Truly global corporations?
Theorising 'organizational globalization' in advanced business-services

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Abstract

Recent debates concerning transnational firms (TNCs) have been preoccupied with the question of whether, and to what extent, the world's largest companies are becoming 'global corporations'. This paper argues that this debate is epistemologically misguided and that the theoretical framework in use is unable to adequately capture the complex nature of connectivity and spatiality developing in and between firms. It argues that instead of a continued and increasingly fruitless debate around the nature of the relationship between firms and territorial spaces, empirical and theoretical enquiry needs to shift to issues of 'corporate globality'. The paper thus develops an alternative relational and nonscalar theoretical approach as it presents research into nature of corporate globalization within firms in two advanced business service sectors: investment banking and management consultancy. It uses this research as a basis to make arguments concerning how the role of large firms in the wider tendencies of economic globalization might be better theorised.

KEYWORDS: 'globalization'; 'global corporation', 'business services', 'relational epistemology'
JEL Codes: F23; L2, M10

1 INTRODUCTION: THEORISING THE EVOLUTION OF THE TRANSNATIONAL FIRM

Theoretical debates concerning transnational corporations (TNCs) have become increasingly concerned with the question of whether TNCs are becoming 'more global' (Dicken 2003a). Proponents of this argument have provoked a shift in terminology from 'multinational' to 'transnational' or 'global' corporations (Morrison *et al* 1991; Green and Ruhleder 1995; Pauly and Reich 1997) which has been used to invoke the qualitative changes in the strategic orientation of businesses (Cohen *et al* 1979; Holton 1998; Yeung 1998; 1999). This has led to criticism from those who argue against the existence of 'truly global firms' (Kogut 1999; Sklair 2001), emphasising the continued persistence of strong regional-based production and trading patterns and the continued national or regional form of these business organisations (Hu 1992; Berggren 1996; Doremus *et al* 1998; Rugman 2001). Thus on the issue of whether a useful conceptual differentiation can be usefully made between a 'transnational' and 'global' corporation, there is little agreement.

The entry point of this paper is to argue that this debate has not adequately engaged with key issues concerning the nature of firms and 'corporate globalization' itself. The problem rests with theories grounded in an epistemology of scale and territory. The question of whether or not TNCs warrant the label 'global corporations' has been constructed in terms of whether they operate, produce or trade in a sufficient number of places across the globe and whether they market and sell products at the global scale. In other words, the progressive shift from multinational to transnational and now 'global corporations' is grounded in an epistemological framework concerned with assessing the presence of firms at different scales and in different territories. The word 'global' is thus used to imply a greater degree of organizational 'globalness' than is understood in the term 'transnational' (Mourdoukoutas 1999; Saari 1999).

This paper contends that this conceptual approach is inadequate and cannot provide a sophisticated theoretical understanding of the changes currently associated with large firms and the globalization of economic activity. Recent work in economic geography and elsewhere has shown how contemporary globalization tendencies (Dicken 2003b) escape existing scalar and territorial concepts (Brenner 2001; Amin 2002; Sheppard 2002). Globalization tendencies involve too great a reconfiguration of social relations in a huge variety of spatial forms. Ash Amin (2002), for example, has argued that contemporary globalization requires a topological interpretation that examines the connectivity and inter-relatedness of social practices (of all forms), the multiple spatialities of organisations and recognition of the erosion of the ontological distinction between place and space (ibid.). In this sense, he calls for a new ontology of space/place in order to theorise globalization. This new ontology produces a new epistemological approach focusing on relations and practices since Amin argues that 'the growing routinisation of global network practices – manifest through mobility and connectivity – signals a perforation of scalar and territorial forms of social organisation' (ibid.: 395). Globalization cannot be adequately theorised through an exclusive scalar/territorial theoretical lens.

Amin's alternative proposition is to theorise globalization as process along three new lines: the intensification of mixture and connectivity as more and more things become interdependent, the combination of multiple spatialities of organisation and praxis and the erosion of any ontological distinction between space and place (ibid.: 395). Places in this framework 'are more than what they contain and what happens in them is more than the sum of localised practices and powers' (ibid.: 395).

In applying these insights to the global corporation debate, the implication is that rather than seeking to quantify the geographical territorial units in which production, sales or consumption occur, global corporations can be better defined around the nature of their *spatiality* and *connectivity*. Transnational firms, to paraphrase Amin, are also 'more than what they contain and what happens in them is more than the sum of localised practices and powers'. In this respect, the nature of their spatialities and connectivities exceed questions of place (territory) or scale. Thus whilst dramatic changes are occurring in the nature of firms and how they exist in the global economy, the existing epistemology of scale-place cannot capture the complexity of those shifts.

Consequently I am proposing an alternative theoretical approach informed by a 'nonscalar' and 'relational' epistemological approach (Amin 2002) that is far more sensitive to the multiple and diverse forms of connectivity emerging within and beyond these firms (and see Dicken & Malmberg 2001). Such an approach, insofar as it is 'firm-centred', also overcomes the limitations of treating firms as coherent black box units (French 1997; Morgan 2001; Yeung 2002) and engages with the processes of 'organizational globalization' within these companies that produce the wider outcomes of economic globalization in the world economy.

This argument builds upon, but goes beyond, the suggestions of those who point to the complex interrelationships of firms with territory (Dicken & Malmberg 2001; Morgan *et* al 2001; Dicken 2003) and the literature concerned with inter- and intra-firm networks (Olds & Yeung 1999; Dicken & Hasler 2000; Yeung 2002). These contributions have pushed the terms of the epistemological debate in the right direction in that they have demonstrated how TNCs are not *placeless*, but are embedded in a complex manner such that 'both place of origin and the other places in which TNCs operate to influence the ways in which firms behave' (Dicken 1993b: 42). However, this paper argues that there is further to go in this critique around the epistemological issue of how TNCs exist in the contemporary global economy. It argues for a relational approach that proposes a series of criteria for assessing the globalness of TNCs in terms of the nature of their connectivity and spatial relations. It therefore pushes the conceptual questions concerning global corporations beyond the 'placeless / 'emplaced' or 'embedded' debate.

The criteria proposed represent a different definition of what a 'global corporation' is or might be. They are not intended to establish a clear break between a previous 'era of TNCs' and a new 'era of global corporations' in business-services. As Dicken (2003b) points out, the development of MNCs, TNCs and global firms does not well fit any sequential series of ideal-type models. Rather than seeking to assess the validity of the concept against territorial or spatial measures, the debate is moved to a new arena concerned with *how* firms as globalizing organisations relate to/ fit into the wider transformations occurring in the global economy. It is therefore not a case of transnational versus global corporations, but more the fact that *organizational globalization* as a series of processes is producing radical changes in the nature of the world's largest firms.

Empirically such an approach moves from a reliance on indirect evidence of globalization processes from output, sales or production data at the firm-level to qualitative data on the internal changes taking place within firms as they transnationalize. This nonscalar, topographical approach to the TNC / global corporation debate therefore focuses on the *practices* of transnational business (which explodes the firm as a black-box concept) rather than the quantifiable measures of the outcomes of global business activity acting as (poor) surrogates for the processes in question.

The rest of the paper develops these arguments by presenting research into two advanced business-service sectors that are widely held up as examples of highly globalised industries – investment banking and management consultancy. Business-service firms provide a good model for understanding how TNCs in general might be better theorised in a relational epistemology since the centrality of knowledge and information in their 'products' means their activities tend to escape spatial categorisation more readily than firms that produce material goods. The research presented therefore shows how TNCs in these business-service industries are evolving new forms of 'beyond nationalness' that require new theoretical understandings beyond that possible using a scalar / territorial epistemology. From this research, I therefore propose the criteria by which the processes of organizational globalization *within* TNCs might usefully be assessed, thus developing a new approach to defining the concept of a 'global corporation'. These criteria, however, also demonstrate how the achievement of 'corporate globality' is a highly contested, political and contradictory process leading to uncertain and diverse outcomes.

These arguments develop in series of stages. The next section provides a critical review of wider tendencies of globalization across business service sectors in the global economy, identifying the key general factors behind the development of TNCs in those industries. The third section then draws on research into management consultancy firms and investment banks to propose a series of criteria by which a 'global corporation' might be defined in these industries. It examines the major internal transformations through which global corporations have been constructed in the investment banking and management consultancy sectors in the last 5 to 10 years. The fourth section then goes on to examine the constraints and contradictions experienced by the business-service firms studied in seeking greater corporate globality. In exploring the limits of the processes of organizational globalization identified, it offers insight into how far the concept of the 'global corporation' can be carried, and where it is likely to prove problematic. The final section thus draws some conclusions concerning the nature of TNCs in investment banking and management consultancy along with the wider usefulness of the 'global corporation' as a concept.

2 THE DEVELOPMENT OF TRANSNATIONAL BUSINESS SERVICE FIRMS

Advanced business service industries have widely been argued to be central to contemporary economic globalization (Held *et* al 1999; Schaberg 1999; Sassen 2001). Since the late 1980s, growing theoretical and empirical attention has been given to the role of business (or 'producer') services in the transnationalization of economic activity. These high-order services include those of a financial nature – investment banking, accountancy, insurance - and other specialized services such as management consultancy, IT consultancy, law and advertising. All of these sectors provide professional services to other firms involved in production rather than individual consumers – hence the term 'producer services'. At the generic level of business services, producer services play a key role in facilitating the development of large transnational firms that can operate effectively in more and more locations around the globe. Yet the last couple of decades have also seen the concomitant development of transnational business service firms in many of these business-service sectors themselves (Roberts 1998; Lewis 1999). Whilst the dynamics of different service industries of course varies considerably, I want to argue that there are a series of common factors which have provided the context for the development of transnational business service firms. These fall within the categories of the function of business services in the global economy; the nature of business-service products and the nature of the market for those products.

Firstly, as Sassen (1991) famously argued, advanced business service industries fulfil key high-order functions for economic entities[1] in the current era of globalization. Her 'global city thesis' contends that they are primarily located in key global cities, although more recently her arguments have been revised to place specialized business services at the networked core of the global economy, spanning a global network of urban centres that act to facilitate and coordination global-scale production (Sassen 2001). Business service firms thus are the source of service 'products' that often enable economic globalization (or cross-border expansion) to take place. These products range from providing finance, for example, to expert and professional advice on organizational form, legal arrangements or information technology. Thus Sassen and others' point is that advanced business services fulfil a functional role at the global level which itself represents a key impetus in the logic of individual firms seeking to transnationalize.

A sector-wide factor here is the informational nature of advanced business service products. The management and organisation studies literature has examined in depth the centrality of knowledge in the activities of business service firms (Empson 2001) in the context of wider arguments concerning how global capitalism is becoming ever more informational in nature (Sassen 2001; Castells 2003). Business service firms such as management consultancies provide strategic and functional advice on how to organize productive activities in other firms (Lowendahl *et al* 2001). Similarly, lawyers provide know-how, knowledge[2] and advice on a specialised area of regulation – the law. These firms are thus selling knowledge services to other firms and as such there is a strong impetus to be able to provide 'international best practice' as the product to clients (Huseman & Goodman 1999; Empson 2001). Knowledge crosses borders easily as a factor of production in informational services (Brown & Duguid 1998; 2001b), and it is relatively easy for customers (other firms) to buy knowledge services in a global market. Whilst these kinds of knowledge services are still embedded in local contexts (Bettencourt *et al* 2002), the nature of the product itself is a strong inducement for business service firms to seek to globalize. The quality of their product is highly dependant on it's the premium status of knowledge-practice contained within a firm (Scott 1998; Donaldson 2001) and so to remain competitive, operations across the global economy in urban centres where the markets for such products exist is attractive if not increasingly essential.

This brings me to a third factor: the nature of the market for advanced business services. The competitive advantage that transnationalization gives business service firm in terms of the knowledge-density of their products is also a response to client demand (Jones 2003). Business service firms are also being induced to transnationalize in order to fulfil client expectations of service. For larger business service-firms capturing market share for their specialised services is about gaining business from client companies who are themselves largely transnational. Thus

[1] In addition to other firms, this category includes non-commercial organisations such as public-sector institutions, government and regulatory bodies.

[2] This kind of knowledge takes several forms according to organisation theorists – know-how can be differentiated from abstract or contextual knowledge . (See Brown & Duguid 2001a; Brown & Duguid 2001b; Morris 2001)

competitiveness contains a component of a firms' ability to provide a service in all areas of the global economy a client is operating in. In this sense, the transnationalization of non-service sector firms is a factor behind the transnationalization of business services (ibid.). Furthermore, from the perspective of even small business service firms, the market for a highly specialised service is likely to be very small within one national economy. Overall, therefore, in business service sectors the market for firm's products offers strong inducements for firms to transnationalize.

Clearly, these factors do not represent an exhaustative list and within specific firms and business service sectors, there are specific influences at work. To give one illustrative example of this point, in the investment banking industry the size of firms in terms of capitalisation is a fundamental sector-specific issue. Whilst corporate banking services are specialized informational services, the products a bank trades in are also obviously financial in nature. In order to provide finance to clients in the global economy, therefore, investment banks also need capital. As firms in other sectors have transnationalized, the amount of finance required has increased and thus investment banking has seen a continued process of mergers and firm growth over the last decade as banks seek to become sufficiently large to provide the capital required by transnational clients (ibid.). Thus the above generic factors I outline above have been important but the specific issue of capital base of firms is also especially significant in the case of investment banking.

In summary, the globalization of advanced business services is directly related to globalizing market for these firms' services in the global economy and also the nature of their informational service products. The generic factors identified have produced a wide variety of globalizing organisations across the different business service sectors. However, as the next section discusses in considering two sectors in depth, the precise nature of 'organizational globalization' occurring within specific sectors and firms varies according to a large number of contextual factors.

3 CONSTRUCTING GLOBAL BUSINESS-SERVICE FIRMS

The research findings presented here draw upon ongoing research into the nature of globalization within advanced business service industries. This consists of two components. First, I have to date conducted over 75 depth interviews with senior managers and Partners in the largest firms in these industries, mainly in the period between late 1998 and 2002. Tables 1 and 2 show the firms where managers were interviewed respectively, along with their rank-size in their sector. The interviews were mainly conducted in the City of London and in New York, normally in the head office or a key office in that company. The bulk of the intervals were with key informants (Silverman 2000; May 2002) in the organisation, in many case senior management and Board-level executives. In that sense, the interviews represent the words of the key architects of processes of organizational globalization within these companies. Appendix 1 discusses this methodology in greater depth and assesses some of the problems and limitations associated with this approach. Secondly, the research also draws upon a range of secondary sources including internal publications, industry data, websites and external analysis in the media. In that sense, the findings represent a picture of change up of these industries that now stretches over at least the last six years (at the time of writing).

[TABLES 1 AND 2 NEAR HERE]

Based upon both these strands research into two leading business-service industries, I want to propose five key criteria around which the validity the ‘global firm’ as a concept can be grounded from a relational epistemological perspective. Given the constraints of space, I will summarise the generalizeable findings of the research and provide illustrative quotations around each criterion.

Organizational Restructuring and Corporate Globality

The first and most important criterion is the extension and deepening of organizational restructuring towards ‘corporate globality’. This involves the formation of business organizations that operate as a coherent single unit across the globe, rather than being divided up into smaller geographically-divided sub-units – generally on a national or regional basis. Such a definitional aspect of the ‘global corporation’ is being increasingly documented in a growing body of management literature (e.g. Wortzel & Wortzel 1997; Carrel *et al* 2000) and writings amongst organizational sociologists (e.g. Davidson & De la Torre 1989; Mourdoukoutas 1999). Organizational restructuring achieves greater globality by uncoupling (as much as possible) functional aspects of firms’ form to geographical units (Ashkensas *et al* 1995; Galbraith 2000). For example, this represents a dismantling of multiple back-office divisions in every country or region where a TNC operates, and the centralization of such functions at specific ‘global’ locations serving a firm on the planetary scale. In that sense, ‘organizational globalization’ is about the reconstruction of internal divisions and departments that focus on the global operational scale rather than being delimited (and often replicated) in multiple countries (De La Torre *et al* 2000). Clearly, in reality there are still constraints as to how far this internal restructuring can be carried (Bartlett & Ghosal 1998; Preston & Young 2002) – for example, different countries will still require specific ‘national-level’ differences on regulatory or legal grounds - but it is perhaps the key aspect of change within TNCs that warrants the concept of a ‘global corporation’.

Senior managers in most of the large investment banks and consultancies reported this kind of organizational restructuring occurring during the late 1990s. A Director from one of the largest US Consultancies, for example, identified his company as leading the way in this:

> *We have just re-organized into a global organization rather than the multinational structure we used to have… and I think we are the first to really do this properly. It is based around three major components. The first is what we call ‘Global Markets’. And we have six major industries which are ‘Global Markets’. …The second major leg of the organisation is called ‘Competencies’. Now these are again organized globally and we have four major competencies: strategy, technology, process - - and something called change management. And the result of this organization is that everybody in the firm has a particular competency in one of those four. The third leg of the organisation is called ‘Global Services’ and that is there to provide all the infrastructure that we need to run the place world-wide. …So what we have done is to move literally in the last six months to trying to get to a truly global organisation.*
> *(Managing Partner, Public Utilities, US Consultancy 1, London)*

A Partner in another consultancy firm recently explained to me that this large consultancy 'was the model which everyone looked to' (Partner, USConsultancy 8) in terms of becoming a global firm. Whilst the specific configuration of divisional reorganisation of course varies between consultancy firms, all the large players in the study reported a similar logic: 'to do away with geographical boundaries at the divisional level' (Executive Director, USBank3, London) and deliver products through globally-managed divisions:

> *When I started, the geographies dominated, absolutely dominated. Now the products have a lot more say. If you ask the geographies about it, they will say the products now dominate.*
> *(Managing Director, Equities and New Issues, EuroBank2, London)*

The approach and rationale is similar in the banking sector. The largest firms all – to some extent – appear to be implementing a move away from divisions based around national or other geographical units:

> *I'd say it [the company's business] is becoming more global. I mean, the example is that we have always been an international company, okay? But we had a U.S. operation, a European operation, we had an Asian operation. We had an Asian Head, a Head of Europe... you know, everyone did their own business and processed their own business. Singapore did that business and processed their own business. What you are now seeing is the globalization of the entire business so that if we are doing, if we are trading foreign exchange, if we are selling Eurobonds, if we are dealing in whatever forms of derivatives, we have the global organisation for each of those products. The product are organized globally, so is the processing - so that is generating revenue for the organisation is organized globally. I would say that this is particularly over the last three or four years. Not regionally, okay? We were a regionally based organisation before. Now we are a global organisation.*
> *(Managing Director [Board], USBank 1, New York)*

Almost everybody I spoke to saw this as a reason for the continuing, and even accelerating, transnationalization and oligopolization of the global investment banking and consultancy industries[3]. That is to say, in both industries the perspective of senior managers and Directors was that the firms with the largest global market share and the largest operations were growing bigger and that smaller companies were either being swallowed up as larger companies expanded through mergers and acquisitions, or were attempting to survive in niche markets. In terms of this industry-wide process, this merger led growth of the largest banks has now been well documented (Lodge & Williams 2002; Berger *et al* 2003). However, senior managers in both these service sectors often emphasised that becoming a global organisation was also a necessary competitive requirement in markets where the clients were increasing globalizing as well. The clients for both these companies are other large TNCs in all sectors.

[3] For a quantitative analysis of the merger-based oligopolization of banking in Europe, see Berger *et al* (2003)

From this evidence, and taking Amin's (2002) theoretical arguments about the spatiality of globalization, my argument is that this shift from 'geographical' to 'functional' divisional form in these industries represents a key development in the emergence of a global as opposed to transnational corporate form[4]. Yet this is not a process in these industries that corresponds to a declining significance of geographical difference in markets or economic activity, but rather a deepening of their organizational globalization that can only be effectively theorising from a topographical epistemological perspective. Internal 'walls' are being realigned so that territorial political boundaries become insignificant in terms of the nature of connectivity and social relations *within* these firms. Relations are shifted in the nature of their spatiality so that managerial power and business dealings are exercised and conducted around a functional rather than a territorial space of practice. Territorial boundaries are therefore disempowered as formative influences on what is going on *within* the company with the overall logic being that this will enable new forms of globalized business practices.

The Reorganisation of Financial Structures

Organizational restructuring towards greater globality in business-service firms comes hand in hand with a related and equally important second criterion. The research showed consistently that a divisional restructuring is being accompanied by a concomitant reorganisation of financial structures within these firms. During the 1990s there was substantial evidence from researchers that whilst many firms were developing 'transnationality' with functions operating across national borders, TNCs also appeared to remain heavily embedded in their home economies in terms of markets, ownership and the origin of senior managers (Abo 1996; Beechler & Bird 1999; Dicken 2003a). Yet the research found that subtler but arguably more significant forms of financial reorganisation have been taking place in the largest business-service firms. The key shift for many in this respect is again a restructuring of the social relations and forms of connectivity between key actors within the organisation. As firms seek to compete more effectively in a global market, these knowledge-centred firms are finding it necessary to reorganise the way in which employees are incentivised and remunerated. Again this process is about removing (or at least severely reducing) the significance of old territorially-based differences in the organisation. In this respect, they were seeking to level the playing field of remuneration across the global firm:

> *So for the Americans in the US then they get obviously a hundred cents on the dollar. In Switzerland they get about a hundred and fifty cents on the dollar, in India they get 35-40 cents on the dollar. So we as you say coefficient adjust so that you don't have the guy in India being paid exactly the same as the guy in New York. So we use that coefficient adjustment to equalize the real economic equivalence between the countries.*
> *(Managing Partner, Public Utilities, US Consultancy2, London)*

[4] To a large extent this echoes the argument espoused by Bartlett & Ghosal (1998) that contemporary TNCs are shifting towards a *integrated network organisation model* which embodied a variety of different intra and inter-firm forms of relationships. This model represents a break from organizational structures built around conventional geographical lines

A shift to functionally-based divisional structures requires a structure of standardising remuneration so that, as in the geographically-organised company, well-paid consultants in the US regional division would not resist being sent to the South American regional division where pay was lower. Furthermore, as with the integration achieved in wider divisional restructuring along functional lines, the removal of territorial-based financial structures also accrues competitive advantage when trying to serve client firms whom are also themselves operating transnationally:

> *We have a global partnership. We have a global pot. So to some extent the mindset has become global. In USConsultancy5*[5] *you have a separate profit pot for Europe. So they are international. They have the same schools and whatever… but they will talk about decisions, about who gets called in and about who gets positions in front of a global client -- it is ugly. Those barriers reduce the play. We recently did a project with a bank which has a global service requirement. The other two firms showed up squabbling and kicking. And interestingly enough, those two firms were organised where each country had its own sort of partnership and its profits. And we got the deal and they did not. So the challenge is to ask them why we did and why they didn't. And the assumption is that they do not have an open partnership whereas to us it does not make any difference where the Partner comes from, he's there to serve the client. We share the profits. We make the same amount of money and so that has motivated our Partners to do very different things and difference pays off. To operate globally and manage your business globally, you need those kind of people.*
> *(Partner, US Finance, USConsultancy1, New York)*

As a criterion for defining a firm as a 'global corporation', this financial reorganisation represents another reconfiguration of the spatiality of social relations within the organisation. It creates a social space of connectivity that is different to that found in the previous multinational or transnational corporate model.

Transformation of the Workforce and Working Practices

The third criterion around which the investment banks and consultancy firms studied can be understood as becoming global corporations centres on an ongoing transformation of the workforce and working practices in the firm. In Amin's (2002) terms, this corresponds to the emergence of new spatialities of praxis as action. A growing body of literature is focusing on the significance of social networks in economic activity (Sheppard 2002; Yeung 2002) and there is quantitative evidence showing that the 1990s saw unprecedented increases in the level of foreign business travel by employees at an increasingly wider range of levels within organizational hierarchies (Beaverstock & Boardwell 2000). Within the business-service firms studied, the shift to 'global working' practices has at least four distinct dimensions. Firstly, companies in both sectors have dramatically increased the numbers of foreign

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[5] Senior managers in this company in fact contradicted this view in reporting a shift towards 'global remuneration'.

'expatriate' workers moving between different offices in the global network. These employees are transnational 'secondees' spending some period of months or years abroad as an expatriate:

> *We typically send people out on overseas secondments…that kind of thing. There is a scheme nowadays and experience abroad is invaluable you see: they get to see new ways of working, different cultures, different ways of thinking…. and all of this is becoming more and more important for the company, yes. Becoming a global firm is about developing a global workforce….people who are comfortable with that global experience.*
> *(Director, Corporate Finance, EuroBank3, London)*

Second, business-service firms have also been a widening their recruitment base of employees, where the employee profile of the company reflects rising percentages of employees from a larger number of different countries. Thus, substantial increases in what has previously been regarded as purely 'ex-patriate' working represents in the global corporation a blurring and dilution of the 'home economy' component of the workforce along with a growing prevalence of business travel and prolonged periods of growing numbers of employee living in countries other than their home state (Harvey *et al* 2000; Jones 2003):

> *I don't think that phrase 'ex-pat' is so appropriate any more. In a way that's kind of how if used to be more than what we are about now…as a global business we are looking to recruit globally and that means more and more people who are 'locals'. The days where you were a US firm and so you sent in your team of US guys [sic] to run the show have gone…also then there is the fact that everyone is more mobile with that. Our office in Singapore, for example, has Brits, Americans, French, Italians, Asians with people moving in and out all the time…*
> *(Executive Director, Capital Markets, EuroBank1, London)*

Such a shift in work practices also is accompanied by similar shifts in the approach to recruitment and training where new employees are recruited on a more global basis and training becomes another function coordinated and conducted at the global scale. In that sense, work in globalizing corporations is also embedded in the globalization of training practices. New recruits, for example, in both banking and consultancy spend considerable periods as a global cohort in different locations on induction and training periods:

> *Every cohort goes out to Chicago to USConsultancy1's business school where we put them through our global induction course…like going back to college really: lectures and seminars every day, role-playing exercises, as well as some basic technical and numerical skills... it's also about instilling values though… [about] exposing people to the kind of mindset and ways of doing things we want in our consultants…*
> *(Senior Partner, US Consultancy1, London)*

> *Everybody goes to the same place - New York - for the same training; no matter where they're from in the world. Part of that, of course, is to get the technical expertise, but probably more important is to build a network.*
> *(Director of Human Resources [Board], USBank4, New York)*

Fourth and finally, these firms have also seen substantial rises in the global mobility of professional employees at all levels. Senior managers in both banking and consultancy consistently reported a rising amount of short-term international business travel, primarily in the process of client meetings where deals are being 'done'. The research suggests this is largely client-driven in the sense that the largest banks and consultancies 'increasingly focus on the big transnational clients' [Partner, Retail, USConsultancy3, London]. In combination with internal restructuring along functional lines, this is driving a dramatic rise in the number of foreign trips[6]:

> *Yes, I think becoming more of a global firm inevitably means more travel. As your clients become more scattered, then you've got to go see them. There's no substitute…and with the reorganisation that has led to an increase. I know some of the senior management who spend their lives on planes going to meetings. That's the price of globalization I guess…*
> *(Manager, Equities, USBank5, New York)*

The use of information and communications technology (ICT)

Corporate globality can also be assessed through the organisation and use of ICT in transnational investment banks and management consultancies. Cross-border connectivity is clearly facilitated and mediated by ICT in a range of forms: teleconferencing, email, video-conferencing and virtual networks. Both the business-service sectors studied, as information-centred industries, are ICT-heavy sectors in respect of usage (Essinger 1997). However, whilst the growing prevalence of ICT in transnational firms has been documented, in terms of corporate globality it is the way in which these technological systems are being developed in relation to working practices which are important (Santangelo 2001). In both banks and consultancies, there is clear evidence that ICT use is evolving as a support for organizational coherence planet-wide. Thus, the shift to functional divisions in firms are matched by the development of, for example, electronic communities of practice (c.f. Brown & Duguid 1998):

> *You need systems, you know, databases, you need work products, you need all this kind of stuff along with the ability to bring that together anywhere in the world. We have these virtual practice communities. For example: sophisticated directories of who you have within your firm with a specialism and also who the key people are on the outside - people who you can bring to bear. So a lot of this whole knowledge management with IT translates down to best practices, people,*

[6] The impact of the terrorist attacks of 2001 and the subsequent 'war on terrorism' remains unclear. Whilst companies responded in the immediate aftermath by cutting foreign travel, recent interviews suggested this has recovered. However, countering this recovery is the fall in trips attributable to the global economic downturn since 2000.

> *methodologies, how you can capture all that globally and bring it to bear. And all of that relies to quite an extent on how good your IT is.*
> *(Partner, Financial Institutions, USConsultancy4, New York)*

Senior managers also explained how ICT is playing a role in corporate restructuring towards 'global support'. Back-office and operational functions, as has been documented, can be reorganised so that they are offering at an increasingly global level:

> *One thing is transaction process. We used to do that in each office. You know, have a processing outfit here [London], one in Paris, one in Zurich and so on. Now we have got rid of all of this. We are doing everything in Zurich using integrated IT*
> *(Director, Fixed Income, EuroBank1, London)*

Global acculturization

Finally, in these business-service sectors senior managers referred to a series of structures, practices and managerial strategies geared to engendered what can be termed 'global aculturalization'. In seeking 'to break free from the multinational corporate model [Senior Partner, USConsultancy3, New York], one of the most difficult but important barriers is 'getting all of the people in the company to think and act as one'. [Executive Director, Corporate Finance, EuroBank2, London]. As this Executive Director went on to explain, with corporate growth in banking being often led by merger-based acquisitions of foreign competitors, this is a challenging task:

> *There are certainly some big tasks for us. I know from past experience that mergers are not always happy marriages, and it opens up a whole number of issues about culture. Other companies do things differently, people have different values, they behave in different ways. Getting these two companies to blend together is not going to be easy, we know that. But it has to be the long term goal.*
> *(Executive Director, Corporate Finance, EuroBank2, London)*

Yet in both banks and consultancies, managerial strategists have little doubt that this is a goal to work towards. Some sense of a common global corporate culture, so that 'everyone pulls together in the same direction' [Senior Manager, Operations, USBank1, New York], is seen as key to global competitiveness:

> *I think having a strong corporate culture is helpful. I think it helps individuals align themselves with other individuals in the organization so they all tend to pull in the same direction. But I don't think it matters that much at the moment to us because we are still so much in growth development… so the desire pulls everyone together even if they've all come from different places, different perspectives, different histories and different ways of doing things… er… there is a common desire which, if you like, magnetises all the iron filings so they point in the same direction, but in a few years time, say 5 years time, it will be important.*
> *(Managing Director, Equities, EuroBank2, London)*

Firms in both sectors have therefore developed strategies and policies aimed at engendering cultural commonalities across the organisation. These strategies include, for example, the widespread practice in the large firms of global cohort training where all new recruits are brought together from across the planet for group training. This is as much about the less tangible social factors of people in the organisation knowing each other personally as it is about the practicalities of induction or training:

> *I think one of the most important reasons why they do that... is to get you really sort of brainwashed with corporate culture. And also really attached... if you spend five months of your life with a firm in somewhere that is not your home and therefore you are entirely dependent on the firm, you are emotionally going to get attached to the company as well in terms of just your pay packet. You are going to make friends with people plus it's five months, it's a really good time… and I know that's definitely part of the logic behind it. There are all sorts of additional ties…well, globalization is part of it but there is the other thing… because of course you have got people from all over the world there, it certainly increases your confidence that you can just phone up any of the offices, and know someone there. And know how to talk to them, find out how to address whatever problem. So it builds the kind of situation that you could basically phone up anyone anywhere and they are going to be friendly and pretty helpful. That's the culture they want.*
> *(Senior Associate, UK Corporate Finance, USBank2, London)*

Cultural issues represent, therefore, another dimension to the relations and connectivities that cohere or stick firms together as their operations become more extensive in different locations around the globe. The development of cultural linkages within firms is thus another basis for assessing the degree to which contemporary firms exhibit new spatialities and forms of connectivity beyond the territorially-conceived model of the TNC.

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4 CONSTRAINTS AND CONTRADICTIONS IN ORGANIZATIONAL GLOBALIZATION

The research suggests that business-service firms have developed beyond existing conceptions of the transnational firm. However, the criteria I have proposed are not intended to establish a clear break between a previous 'era of TNCs' and a new 'era of global corporations' in business-services. As Dicken (2003b) points out, the development of MNCs, TNCs and global firms does not well fit any sequential series of ideal-type models. Not all firms in these two sectors fit all or in fact any of the criteria, and the possible criteria by which corporate globality can be assessed extends beyond those issues I have identified. To reiterate, it is not a case of transnational versus global corporations, but more the fact that *organizational globalization* as a series of processes is producing radical changes in the nature of the world's largest firms. The concept of a global corporation, or at least the degree of corporate globality, is therefore worth assessing as a measure of these dramatic changes.

In this light, and returning to the research, it is important to realise that the shifts I have identified in investment banks and management consultancy firms are necessarily partial, constrained and even contradictory. Organizational globalization in these firms – the attempt by senior managers and strategists to construct the 'global corporations' they refer to - is a highly politicised and problematic undertaking. In this respect, this section examines how the processes leading to the criteria proposed are subject to logistical difficulties, constraints and resistance from within the firm.

Firstly, the research reveals the problems that internal divisional restructuring away from territorial lines creates for firms. Even in those firms where dramatic divisional restructuring towards 'global product orientation' is occurring, managers identified considerable difficulties, inconsistencies and contradictions inherent in such changes. Respondents in large companies admitted that divisional restructuring along these lines 'could prove an expensive gamble' (Managing Director, UK Head of Corporate Finance, EuroBank 3, London). In several companies, attempts at developing true global product line management had had to be conceded to the persistence of older territorial managerial divisions:

> *So it comes back to this picture, for those businesses we are much more reluctant to kind of go full-blown global, so this is much more regional still. What we have here is kind of a scaled-down version. We say we have global guys [sic] in charge, and call these globally-managed businesses, but in terms of the set-up, these are pretty much regional businesses.... so here we have still various building blocks... erm... it's not always as clear as the management manuals make out. (Director, Capital Markets, EuroBank 1, London)*

Even in the largest companies, global product orientation can produce some difficult and unfeasible organizational realities. One senior manager described the impracticalities of implementing such a strategy:

> *He [Senior Director] would say, "I want a global organisation, I want to do this". So I then went and said, "There are two ways; one-way is we just kill all those guys, forget about them, and do this globally."*

This is not feasible because at the moment we have that regional structure so it is a gradual process to get there. So then he [Senior Director] asks me what's a good way to kind of make sure that we have all the right elements in place within the existing structure. And at this stage we're definitely still working on it…
(Executive Director, Global Fixed Income, Currencies and Derivatives, EuroBank 2, London)

Similar, if not greater, problems were reported by managers in trying to develop global financial restructuring. Many of the large firms are seeking to put in place the unified financial structure discussed in the previous section, but it is also clear from the research that such a process is not unproblematic. Within firms in both sectors, there was considerable resistance to the 'one global pot' form of financial organization. It might make the firm more attractive to transnational clients if regional divisional directors are not squabbling over the way a contract is divided between them, but the strategic solution to this issue entails removing geographical control and letting product-based divisional managers make company-wide contract and investment decisions. Many managers saw this as a risky strategy:

Oh yes, you encounter risks alright. Your product Head in New York relies on his guys in Chicago or Sidney or Paris. If you run products globally, you also have the risk of loosing money if the local knowledge is not there… it's a question of balance.
(Partner, US Consultancy6, London)

Furthermore, senior managers suggested that such a process of financial restructuring presented service firms with difficult control and management issues. Corporate globality rarely extends to Board level power where firms, as the literature continues to highlight, remain controlled by senior management heavily dominated by the firms' historical (and usually national-based) origins. The continued geographical concentration of ownership and control over finance impedes organizational globalization where, for example, shifting financial structures dilutes the power of senior management. Two consultancy Partners described this, the first in the case of Japanese banks:

At the first stage it is all managed by the Japanese. Then the first stage is to have Japanese a broad in the U.S. and let the Americans do the bargaining, distribution or whatever. The next step after that is information systems. The CFO[7] *says "let's hire Americans. And let them to their own responsibilities." Then the last thing it is probably the finance, the money. Companies never release control of the money, the CFO retains control of that. The Japanese auditors in Japan are often reluctant to release it to an American based CEO*[8]*. It is symbolic for the American CEO because the finance is controlled still by the Japanese even for the overseas company.*
(Managing Partner, Japanese Clients, USConsultancy3, New York)

[7] Chief Financial Officer
[8] Chief Executive Officer

Becoming more global is a big task, and it means uprooting some longstanding ideas about how you do business internationally…[it] requires changing mindsets, all the way to the top: management, strategy, finance…a whole new way of structuring things.
(Senior Partner, USConsultancy1, London)

The limits to the third criterion are rather different in form, but equally constraining for those corporate strategists seeking to engender organizational globalization. In idealized terms, the model of 'globalized' working practices may appear relatively straightforward to achieve: the greater availability of cheaper air travel, greater harmonisation of international working permit requirements, greater willingness of people to live abroad and so on. Within the management literature, Morgan (2001; 2003) has argued however that such practices represent a precariously constructed 'transnational social space' with ability of TNCs to globalize successfully via these practices being dependent on 'how far practices, routines, norms and values…are different, transferable, adaptable or resistant to change.' (ibid.: 11). TNCs are thus themselves suggested to be increasingly theorisable as transnational communities which in some ways exhibit the dynamics of complex social systems.

The evidence from banks and consultancies supports this argument to a degree but the limitations of my third criterion demonstrate the fragility of these practice communities. As Morgan (2001) points out, rather than understanding TNCs as unified rational social actors they are better understood as 'spaces of social relationships that are internally structured in complex ways' (ibid.: 11). Yet the research suggests caution needs to be taken in assuming the stability of these systems of practice as firms continue to globalize. The interviews revealed a prevalent recognition amongst managers that the reorganisation of working practice towards a globalized model is producing several problematic trends: greater pressures on employees to travel, new configurations of managerial responsibility, the need to work with new transnational communities of practitioners within firms and longer term pressures to undertake expatriate work away from the home country.

Amongst the senior managers interviewed, what was widely commented upon was the degree of resistance and dissatisfaction this was creating amongst groups of employees. For example, one of the consultancy firms heavily embroiled in restructuring was experiencing a considerable rate of employee-loss as a consequence of the upheaval of organizational globalization, citing many of the factors identified at the industry level:

So that is our new structure [product-based divisions]; it is just bedding down. To be frank, it is creating havoc because a lot of Europeans say, "Well, I am a Partner in the Italian practice and I, first and foremost, feel Italian. Although I work in financial services I have no more in common with the guy doing financial services in New York that the man in the moon. And if I can't find work with [US Consultancy2] in financial services in Italy then I am quite happy to go and work in a utility company rather than be picked up and put on a financial services job in Oslo.
(Managing Partner, Public Utilities, US Consultancy 2, London)

In that sense, the study found many senior managers continue to describe their current divisional framework as a 'geography-product matrix'[9] where global product-orientated restructuring was still incomplete, leaving the existing structure more than a little unclear. As work in management studies concerned with kind of 'matrix management' has also identified (Bartlett & Ghosal 1998; Cullen 1999; Harzing 1999), this lack of clear divisional definition, and accompanying managerial lines of control, leads to internal conflict and undesirable confrontation between managers whose control boundaries have been blurred. The following responses were typical of many concerning the problems that the practicalities of divisional matrices create:

> *In a matrix you will always have tension. The matrix leads inevitably to that tension because you have two lines of thought. The issue is how well you divide the roles, the responsibilities. In our bank the responsibilities are for the divisions, so the functional business side is responsible for the result and the product, and the regions - the line side - is responsible for the cost and the customer. But we have customers on a regional basis… it is this division of responsibilities that should actually reduce the tension, but personalities sometimes get in the way.*
> *(Managing Director, Equities and New Issues, EuroBank 5, London)*

> *The problem I have is that people working here in London for me in Capital Markets report to me, but to the extent they are in Hong Kong or New York, they have dual reporting rights. They report to me as a product Head, for a geographic Head they report either to the Head of investment banking or to a country Head in a geographic location where they are themselves at the top of an organization.*
> *(Director, Capital Markets, Euro Bank 2, London)*

The difficulties encountered by firms seeking to fulfil the fourth criterion I identified surround the social, logistical and cost difficulties of planet-wide ICT support and operational functions. The research revealed considerable disagreement amongst senior management in both sectors on the degree of necessity, form and implementation of ICT support systems. Firms are employing a variety of ICT restructuring strategies but technology moves on quickly and investing in this kind of restructuring can be extremely costly:

> *With IT, one of the biggest issues is the cost against the productivity gains you make…I mean, there are so many new systems, new ways of communicating…and you are never sure…well, if you are buying the right system to be frank. It is a big risk…and people also may not adapt well. We have had problems like that. You spend millions on new PC hardware only to find the guy on the trading floor has gone out and bought a Mac because [he] hates PCs…so uncertainty is part of it. My view is more caution when it comes to IT is no bad thing… which means creating a global organisation is a real challenge… not one I think we've fully achieved.*

[9] The is a sizeable literature within management studies discussing the nature and functioning of 'matrix management' (see for example Mendenhall *et al* 1995; Bartlett & Ghosal 1998; O'Donnell 2000)

(Executive Director, Corporate Finance, USBank5, London)

The allocation of such funds within firms is, as with any major strategic decision, highly politicised and susceptible to alternative views of corporate strategy. Huge investment in ICT infrastructure 'generates a lot of differing views amongst management…about its worth' (Executive Director, Capital Markets, EuroBank2) and therefore puts under scrutiny the validity of discourses on organizational globalization. Huge investments have to be justified at Board-level, to senior management and even to shareholders. Furthermore, even if senior management invests in state-of-art technological systems along with appropriate internal reorganisation, social practices within firms can undermine the goals in terms of achieving organizational globality.

> *We have spent a fortune on IT in this firm in the last couple of years, but that also…there are problems that arise. People have to get used to these systems, and that isn't always easy…our back-office data processing has created a lot of difficulties. If I'm honest, then it's fair to say the traders just didn't like it…so that takes some work.*
> *(Senior Manager, Capital Markets, UKBank2, London)*

Organizational globalization is thus also presenting firms with difficulties and forms of resistance at the cultural level. Corporate culture, as an idea, has in the last decade or so been propelled to the fore of business and management studies with a series of arguments proposed that cultural issues are crucial to the successful and competitive functioning of firms (Kotter & Heskett 1992; Temporal & Alder 1999). However, most research to date has not addressed the idea of corporate culture at the global scale within TNCs. In the firms studied, I asked senior managers extensively about the idea of a global corporate culture within their firms and about the cultural issues that were generated by organizational globalization. As many corporate publications suggest, at the discursive level senior managers are keen to promote the idea of a 'global corporate culture' as a unifying thread holding their firms together. In the words of one Director, 'culture is the glue that we need to hold us together' (Executive Director, Board, USBank2, New York).

This conception of corporate culture represented the issues identified in management handbooks on the topic: the need for common values, practices, attributes and behaviours (e.g. Basu 2000; Fairfield-Sonn 2000). A cursory glance at the website of any of the major consultancy firms or banks included in the study reveals a similar statement of common culture across these firms. For example, Accenture - one of the largest management consultancy firms - dedicates pages explaining the social and cultural linkages across the organisation and environment in which its employees work[10]. Cultural issues are therefore clearly central to the processes and success of organizational globalization. Yet the research shows that the achievement of cultural coherence at the global scale is proving very difficult for business-service firms. Contrary to the discursive position of corporate publications and advertising, the idea that a uniform culture could be either easily achieved or maintained was viewed as deeply problematic by senior managers. In

[10] Site accessed 6/6/03 at
http://www.accenture.com/xd/xd.asp?it=enweb&xd=aboutus\about_home.xml

fact, a number of respondents in firms in both sectors regarded cultural issues as one of the major constraints on corporate globality:

> *I think one of the most difficult issues is the cultural issue. People think they understand each other, but they don't: from the arrogant West, if you like, we don't understand the mores… people crossing their legs in front you to us doesn't mean much, but it can mean in certain countries one of the most terrible offences. I know that that exists, I don't know in which countries that is a problem, and so unwittingly I could be offending somebody terribly, perfectly unintentionally. But nevertheless that's a big issue. And I think for an international business, we try to decentralise as much to the local environment. At the same time you want to have continuity of standards and of approach. That does mean you're going to have to shuffle the cultures around. And not understanding enough about them makes that quite difficult. As a young organisation, we don't have… for example, any one from Taiwan in London. So here it's a bit too localised.*
> *(Managing Director, Equities and New Issues, EuroBank1, London)*

In this sense, whilst cultural coherence is clearly a criterion by which corporate globality can be assessed, the research suggests it is an ideal goal rather than an achieveable reality. There are a number of ways in which socio-cultural practices can produce greater connectivity in these globalizing firms, many of which can not be fitted into a scalar or territorial way of understanding. Common cultural values only become meaningful as employees enact business activity – whether in real or virtual business meetings, communication or in the way they interpret and respond to organizational structures and rules. As these business-service companies extend their global office network across disparate urban locations, there are clear limitations (time, resources, different national cultural traditions etc) on the degree to which cultural homogeneity can be achieved. It is therefore the density and rate of cultural exchanges and interaction within firms that are the issue important:

> *There is a certain amount of trepidation about globalization. Because it is seen as you know... standardisation is a good thing up to a point but you don't want to just standardise everything and become just a global culture, in a global market-place any more than you likewise don't want a set of local cultures tacked together uncomfortably. So it is about the interaction, if you like, that's the important thing. And every company does that differently – I mean I think they all need to do it, but there's no one way. So what works here does not necessarily work everywhere else. And we are still finding our way through it.*
> *(Partner, Financial Institutions, USConsultancy2, New York)*

Such findings open up a range of questions in the context of the existing limited literature discussing the nature of organisational globalisation. In the terminology of those who refer to transnational social space (Morgan 2001; 2003), this reveals the problematic struggle to achieve cultural cohesiveness across the scattered transnational communities that form TNCs. Certainly, a degree of cultural cohesion needs to be seen as an uncertain achievement rather than a taken-for-granted outcome of organisational globalisation strategies.

5 CONCLUSION: THEORISING THE GLOBALITY OF CORPORATIONS IN BUSINESS SERVICES

The world's largest firms today exceed the capacity of territorial and simplistic scalar concepts to explain their activities and the form of their existence. Whilst important steps along a productive theoretical path, recent critical engagements pointing to the embeddedness of firms in regional and national contexts – their *emplacedness* – do not go far enough. As critiques of globalization theory have pointed out elsewhere, much globalization theory has been grounded in the unacknowledged (and highly problematic) notion that globalization as a process produces an end-state (Held & McGrew 2003). The same criticism can be levelled at the transnational or 'global' corporation debate. In fact such an end-state, whether that is 'complete globalization' or a 'truly global firm', is both an impossible fiction and also a misrepresentation of the tendencies which are producing greater interconnectedness in the world (Dicken 2003b). Taken to their logical extremes, both the concept of 'total globalization' and 'a truly global corporation' become meaningless. It is therefore important that theoretical debates about 'global corporations' pursue a more nuanced direction which is sensitive to the complexity of organizational globalization.

From this perspective, my relational and nonscalar epistemological approach seeks to understand corporate globality by focusing on different aspects of developing connectivity within firms. Although broadening the scope of issues under examination, such an approach can readily aligned with parts of the management and organisation literature that have variously examined the transnational social space of large firms (Morgan *et al* 2001; Morgan 2003), knowledge (Nonaka & Teece 2001; Empson 2001; Brown & Duguid 2001a) and social networks within large corporations (Yeung 2002). However, the implication of my approach is that these strands of thought can be brought together productively to enable more general theories of how firm-led processes of economic globalization are developing. The research presented into business service firms in this paper illustrates the complexity of internal shifts that are occurring in large firms as they seek to achieve greater organisational globality. Such firms in informational industries are grappling with difficult challenges and the achievement of corporate globality is a precarious one.

This relational approach thus avoids a continued reliance on a simplistic territorially-based epistemology and conceptual language in considering how large firms are evolving in the global economy. Furthermore, whilst it has been developed in this paper around research into business-service firms, the approach has more widely reaching implications for theories of globalizing firms more generally. Economic geographers have already begun to theorise firms in other sectors of the global economy through a network-grounded approach. For example, researchers examining organisational learning in retail TNCs have argued that competitiveness in this sector increasingly depends on mobilizing and blending knowledge from multiple locations (Currah & Wrigley 2004). As evidence grows for the globalization of firms in this sector, the issue of the importance of international retail knowledge, technology transfers and corporate culture has also already been raised (Dicken 2003; Coe 2004). These kinds of findings in respect of firms in other sectors clearly show how the transformations discussed in the business service firms I studied are not restricted to those specific sectors.

In that sense the relational approach developed in this paper offers a developing epistemological tool-kit to theorise the way in which the world's largest firms are globalizing. This relational and non-scalar approach has equal relevance in helping to develop a better understanding of organisational globalization in firms within extractive industries or manufacturing. There are of course clear differences between firms in different sectors but in seeking to go beyond the existing terms of the conceptual debate, these arguments hopefully offer a platform for future research and new ways of thinking about corporate globality. A revised and relational concept of the global corporation is therefore a potentially important step forward in understanding the world's largest firms, but only once it has been developed beyond a narrow conception based in a territorially-founded epistemology.

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Appendix
Note on Methodology

The research consisted of over 75 interviews with predominantly senior management in leading investment banks and management / strategy consultancy firms conducted in the period 1998-2002. Table 1 and 2 provide identify companies within in each sector in bold where interviews were conducted. The interviews themselves ranged in length from around 40 to 120 minutes and were mostly conducted a head or principle office workplace location in London and New York A few exceptions were a small number of interviews conducted over lunch and in other locations including cafes and airports.

These depth interviews were semi-structured using a topic guide compiled in the pilot stage of the research process. Through the course of the research a number of tailored topic guides were developed designed to be used to interview banking as opposed to consultancy respondents, and also according to the level or function of the respondent in the organisation. In that sense this qualitative approach follows a grounded approach to theoretical development. The construction of theoretical insight is an incremental process through the practice of research itself (Williams 2002) with qualitative evidence being triangulated and assesses through success interviews. For example, my understanding of and theoretical arguments concerning the wider processes of organisational restructuring in banking developed by asking successive senior management respondents about the same issues. In this way, whilst individual respondents views clearly differ and the reliability of points made by individuals is subject to a long list of possible distortions and misrepresentations (Oinas 1999), the general issues emerge as success respondents represent the same general trends in different ways (Denzin *&* Lincoln 1998).

This methodological approach has inappropriately been the subject of criticism about ‘representativeness’ by those who have simplistically transfer issues salient to quantitative and statistical techniques (Williams 2002). The respondents in this study represent a sample of a small group of key practitioners in these industries who are key informants on the issues which are the subject of the research. The representativeness and validity of the findings comes from the privileged knowledge that this sample holds. The strength or weakness of the research findings in this methodological approach thus rests on the triangulation of findings through the interview process across this group rather than the number of interviews *per se*. There are still issues of selection in such samples developed by contact snowballs (Pahl 1995; Merkens 2004). In this case, for example, care was taken to try to interview sufficient key informants around each of the developing key issues (e.g. organisational form, corporate culture) in order to avoid over-reliance on a limited number of respondents. However these are very different kinds of problems from those seeking random sampling, for example, in quantitative surveys.

This issue has been taken up by recent methodological discussants within economic geography in assessing the problems with elite interviewing as a research method. Wrigley *et al* (2003) point out within the context of investment banking that the theorists needs to be sensitive to the situated nature of knowledge and information conveyed by elite interview respondents. Clearly this applies to the research material I have presented but the research presented here is not subject to the same kinds of constraints as those who have interviewing research analysts. The respondents in this study were largely senior managers rather than mid-level business practitioners. In that sense, the key methodological problem in research terms I would argue rested with the performative aspects of the research process itself rather than the status of the knowledge being delivered. ‘Senior manager knowledge’ in contrast to ‘analyst knowledge’ is a more privileged and restricted sphere which is not generally in a public or published form. This places much greater reliance on the ability of the interviewer as an enacting and situated researcher. In short, my ability to develop a rapport and degree of trust with respondents was therefore central to developing an accurate understanding of business practice. The evidence for this is strongest in those interviews where I developed a lesser degree of confidence in the respondent for whatever reason, identifiably subsequently by the ‘poor’ and ‘limited’ nature of the information supplied when triangulated against other comparable respondents. Thus, in terms of theorising transnational firms at the managerial level, Wrigley *et al’s* point on the need to access senior level corporate elites continues to present formidable challenges to economic geographers.