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## 17 'Global but local': mediated work in global business organizations

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### **Introduction**

Globally operating business organizations are caught in a deep dilemma. On the one hand, there is a strong emphasis on being 'close' to their customers. This stems, in part, from the critiques of Fordist modes of production such as flexible specialization or lean production which underscore the growing differentiation in consumption and demand (Piore and Sabel 1984; Womack 1990; Nohria and Ghoshal 1997; Ger 1999). As Keat (1990: 3) notes, 'meeting the demands of the 'sovereign' consumer becomes the new and overriding international imperative'. There are reasons to doubt the extent to which we have actually entered the age of post-Fordist production (Dicken et al. 1994), yet crucial for interpretive studies of organizational dynamics 'there is no doubt that managerial representations of the customer as a means of restructuring organizations, and of influencing employees' behaviour and attitudes, are of real importance' (du Gay and Salaman 1992: 619). On the other hand, global business organizations want to retain the traditional economy of scale based on extensive routinization and standardization. They also need to present a reasonably coherent and uniform front stage to ensure that they are perceived as the 'same', preserving an identity or a brand (Leidner 1993; Ger 1999). The dilemma of globally operating production and service organizations is, so to speak, to combine the better of two worlds (Jones et al. 1998: 1048). We analyse this dilemma, focusing on the strategies, challenges and experiences around acquiring 'closeness' despite mediated, distanced relationships and patterns of communication.

Our interpretive study is empirically based on Rolls-Royce Marine (RRM). A 5000 employee division of Rolls-Royce, RRM is a highly competitive producer of ship and off-shore equipment for commercial marine enterprises worldwide. Traditionally a high-quality producer of equipment, RRM is in the midst of a transformation into a more service-oriented, customer-focused enterprise. Organizationally, these repair, maintenance and spare parts delivery services are predominantly delivered through a globally dispersed, 500-employee branch of RRM (the Global Support Network,

GSN). The espoused operational strategy of RRM is 'global but local', thus combining the traditional (and fairly centralized) production with a stronger local presence and closeness with customers. On the programmatic level, this global but local strategy is not unlike many other strategies. Our study aims to analyse the dynamics, contingencies and controversies embedded in this transformation. Empirically we focus on local sites in the GSN, supplemented with perceptions at the production sites (the 'principals') and the headquarters to analyse how the closeness with customers is realized. More specifically, we study the 'disembedded' (Giddens 1990) nature of the relationship between the globally dispersed GSN sites and the Scandinavian-based production sites and headquarters. The direction of our analysis is aimed at the following set of questions. How is the espoused ambition of the global but local strategy played out within the organization? Bowing to the pressure to streamline and make more uniform the work routines, procedures, roles and formats of reporting, what are the conditions for locally grounded cultivation of customer relationships? How is the quality of products and services affected by the contradictory demands from local interaction and global uniformity? How is the balance between local autonomy and centralized control negotiated and perceived? How is trust dynamically and provisionally constructed in the relationship between the local sites and headquarters?

In the next section we describe the background for and discourse around the problem of mediated social relationships. We elaborate a perspective on abstract (or institutional, non-personal) trust, a prerequisite for disembedded communication to function (*ibid.*), as provisional, fragile and emotional. We then present some context for our study as well as a description of our research method. The subsequent section analyses the dynamics of the ongoing reorganization efforts pursuing three threads: the implications in terms of practices and competences of being 'close' to the customers; the tension between globally applicable routines and locally embedded strategies; and the dynamics and characteristics of how trust is established and cultivated. The final section contains concluding remarks.

### **Conceptualizing mediated communication in global business organizations**

Global business organizations are of course not new. In a useful classification, Ghoshal and Barlett (1989) outline three ideal types of organizational configurations: multinational, international and hybrid. The multinational, exploited by the expanding European firms, where the local (national) businesses enjoy extensive autonomy, thus producing a loosely coordinated portfolio of largely independent businesses. The international model, promoted by US-based firms after the Second World War, where the local businesses are more tightly coordinated and are more dependent on

the centre for competence and skill. The strong aspect of the international model, according to Ghoshal and Barlett (ibid: 58–9) is its ability to: ‘leverage the knowledge and capabilities of the parent company. But its resource configuration and operating systems make it less efficient than the global company, and less responsive than the multinational company’.

Hence, there is a need to work out new hybrid models of global organizations as existing models fail to combine the benefits of centralization (international model) and decentralization (multinational model). Exactly how such businesses are to be configured remains the topic of an unresolved debate.

The increasing pressure for responsiveness to local customers’ demands, getting close to the customers, is particularly intense for interactive service work (Leidner 1993; Jones et al. 1998) – or, as is the case for RRM, the increasing level of interactive service work also in traditional production-oriented businesses (Freeman and Perez 1988). Interactive service work implies close interaction with customers, and thus seems to resist routinization. For obvious reasons, a globally operating organization will necessarily need to establish a minimum of uniformity in its products, services, internal routines and reporting simply to be recognized as one and the same entity by its surroundings, and to be able to coordinate and communicate internally. Yet, the exact *extent, level, type* and *location* of this uniformity are anything but obvious. In a thoughtful exploration of this dilemma, Leidner (1993: 30) consciously chooses the extreme case of interactive service work at McDonald’s, an organization obsessed with and recognized for uniformity. The dilemma is that: ‘uniformity of output, a major goal of routinization, seems to be a poor strategy for maintaining quality ... since customers often perceive rigid uniformity as incompatible with quality’.

Much of the commercial success of McDonald’s, contrary to more popular representations (Ritzer 2000), Leidner argues, hinges on the way uniformity is simultaneously *superimposed* by ‘personalized’ interaction, including friendly greetings (‘how are you?’), smiles, gestures and even scripted jokes. Hence, the issue of what constitutes high quality for the customer cuts across simplistic dichotomies like uniform versus customized. It points to a conceptualization of standardization of work that avoids the perceptions of standardization as something imposed on docile subjects (Timmermans and Berg 2003).

As pointed out by Jones et al. (1998), the challenge when providing global services is to bridge the gap and get close by establishing ‘authentic’ relationships. These relationships are not singular links but rather need to be more broadly embedded and meshed: ‘The new customer–supplier relationships involve longer-term, closer relationships based upon a high

level of mutual trust; they are deeply socially, as well as economically, embedded' (Dicken et al. 1994: 39).

The notion of *embeddedness* underscores how action in general, and organizations more specifically, are bound up or embedded in local culture, social relations and networks. In his article, Granovetter (1989: 484) criticizes the 'under-socialized' conception of economic behaviour found in neo-classical economic theory as it: 'disallow[s] by hypothesis any impact of social structure and social relations on production, distribution, or consumption. In competitive markets, no producer or consumer noticeably influences aggregate supply or demand, or, therefore, prices or other terms of trade'.

Elaborating this point, Amin and Thrift (1994: 5) argue that part of the flows in a global world of interconnections, a world ruled by global-scale capitalist imperatives, continues to be constructed in and through 'territorially bound communities', thus making the notions of 'global village' or 'one world' deeply contradictory. In elaborating the relations between global 'forces' and local embeddedness, they view globalization as 'above all, a greater tying-in and subjugation of localities (cities and regions) to the global forces' (ibid.: 8). Even though the local is presented as a relational and relative concept which is fluid and constructed through its relation to global forces, Amin and Thrift maintain the importance of 'real' space in the sense of being 'constructed out of the juxtaposition, the intersection, the articulation, of multiple social relations' (p. 9). Places become shared spaces where the local meets globally distributed concepts, structures and impulses in an ongoing process.

Other scholars on globalization, especially Giddens (1990), emphasize how such close relationships are exactly what is under pressure. The disembedding of social relationships undermines the closeness, since: 'The advent of modernity increasingly tears space away from place by fostering relations between "absent" others, locationally distant from any given situation of face-to-face interaction' (ibid.: 18).

In this process, place gets 'increasingly *phantasmagoric*,' a notion Giddens uses to denote the penetration of place by social influences distant from them. A local phenomenon is not solely structured by the things present there, but also by distanced relations implying: 'the *disembedding* of social institutions ... the "lifting out" of social relations from local contexts and their rearticulating across indefinite tracts of time-space. This "lifting out" is exactly what I mean by disembedding, which is the key to the tremendous acceleration in time-space distanciation which modernity introduces' (italics added) (p. 21).

To compensate, bridge or mend the disembedded relations, they have to be re-embedded. This is a process that Giddens programmatically outlines

as involving abstract trust, that is, going beyond traditional, interpersonal, face-to-face trust relations:

*Reembedding* refers to processes by means of which faceless commitments are sustained or transformed by facework [face-to-face interaction]. (p. 88)

My overall theses will be that all disembedding mechanisms interact with reembedding contexts of action, which may act either to support or to undermine them, and that faceless commitments are similarly linked in an ambiguous way with those demanding facework. (p. 80) (*italics added*)

The mediated character (telephone, fax, e-mail and other information systems) of the largely faceless interaction between the globally dispersed GSN network of RRM and the headquarters will necessarily imply abstract, not face-to-face, trust. As Knights et al. (2001: 316) point out, 'working for a company entails "interpersonal" and "institutional" dimensions of both trust and control'. Yet, combining a focus on local sites in global organizations with perceptions at the headquarters, highlights the abstract or institutional dimensions of trust. We aim to flesh out the programmatically stipulated role of abstract trust as it unfolds dynamically within a global organization.

The issue of trust in organizations has attracted a considerable interest recently (Ring and Van der Ven 1992; Fukuyama 1995; Lane 1998; Sako 1998; see also special issue of *Organization Studies*: 2001 **22** (2)). This focus on the role of trust has several motivations. One strand attempts to ascribe decisive importance to the role that trust plays in facilitating regional networks of collaboration, thus accounting for their economic competitiveness (Piore and Sabel 1984). A second thread circles around basic principles of organizational behaviour and the extent to which trust does (or does not) function as an alternative mechanism for control (Lane 1998). As Knights et al. (2001: 313) point out, 'trust has commonly been identified as a feature of systems that posit an alternative to Taylorist and Fordist systems of control'. A third, and for our purposes most relevant entry into the debate, is the way that trust in institutions and abstract systems is deeply implicated in the set of transformation processes for which globalization acts as a convenient short-hand. The disembedding of social interaction through time-space separation presupposes trust in abstract systems (Giddens 1990: 87).

Given that trust does not materialize out of nowhere, the key issue for our purposes is to analyse the dynamics, that is, the process whereby trust in abstract systems is produced. Lane (1998) outlines three notions of trust: (i) 'calculative' trust based on a rational choice approach which 'does not stand up to sociological scrutiny' (*ibid.*: 7; compare Granovetter 1989); (ii) 'value- or norm-based' trust founded on the assumption that trust cannot develop

without common values, thus side-stepping the issue of how these values come into being; and (iii) 'cognition- or expectation-based' trust which encompass a variety of strands that share the socially constructed basis of trust. With our ambition of analysing the dynamics of how abstract trust and hence re-embedding unfold, we employ the last of Lane's perspectives. From the general insights of science studies (Law 1991; Latour 1999), this implies treating trust methodologically as a process-oriented notion. In the same (methodological) manner as social arrangements, concepts, 'truth' and decisions, abstract trust is seen as the *performed* achievement involving enrolling allies, building coalitions and translating interests (Law 1991). An interesting aspect of this performative or process-oriented perspective on trust is the affinity with issues of control and power as 'power can be hidden behind the façade of "trust" and the rhetoric of "collaboration", and used to promote vested interests through the manipulation of and capitulation by weaker partners' (Clegg and Hardy 1996: 679) and as one 'seeks to construct, "enrol", and "mobilize" ... a compliant [relationship]' (Knights et al. 2001: 315). This avoids the dichotomy, pointed out by Knights et al., between trust and control.

In his analysis on the dynamics of modernity, Beck (1994) makes the relevant observation that despite the disembeddedness of social interaction, local action can – and indeed does – have 'global' implications. This underscores the point about trust made by several writers, namely its fragile nature (McAllister 1995; Lane 1998). Even 'small' events can have 'large', potentially unanticipated, effects. Hence, a too strict adherence to a specific level of analysis is problematic as 'the words "local" and "global" offer points of view on networks that are by nature neither local nor global, but more or less long and more or less connected' (Latour 1993: 122).

The fragility of trust implies that reaffirmation goes beyond mere repetitions. It is rather a necessary prerequisite for maintaining the relationship. Without reaffirmation it would fall apart: 'no institution can remain trusted without the continual reproduction of trust through interpersonal relations' (Knights et al. 2001: 314). Yet, as Beck (1994: 9) insists, the pursuit of it becomes increasingly futile in our age of reflexive modernity as: 'The expansion and heightening of the intention of control ultimately ends up producing the opposite'.

A salient aspect of trust is the emotional elements of it (McAllister 1995; Jones and George 1998). Emotions, Fineman (2000: 1) emphasizes, are not merely appended to the relations as 'boredom, envy, fear, love, anger, guilt, infatuation, embarrassment, nostalgia, anxiety – [they] are deeply woven into the way roles are enacted and learned, power is exercised, trust is held, commitment formed and decisions made'. This implies that attempts to factor out emotions are problematic. McAllister (1995: 25) represents such an

attempt when distinguishing between affect- and cognition-based trust, the former of these 'grounded in reciprocated interpersonal care and concern'. McAllister's focus is exclusively on interpersonal trust between managers and employees, thus disregarding issues of abstract trust altogether. Jones and George (1998) also analyse emotional aspects of trust in their modelling of the experience and evolution of trust. Distinguishing between emotions (intense, instantaneous) and moods (less intense, generalized affective states), they present a three-phased model for the establishment of trust. Such a model with identifiable states and phases through which trust evolves breaks with the perspectives outlined above, which emphasize the ongoing, contingent and fragile aspects of trust.

Furthermore, by focusing exclusively on the experience of trust, Jones and George fail to link the emotional aspects of trust with the formation of identities as emphasized by scholars on the subject of globalization (Giddens 1990; Lane 1998; Castells 2001). The relevance of the link between identity formation and trust relations is that it serves to underpin the importance of trust to more than merely an issue of how well communication between units or individuals functions, and accordingly, how trust can either enhance or reduce job efficiency. In our case, it is fair to say that the emotional and identity-related experiences as associated with trust are as important as the local GSN representatives' ability to do their job.

As Lane (1998: 23) explains, citing Luhmann (1979), the fragility and emotional aspects of trust are intimately tied up with the self-development of identity, a project radically different in a globalized world. Identity formation, according to Giddens (1990: 5; see also Castells 2001), takes the form of an individual trajectory in the modern society, a project disembedded from its traditional ties with family, background and culture as 'self-identity becomes a reflexively organised endeavour'.

Self-identity, lifted out of tradition, presupposes self-construction and revision, thus urging individuals into more consciously 'choosing' their own identity. Obviously this does not imply that traditions are irrelevant, only that they are delegated a less central role (Giddens 1990: 5).

Still, the basis for self-identity in the late modern world is risky, since it is open to reflexive, dynamic treatment, hence it is unstable. The lack of 'ontological security' (Giddens 1990), that is, the ground for acting and understanding the world forged by the de-traditionalization or disembedding dynamisms of late modernity, may accordingly lead to increasing 'existential anxiety'. This does not imply a total chaos and breakdown of self-identity, but indicates a more flexible and fluid construction of identity.

Thus professional life links closely with the broader handling of self-identity, implying that changes in work conditions become part of the project of self-identity. In this way, the question of trust relations concerning work

can lead to deep and emotional reactions, as it is tied to the self-identity of individuals, not ‘merely’ their work.

Summing up, we have analysed empirically how the re-embedding of relationships hinges on the construction of abstract trust through processes characterized as (i) provisional (ongoing, performed), (ii) fragile (contingent, small events – large consequences, requiring reaffirmation) and (iii) emotional (tied up with identity formation as a trajectory).

### **Background and setting of the study**

With Norway’s long and winding coastline, Norwegians have always been a people concerned with fishing, trading and ship building. Over the last century, the maritime clusters of ship building have travelled from the south, then to the Oslo fjord area before ending up in their current stronghold in the northwest off Trondheim. An area dominated by very small, family-owned workshops and handcraft enterprises, the northwestern corner of Norway has during the last couple of decades developed into an extensive network of suppliers, subcontractors and customers of ships and ship equipment.

A major hub in this network has been the 80-year old business of the Ulstein family. During the 1980s, Ulstein gradually grew through smaller acquisitions and mergers in Norway, Sweden and Finland. Priding themselves on producing high-quality, handcrafted products – including ‘the Rolls-Royce of propellers’ – Ulstein grew into a substantial maritime conglomerate, whose constituent sites enjoyed extensive autonomy.

Thriving on the offshore boom following the Norwegian build-up of oil production in the North Sea, Ulstein was simultaneously exposed to the significant fluctuations within this sector. In 1998, in a bold move to escape from this vulnerable position and to the surprise of most of the maritime cluster, family owner Morten Ulstein decided to specialize and differentiate by splitting Ulstein into the (still family-owned) Ulstein Shipyards and selling off Ulstein Industrier, the distributed network of largely autonomous production sites for ship equipment such as propellers, gears, bearings, winches, rudders, diesel engines, thrusters and automation in a NOK 3.9 billion (\$500m) sale. In an effort to secure a firm footing, Ulstein Industrier merged a year later with the London-based Vickers to form Vickers-Ulstein with 5000 employees. This set off a series of major reorganizing efforts aimed at ‘realizing the synergies’, a challenge that had to overcome the traditional competition between the former Ulstein and elements of Vickers. The formative stages of this process were the period following the Vickers-Ulstein merger.

In essence, the commercial logic underlying the merger was to exploit the potential for a wider product range, moving towards complete, systems solutions rather than singular installations and ‘local support provided

globally'. A vital element in achieving this was the GSN, which is the globally distributed sales and service function. Far from completion, these reorganization processes were interrupted by an acquisition: the whole of Vickers-Ulstein with its 50 000 employees was acquired by Rolls-Royce less than a year later. In an effort to expand into areas outside its traditional (and stagnating) bias towards military aspects of the maritime sector, what was to be called Rolls-Royce Marine was established to gain a footing in the potentially expanding commercial marine area. Although modified, the basic thrust and direction of the reorganization process initiated with Vickers-Ulstein was continued by RRM. In a gesture to underscore its willingness to decentralize, Rolls-Royce decided to locate the new RRM headquarters in Ulsteinvik, the traditional homeground of Ulstein.

Our data collection relies primarily on a total of 31 semi-structured interviews conducted in eight rounds during 1999–2002. The early ones were relatively open-ended, exploring the issues and tensions embedded in the reorganization efforts. This led to a gradual focus on the relationship between GSN and the suppliers as a core theme. The interviews were conducted at five sites: the two largest GSN sites, the two largest supplier sites within RRM (called the 'principals' by employees, and located in Scandinavia) and the headquarters. Table 17.1 summarizes the interviews.

Table 17.1 Interview categories and number of informants

	GSN representatives	Suppliers' representatives
Senior management	2	4
Middle management	5	4
Sales	4	5
Service	3	4
Total	14	17

In addition, there were four meetings aimed at validating preliminary interpretations by discussing observations with stakeholders in RRM. In total, 16 people participated in these meetings, providing objections to, comments on and elaborations of our observations. We have also had access to internal newsletters (*In-depth*, *Marine Info*), memos, reports, contracts and electronic archives.

### Managing over distance

#### *Getting close to the customers*

As outlined earlier, much attention has been focused on the 'sovereign' customer and the need for organizations to be more responsive and flexible

to customer demands. The ongoing reorganization in RRM, starting with the Vickers-Ulstein merger, is heralded under the banner of 'customer facing'. In part, this is but a mirror image of the more general trend, yet the specifics of the history and configuration of RRM provide crucial, additional weight to the general trends. In the case of RRM, the form this takes is shaped by a number of parallel, superimposed processes and agendas.

Managerial strategies promoting the importance of closeness to customers should not be shrugged off as mere espoused theories (du Gay and Salaman 1992). Managerial representations, social constructivist thinking instructs us, are 'real' in the sense of having (potential) influence on the organization and contents of work. Hence, there is but a modest element of innovation when RRM proclaims its 'global but local' strategy:

The basic 'global but local' strategy was initiated last year [in 1999] following the forging of Vickers Marine with Ulstein ... It has now been embraced by Rolls-Royce in its new marine business ... Rolls-Royce is increasingly moving towards a higher level of local competence, a greater level of locally-stocked spare parts, and an expanded logistics planning system. Overall the company is moving closer to the customer, cutting delays and improving response times to calls for assistance. (*In-depth*, Autumn 2000: 5)

Indeed, most global companies are under pressure to 'think globally, and act locally' (Ger 1999: 75). The interesting aspect of such a strategy is how it is construed, negotiated and translated, that is, how this hybrid is worked out in practice.

From a managerial point of view, a key strategic objective was to integrate the different producers in order to construct 'one' RRM. Still struggling to smooth out the wrinkles, not to say distrust or mutual ignorance, between the former production units and brands, customer facing was intimately tied up with presenting a more uniform, non-fragmented and integrated image to the outside world. In reality, the task of coordinating the contacts with the customers in RRM has been delegated to a so-called 'account manager'. The intention was that the account manager would establish a seamless link between the customers and the whole range of RRM's products and services. Parallel to this, the company also switched from a product-based organization to a market segment-based organization, by organizing its activities according to four different market segments, each responsible for marketing the whole range of products in its segment. The strategic effect of this is that the initiative and resources are taken from the factory's staff of engineers and their focus on technical solutions, and transferred to the account managers, as explained by a GSN representative:

GSN crosses all boundaries; you could almost say that we're not interested in the segments, we're not interested in which principal [supplier, Scandinavian based] is supplying the equipment. Our focus is on the customer. The customer has a product, and he has a problem where he is. We provide the skills, we liaise with the principals to get the information required and the spare parts and the service support necessary to support our customer.

Hence, one element in the RRM's strategy was to tie the different producers together. For our purposes, however, a more relevant aspect of the intention to get close is related to the transformation – perceived or for real – of the very business of RRM. Scholars have for some time pointed out the deficiencies of Fordist ideals of production and the corresponding importance of flexibility, responsiveness and decreasing vertical integration (Piore and Sabel 1984; Womack 1990). Alongside and beyond this, RRM is in the midst of a transformation whereby their services (repair, maintenance and spare part delivery and installation) are growing in importance. As one local representative, half-jokingly, half-seriously, explained:

Gillette realized a long time ago that they were only going to sell you one razor every 5 years or so. But once a month they would sell you new blades [saying]: 'let's give away the razors, and let's charge an arm and a leg for a very specialized little blade that you can't buy anywhere else' ... It's an analogy that fits here; it's the same approach ... basically a philosophy where you want the customer over the full lifetime of the product ... We should absolutely be taking the same approach ... Let's bundle it all together: maintenance, finance, insurance, the lot.

This emphasis on (locally embedded) service delivery gives the 'closeness' to the customer a different meaning. To the extent that service work is increasing, the importance of local presence, local competence and embeddedness is growing. As a senior manager of GSN points out:<sup>1</sup> 'Local presence is the company's greatest differentiator in the market. The fact that we have the largest ground force in the market is one of our key strategic advantages ... a key objective is to ... build local customer relationships'. Similarly, as pointed out in the information material of RRM:

With offices in 33 countries, Rolls-Royce offers an unequalled global marine support capability. This international presence is strengthened by a team of more than 500 personnel, of whom over 300 are service engineers. *Such an organisation is unique in the world today* ... [RRM's] strategy is to get closer to the customer, beginning with a commitment to embrace local languages and cultures wherever practical. (*In-depth*, Autumn 2000: 5, emphasis added)

For a company with the prevailing identity very much tied up with production-oriented images and symbols, clearly this transformation is not without

friction. Priding themselves in, and identifying with, ‘manufacturing the Rolls-Royce of propellers’, it involves issues of power as well as identity.

What, then, does the local embeddedness amount to and how is it performed (Amin and Thrift 1994; Ger 1999)? Leidner (1993) discusses how service work, when delivered globally, seeks to superimpose scripted and uniform procedures with closer, more personalized features. One local representative explains:

Every customer is different and as I said before, it’s knowing when to push towards the customer, and knowing when not to, when to fall back. You have to be able to relate to people from all different levels in the client company and through that develop a sort of sense of or a ‘feel’ for the customer.

This personal feeling is required as ‘customers increasingly demand that [service work] is “authentic”, [hence] cannot easily be standardised’ (Jones et al. 1998: 1049).

The closeness argument is driven by two agendas. It is in part a vehicle for realizing the merger by presenting a uniform front stage that purges the former distinctions between the different suppliers (and their networks). Simultaneously there is an emphasis on the locally embedded, ‘authentic’ relationships with the customers.

#### *Global uniformity and local autonomy*

The emphasis on closeness and service is, at least on an espoused level, accomplished by a delegation or ‘empowerment’ of the local representatives as voiced by a senior RRM manager:<sup>2</sup>

In other words, we are empowering the local [representative] ... to represent the entire company. Previously, there was the propeller man or the water jet man working for the Ulstein propeller network, the Bergen network, the Kamewa network, and so on. *Now the account manager can ‘own’ the customer relationship and represent the entire group instead of being restricted to promoting one type of product.* (emphasis added)

The literature on empowerment is, of course, systematically ambiguous as to whether this is due to functionalist reasons, as illustrated by a senior GSN manager:<sup>3</sup> ‘The establishment of such a capability [local service and sales through GSN] is in direct response to customer requests: they want to be able to talk to personnel in their time zone, and not have to wait days while specialists are flown in from European-based factories’, or whether this indeed implies empowerment in a ‘true’ sense (Clegg and Hardy 1996). Despite the dangers of slipping into an essentialist vocabulary,

separating ‘true’ from ‘façade’ versions, claims about empowerment need to be approached with critical awareness (Knights et al. 2001).

A key, regulating and disciplining vehicle in this is the formal, contractual agreement between the suppliers (the production sites largely located at ‘home’ in Scandinavia) and the globally distributed local representatives of GSN (‘away’ across 33 countries). The agreement defines how cooperation between local representatives of the company (within the GSN) and the suppliers operates; describes the duties and obligations that the respective parties have towards one another; regulates responsibilities, standards for payments and procedures in the event of disputes between them; and regulates the activities of local representatives by specifying their responsibility to inform and obtain acceptance from the suppliers, about how to market products, and what information to distribute to customers. More specifically, with the agreement, the suppliers retain control over all contracts, and the responsibility for negotiating and accepting them, and forwarding offers to customers, direct or via local representatives.

The suppliers specify and regulate, on a fairly detailed level, what the local representatives can do with regard to marketing and sales of new equipment. The service work is more autonomously organized. Nevertheless, the local representatives may neither manufacture nor purchase spare parts from anyone other than the suppliers, except with the approval of the latter.<sup>4</sup> The master agreement is a key disembedding mechanism (Giddens 1990: 18).

In as much as it is purged of interpersonal relations, the agreement is phrased entirely in terms of specifying roles, obligations and duties. As a consequence of this, the control and distribution of product knowledge and information is strictly maintained by the suppliers, leading to friction and frustration at the local sites, as one GSN representative declared:

The production sites are reluctant to share the information with us, even when this had made life a lot easier for us – and for them. This is how it’s always been. Some of the sites are good at sending updated information while this [pointing on the screen] is a list from 1998. ... Internally at the production sites they have electronic access to all information, also the drawings. But we are cut off from this.

The agreement produces – largely unintentionally (Giddens 1990; Beck 1994) – effects that are perceived as the opposite of those embedded in the ideals of ‘customer facing’. This disembedding does not imply that work and work routines disintegrate. It is rather the case that re-embedding takes the form of additional, often ‘invisible’ work that serves to fill the glitches and bridge the gaps (Bowker and Star 1999). The disembedded nature of the work at the local sites, without close links with ‘home’, gives rise to an extensive set of work-arounds to collect necessary information (Gasser 1986) as one GSN representative explains, referring to his ICT

system: 'Now we have to go back and forth continually, both to get the right article numbers and the right parts prices. To work around the problems, we make use of old orders to look up prices, possibly updating these from our private archives'.

Thus, the detailed controlling and regulation of local autonomy, intended to ensure high-quality service, risks producing the opposite effect. This underscores an important and darker aspect of the discourse on globalization (Beck 1994: 9), whereby pursuing control – may in itself produce the opposite effect. As the meshing and interleaving of local and global action increase, traditional means of control are countereffective in so far as the side-effects are as important as the intended ones (Giddens 1990; Beck 1994; Ciborra 2000). As one of the GSN representatives complained, attempts at customer facing seem to produce the opposite effects: 'RRM has decided that GSN should buy everything through the production units. This causes problems, especially when the customer knows that they can buy it locally at a better price. *Is that customer focus?!* It's disastrous for our reputation'. This was reiterated by another GSN spare parts manager:

I am forced to order spare parts from the factory. Even when it comes to parts that they don't produce there. For instance a bearing: the customer needs this and I say OK, I can get that and it will cost you, for example, \$500. But the customer knows he can get this part from a local supplier for half the price! And I will never sell another part like that again ... and what's the value of our organization? The value is our reputation.

The reason for withholding this information from the local representatives, and for the centralized control of spare parts, is because the suppliers have to maintain control over these things, as laid out in the agreement. The suppliers want to prevent sensitive information from getting out, and therefore they restrict access to central ICT resources. They need to ensure that the local representatives follow standards on prices and what spare parts to use in equipment supplied by the company.

The design, production and servicing of high-quality equipment such as that in the RRM portfolio invariably involve a substantial amount of highly competent work. The booming literature on knowledge-intensive work, despite its distinctly rhetorical slant (Alvesson 2001), reinforces many of the arguments about the local, contextual and situated nature of service work (Blackler 1995). In her comparative study of knowledge work in a British and Japanese engineering company, Lam (1997) demonstrates the locally (culturally) embedded character of the work routines in the British and Japanese teams. Similarly, the locally embedded knowledge about the market and the customers was challenged when Rolls-Royce initially attempted to promote their traditional mode of operating. Yet,

the input of the British Rolls-Royce work routines is largely sidelined, as a senior RRM manager explains: ‘they show up in ties and black suits demonstrating a total lack of insight into the business ... accustomed to military projects with time-spans of decades and enormous amounts of bureaucratic documentation overhead, the work routines of Rolls-Royce are of little value to us’. As argued by Jones et al. (1998), the recruitment policy is typically the acid test for assessing the commitment of global organizations to cultural heterogeneity. The pattern they describe, where employees from the ‘home’ country are favoured, is also evident in RRM. The pivotal role of the former, Norwegian-based Ulstein group caused substantial frustration within the GSN as several interviewees complained about ‘Norwegians showing up everywhere’. This was reinforced, one GSN representative explained, by the fact that it ‘comes together with talk about Scandinavian egalitarianism’.

Part of the major reorganization is also to enable more synergies between compatible and possible connected products and services. On sales and production this is pursued by configuring products into packages or ‘total solutions’ to paraphrase RRM’s strategy. But this global ambition also concerns the way customers will be equipped, and thus affects the work of local service personnel:

You’re talking about the impossible here; these are the silly guys in an office who say ‘well, let’s throw these guys together’. It doesn’t work that way. We have got, let’s say, about 30 different products, Ulstein has got just as many ... And you can’t mix your products with somebody else’s products, because that weakens his position. Instead of making him strong, you are spreading his expertise too thinly across many products.

Finally, the formal agreement also structures the division of labour between the local sales personnel (account managers), and the sales and marketing representative of the head office at the production sites. A further narrowing of the ‘empowerment’ of local representatives is due to splitting the actual pre-sales work and the final responsibility for contracts. The locals must in this final phase ‘handover’ the customer to the head office representative – disembedding the relationship – and potentially upsetting the customers. As a UK-based GSN representative explains:

A lot of UK customers want to deal with the UK company. The fact that the products are made somewhere else is not really relevant; they still would like to deal with the UK company – with the thought that if anything goes wrong, it’s Rolls-Royce UK that is responsible.

This also has a more practical side, since the relationship between local representatives and customers evolves over time in a project, and thereby makes it difficult for the customers to deal with the suppliers in the final phase of a project:

This happened recently, on a couple of projects, we had done all the work with the company, and they come to place the order, and we say ‘oh no, don’t send it to us, send it to Sweden or something’. And they go ‘but we can’t do that, we’ve dealt with you, all our correspondence is with you, and you’re telling me I have got to deal with somebody else?’.

Also, the switch implies that customers will have to communicate with various units and people, since each of the suppliers will have to make their own contracts on the equipment they provide:

And we’ve got a UK shipyard. They want to buy steering gear for one project, and a propeller for another project. They don’t want to go to RR Norway for one, and RR Sweden for another. They want to deal with one company, not the whole range. And they come to us then, if they’ve got a problem; who is going to sort it out? And I think from a customer’s point of view, this makes a lot of sense. Of course, that should be why we’re here. We are the local office.

A more general way of viewing this problem is that local contact with customers presupposes a deep interest and knowledge of who they are, of how to communicate and approach them, and last but not least, when to contact them. As one GSN representative explains:

You get a sort of a feel for when the customer would like a visit ... Every customer is different, I mean we even find some of the shipyards are only too pleased for us to help with design and that sort of thing because they haven’t got their own design, whereas other shipyards have got a design department and are not interested in that aspect of what we can sell. So you have to treat each customer, you know, have to give them what they want, and sometimes we have to say to the principals [production sites, in Scandinavia]: ‘you know, hold back a little bit, this customer doesn’t at this stage want that aspect’.

The key, regulatory device, the agreement between GSN and the suppliers, is a disembedding mechanism that also produces effects exactly opposite to those intended. The lack of local appropriation of the agreement by drawing on local resources implies, at times, anything but closeness to the customer. The locally embedded knowledge about acquiring a ‘feel’ for the customer tends to become invisible and downplayed (Bowker and Star 1999). Although the formal agreements and prescripts are tools the company uses to regulate the way work is done by local representatives and the suppliers, there will still be situations where locals have to make decisions based on

their own experiences and knowledge. The local representatives, embedded in their local contexts, will have competence and experience which makes them able to adapt to the local customers and their specific needs in ways that could, as we have seen, be different from the more globally standardized designs of the head office.

*Trust and (ICT-)mediated communication*

At heart, RRM's reorganization efforts involve transformation along two dimensions. First, it necessarily involves eroding the previous boundaries defined by the production sites to emerge as a 'seamlessly integrated' collective for production. In short, the internal organization should move away from functional units to a more process-oriented one. Second, and the focus of this chapter, it implies viewing the whole value chain – production, logistics, sales and service – in total rather than as disturbingly independent entities with bounded responsibility and accountability. An essential mechanism in this, then, is to tie in and integrate the activities 'abroad' in the GSN with the (production) activities 'at home'. This implies carving out roles and responsibilities, but more importantly, it requires establishing a sense of trust that *facilitates* this communication and cooperation. Establishing, maintaining and expanding the trust between GSN and 'home' acts as a key element in re-embedding this relationship. As outlined earlier, we employ a process-oriented perspective that underscores the performative nature of the construction of trust.

The construction of abstract trust relations between the local sites and the head office is tied to how the actors perceive the process. In our case, ongoing and provisional aspects of trust are displayed in the need for the local representatives to be *reassured and reaffirmed*. This illustrates how power issues intertwine with establishing trust (Knights et al. 2001). Being part of, and not excluded from, the whole of the company is of course one way to ensure that the relation is important both for the (Scandinavian) 'home' office, and the 'local' office abroad. Much of the communication between home and the GSN is about offering information, responding to inquiries from the GSN on prices, availability of parts and delivery time. One of the perceived problems at the local level is the significance of the time span from when inquiries are sent until an answer is received, as one interviewee illustrates:

There was this oil rig off the coast of Texas, and we had delivered 8 rotating azimuth thrusters, each of 40 tons. They were prepared and overhauled at the factory and sent over. A month ago, we got a message that there were some problems. I sent a letter to the principals describing what the problems were, the need for equipment, and the price of having the job done. We also needed drawings and technical specifications to sort things out for the service engineer.

It took 4 weeks to get an answer! If I had been a local guy, this wouldn't happen. They have no respect for the things we're trying to do, and I have no-one up in the system to go to. It hits a black hole!

Building on Harold Garfinkel, process-based trust focus on how expectations are formed over time by the accumulated trust experiences (Lane 1998: 11). Expectations differ in the way they assume unity of expectation either to be present and taken for granted, or, alternatively, to have to be produced. Process-based trust entails the incremental process of building trust through the gradual accumulation of either direct or indirect knowledge of the social relation present. Typically, the way these trust relations can be developed and maintained, is through various forms of feedback among the participants, or to what extent they give confirmation on each other's initiatives, or approvals of the way the work is conducted. In the episode quoted above, the lack of feedback ('it hits a black hole') undermines the possibility of building and maintaining trust relations. The experienced silence ('black hole') gives little reassurance of the commitment from head office. Confirmation from 'home', even without a fully-fledged answer to the query, functions reassuringly and soothingly, re-establishing the ties that could otherwise be disembedded.

This lack of confirmation was not a unique episode, as one GSN representative explains:

When I send an inquiry to the factory for some parts and prices, they sometimes send me a confirmation, but many of them don't, and then I am not sure whether they've got it or not, if it's lost, disappeared or something. I even get some answers that it's the first time they've seen it. It would be a tremendous benefit if they could just tell me they've got it, and if they could keep me informed of the progress as to when I could get a proper answer. Instead I have to call up every now and then, pushing so that I can have something to feed to the customers.

The local representatives experience the lack of feedback through long response times without any periodic updates. Further, the lack of technical data, handbooks, diagrams and so on intensifies the disembedding of locals from their head office in matters of knowledge and the ability to influence their own work. An employee working with ordering and handling spare parts commented:

Because we have no diagrams or handbooks, we don't know what we're offering. And it's a big problem. Sometimes we can have a handbook, and we can look at the diagrams and say 'oh yeah, that O-ring goes there', but we wouldn't necessarily know where the items should go. If the customer finds out that he is probably a couple of O-rings short, we wouldn't know.

Since RRM maintains what we may call ‘double’ functions on both sales and service, in the sense that both suppliers and local representatives are capable of doing the work, this causes situations where they might cross each other’s ‘borders’, as the following statement from one GSN representative illustrates:

From time to time, the suppliers send people over to our territory that we don’t know about before they’re actually here, and this is not good for us, and it doesn’t look good in front of the customers. And it is not a good way of using our resources. Someone can suddenly come into our office here and ask for help with something, without us knowing that they were here.

Similarly, another GSN representative commented:

When [the after-sales] was identified as the biggest cash generator, everyone wanted to be engaged in the after-sales. There is no clear organization to it. For example: we have people who come from Finland to our sales territory to deal in the after-sales market, and we have no idea what they’re doing.

The negotiated border between local representatives and the suppliers regarding these double functions, threatens to damage or disrupt any potential establishment and maintenance of trust relations, and thereby makes the empowering of the locals a difficult ambition to fulfil. This underscores the fragile aspect of trust, making it difficult to maintain, but easy to disturb. The locals express their insecurity towards the suppliers’ motives and their practice of bypassing the locals.

RRM’s strategy of getting closer to the customer is – both by empowering the local representatives and through improved internal coordination – to secure sales across the whole product range of the company. But this clashes with established routines for ensuring the suppliers’ control over how the local representatives do their work. The tensions between the need for uniformity in a global product, and service range and local autonomy surface as problems of sharing information, different modes of trust/distrust relations, and finally through negotiated borders concerning the way the company coordinates the double functions of both suppliers and local representatives on sales and services.

The issue of trust also concerns the way in which these actors view each other’s knowledge and competence. Given that identity formation is increasingly influenced by professional trajectories (Giddens 1990; Castells 2001), this underscores how trust is linked to existential anxiety. Lack of trust in local competence thus translates into an issue of identity. As one GSN representative states:

Once a brand new man was set to work with two senior service engineers [from the suppliers]. It was a major overhaul and the seniors took the dayshift, and left him alone on the nightshift, to supervise the nightwork. And he made a mistake, and damaged a bearing, and they said: 'Ahaa! This is what we've been talking about; they don't know what they're doing here. These Americans don't know what they're doing, they're sledgehammer mechanics!' They were prejudiced against Americans.

The newly designed agreement, described earlier, specifies that warranty work is the responsibility of the suppliers. However, the coordination between local representatives and suppliers is not a straightforward matter, and has been a source of insecurity and distrust. Further, with regard to more complex cases concerning warranty claims, a GSN representative complains that the suppliers question the local competence:

When a customer claims a warranty case, this always happens after having received an invoice, with a service report. The claim from the customer is forwarded to the supplier, but in nearly all cases these are rejected. They don't acknowledge our competence or the serviceman's competence, and blame the customer. We get the impression that no matter what, our reports don't matter. The suppliers see us as acting on behalf of the customer. It's very frustrating!

This insecurity stems from the way the local, GSN representatives get caught in the middle between the customers and the suppliers. The actions and reactions of the suppliers on warranty claims from customers are interpreted as more or less open distrust and a questioning of their (the locals) integrity, loyalty and competence.

The link between trust and identity formation accounts for the deeply emotional aspects (Lane 1998). Disrespecting local competence in the GSN network becomes not merely an issue of additional work and unnecessary hassles (as described above; see also Gasser 1986). More importantly, it undermines the local GSN representatives' identity within RRM by transforming it into a question of whether they are part of the family or not. Or, as expressed by one local GSN representative, whether they are 'real' children or only 'stepchildren':

I got the feeling that they feel like, and I hate to say this, that we would misuse it. And I therefore feel like, you know, I hate to say, *feel like a stepchild*, but in that sense basically I have been here for 10 years, and I don't think I have misused too much of any information.

Confronted with this, management at the suppliers and head office replied: 'Well, they're right. To our knowledge and in our experience, local representatives have in cases acted more as representatives of the customers

than the company'. They also add that 'it's a jungle out there, that's a well-known fact in this business', so customers use confidential information from suppliers in a game to win favourable deals. The culture of this business does not invite trust, unless there is the danger of becoming vulnerable.

Luhmann (1979) views trust and distrust as mutual and connected qualities. The connection between them explains the fragility and highly *emotional reactions* when trust is betrayed. Trust is a learned experience, in a process of generalizing from isolated experiences, closely tied up with identity formation ('stepchildren' versus 'real' children). This is because the choice of trusting or distrusting is an inner process of the individual. One falsehood may therefore cause great emotional intensity and undermine trust in the future (McAllister 1995; Lane 1998). In this way, trust may be transformed into distrust, and therefore, to prevent this from happening, trust must be sustained through appropriate actions. The reactions and frustrations of the local representatives can also be interpreted as reactions to more fundamental attacks on their personal identity or character according to the more individualized 'responsibility' of reflexive identity construction (Giddens 1990).

### **Conclusion**

We have analysed the dilemmas of a global company struggling to forge hybrid solutions, combining the need for control and uniformity while at the same time responding to the increasing pressure for more locally embedded customer focus in service work. Based on an empirical analysis of how local sales and service offices negotiate and perceive the 'gap' between these demands, we argue that this dilemma goes beyond questions of managerial models and organizational structures.

Building on the tensions in the 'late modernity' of Giddens, between disembedding mechanisms and re-embedding local actions, the issue of abstract trust becomes salient in our analysis. The role of ICT-mediated communication is deeply implicated here. We argue that the notion of trust in previous research on global organizations has had a tendency to neglect the importance of emotional aspects of abstract trust, and the connection between identity formations and constructions in late modernity on the one hand, and trust relations on the other.

We propose three distinctive characteristics of abstract trust relations within global organizations: (i) the process-based, ongoing perspective emphasizing the dynamic need to reassure and reaffirm trust relations, due to (ii) the fragile aspects of trust which makes it hard to establish and maintain, but easy to disturb, and finally (iii) the emotional aspects of trust, connecting trust to the reflexive 'project' of self-identity constructions in late modernity.

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### Notes

1. Interview in *Marine Info*, November 1999: 6.
2. Interview in *Marine Info*, November 1999: 6.
3. Interview in *In-depth*, Spring 2001: 17.
4. The exact details of this agreement, which have been continuously negotiated, are confidential, so we are obliged to describe it in fairly general terms. The most recent version, stemming from spring 2001, spells out the autonomy of the local sites, together with regulations concerning internal pricing and the settling of disputes.

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