	3.41 (.76)	3.81 (.63)	3.63 (.93)	3.00 (1.14)
3. New knowledge (e.g., product improvements) is developed at the parent company and then transferred to overseas units.	3.43 (.89)	3.36 (.85)	3.42 (.86)	3.45 (.96)	3.48 (.93)
4. The most vital and strategic skills and resources of my organization tend to be located at parent company headquarters, while less important activities are located in our overseas units.	2.91 (1.04)	2.75 (1.06)	3.12 (1.07)	3.24 (.87)	2.50 (1.06)
5. The primary role of our overseas units is to find out and take advantage of opportunities within the countries in which they operate.	3.94 (.86)	4.09 (.83)	3.72 (1.06)	3.80 (.71)	4.05 (.84)
6. Research and development activities are conducted, and the results retained, at parent company headquarters with little dissemination to our overseas units.	2.45 (.97)	2.20 (.87)	2.67 (1.01)	2.66 (1.04)	2.45 (1.00)

TABLE 1
(continued)

Statement	Overall	Multinational	Global	International	Transnational
7. Our skills and resources are centralized and globally scaled.	3.04 (.94)	2.68 (.86)	3.48 (.99)	3.25 (.89)	3.00 (.89)
8. Research and development activities are typically conducted jointly by parent company and overseas units with the knowledge gained shared worldwide in my organization.	3.68 (.87)	3.74 (.88)	3.79 (.72)	3.52 (.99)	3.68 (.89)
9. Our overseas operations receive and adapt products and services offered by our parent company to the best advantage in the countries in which they operate.	3.92 (.66)	3.95 (.66)	3.68 (.69)	4.03 (.50)	3.89 (.74)
10. My organization locates specialized skills and resources around the world, but our overseas units often cooperate with and depend upon each other.	3.64 (.82)	3.70 (.88)	3.58 (.72)	3.48 (.87)	3.84 (.76)
11. The new knowledge (e.g., product improvements) developed in our overseas units tends not to be transferred to other locations in which my organization operates.	2.38 (.82)	2.09 (.60)	2.83 (.96)	2.52 (.74)	2.26 (.81)
12. My organization is integrated worldwide and our overseas units play an important role by contributing their individual strengths and know-how towards its operation.	3.95 (.77)	4.02 (.79)	3.75 (.68)	4.00 (.85)	4.00 (.56)

^astandard deviations in parentheses

TABLE 2
Results of Hypotheses Testing (t-statistics)

Statement	H2 MNC vs GC & IC	H3 GC vs MNC & IC	H4 IC vs MNC & GC	H5 TC vs Others
1. The skills and resources of my organization are located around the world but each overseas unit conducts its own operations without relying on the expertise of other units located elsewhere.	.064	—	—	—
2. The main role of our overseas operations is to implement parent company strategies.	—	1.775 ^b	—	—
3. New knowledge (e.g., product improvements) is developed at the parent company and then transferred to overseas units.	—	—	.360	—
4. The most vital and strategic skills and resources of my organization tend to be located at parent company headquarters while less important activities are located in overseas operations.	—	—	1.632 ^c	—
5. The primary role of our overseas units is to find out and take advantage of opportunities within the countries in which they operate.	1.898 ^b	—	—	—
6. Research and development activities are conducted and the results retained at parent company headquarters with little dissemination to our overseas units.	—	1.285 ^c	—	—
7. Our skills and resources are centralized and globally scaled.	—	2.671 ^a	—	—

TABLE 2
(continued)

Statement	H2 MNC vs GC & IC	H3 GC vs MNC & IC	H4 IC vs MNC & GC	H5 TC vs Others
8. Research and development activities are typically conducted jointly by parent company and overseas units with the knowledge gained shared worldwide in my organization.	—	—	—	-.024
9. Our overseas operations receive and adapt products and services offered by our parent company to the best advantage in the countries in which they operate.	—	—	1.277	—
10. My organization locates specialized skills and resources around the world but our overseas units often cooperate with and depend upon each other.	—	—	—	1.130
11. The new knowledge (e.g., product improvements) developed in our overseas units tends not to be transferred to other locations in which my organization operates.	3.763 ^a	—	—	—
12. My organization is integrated worldwide and our overseas units play an important role by contributing their individual strengths and know-how towards its operation.	—	—	—	.272

^aSignificant at .01

^bSignificant at .05

^cSignificant at .10

role of overseas units coupled with worldwide integration of activities and free transfer of knowledge to all locations tended to support this contention. More interestingly, the results suggested variations existed in the practice of managing across national borders. Specifically, it was found that multinational and global corporations seemingly followed a particular mode of organization for managing their international operations by adopting practices consistent with those stipulated by Bartlett and Ghoshal [1989]. However, it was found that executives who typed their organizations as being international and transnational in nature did not appear to endorse many of the behaviors predicted by the typology.

Our findings thus indicate that a reformulation of the Bartlett and Ghoshal [1989] typology appears necessary. Specifically, they imply that the practices of international and transnational forms may be distinguished from other organizational types as well as from each other on a more selective basis than previously conceptualized. Hence, international corporations may differ from multinational and global organizations on the role accorded to their overseas operations. Transnational corporations seem to be marginally differentiated from international organizations on their configuration of assets and capabilities, and from global enterprises on the role of their overseas operations.

In addition, the minimal differences obtained regarding the characteristics of transnationals versus the other organization types in the framework seems disturbing. Several explanations may be advanced to refute the inference that this represents a critical contradiction of the typology. One rationale may be that executives from the three other types of organizations have misclassified their corporations. This appears unlikely given the generally consistent differences obtained from examination of characteristics reflective of their respective types relative to others.

A more possible explanation concerns the finding that the transnational organization category received the fewest proportion (18%) of mentions. Bartlett and Ghoshal [1989], by comparison, noted that *none* of the companies they surveyed had reached this ideal. This may imply respondents misclassifying their organization as being transnational. It may also suggest that simply deeming one's organization as being transnational does not necessarily result in its adopting the characteristics normatively prescribed to such an entity. Potentially, the desired mindset of their executives may be one that has not truly absorbed the underlying managerial mentality of transnational organizations. If so, more effort is needed to cultivate this perspective to enhance the global competitiveness of their organizations.

The lack of differences in activities between the transnational and other types of organizations also may be due to the evolving nature of corporate structures in international business. Being the preferred option in the competitive global environment, the transnational structure is likely to be the one most companies are attempting to adopt. Given that they are likely to

be operating in the multinational, global, or international mode, they are likely to resemble these existing organizational types. Moreover, the path towards transnationalism appears to be a difficult one. Indeed, Hu [1992] argues that international organization forms were mainly national firms with international operations.⁶ Using secondary data, he found that the geographic spread and scope, ownership and control, management and workforce, and legal nationality and tax domicile of several well-known companies with worldwide operations were concentrated in their home countries.

FUTURE RESEARCH

Several useful directions for future research emanate from this study. First, only single-item measures were employed here given the limited time the participants had to complete the questionnaire. The development of multi-item, internally consistent measures would allow for a more complete explication of these complex constructs in future research. As alluded to earlier, it would also be instructive to include domestic and just-internationalizing firms in future samples to more completely assess the typology's discriminant validity.

Third, it may be beneficial to perform a study using customers of the organizations. This will provide an external validation of the findings. Moreover, factors other than those suggested by Bartlett and Ghoshal [1989] accounting for differences in organizational types may be theorized and tested (cf. Egelhoff [1991]; Hu [1992]). Indeed, such research may lead to the uncovering of omissions and misrepresentations of the typology, possibly leading to added conceptual refinement and extension. In a similar vein, added effort may be directed towards furthering the conceptual development of the transnational and international organization types as well as more precisely delineating them from other structural configurations.

Perhaps the most important area meriting research attention is whether transnationals do indeed outperform the other organizational types across countries and industries over time. Such an analysis would require longitudinal, rather than the present cross-sectional, data to empirically examine how differences in customer requirements and key success factors have an impact upon the movement towards transnationalism.

NOTES

1. This exposition is necessarily brief for economy of presentation. Interested readers may find a more detailed and comprehensive account of the framework directly from Bartlett and Ghoshal [1989].
2. Nonetheless, using more open-ended categories is not without drawbacks. Errors may arise in researcher classification of such responses unless appropriate coding schemes are developed to categorize them reliably.
3. While from a strict psychometric perspective, the dependent variables were measured on ordinal scales, the Likert-type items employed here have been treated as though they were interval in nature in most social science research (cf. Guilford [1954]). One exception would be when *gross* inequality of the intervals exists [Kerlinger 1973: 441, his emphasis], a possibility that does not appear to hold here. Consequently, our data have been subjected to parametric tests to extract the most information from them.

4. A one-tailed *t*-test showed that it was the difference between executives of international corporations and those from multinational enterprises ($t=2.57, p<.01$) that accounted for this result. Another test revealed that executives of international corporations also more strongly agreed that their overseas operations received and adapted products and services to the best advantage where they operated relative to those from global corporations ($t=2.22, p<.05$). All other pairwise comparisons were not significant ($t's<1, p's>.10$).
5. Pairwise comparisons using one-tailed *t*-tests revealed only two marginally significant findings ($p's<.10$). Transnational managers agreed more strongly than those of international corporations that they located specialized skills and resources worldwide, with overseas units often cooperating and depending on each other ($t=1.59$). They also agreed more strongly than those of global enterprises that their organizations were integrated worldwide with overseas units playing an important role by contributing their individual strengths and know-how in operations ($t=1.39$). All other pairwise comparisons were not significant ($t's<1.23, p's>.10$).
6. The two exceptions cited were binational companies that were owned, controlled, and staffed in two home nations and firms from small nations, for which the home nation accounts for a small percentage of total assets and operations [Hu 1992: 121-22].

REFERENCES

- Bartlett, Christopher A. & Sumantra Ghoshal. 1986. Tap your subsidiaries for global reach. *Harvard Business Review*, 64: 87-94.
- _____. 1987a. Managing across borders: New strategic requirements. *Sloan Management Review*, 28: 7-18.
- _____. 1987b. Managing across borders: New organizational responses. *Sloan Management Review*, 29: 43-54.
- _____. 1989. *Managing across borders: The transnational solution*. Boston, MA: Harvard Business School Press.
- Business Week*. 1990. The stateless corporation. May 14: 52-60.
- Campbell, Donald T. 1955. The informant in quantitative research. *American Journal of Sociology*, 60: 339-42.
- Egelhoff, William G. 1991. Information-processing theory and the multinational enterprise. *Journal of International Business Studies*, 22(3): 341-68.
- Guilford, Joy P. 1954 (second edition). *Psychometric methods*. New York: McGraw-Hill.
- Hedlund, Gunnar. 1986. The hypermodern MNC: A heterarchy? *Human Resource Management*, Spring: 9-35.
- Hu, Yao-Su. 1992. Global or stateless corporations are national firms with international operations. *California Management Review*, Winter: 107-26.
- Kerlinger, Fred N. 1973. *Foundations of behavioral research*. New York: Holt, Rinehart and Winston.
- Kirk, Roger E. 1982 (second edition). *Experimental design*. Monterey, CA: Brooks/Cole Publishing.
- Nisbett, Richard E. & Timothy D. Wilson. 1977. Telling more than we know: Verbal reports on mental processes. *Psychological Review*, 84: 231-59.
- Ohmae, Kenichi. 1989. The global logic of strategic alliances. *Harvard Business Review*, 67: 143-54.
- _____. 1990. The borderless world. *Harvard Business Review*, 68: 32-42.
- Perlmutter, Howard & Eric Twist. 1986. Paradigms for social transition. *Human Relations*, 39(1): 1-27.
- Prahalad, C. K. & Yves Doz. 1986. *The multinational mission: Balancing local demands and global vision*. New York: Free Press.
- Reich, Robert B. 1991. *The work of nations*. New York: Knopf.
- Sekaran, Uma. 1983. Methodological and theoretical issues and advancements in cross-cultural research. *Journal of International Business Studies*, 14(2): 61-74.
- Snow, Charles C. & Donald C. Hambrick. 1980. Measuring organizational strategies: Some theoretical and methodological problems. *Academy of Management Review*, 5: 527-38.
- Stopford, John M. & Louis T. Wells, Jr. 1972. *Managing the multinational enterprise*. New York: Basic Books.