The One-Company Approach': Transnationalism in an Israeli—Palestinian Subsidiary of a Multinational Corporation
Galit Ailon and Gideon Kunda
Organization Studies 2009 30: 693
DOI: 10.1177/0170840609104808

The online version of this article can be found at:
http://oss.sagepub.com/content/30/7/693

Published by:
http://www.sagepublications.com

On behalf of:
European Group for Organizational Studies

Additional services and information for Organization Studies can be found at:

Email Alerts: http://oss.sagepub.com/cgi/alerts
Subscriptions: http://oss.sagepub.com/subscriptions
Reprints: http://www.sagepub.com/journalsReprints.nav
Citations: http://oss.sagepub.com/content/30/7/693.refs.html

>> Version of Record - Jul 8, 2009

What is This?
‘The One-Company Approach’: Transnationalism in an Israeli–Palestinian Subsidiary of a Multinational Corporation

Galit Ailon and Gideon Kunda

Abstract

This paper presents an ethnographic study of the Israeli–Palestinian subsidiary of a multinational hi-tech corporation. Critiquing the tendency of globalization theorists to conceptualize multinational corporations (MNCs) solely in terms of their impact on their external environment, this paper looks inward and examines the ideological and practical constituents of the transnational regime of consciousness as expressed through what management titles ‘the one-company approach’. We argue that this regime lays foundations for a transnational ‘imagined community’ which does not rival the national one, but internalizes it, creating an arena of discretionary power for managers: deciding when to activate and when to suppress nationality in the global organizational universe. This study analyzes the relationship between transnationalism and nationalism inside the organization, and its implications for understanding MNCs’ role in globalization.

Keywords: globalization, Israeli–Palestinian conflict, control, multinational corporations, nationalism, transnationalism

Students of globalization typically emphasize the role of multinational corporations (MNCs) in the development of the global system. Some MNCs, they argue, have freed themselves from nation-states to the degree that warrants viewing them as transnational actors, competing with nation-states on the global stage. Constituting ‘the most important and most powerful globalization institutions in the world today’ (Sklair 2002), the actions of these corporations, in this view, have far-reaching consequences: They are richer than most countries (Sklair 2002), and control much of the world’s investment, capital, and technology (Steger 2003; Burbach and Robinson 1999); they are an origin of transnational culture (Hamnerz 1996; Appadurai 1990) and the worldwide diffusion of consumerism (Sklair 2002); and they play a central role in national politics, possessing the power to veto political decisions and bypass established political arrangements (Barnet and Cavanagh 1994). As their global circuits of production and exchange increasingly straddle and manipulate national systems of regulation (Amin 1997), governments’ sovereignty over their own territories declines and the effectiveness of national political authorities is eroded (Held 1995; Sassen 2000). Indeed, even those who argue that the impact of globalization has been exaggerated and that there is neither a global economy (Hirst and Thompson 1996) nor a global culture...
(Smith 1990), acknowledge the role of MNCs in inspiring these images and embodying the partial changes that are taking place.

Most evaluations of MNCs’ global role and significance focus on their strategic orientation and the outcomes of their business activities for their environments. Revealing as such a perspective may be, it constructs MNCs as ‘black boxes’ with little conceptualization of their internal processes. When this ‘black box’ is opened and explored, however, MNCs appear less global than theorists presume. Research influenced by the National Business Systems approach (Whitley 1999) and focusing on internal practices, reveals a complex organizational environment characterized by pressures to conform to MNCs’ institutional contexts of origin (Hu 1992; Doremus 1998) as well as to the host institutional environments in which their subsidiaries are embedded (Tempel et al. 2006; Matten and Geppert 2004; Geppert et al. 2003). Indeed, rather than embodying simple convergence on a global scale, MNCs become arenas for ‘micro-politics’ whereby managers negotiate, contest, challenge, or reassert headquarters’ influence (e.g. Kristensen and Zeitlin 2005; Morgan and Kristensen 2006; Geppert and Williams 2006; Ferner et al. 2005; Sharpe 2006; Geppert and Mayer 2006; Geppert 2003; Dörrenbächer and Geppert 2006). Similarly, more-managerially oriented literature has identified tensions between requirements of global competition and host country demands (Doz et al. 1981), and posed their balancing as a core managerial mission (Prahalad and Doz 1987; Bartlett et al. 1990). And researchers exploring national identities in MNCs argue that they are continually expressed through cross-cultural gaps (Hofstede 1980; for a critique, see Ailon 2008) or relationally negotiated stereotypes (Söderberg and Vaara 2003), and that they are widely used as symbolic resources in intra-organizational struggles (Ailon-Souday and Kunda 2003; Ailon 2007). In this view, then, national boundaries are continually expressed inside the MNC (see also Morgan 2005).

The fact that national institutions, markets, and identities are expressed inside MNCs calls into question global or stateless images of them promulgated by scholars ranging from managerially oriented (Ohmae 1995, 1999) to Marxian (Skair 2002; Robinson and Harris 2000). Nevertheless, even if the validity of these images is challenged, the critical question that inspired them in the first place is not addressed. If, as Anderson (1983) has argued, the power of nationalism rests upon a particular form of ‘imagined community’ — a sovereign but limited communion that inspires deeply felt solidarity and sense of comradeship with many anonymous compatriots — the question is not whether MNCs have obliterated expressions of nationality, but whether they have set up a regime of consciousness that rivals it. Do MNCs offer their employees transnational imagined communities that compete with or replace national affiliations?

To address this question, we offer ethnographic evidence from our study of an Israeli–Palestinian subsidiary of an MNC. Our goal is to ‘ground globalization’ (Burawoy 2000) and study it in a field in which the forces of nationalism are rampant. This field, we claim, is well suited for exploring globalization not as a ‘given’ but as a process of complex interplays between social forces. In particular, we analyze the ideological and practical constituents of the MNC’s formal global work order, its interplay with nationalism, and the extent to which it creates a transnational regime of consciousness that transcends traditional boundaries and affiliations.
MNCs and Transnationalism

In the past two decades, students of globalization have explored different arenas in which a transnational consciousness takes root and transnational communities develop. They have focused on contexts characterized by ‘multiple ties and interactions linking people or institutions across the borders of nation-states’ (Vertovec 1999: 447), such as immigration, diasporas, global cities, borderlands, and technological networks (for reviews see, e.g., Portes et al. 1999; Vertovec 1999; Glick Schiller 1997). According to Glick Schiller (2005), these studies have substantially challenged ‘methodological nationalism’ — the tendency to equate the term ‘society’ with the boundaries of nation-states. Yet they have also tended to lose sight of the power relations and organizations that structure transnational flows and mediate the intersection of the individual and the global (Glick Schiller 2005: 441).

One type of organization especially critical in this sense is the large, multinational business corporation. While many students of globalization realize that organizations of this type have a clear role in the restructuring of capitalism, development of consumerism and global culture, and reconfiguration of global power structures, there is little recognition that MNCs have also begun to create ‘transnational social spaces’ (Faist 2000) with distinct actors, rules, and patterns of social interactions (Morgan 2001a, 2005). MNCs, Morgan (2001a:127) claims, are ‘ripe for detailed ethnographic and qualitative studies that can shed light on the degree to which these are simple extensions of national practices to an international level or are in fact constituting new forms of transnational communities’ (see also Morgan 2001b: 21). Indeed, ethnographic studies, with their lengthy immersion in a field and their focus on everyday work processes, can shed light not only on the extent to which MNCs are constituting a new form of transnational community, but also on the complexity and dynamics of this constitution.

Morgan’s description of MNCs as ‘transnational social spaces’ is not accompanied by an assumption that this space exists in a stateless vacuum. In fact, he claims, these firms are ‘deeply socially embedded in national institutional contexts’ (2001a: 127), while nonetheless potentially creating a new level of social interactions and relationships. That the transnational and the national are not mutually exclusive but rather interconnected has recently been acknowledged by students of other forms of transnationalism (see, e.g., Djelic and Sahlin-Andersson 2006). Thus, theorists in the field of ‘transnational studies’ have begun questioning the tendencies to disregard how states and the politics conducted within them are related to transnational social orders (Waldinger and Fitzgerald 2004) and to overlook the continuing power of the nation-state (Glick Schiller 2005: 442). The critical question, it seems, is not if nationalism expresses itself in transnational social spaces but rather, in what manner does it come into play and, moreover, to what effect?

Our study offers a rare opportunity to explore the workings of a transnational corporate order — its structures and routines — at a place and a time in which nationalism and national politics were dramatically manifested. In other words, it offers the opportunity to explore transnationalism in an organizational ‘social space’, to understand the way it shapes and channels the intersection between the individual and the global, and to explore its interrelations with nationalism.
Setting and Methodology

Our study began in the summer of 2002 in the Israeli–Palestinian subsidiary of one of Fortune’s Global 500, a high-tech corporation we refer to as ‘GlobalNet’ (GN). Founded in a European country, in 2002 GN employed over 100,000 employees from 140 countries. Its Israeli–Palestinian subsidiary was a customer support unit serving clients on both sides of the ‘Green Line’ — the border of Israel established in 1948, beyond which lie the territories occupied in 1967. It consisted of a central unit, located near Tel-Aviv, and a field office in Ramallah, a Palestinian town across the Green Line. To reflect the fact that the subsidiary’s name referred only to its Israeli — not Palestinian — component, we name it here GNI (and not GNIP). The Tel-Aviv office included several ‘expatriates’ — foreign citizens, mostly European, on temporary assignment to high-ranking managerial and professional positions (the CEO, a vice-president and customer-support engineers) and approximately 80 local employees (mostly project managers and customer-support engineers, as well as several information technology, human resources, finance, and import/export workers). The local employees’ nationality and citizenship reflected the complexity of the political situation. Of those employed in the central unit near Tel-Aviv, all but a few were Jewish-Israelis. The rest were Arab-Israelis and Arab residents of East Jerusalem (the former are Israeli citizens while the latter are formally residents, not citizens, of Israel). The Ramallah office employed eight local Arab-Palestinian engineers. Due to the political circumstances, they could only rarely, and only with considerable difficulty, visit the Tel-Aviv facilities.

Because of the tensions between Israel and its neighbors, GNI was not part of GN’s Middle Eastern market unit. Instead, it was part of GN’s Turkish subsidiary, forming a separate Turkish–Israeli market unit, headed by Istanbul-based managers, most of them Turkish. Turkey, while formally a secular state, is culturally, and increasingly politically, Islamic, albeit non-Arab. Nevertheless, its relationship with Israel is normalized; for Israelis this represents a desperately sought legitimacy granted by a significant Mideastern country; for many Palestinians it represents a resented undermining of Islamic solidarity. For GN it was an opportunity to circumvent political constraints on its global rationality.

Fieldwork was conducted while the region was in turmoil. The Second Intifada — the Palestinian struggle against Israeli occupation — was at its peak, producing a vicious cycle of violence. Israel conducted continual military activities in the territories: incursions into towns and villages, patrols and roadblocks, targeted assassinations and punitive destruction of homes. Palestinians engaged in armed attacks on vehicles and military outposts, and suicide bombings of buses, cafes and restaurants in Israel. Moreover, this was a period marked by the buildup towards the second Gulf War, further polarizing residents of the region and heightening tension and anxiety: in every household, rooms were being sealed, bomb-shelters opened, gas masks prepared, and supplies stored.

Thus, our fieldwork took place in the context of crisis, conflict, and heightened awareness of, and attachment to, national and ethnic identities. These attributes of our field, we believe, highlight social processes that are presumably more subtle and hidden in ‘normal’ environments. Our goal was to explore the organizational universe that GNI’s employees populated and
to discover the elements that made up what they humorously referred to as the ‘global bubble’ floating in the midst of the ongoing violent local conflict.

Fieldwork was conducted at GNI’s Tel-Aviv facilities for one year. Given the long history of the Israeli–Palestinian conflict and the even longer history of globalization, this is, in one sense, but a snapshot of a moment in time. In another sense, however, it is anything but a snapshot: one of the strengths of ethnography is its processual approach and ability to grasp the nuances and complexity of everyday life as it unfolds, both of critical importance to our research question. Our research consisted of participant observation, unstructured interviews, and document analysis. We scrutinized the data, generated and verified interpretive codes, and then reanalyzed material associated with each to validate, refute, or modify themes.

While all ethnographic accounts are situated narrations, issued from and bounded by the researcher’s location, our identity as Jewish-Israelis is of particular significance. Most of our access was limited to events and scenes populated or dominated by Jewish-Israelis. Circumstances prohibited fieldwork across the Green Line and our interviews with Palestinian workers were conducted in Tel-Aviv or East Jerusalem (accessible to people from both sides of the Green Line) in English and imbued with awareness of our conflicting identities. Thus, our ability to see, understand, and depict ‘the other’ was in this sense limited and our report should be read with this limitation in mind. Still, since this paper deals with the ideological and practical underpinnings of the formal work order, our primary focus here is on another and, to some extent, shared ‘other’: European management and the elements of its global ambition.

The Everyday Work Order: Implementing the One-Company Approach

Implementing a global perspective in a world dominated by national identification is not an easy task under the best of circumstances — and, in Spring 2003, as the war in the Gulf seemed imminent, circumstances were far from ideal. Peter, GNI’s CEO, a citizen of GN’s home base, a veteran of many international assignments and a resident of Israel for four years, was apparently well aware of the simmering tensions as he entered the company dining room where employees had assembled for the monthly meeting. All employees were in attendance, with the exception of the Palestinians from Ramallah: the authorities had, as usual, refused to allow them to cross the Green Line.

Once everyone was seated, Peter opened the meeting. He laid out the agenda, promising to ‘talk a little about the emergency’, but only towards the end of the meeting. Then he quickly turned to the business of the day, seemingly unaffected by ‘the situation’: a market analysis, a review of corporate goals, and an explanation of the employee incentive program. Peter, in short, chose to acknowledge the situation, but not to let it dominate the proceedings.

When the ‘security issues’ turn finally came, Peter’s message was clear: everything is under control. ‘Despite the heightened tension,’ he said, ‘we’re still on Alert Level One. It was raised from Zero long ago due to the Intifada. Although we’re discussing raising it to Level Two, we haven’t done so yet.’ Peter added that the ‘Corporate Crisis-Management Center’, located at GN headquarters, created and
disseminated ‘global guidelines on how to behave in instances of earthquakes, plagues, and wars’. The crisis center, he revealed, was convened to discuss the situation, and its experts decided that ‘GN will not opt for early evacuation’ of expats. ‘I’m not talking only about Israel,’ Peter emphasized, putting, as he invariably did, local concerns in a broader perspective. ‘It’s Lebanon, Iraq, Iran, Kuwait … and also Israel.’ When a participant called out from the back, ‘No problem! We can bring them all here’, Peter conceded that ‘each faces different kinds of danger’, and ‘It’s sad that Israel is in a special spot’, but then quickly reassured everyone that ‘GNI is ready for the situation. There is a thick binder of emergency documents that will hopefully work like client binders: we always prepare a 400-page contract and then put it on the shelf.’ Moreover, he added, the ‘Emergency Steering Group’ consisting of VPs and security officers, had prepared ‘emergency plans’ designed to protect clients because ‘business must go on’. The group, he added, ‘is debating who will run to the bomb-shelter and who to the sealed warehouse’ — the former was considered to be better protected and safer — ‘but we’ll probably let the managers think this through and decide’.

As Peter spoke, it became apparent that his words were designed to spread GN’s global wings over the local crisis, standardizing it and transforming it into a managerial problem to be dealt with like other problems in its business environment. He closed the discussion on ‘security issues’ with a personal note: ‘I intend to stay in Israel. I’ve discussed this with headquarters. I won’t be evacuated, in order to try to contribute to the situation.’ The audience responded with a round of applause.

Thus, the meeting, like other events during these tense days, included an overt managerial effort to muffle, if not completely subdue, the unmistakable beat of the drums of war threatening to disrupt the rhythms of corporate life. This, like many other types of local ‘noise’ — produced by language barriers, cultural gaps, distinct time-zones, behavioral differences, national boundaries, and geographical distances — were systematically and continuously subjected to a global corporate logic. Accordingly, Israel could be grouped with Iran and Kuwait, emergency documents compared to sales contracts, and alert levels determined by the directives of distant corporate crisis centers. In short, local realities, no matter how disruptive, must be continuously domesticated to fit the dictums of work-life in a global corporation.

But local realities, of course, cannot be entirely controlled, not even on this formal occasion. It was no coincidence, participants later told us, that the CEO was from GN’s home base. He received applause not by hiding his national origin but by using awareness of it to underline the heroic aspects of his decision to stay on in a war-zone. Israelis in the audience were clearly aware of their collective predicament and unabashedly expressive of their feelings about it. Invited to attend, yet conspicuously absent, were the Palestinian employees from Ramallah. As for the expatriates present, they knew — as did everyone else — that if war broke out they would be quickly evacuated. Moreover, they received just-in-case gas masks from the company; a benefit withheld from the Palestinians in Ramallah despite the fact that they too did not receive masks from Israeli authorities. Nevertheless, the boundaries between members were temporarily suspended, rhetorically at least, to allow the smooth enactment of the collective interest.
As we will argue, the question of where, when, and how national distinctions were allowed to surface in global corporate life, how they were manifested and interpreted, and to what effect they were put to use, was a complex matter involving an intricate interplay of explicit and implicit messages and subtle, carefully staged interactions. Before dealing with the exceptions, however, we must first learn the rule. We return to Peter’s presentation as the last agenda item flashed onto the screen. In large black letters it read: ‘The One-Company Approach’.

**GN’s Transnational Regime of Consciousness**

The words on the screen and the meanings they conveyed were a regular backdrop to everyday life in GNI, and familiar to all participants. Generally speaking, the explication and dissemination of the ‘One-Company Approach’ represented a managerial attempt to control boundaries considered, from a global perspective, disruptive or dysfunctional. They seemed designed to promote a desired behavioral orientation, on the part of members, based upon two interconnected elements: acknowledgment of externally determined national and cultural boundaries between employees, and willingness to silence, ignore, or overcome them.

Continuing, Peter addressed a particular instance he saw as an opportunity to reiterate the message. Referring to the outcomes of an employee attitude survey, he admonished his employees:

‘Many sentences in this document indicate that you try to cover your own asses by saying, “GN-England did not deliver”, “GN-Thailand are so stupid it is impossible to deal with them”. This isn’t the way! We are one company! We are GN! We give solutions to customers and we don’t use other parts of the company to cover our asses. I received a message from one client that we do this. GN is GN. We are the front of the One-Company approach. It is easy to say, “We didn’t get an answer in time” or “they didn’t support us”. When you want to say this — bite your tongue! Because our clients see it as a weakness. Don’t blame someone else inside GN!’

Peter’s request resonated with the image that the company projected in its public relations efforts. In newspaper articles on both sides of the Green Line, managers depicted GN as a global entity, stressing the fact that the local subsidiary was but an extension of a unified global giant — an image that was designed to appeal to the diverse interests of many different constituencies — clients, suppliers, government agencies, and the press.

But accomplishing this was more than a public relations game. The ‘one-company approach’ was also oriented to shaping the views and behaviors of internal actors — the local employees and managers who were expected to shed the work-related expressions of their local identities and conform to global standards and expectations of outside constituencies. It represented, in short, management’s desire to manage relationships between employees of the multinational organization.

Central to the internal implementation of the one-company approach was the need to control the national boundaries that separated employees and were believed to undermine efforts to create a smoothly functioning global organization. This,
however, was a daunting task. Like the British Empire of old, the sun never set on GN. Employees never encountered more than a fraction of the workforce. Moreover, effects of the size of the company and dispersion of its members on their work-related interactions paled in comparison with social distances based on nationality, religion, language, and culture. To mold the workforce into ‘one company’, management engaged in a three-pronged effort: it fostered a rhetoric of community, built transnational networks, and sought to tame national cultures.

Rhetoric of Community

Creating ‘one company’ began with designing and disseminating symbols of a cohesive community. Representations of a common identity and purpose were ubiquitous. The corporate logo appeared on every piece of paper, web page, name tag. GN’s mission statement was featured prominently on bulletin boards, intranet pages, and presentation slides. Monthly CEO letters posted on the homepage of every subsidiary used the plural ‘We’, emphasized common challenges, and used an intimate tone implying a common goal and destiny. Similar messages were conveyed by news items posted on the web and newspaper clippings displayed on bulletin boards, containing reports about GN, its challenges and successes. Thus, representations of a unified organizational community facing common struggles formed a ubiquitous backdrop for everyday organizational life.

Emblems of a global corporate identity were complemented by managerial efforts to highlight cross-organizational contributions. Management constantly informed employees of the productive presence of the other members and their successful efforts to contribute to the accomplishment of common goals. Thus, company meetings typically opened with reports of employees’ achievements from around the world. These were also reported in the extensive internal corporate media. Corporate newsletters used an optimistic and admiring tone as well as colorful images; members portrayed in them were always smiling and usually young and good-looking. Everyday work-life might threaten to engender in members a feeling that they were anonymous nodes in a huge network, but corporate rhetoric attempted to endow it with the aura of a dedicated, energetic, attractive face-to-face community.

The sense of community was also promoted by a corporate policy that required the use of standardized formal categories and corporate rituals. Ranks and job titles were globally standardized, offering a common means of conceiving the distant and different organizational others. Work-related rituals and activities, such as performance evaluation and monthly company meetings, were performed across the company, bolstering the notion of a common framework for experience. Similarly, uniform rules for promotion, and standardized training and education activities complete with web-posted textbooks and diplomas, enabled members to see themselves as participants in a unified community and coherent universe of meaning.

Efforts to create a community went even further: agents for the corporate interest tried to shape also the underlying experiences of members. Speeches, posters, and assessment procedures reminded employees that they were required to
incorporate a list of ‘our values’. Although loosely defined and abstract, these values were ‘exemplified’ through a long list of behaviors and orientations such as ‘We are committed to our customers’ success’, ‘We care about what is important to our customers and employees’, and ‘We build long-term relationships with our customers’. Examples of such ‘required behaviors’ were widely disseminated in the corporate media and illustrated and practiced in training events. They were also enforced through a uniform process of ‘competence development’ designed to identify and develop people’s skills in accordance with organizational needs.

Transnational Networks

Transnational networks that crisscrossed the company’s formal structure were perhaps the most prominent manifestation of the ‘one-company approach’. Consider the following example. Yossi, a GNI support engineer, received a client call reporting a technical problem and demanding a solution ‘yesterday’. Yossi visited the client, examined the system and diagnosed the problem, but, due to its complexity, was unable to solve it immediately. Returning to his office, he documented the problem, asked colleagues if anyone had ever encountered anything similar, and then tried his luck on the intranet for information that might help solve it. When none was found, he faced two options: one formal, one semi-formal. The formal option was to turn to GN’s ‘second-line support’ system. The system was based on a principle referred to as ‘Follow the Sun’: support sites were located in three different countries eight time-zones apart, to ensure around-the-clock support. Yossi was familiar with this system and knew that it faced a heavy worldwide influx of reported problems. Israel being a small market, Yossi’s problem was low priority, and responses would be delayed. Though delays were never long, clients — and particularly Israeli clients, Yossi believed — were impatient and demanding.

Facing such pressures, Yossi, who had been around for a while and knew how things worked, turned to the second option. He opened his box of business cards — every member seemed to have one — and sifted through them. He had collected these cards from members from other countries he had met at meetings and training events. Picking out the card of someone he thought could help, he wrote him an email (in some cases, he might have called too, depending on the time-zone and the nature of the relationship). He was careful to begin with a personal note, asking ‘How was your weekend?’ Only then, did he ask his question. From experience he knew that if the person didn’t know the answer, he could probably name someone who did. Armed with an introduction, he would then contact the new name and continue tracking down the information he needed. He believed that, with appropriate contacts and networking skills, this method would yield a much quicker and more helpful reply than the second-line support system.

While more personal in nature, this alternative channel was not entirely informal: management declared it an ‘important characteristic of GN’ (CEO Monthly Letter) and tried to encourage and support it. To do this, the company offered a wide variety of multinational training events and conferences; it encouraged members to socialize with members from other countries and explicitly stated how critical such
activities were for smoothing the flow of information and resources. Most crucially, perhaps, the company provided the technical means for such interaction: GN’s intranet, a vast communication and data management system that facilitated, smoothed, and encouraged ‘networking’.

In addition to its functional role in fostering and facilitating the behavioral expressions of the one-company approach, GN’s intranet also had a symbolic role in defining its overarching meaning. The intranet was a powerful symbol of the managerial view of the organizational world as a single community, global in scope yet solidified and interconnected. Consider, for example, the sites of the different subsidiaries. Each subsidiary was named after the country in which it was located, and the country’s name appeared prominently on its home page along with a national flag icon, waving on the side of the screen, and links to sites containing local information ranging from economic statistics through entertainment to traffic updates. At the same time, however, the sites’ design was highly uniform. All displayed GN’s logo, presented similar icons’ menus, contained several images taken from GN’s advertisement portfolio, and offered links both to corporate sites such as ‘GN News’, ‘GN InfoCenter’, and ‘CEO Updates’, and to identical local sites identified by unified corporate jargon. The sites’ coexistence and similarity, and the fact that widely dispersed members were just a click away from each other, made the intranet a powerful manifestation of the idea of a diverse yet cohesive community, further reinforced through the working of the social network.

Thus, GN did not only set boundaries between geographies, functions, hierarchical levels, and professional categories, but also gave its members the legitimacy, the opportunity, and the means to cross these boundaries. By formalizing the informal work practices, GN sustained two structures simultaneously: a geographically based and hierarchically organized structure overlaid with a dense technologically supported social network.

Taming Local Culture

Although GN promoted the image of a cohesive community and attempted to standardize the experience of employment, management recognized one source of experience as both strong and impossible to homogenize: the employees’ national cultures. These were seen as sources of diverse, objective, predetermined, and unalterable traits (see Ailon 2007, 2008). Nevertheless, the one-company approach suggested that cultures could at least be tamed. Management’s efforts to do this took two forms: behavioral and ceremonial.

Behavioral Taming

The attempt to manage behavioral expressions of members’ national–cultural traits occurred in cross-cultural workshops. Run by an external consultant who specialized in cross-cultural management, they were designed to increase members’ awareness of behavioral tendencies that were supposedly imprinted in them by their national cultures. These workshops thus seemed to have had the
effect of reifying national cultures as strong, objective, and predetermined. As members learned to appreciate how deeply they ran and how thoroughly they shaped their minds and conduct, they were asked to monitor their unconscious expression in intercultural interactions so as not to offend partners to interaction who were of a different cultural origin. Members were thus taught to become aware of and refrain from exhibiting some of their culturally induced behaviors when interacting with members from other cultures.

During fieldwork, several cross-cultural workshops took place, all focused on the Turkish and Israeli ‘culture gap’; none tackled a Turkish/Palestinian or Israeli/Palestinian ‘culture gap’. By not acknowledging the Palestinians as a distinct cultural unit and by defining GNI’s culture as Israeli, the workshops both suppressed the conflictual national boundaries that sliced through the membership and reified the external power structure. Indeed, a Palestinian engineer told us that ‘we thought that we were neglected at some stage. As if they put an office in Ramallah and then forgot all about it.’

Thus, in the workshops, the concept of ‘culture gap’, with its connotation of neutral differences and apolitical diversity, was kept away from the arena of national conflict, remaining, in a sense, connotatively ‘clean’. But, in another sense, this concept was also turned into a mechanism for silencing Palestinian employees and hiding Palestinian–Israeli tensions, making it evident that it was not diversity that the company acknowledged but manageable diversity: the diversity that could be contained by its existing arsenal of management tools.

Ceremonial Taming

Ceremonies at GNI also focused exclusively on the Israeli–Turkish distinction. Here, however, the taming of culture took a different form: rather than toning down cultures of origin, as in the cross-cultural workshops, members were urged to ritually display them. Consider GNI’s ‘Hanukkah/Christmas Party’, an especially festive occasion due to the visit of the Turkish management team:

‘The crowded dining room is decorated with religious symbols: on the tables are baskets of Sufganiyot [Hanukkah donuts], and several Hannukiyot, [traditional candle-holders], each with colorful candles in place. In the corner of the room stands a plastic Christmas tree adorned with cheerful ornaments. As the Turkish guests are escorted in, the crowd grows silent. Peter [the CEO] moves into the center and says: “First, we will introduce everyone. Our friends from Turkey are with us today. Now I will introduce our employees to the guests. Not everyone is here because we have work outside the office.” At this the Turks and Israelis exchange smiles. “Today we will introduce the XXX container we imported from Europe for the Israeli telecommunication exhibition and discuss the exhibition, which we feel was very successful. Then we will move on to the second part: we are a multinational company and we are celebrating several events. In the corner we have a Christmas tree and for the major part, the Jewish part, we have a Rabbi.” He points to an Israeli VP, explaining: “This is our Rabbi, Noam. He will introduce the Jewish holiday, Hanukkah.” The Israelis in the audience laugh; Noam is not religious and certainly not a Rabbi. With an exaggerated flourish, he takes a skullcap from his pocket and puts it on his head. The laughter increases. This is a complex performance, a semi-serious display of a Jewish religious identity by a secular Israeli, directed by a Christian stage-manager, for an Islamic — albeit non-Arab — audience. The only Palestinian to take part in this event, a senior manager from East Jerusalem, now arrives. Seeming uncomfortable, he remains standing at the entrance.'
An IT employee tries to begin the PowerPoint presentation. The computer does not work. Someone asks, “Noam, don’t you have a prayer for the computer?” Somebody else adds: “We sure need a Hanukkah miracle now!” Finally, the computer is made to work and two professional presentations ensue … “And now!” Peter declares when they are over, “to our Rabbi!”

Noam steps up, straight faced. He briefly and, even by the loose standards of local ceremonies, quite imprecisely explains the origins of Hannukah: “Traditionally we had a historical situation, a war between the Jews — the Maccabim — and the Greeks. There was a miracle: they found oil that helped them light the Menorah in the Temple for eight days and thus”, he picks up the Hannukiya, “we have this instrument.” There is laughter and some of the Israelis in the audience repeat his odd choice of a word for the religious artifact. Smiling, Noam continues: “We also have a traditional cake,” he picks up a Sufganiya, “only 1000 calories each! There is also a prayer that I will say and then we will sing holiday songs.” Noam says the blessing, lights the candles, and the Israelis — partly audience, partly co-actors — answer “Amen”. “Now”, he declares, “we will sing.” While all Jewish-Israelis join in, uneasy laughter is heard, indicating how awkward the event is for them. After three songs someone calls out in Hebrew, “Higzamta!” meaning, “you are overdoing it!” More uneasy laughter follows and finally Noam says, “thank you”. Closing the event, Peter cries out: “Please help yourselves to the low-calorie cakes!”

The Hanukkah/Christmas party was thus a stereotypical performance of a cultural identity. It was imbued with self-consciousness produced by the awareness of the presence of strangers whose own religious identity — Islam — was politely ignored, seemingly in accordance with the local political narrative, carefully avoiding any problematic national issues that could threaten the sense of internal peace that the event was designed to produce. At the behest of their manager, the Jewish-Israeli members collaboratively enacted an image of their local culture, generating a friendly and seemingly ‘authentic’ cultural spectacle of the sort that the tourist industry often produces. The only Palestinian in the room silently stood in the doorway: as a local and a Muslim he belonged to both the performers and the audience, but as an Arab-Palestinian he also belonged to neither. From his liminal position, he lent his support to the display in the only way he could: by not complicating it. This way, he too joined the public effort to enact, or at least not overtly challenge, the one-company approach. Thus, the event defused potential conflicts across national boundaries, making them seemingly crossable despite subtle hints of discomfort that belied the intended message.

The Limits of ‘One-Company’

As claimed, built into the attempt to tame national boundaries was the assumption of their persistence and strength. While silencing their political significance and monitoring their cultural expression, the ‘one-company approach’ reaffirmed boundaries through the very act of trying to suppress them. In this sense, it enacted not only a sense of ‘one’ but also of the multiplicity that challenged it, setting limits to its implied unitary cohesiveness. Moreover, these limits had other, more explicit formal expressions. When countervailing ideologies or interests surfaced, management withdrew from the ‘one-company approach’, creating practical spheres in which nationalities were treated not only as a given to be tamed, but as barriers to be sanctified. Three such spheres were especially evident: compensation, marketing, and top management composition.
Compensation

Where rewards were concerned, management conjured up a sense of unalterable and inviolable national boundaries quite in contrast with the spirit of ‘one-company’. Apart from global bonus plans, compensation was strictly aligned with local standards and was determined by the dictates of national labor markets, leading to significant disparities in income between co-located members of similar organizational status but different nationalities. Thus, Israelis were not to expect monetary rewards comparable to those of European expats, whose generous compensation, they well knew, included rent, private school tuition, and medical insurance. Unlike their Israeli colleagues, expats, one Israeli interviewee complained, ‘get used to a very, very high standard of living’. The same national distinctions applied to the compensation of Israeli and Palestinian employees. An Israeli HR manager explained:

‘All GN’s processes are valid for Ramallah as well, but the conditions of the Palestinians’ employment are not Israeli conditions. They’re GNI employees but subject to the employment conditions of the Ramallah market. If it is customary here to give a car to every engineer, and in Ramallah it is not, then the Ramallah engineers will not receive a car. I have to imitate Ramallah — apply the rules of the Palestinian market to the Palestinians we employ. So we contact other international companies like us, with experience over there, and they help us a lot. We ask, “Is it customary to tell an employee that if he leaves the company less than six months after his recruitment he must pay for the training invested in him?” It turns out that it is, and so we add such an item to the work contract. I befriended an HR manager of [a Palestinian client], a nice guy who gives me the same lecture every time I call him, about how our nations are screwed, how the Palestinians are fucked up and Sharon [the Israeli Prime Minister at the time] is also fucked up, and we chat for half an hour until I get to the point — pay. “How much should we offer this or that engineer?” And he gives me information. Because we do not want a situation in which GN workers make much more than the local market.’

GNI’s employees, it should be noted, were well aware of these disparities. Indeed, the disparities were a continuing source of dissatisfaction. A Palestinian manager said:

‘My workers are Palestinians. They are proud to work for GN. They think of it as GN and not as an Israeli company. Still, they feel that they aren’t treated well. They are paid less, like Palestinian engineers in Ramallah. The HR people call local employers and ask how much engineers are paid, and they pay accordingly. I recently asked for an adjustment but I haven’t heard anything yet.’

Thus, management’s nationally based compensation practices resurfaced and enshrined national boundaries that objectively and subjectively distinguished members not only according to seniority and position, but also according to nationality.

Marketing

National boundaries were evident not only in relation to labor markets, but also in relation to national business markets. A ‘service orientation’ was a central tenet of GN’s ethos and strategy. GN, in this view, should ‘customize’ its products and services to fit its culturally specific customers’ needs and whims. When this orientation clashed with the ‘one-company approach’, it was the former that invariably won. For example, ‘getting close to the market’, an oft-cited phrase, entailed a policy of employing marketing and sales personnel from the clients’ nationality. The specific
cultural resources the local personnel shared with clients were considered a crucial element in the required job skills in this domain. To the CEO of GNI this was so obvious as to go almost without saying. ‘The customer representatives are very local because business is local,’ he stated matter-of-factly, indicating that the view of local culture as a task-related business resource overrides the efforts to blur cultural boundaries derived from the one-company approach. Marketing, sales, and service policies and practices that conceptualized clients and those best set to serve them, in cultural terms, thus contributed to the resurrection and legitimization of local boundaries.

**Top Management Composition**

GN’s top executive positions were populated almost exclusively with citizens of its European home base. This fact was neither hidden nor denied. On the contrary — it was posed as a clear limit to the one-company approach. Consider the following exchange between the CEO of GN who was visiting GNI, and Dan, an Israeli employee who attended his talk:

*Dan:* ‘We have subsidiaries in more than 140 countries from all over the world. Why don’t we see more senior managers from outside XXX [the European country of origin]? They could add perspectives; they could make GN open up more to the world.’

*CEO:* ‘That’s an excellent question. I think we should do this, we should promote such thinking, there should be equal opportunity no matter where you come from. What is important is expertise, regardless of culture. But you have to understand that this is a company that was established in XXX, and it’s important to know the culture. It sounds defensive, but, still, in every company the local culture is built into the company. GN is not purely XXX, but it is XXX to a large extent, for better and for worse. We have plans to try and bring people from all over the world and give them opportunities to contribute to GN … but I don’t think that it is possible to change the culture completely. There will always be XXX elements, whether you like it or not.’

The CEO’s answer may be seen as an attempt to balance the one-company approach and its dictums with the apparent imperative of preserving and legitimizing the status of his own cultural capital and tradition within the multinational organization. For members, the significance of the clash between the predominance of citizens of the company’s home base in senior management, and the one-company approach, was abundantly clear. The following comment by an Israeli engineer is typical:

‘Look, the President, the CEO, they are always from XXX. There are never people from other countries in these positions. There is endless talk here about multiculture, multiculture, multiculture … they talk all the time but there is no multi. It’s all XXX.

**Summary and Conclusions**

GN’s management fostered and sustained the ‘one-company approach’ in three ways. First, management created symbolic cohesion: designing and diffusing emblems of a common identity and purpose, optimistic and attractive portrayals of the membership body, unified categories and fields of exchange, and common sets of values and behavioral standards. All helped create both an image and a
sense of a solid global community (see Kunda 2006). Second, management
promoted and organized international meetings and training events and encour-
aged members to ‘network’, with an eye to forming a transnational social network
that transcended the company’s geographically based organizational structure. A
sophisticated communications network sustained the social network by enabling
members to contact each other and seek data and information from all over the
world. Finally, management required its members to tame their cultures of origin
in work-related public interactions and ceremonies, making them transparent in
the former and friendly and unthreatening in the latter.

Taken together, these practices constructed a coherent and seemingly all-
encompassing view of GN as a transnational social collective that suppressed
national differences and created an image of a shared and undifferentiated expe-
rience of membership. There were, nevertheless, arenas in which management
suspended the ‘one-company approach’ and allowed competing ideologies to
prevail. Routinely, this was most pronounced when the ‘one-company approach’
challenged compensation practices, the service orientation, or home-base hege-
mony. Here, national boundaries not only surfaced and were acknowledged, but
were reified and strengthened. Thus, where competing interests and ideologies
were concerned, management conjured up a sense of national distinctions, rein-
stating them as powerful barriers between members.

Moreover, at GNI, a subsidiary located at the heart of a violent national con-
flict, the formal reification of national boundaries was expressed not only in rou-
tine matters such as compensation, but also in matters of rescue and relief. Inside
its Israeli–Palestinian subsidiary, GN’s transnationalism did not apply to issues
such as gas-mask distribution and evacuation plans: management bought masks
for the Western expatriates, not for the Palestinian employees, and prepared to
evacuate only those whose national origin was not Middle Eastern. While there
was a European ‘Crisis-Management Center’, which served as a symbolic shock
absorber — marking corporate concern for its local employees’ fates — when
actions were required, management did not seek to alter these fates. Workers
were thus defined in national terms just as much as in transnational terms and
were primarily required to accept the following corporate principle: they must
tame their national cultural tendencies to help sustain management’s effort to
build a transnational community, but they must not expect the transnational com-
munity to exert any unprofitable effort to help them survive their national fates.

These findings thus lead to two possible conclusions. First, at least as far as the
MNC under study is concerned, management does indeed lay foundations for a
transnational ‘imagined community’, complete with a sense of capitalist destiny and
professional comradeship with numerous others across the world. One may ques-
tion the depth and meaningfulness of this transnational community, the degree to
which it can and does rival the potency and command of the national one, but the
fact is that this community does not seek such rivalry. Our second conclusion is pre-
cisely this: the transnational imagined community is formally designed not to com-
pete with but to coexist with the national one in a way that creates a new arena for
managerial discretion in deciding when to activate and when to suppress national
boundaries in definitions of work situations. The ‘national’ is not challenged: under
some circumstances it is tamed, and in others it becomes a tool managers use
to enhance profits, cut costs, or protect their own status. In short, once national
boundaries are incorporated into the very fabric of a worldwide organization, they become objects of management diagnosis and control. Thus, MNCs do not replace nationalism nor do they erode it; rather, they provide another arena for the expression of nationalism and its shaping by those who have the power to do so.

Our findings have several implications. First, with regard to transnationalism, it is necessary to reformulate the question central to many theoretical endeavors. The critical issue, it seems, is not to what extent MNCs replace or compete with the nation-state, but how they make use of nationalism, national identity, and national sentiment in their operations. As our case indicates, there is no clear dichotomy between the MNC’s transnational interests and the countervailing forces of nationalism as simultaneously represented by the external dictums of state institutions and the internal cultural limitations or political interests of the workforce. Rather, the forces pushing for transnationalism and nationalism are located within the company and its logic, and the question becomes when, how, why, and to what effect management chooses to implement each.

Thus, our study problematizes the tendency of many theorists to take management’s global rhetoric for granted and adopt it as their point of departure. Granted that ‘an increasing number of corporations operating outside their countries of origin see themselves as globalizing, as is obvious if we read their annual reports and other publications’ (Skair 2002: 38), this tells us little about the actual workings of these corporations or the way the publicly presented global self-images are manifested or implemented in everyday life. Similarly, organizational rhetoric about multiculturalism and diversity should also be taken with a grain of salt. Thus, at GNI, ‘multiculturalism’ did not extend to top management, populated almost entirely by citizens of GN’s home base, and ‘diversity’ was overtly applied only to the distinction between Israeli Jews, European Christians, and Turkish Muslims, not to the Israeli/Palestinian distinction. Indeed, the fact that the Palestinians were not acknowledged as a distinct cultural group in cross-cultural workshops and organizational ceremonies indicates how politically nuanced is the actual implementation of these supposedly apolitical ideals and the degree to which they echo internal and external power plays between members with different national affiliations.

This latter point challenges not only simplistic images of MNCs as global ‘black boxes’, but also more nuanced images of their internal operations as set forth by writers influenced by the National Business Systems perspective. The challenge is twofold. First, while recognizing the conflicting institutional pressures operating inside MNCs, these writers often conceptualize such conflicts as gaps between the subsidiaries’ local institutional contexts and the HQ’s coercive pressure ‘for more global consistency and standardization’ (Geppert and Williams 2006: 491). However, as our case indicates, HQ’s coercive pressure could be quite complex and contradictory, promoting global consistency and standardization in certain arenas and global inconsistency and deliberate lack of standardization in others. Second, our case indicates that, in order to understand the dynamics of MNCs, we must take into account not only ‘the problems of institutional pluralism’ (Morgan and Kristensen 2006: 1486) — as these writers typically do — but also the problems resulting from the fact that this ‘pluralism’ hardly reflects a neutral or uncontested distribution of power. The different national environments are in fact characterized by tensions, conflicts, and considerable power differentials. In other words, it is not only ‘micro-politics’ that come into play inside MNCs (e.g. Geppert and
Williams 2006; Sharpe 2006; Geppert and Mayer 2006), but also ‘macro-politics’. Thus, while our case study is no doubt unique, characterized by a very particular combination of institutional environments, and while it is plausible to assume that other MNCs function quite differently, the study does indicate two blind-spots that prevail in current conceptualizations. Awareness of the nuanced complexity of the formal work order, and of the ways it reflects not only internal but also external power plays, may enrich our understanding of MNCs.

Moreover, if, as many theorists claim, MNCs are spearheading globalization, then there are broader theoretical concerns to be addressed. The emergence of global culture, for one, may be seen not as challenging, overruling, or annulling national culture but as creating the conditions for flexibly and fragmentarily redefining it, turning it from an absolute and predominant category of identity, a ‘given’, into one that can be activated or suppressed, emphasized or de-emphasized, reified or disregarded, and manipulated by many more actors besides those who rule, or try to rule, states. In this sense, ‘global culture’ does not mark the demise of nationalism as much as its appropriation to the transnational realm, where it is symbolically reconfigured to sustain new forms of ‘imagined communities’ and serve various goals and interests within them.

In a similar vein, accounts of consumer culture, seen by many as the epitome of the transnational logic of global capitalism, should be balanced by awareness that it, too, is not ‘purely’ global. It rests, in fact, upon nationally based marketing units and a conviction about the importance of the national element in making the sale. Thus, while in many ways the market is perceived as global, consumers’ tastes are often conceptualized in local terms as expressing culturally determined preferences and conveying national particularities. In this sense, the marketing function — charged with stimulating and sustaining the diffusion of consumerism around the world — also continually reifies existing national borders, sanctifying them as proxies for the diversity of tastes. Here too, then, we see that globalization’s cultural forms are not ‘beyond’ or ‘above’ the nation, but in fact incorporate nationalism in complex ways that are not only politically induced but also shaped by managerial conceptualizations of the market.

To summarize, in the ‘transnational social space’ we studied, we found a ‘one-company approach’, a complex multiplicity of national affiliations, and a managerially designed set of implicit and explicit rules about when and how each is to be expressed or suppressed, celebrated or silenced. It was, as GNI members called it, a ‘global bubble’: a space separated from external turmoil by a thin, translucent membrane designed neither to shield nor shelter but merely engulf members of conflicting national identities in a bounded, well-rounded collective that lies outside national reality, without making national affiliation any less relevant for them. GN did set up a transnational ‘imagined community’ — a global regime of consciousness for its large and dispersed membership body — but rather than rivaling or contradicting the national regime of consciousness, it became another arena in which the strength and persistence of national identities, as well as their political and economic consequences, could be displayed in new ways.

Note

Partial funding for this project was provided by Stiftelsen Riksbankens Jubileumsfond’s ‘The network society from within’ research program. We wish to thank participants in the program for helpful comments.
<table>
<thead>
<tr>
<th>Reference</th>
<th>Year</th>
<th>Title</th>
<th>Authors</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ailon, Galit</td>
<td>2008</td>
<td>‘Mirror, mirror on the wall: Culture’s consequences in a value test of its own design’</td>
<td>Academy of Management Review 33/4: 885–904.</td>
<td>‘Mirror, mirror on the wall: Culture’s consequences in a value test of its own design’.</td>
</tr>
</tbody>
</table>
Held, David

Hirst, Paul, and Grahame Thompson

Hofstede, Geert

Hu, Yao-Su

Kristensen, Peer Hull, and Jonathan Zeitlin

Kunda, Gideon

Matten, Dirk, and Mike Geppert

Morgan, Glenn

Morgan, Glenn

Morgan, Glenn

Morgan, Glenn, and Peer Hull Kristensen

Ohmae, Kenichi

Ohmae, Kenichi

Portes, Alejandro, Luis E. Guarnizo, and Patricia Landolt

Prahalad, C. K., and Yves L. Doz

Robinson, William I., and Jerry Harris

Sassen, Saskia

Sharpe, Diana Rosemary

Sklair, Leslie

Smith, Anthony D.

Søderberg Anne-Marie, and Eero Vaara

Steger, Manfred B
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Title</th>
<th>Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmut Wächter</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Galit Ailon**

Galit Ailon is a Lecturer in the Department of Sociology and Anthropology at Bar-Ilan University. She received her PhD from the Department of Labor Studies at Tel Aviv University. She is author of *Global Ambitions and Local Identities: An Israeli-American High-Tech Merger* (Berghahn Books, 2007). Her research interests include organizational globalization, organizational theory, and managerial discourse.

**Address**: Department of Sociology and Anthropology, Bar-Ilan University, Ramat-Gan 52900, Israel.

**Email**: ailonsg@mail.biu.ac.il

**Gideon Kunda**

Gideon Kunda is an Associate Professor in the Department of Labor Studies at Tel Aviv University. He holds a PhD in organization studies from the Massachusetts Institute of Technology. His research interests include the culture of post-industrial work and organizations. He is the author (with Stephen Barley) of *Gurus, Hired Guns and Warm Bodies: Itinerant Experts in a Knowledge Economy* (Princeton University Press, 2004). A revised edition of his book *Engineering Culture: Control and Commitment in a High-Tech Corporation* was published by Temple University Press in 2006.

**Address**: The Department of Labor Studies, Tel Aviv University, Tel Aviv 69978, Israel.

**Email**: kunda@post.tau.ac.il