

行政院國家科學委員會專題研究計劃成果報告

多角化企業之協調機制：資訊處理觀點、情境理論，與資源基礎觀點之整合 Coordination Mechanisms within Multibusiness Firms: An Integration of Information Processing Perspective, Contingency Theory, and Resource-Based Perspective

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I. ABSTRACT

This research project investigates the determinants of coordination mechanisms within multibusiness firms, by employing three theoretical perspectives: information processing, contingency theory, and resource-based perspectives, to provide a comprehensive framework and to develop testable propositions on how appropriate coordination mechanisms should be designed in multibusiness firms. Large multibusiness firms in Taiwan were used as the research sample.

中文摘要

本研究整合資訊處理觀點、情境理論，以及資源基礎觀點的論點，來探討多角化企業之內部協調機制的選擇與設計。以台灣地區的大型多角化企業集團為研究對象，透過深度訪談，以結構性問題的方式蒐集資料，進行個案研究，提出整合性的觀念性架構與可實證之研究命題。

II. MOTIVATION AND BACKGROUND

Most Asian economies are dominated by a handful of leading multibusiness groups which represent quite a large proportion of their national outputs. However, in contrast of their increasing importance, our existing knowledge on the internal management arrangements of

multibusiness firms in this region is very limited. In Taiwan, associated with the international expansion of large multibusiness firms, the complexity of their internal management arrangements increases, urging the search of effective coordination mechanisms.

From the academic perspective, recent studies on diversification argue that the internal management arrangements of multibusiness firms become more and more complicated because of their geographical and market expansion (Hill, 1992). To answer the question: "what factors influence how each SBU is managed by the corporate headquarters", different scholars provide different opinions based on various theoretical perspectives, such as the information processing perspective (Galbraith, 1977), contingency perspective (Hersey and Branchard, 1974), and the resource-based view (Barney, 1986). Each theoretical perspective has certain implications on the choice of appropriate coordination mechanisms within multibusiness firms, but consensus among theories seems to be still missing.

Therefore, this research project aims to investigate the determinants of coordination mechanisms within multibusiness firms, by employing these three theoretical perspectives. By doing so, this research project aims to

compare the relative usefulness of the three theoretical perspectives in terms of explaining HQ-SBU relations in multibusiness firms. Also this research project provides a more comprehensive solution on how appropriate coordination mechanisms is determined in multibusiness firms.

III. EMPIRICAL RESULTS

(I) Development of Conceptual Framework

This research project first reviews literatures on the three theoretical perspectives to identify possible determinants of the choice of internal coordination mechanisms within multibusiness firms. With respect to the information processing perspective, based on Galbraith (1977), uncertainty is the core determinant of organization design. Two types of uncertainty were recognized: uncertainty of external environment, i.e. *industrial competition and dynamics* (Govindarajan, 1986), and uncertainty of task, i.e. *SBU-level strategy* (Porter, 1987).

With respect to the contingency theory perspective (Hersey & Branchard, 1974), SBUs' degree of maturity and trustworthiness will influence the coordination mechanisms between HQs and SBUs. These contingency factors include: *age of SBUs* (Gates and Egelhoff, 1986); *SBU managers' personal characteristics* (Baliga & Jaeger, 1984); *seniority of SBU managers* (Gupta & Govindarajan, 1986), and *SBUs performance* (Chu & Markides, 1997).

With regard to the resource sharing perspective, different levels of resource sharing and knowledge transfer influence the coordination mechanisms within multibusiness firms (Prahalad and Hamel, 1990). These factors

include: the level of *Interdependence among SBUs* (Thompson, 1967), and *resource dependency between HQs and SBUs* (Pfeffer & Salancik, 1978).

Based on the review of the literature, this research project develops an integrated conceptual framework (see Figure 1).

(II) Field Case Study

The second stage of this research project was to conduct field case studies to consolidate the appropriateness of the conceptual framework, to identify relevant variables, and to develop testable propositions. Research sample was selected from the top 100 *Business Groups in Taiwan* (China Credit Information Service Institute, 1998 ed.). Among the top 100 groups, 81 were manufacturing-based and thus more appropriate for this study. An invitation letter was sent to the HQs of these 81 groups. Nine business groups agreed to participate and eventually 6 groups were selected for field case studies.

Interviews were conducted for each business group, with at least 2 managers, who were familiar with the management systems of the whole groups, as the interviewees. In total, 2 CEOs, 2 vice presidents, 4 senior managers from corporate centers and 5 SBU managers participated. Structured questions were asked, supplemented by open-ended questions. Each interview lasted about 40-60 minutes.

(C) Development of Propositions

According to the data collected from the field interviews, the third stage of this research project was to develop testable propositions.

P1: Based on the information processing perspective, when the level of competition and complexity of industrial environment facing the SBU is high, the coordination mechanisms the

HQ employs to control this SBU will be characterized by high SBU autonomy, and subjective performance evaluation systems.

P2: Based on the information processing perspective, when a SBU follows a differentiation strategy, the coordination mechanisms the HQ employs to control this SBU will be characterized by high SBU autonomy, and subjective performance evaluation systems.

P3: Based on the contingency theory, when the age of a SBU is older, the coordination mechanisms the HQ employs to control this SBU will be characterized by high SBU autonomy, objective performance evaluation systems, and high socialization.

P4: Based on the contingency theory, when a SBU manager is of internal locus of control, the coordination mechanisms HQs employs to control this SBU will be characterized by high SBU autonomy, and objective performance evaluation systems.

P5Based on the contingency theory, when a SBU manager is long-serving, the coordination mechanisms the HQ employs to control this SBU will be characterized by high SBU autonomy, objective performance evaluation systems, and high socialization.

P6: Based on the contingency theory, when a SBU performs well in the past, the coordination mechanisms the HQ employs to control this SBU will be characterized by high SBU autonomy, and objective performance evaluation systems.

P7: Based on the resource sharing perspective, when the level of interdependence among SBUs are high (such as sequential and reciprocal interdependence), the coordination

mechanisms the HQ employs to control these SBUs will be characterized by low SBU autonomy, subjective performance evaluation systems, high inter-SBU networking, and high socialization.

P8: Based on the resource sharing perspective, when the level of resource dependence among HQ and a SBU is high, the coordination mechanisms the HQ employs to control this SBU will be characterized by low SBU autonomy, subjective performance evaluation systems, and high socialization.

IV. DISCUSSION AND EVALUATION

This research project provides preliminary answers on how these three theoretical perspectives influence a firm's choice of coordination mechanisms, by developing testable propositions. Future research will use large-sample quantitative data to empirically examine these propositions. Also, findings of this research project are expected to help managers understand how to design the internal management systems within diversified firms to achieve satisfied economic performance.

V. REFERENCES

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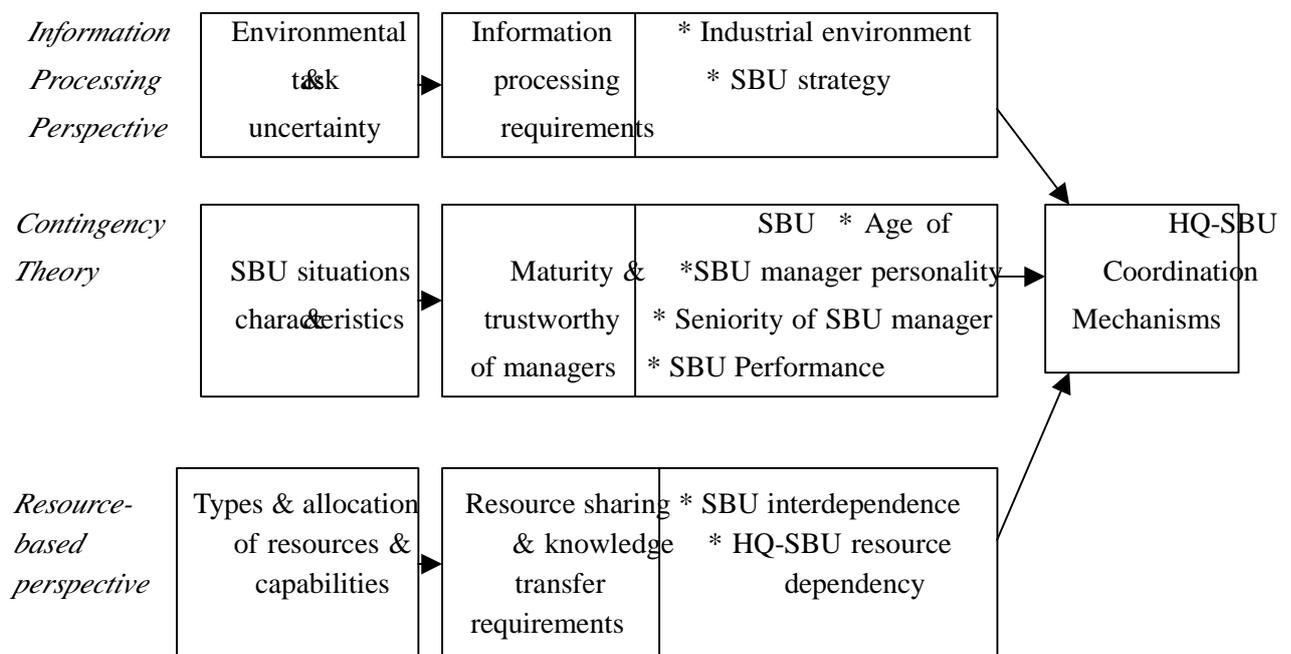


Figure 1: Determinants of Coordination Mechanisms in Multibusiness Firms: A Synthesis