



ENLIGHTENED LEADERSHIP

The 2010-2011 Going Global Survey: Organizational Models

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In this series of the Enlightened Leadership column of *HRinsights*, I am reviewing key findings of Jeitosa’s Going Global Survey 2010-2011. The first article provided some background information to the survey and discussed the top challenges for global HR professionals. This article reviews the four different types of global organizational models and discusses the shifting landscape towards a more globalized HR model.

Global Organizational Models

The model that Jeitosa follows to assess organizational effectiveness in being global is based on the work of Christopher Bartlett and Sumantra Ghoshal and their seminal research, *Managing Across Borders: The Transnational Solution* (1979). Bartlett and Ghoshal describe four global organizational models, based on how power and control is distributed across the organization. (see Figure1)

Multinationals. The Multinational organizational model is one that is highly decentralized—all power and control reside in the local business units, and the role of corporate is primarily one of financial consolidation. Often called, “multi-local,” this type of organization consists of independent business units, linked together primarily through legal and financial reporting requirements.

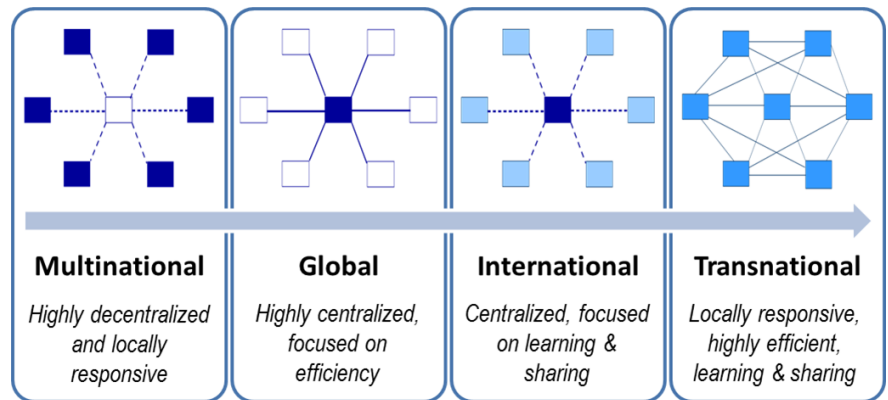


Figure 1: Global Organizational Models.

Globals. The Global organizational model is the inverse of the Multinational; it is highly centralized with all power, control, and operational management residing at the corporate level, with the local business units serving primarily as pipelines to the local markets. New initiatives, innovations, and operational controls are driven completely from headquarters to operations throughout the organization.

Internationals. The International organizational model is one that takes a more balanced approach between centralization and decentralization. A key characteristic of this organizational model is that it seeks to understand the needs and share the learnings of its local business units and then to drive best practice approaches from headquarters throughout the worldwide organization.

Transnationals. The Transnational organizational model is a hybrid approach that combines the best of the other three models: responding to local needs, standardizing for efficiency, and leveraging learnings in the sharing of best practices. Often called “federated” or “networked,” this organizational model seeks to distribute responsibility and control to the entity best suited to meet the need.

Clearly there are advantages and disadvantages to each of the models. The Multinational model is the most responsive to local business unit needs, yet lacks standards and efficiencies. The Global model is the most standardized and efficient, yet can lack sensitivity to local requirements. The International model searches for learnings from local operations, yet identifying and integrating local practices within the global model can be challenging. The Transnational model seeks to balance the best aspects of the other three models, yet can be difficult to implement and manage on an on-going basis.

As in prior years, this year’s survey shows a broad distribution of organizations across all four models (see Figure 2). The largest group is the Globals, with 36%, followed by the multinationals at 26%. As the world of HR continues to globalize, we have been seeing a continuing increase of the Global organizational model, from 22% in 2008 to 34% in 2009, and now 36% in 2010. The Global model is one that seeks standards and efficiencies to lower costs. With the world recession that business has been struggling under over the last couple of years, it is certainly no surprise that we are seeing an increase in the Global model.

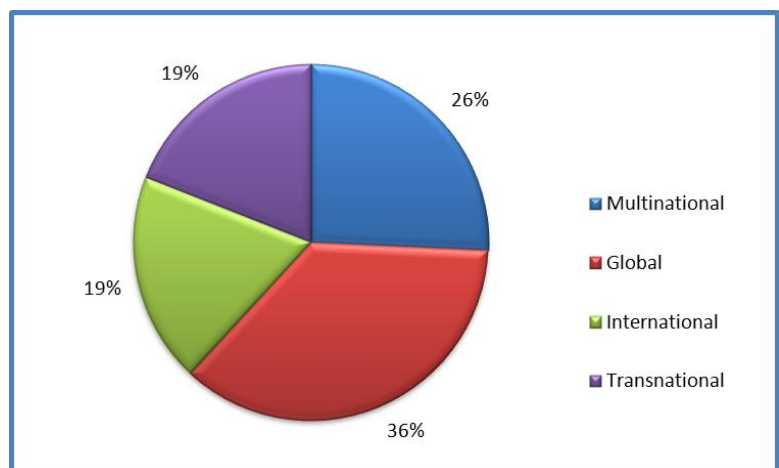


Figure2. Distribution across models.

Jeitosa has extensive experience working with companies in planning and deploying global HR strategies and systems. Future newsletter articles will share more of our experience and insights. Following is the link to Jeitosa's Going Global 2010-2011 Report:

<http://www.keitosa.com/wp-content/uploads/2010/12/2010-2011-Going-Global-Report-Highlights-IHRIM.Wire-NOV-2010-FINAL.pdf>

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