

# Chapter 9

## Communication in Global Development Projects: Objectives, Mechanisms and Interpretations

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### ABSTRACT

*Globalization trends make the task of revisiting the nature of the organization of global development projects (GDPs) within MNCs imperative. In this study, GDPs are viewed as contemporary ventures that seek scale economies in response to opportunities and threats posed by globalization trends. Our focus is to obtain a better understanding of how communication is managed and organized in GDPs. The study is of a GDP with the aim of developing a common global product to be used by all subsidiaries in an MNC, but with openings for local market adaptations. The empirical findings show that: (1) the management had two goals with the project, which were conveyed and understood differently depending on organizational level and organizational belonging, (2) the administrative heritage of the MNC influenced the use of information communication technology for sharing information and knowledge, and (3) the impact of frequency and structure of communication for information processing.*

### INTRODUCTION

Every era has a trend that captures popular imagination and, as the end of the second millennium drew to a close and the new one began, the overwhelming trend was globalization. It is suggested that the world is becoming a global village as the level

of economic and social interdependencies among various countries is constantly increasing.

In this chapter, we refer to globalization as growing economic interdependencies among countries as reflected in increasing cross-border flows of three distinctive processes: goods and services, capital and knowledge (Govindarajan & Gupta, 2000). This implies that a multinational corporation's competitive position in one specific country is dependent

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on its competitive positions in other countries. Today, globalization has not only become increasingly feasible, but also more desirable, leading managers in multinational corporations (MNCs) to take actions for increased globalization by implementing different organizational tools and mechanisms for catering cross-border flows of knowledge in common product development agendas (Adenfelt & Lagerström, 2006; 2007; Atamer & Schweiger, 2003; Mazenevski & Chudoba, 2000; Snow, et al., 1996). In MNCs, global development projects (GDPs) are increasingly employed to develop global products for use in multiple markets around the globe. GDPs are viewed as contemporary ventures that seek scale economies in response to opportunities and threats posed by the globalization trends. This means that organizing in global development projects puts high demands on achieving efficient coordination and communication among the concerned members from different subsidiaries. Our main focus is to obtain a better understanding of how communication is managed and organized in GDPs for the development of global products.

Such an understanding is compelling for at least two reasons. First, globalization trends are, as mentioned, increasingly more critical for instilling a sense of urgency among MNC managers to take advantage of the knowledge potential among the dispersed subsidiaries in common development agendas (Foss & Pedersen, 2002; Mudambi, 2002). Second, management is under an increasing pressure to develop globally integrated products to achieve efficiency across geographically dispersed subsidiaries, by ensuring the use of the capabilities of all employees (Yamin & Otto, 2004). As such, we argue that the challenge for the MNC is not to obtain complete homogeneity across markets, but rather in finding a balance between local adaptations and global optimization (e.g. Bartlett and Ghoshal, 1989; Nohria & Ghoshal, 1997; Martinez and Jarillo, 1991). This often implies a need for management to formulate and implement coordinated processes across markets.

Such a strategy would require managing operations interdependently, exploiting scale economies, seeking coordination at the same time as giving leeway for local market adaptations (cf. Adenfelt & Lagerström, 2007; 2008). Studies have thus shown that this seemingly straightforward solution to establishing GDPs with members from dispersed subsidiaries working for a common global product solution is afflicted with a high level of complexity when it comes to organizing and managing these projects.

Consequently, we pursue two research objectives in this chapter. First, we delineate the dimensions of the GDPs in MNCs and link the discussions to how communication and coordination are means of global product development. Second, we use empirical data from a case study of a GDP in an MNC in the communication- and business intelligence industry to demonstrate the difficulties in organizing and managing a GDP for global product development, with the focus on coordination and communication within the GDP. In the following sections, we describe the theoretical framework and the relevant literature, as well as the research method followed by a presentation of the case and a discussion of the results.

## **THEORETICAL FRAMEWORK**

In this section, we link what we have learnt about how the increased pressure of globalization on MNCs has led to the development and implementation of different organizational mechanisms to take advantage of the dispersed subsidiaries' knowledge in global product development. Particular focus will be given to global development projects and the two elements: coordination and communication.

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