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The 'Global City' Misconceived:

The Myth of 'Global Management' in Transnational Service Firms

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Abstract

The 'global city hypothesis' proposed by Saskia Sassen - and subsequently developed by Manuel Castells and others in the theory of a globalized urban network - has in recent years formed the basis for the argument that power and control in transnational firms (TNCs) is primarily situated in global head-offices. Such offices are located in key urban centres such as London, New York or Tokyo where global managerial power is ultimately wielded and where senior managers make strategic decisions about transnational business activity. This paper takes issue with this theoretical legacy, arguing that the idea of strong centralised managerial power and control in contemporary TNCs is far more complex than this literature suggests. It explores how managerial control in some of the supposedly most globalized of business service industries – investment banking and management consultancy - can not be understood as being centralised in global headquarter offices, and nor does it purely reside with a few senior managers at the top of the transnational organization. Rather, it argues that managerial control in TNCs is *diffused* throughout a transnational network of management-level employees, and that strategic power in transnational firms resides with a larger and more dispersed group of actors than has been previously suggested. These arguments are developed through analysis of qualitative research into the managerial strategies and practices of senior business practitioners in the transnational investment banking and management consultancy industries. In presenting qualitative data from interviews with senior management in transnational corporate head offices, the paper thus examines the decision-making process of global management practice and unpacks the complex context in which transnational corporate strategy develops in such firms.

KEYWORDS: global city; diffuse management; transnational corporations; investment banking; management consultancy

1 INTRODUCTION

> The combination of spatial dispersal and global integration has created a new strategic role for major cities. Beyond their long history as centres for international trade and banking, these cities now function… as highly concentrated command points in the organizational of the world economy…. (Sassen 2001: 3)

> Every year, a budget is put together, which is reviewed by the management committee…But at a strategic level - and although that management committee will talk about various decisions - in the business management perspective, the reality is that it is decentralised down to front-line product managers and the heads of geographies.
> (Managing Director, Equities & New Issues, UKBank3, London)

A decade ago, Saskia Sassen argued in her influential book *The Global City* (1991) that three cities resided at the top of the global urban hierarchy in the 1990s: London, New York and Tokyo. For Sassen, these were the 'global cities' that performed distinctive and, at the time of writing, novel functions in the contemporary world economy. She argued they corresponded to 'concentrated command points in the world economy' which were 'the key locations for financial and specialised service firms' (ibid.: 3). As the extract quoted above highlights, the 'global city' in Sassen's original conception was becoming an increasingly concentrated locus of power and control in an increasingly globalised world economy, measured by the growing concentration of transnational corporate head office in these cities. Thus, the global city was the new urban phenomena of the later 1980s and 1990s where the processes of globalization were coming to generate a new kind of urban built environment

(King 1990; Fainstein *et al* 1992; Clark, D. 1996; Crahan & Vourvoulias-Bush 1997), new kinds of advanced service sector industries and new roles for urban centres in the world (Budd & Whimster 1992; Smith & Timberlake 1995).

Ten years later, of course, the terms 'global city' and 'global cities' are now widely-accepted and widely-cited, having become a ubiquitous feature of academic writing on globalization (e.g. Castells 1996; Short & Kim 1999), urban studies (Hill & Feagin 1987; Feagin 1988; Phillips 1996; Murray & Perrera 1996) and the global economy (e.g. Ward 1994; Knox & Taylor 1995; Dicken 1998). Furthermore, the idea of the global city is now firmly embedded in policy discourses concerned with urban planning, regional and national economies and even social inequality (Fisher & Kling 1993; Eade 1997; Isin 2000). The global city 'thesis' has become a central tenet of contemporary urban studies and is perceived by many to be a fundamental theoretical building block in theorising and understanding globalization as a phenomena more generally (Holton 1998; Beck 1999; Lechner & Boli 2000; Beynon & Dunkerley 2000). Recently, Sassen herself has published a second edition of *The Global City* (2001), extending and developing her original arguments and building a more encompassing theoretical argument about the nature of cities in the contemporary world.

Yet the proposition of this paper is that there has been little critical engagement in the literature with the epistemological foundations of the 'global city' as a concept. Since the publication of *The Global City*, the vast literature which has grown up in an attempt to theorise global cities has been remarkably unquestioning of the foundations of Sassen's thesis. Few contributors, perhaps save in part for Sassen herself (c.f. Sassen 1997; 2000), have engaged with the epistemological issues surrounding the global city concept, choosing rather to seek to develop more

sophisticated theoretical understandings of global cities (e.g. Castells 1996; Lo & Yeung 1998; Short & Kim 1999). Rather, the critical debate surrounding the global city thesis has largely focused on the how global cities might be better defined and which cities might be included in this categorisation (Abu-Lughod 1999; Taylor & Walker 2001). Elsewhere in the literature, the 'debate' around the global city thesis has taken the form of argument as to whether the global city concept is applicable to more than the few key centres than Sassen first suggested. More recent work has in this light argued that the global city might be better conceived as a network of globalised urban centres (Smith & Timberlake 1995; Savitch 1996) rather than being restricted to London, New York or Tokyo. Such arguments have been reflected in Sassen own refinement and development of her earlier arguments in the latest edition of *The Global City.*

My contention is that the nature of the critical response to theories of the global city or cities has been too narrow in epistemological scope. In this paper, I want to make a different kind of contribution to the global city debate, and one that is far more questioning of the underlying tenets and assumptions encapsulated in Sassen's and others' arguments. Crucially, the central argument is that there has been too little critical thought given to the limitations of the 'global city thesis' as a whole. Urban theorists, geographers and other social scientists have largely accepted the thesis in so far as the literature implicitly accepts the cornerstones of Sassen's definition of the global city: that global cities are key command and control points in the global economy, that they are the key location for transnational corporate head-offices, the location of specialised producer services and also the primary markets for these specialised services and financial products (see Sassen 2001: 3-11). It is these key definitional elements that are the focus of the critical engagement here.

There are three interrelated critical prongs to this critique. In combination, all three call into question the utility of the 'global city thesis' as a framework for understanding and theorising economic activity in the contemporary global economy. This is not to argue that Sassen's thesis is somehow 'wrong', nor that it is not a helpful and insightful theoretical perspective to make use of in certain debates. From an urban studies perspective, for example, there can be little doubt of the importance and utility of Sassen's arguments to policy makers tackling questions of social restructuring and transformation in large cities. Rather, my suggestion is that the 'global city thesis' is misleading and limiting when it is used – as it has - to construct theories of the contemporary world economy in general, and the nature of transnational business activity more specifically. In that sense, although relevant to some debates within urban studies, the 'global city thesis' / approach is not the most useful framework for those who wish to better theorise the global economy.

The first prong to my critique rests with the contention is that the 'global city thesis' is founded in a restrictive spatial epistemology of place. The concept of the global city imbues places and spaces with indirect agency in a way that obfuscates where, in particular, corporate power and control are *located* in the global economy. Indeed, the issue of *location* is a central epistemological problem. In constructing the global city network as the controlling 'mesh' of urban centres, power in the global economy is often measured and implicitly assumed to be *contained* in corporate head or key branch offices. This is a problematic approach to theorising power and control in the global economy since the physical spaces of head office, whilst (in part) the spatial setting for the operationalization of corporate power, do not contain corporate power. Head offices are the location in which key decision-making social actors make decisions and carry out a series of managerial business practices that constitute

command and control functions. However, the physical location is to all intents and purposes an arbitrary physical context in which these practices take place in so far that the social actors involved are the primary agents of power, not the spaces and places in which they are situated. Thus, my argument is that the place or location of command and control functions is not a good epistemological focus for theories of the global economy. To understand the nature of transnational corporate power and control, building theories around a spatially-centred epistemology of place/ location is unproductive. Rather, there needs to be a theoretical emphasis on the nature of the social practices that constitute transnational corporate power, along with the organizational and institutional context in which these practices occur. In that sense, two of Sassen's key definitional aspects to the global city – as locations of head office and command and control functions - are not in fact, as a consequence of their emphasis on *location*, useful in helping to understanding the global economy.

Second, and following on from this, as well as questioning the utility of place-based theory of power in the global economy (urban centres, head-offices), I also want to suggest that the idea of *centralised* 'global management' - of command and control functions - in transnational producer service firms is itself questionable. Drawing on research into the nature of transnational managerial power and control in two of the sectors that Sassen's identifies as definitional features of the global city – investment banking and management consultancy – I argue that power and control in transnational business activity needs to be understood in much more spatially *diffused* terms. Rather, as the second extract from an interview with a senior manager in a leading UK investment bank indicates, I suggest that power and control in transnational producer service firms emerges and is wielded throughout the wider context of transnational business activity. Transnational control might therefore be

better understood as a much more *diffuse* concept, spread between a decentralised network of social actors across the transnational context of producer service TNCs. As a consequence, it is inaccurate and restrictive to represent the control functions of TNCs as being limited exclusively to the urban spaces of global cities.

Third, the outcome of these two preceding critical points is to argue that in constructing theories of corporate power in the contemporary global economy a more useful epistemological framework is one which focuses on the nature of networked social practices of corporate power and managerial control rather than the space, place and location. Global cities may be the locations of head office Board rooms, and they may be the locational base of senior management *per se*, but these kinds of indicators provide little insight into the nature of corporate power in the global economy. Thus, I will develop a different epistemological approach towards theorising transnational corporate power that centres around the idea of the *transnational social context* of command and control functions in transnational firms.

The rest of the paper develops these arguments in depth through a series of sequential steps. In the next section, I expand my critique of the global city concept as it stands in the existing social scientific, geographical and urban studies literature in order to elaborate the basis for my critique. In engaging with the work of Sassen and others, I outline – in the concept of *transnational social context* - an alternative approach to theorising power and control in the contemporary global economy that draws on the legacy of 'actor-network theory'. The third section then seeks to support my contentions concerning the nature of transnational corporate power by presenting qualitative research with senior business managers in investment banks and management consultancy firms. Based on over forty-five in-depth interviews, I examine two interrelated features of corporate power-control in contemporary

producer service TNCs. This third section discusses the first feature: the formation, operation and function of management hierarchies in these transnational producer service firms. The research presented here reveals how management hierarchies and systems in transnational investment banks and management consultancy firms do not correspond to highly centralised systems of control centred around head-offices in the global city. Rather, what emerges from the interview-based research is a partially decentralised and more diffuse structure of command and control than is supposed in the conventional 'global city thesis'.

The fourth section then goes on to discuss the second feature of transnational corporate command and control in these business service sectors: the actualization of power and control through a range of social practices across the TNC's transnational context. The research presented is concerned with the social practices and interpersonal relationships that I argue constitute managerial power within the transnational firm. In that way, it offers an insight into how command and control functions are diffused through the *transnational social context* of the firm in a manner which is not strongly related to physical locations and places. Thus, the research in this section reinforces the argument for a different epistemological approach to understanding the nature of corporate power in the global economy from that developed in a global city approach.

Finally, the fifth part of the paper draws out some conclusions from the research and discusses implications for the future direction of the global city debate and research into power and control in the global economy.

2 THE GLOBAL CITY AS A KEY LOCATION FOR COMMAND AND CONTROL?

> I want to focus on…the practice of global control: the work of producing and reproducing the organization and management of a global production system and a global marketplace for finance. My focus is not on power, but on production: the production of those inputs that constitute the capability for global control… (Sassen 2001: 6)

The idea of the global city as a key location of 'command and control' is now well-versed amongst human geographers (Daniels 1993; Taylor & Walker 2001; Beaverstock *et al* 2001; 2001b), urban theorists (Beauregard 1989; Llewelyn-Davies 1997) and other social scientists (Brotchie *et al* 1995; Short 1996; Oncu & Weyland 1997). In the decade since Sassen wrote *The Global City*, the term has become common conceptual currency in the social sciences. Sassen's arguments are widely accepted and form the basis for many arguments that range beyond theoretical debates from policy-oriented discussions about how city regions relate to each at the global scale to how policy makers should engage with global cities in the twenty-first century (c.f. HMSO 1991; Scott & Soja 1996; Soja 2000; DETR 2001).

In this section, I want to provide the basis for the wider arguments made by this paper concerning the way in which transnational corporations and their relationship to the global economy are understood. I will critically review the now-revised and extended arguments made by Sassen (2001) in the second edition of *The Global City* and by others in what might be called 'the global city' literature (e.g. Castells 1989; 1996; Lo & Yeung 1998; Short & Kim 1999). In so doing, I want to particularly focus on how the global city literature more generally has produced a

certain theoretical understanding of corporate power and control in today's transnational economy.

The outcome of this analysis is to argue that whilst Sassen's work continues to provide powerful insights into the relationship between cities and the transnationalization of business, there are problems and limitations with trying to understand and theorise power and control in transnational corporations through the 'global city' approach. The section goes on to argue that the global city approach puts an unhelpful emphasis on cities as spaces and places where power resides. I suggest that when it comes to considering where power resides and how that power is wielded in the contemporary global economy, an approach which centres on the firm and organization is a far more productive epistemological stance than one based in place or location. Such a proposition remains intrinsically, although not exclusively, *spatial* in how it seeks to understand transnational corporate power, yet it in theorising command and control through a contextualised concept of transnational relational social networks it moves away from limiting theories centred on the static and 'de-peopled' concepts of place and location. I will expand these arguments as I now turn to examine the global city literature and its understanding of transnational corporate power in more detail.

Sassen's evolving 'global city thesis'

In the first edition of *The Global City,* Sassen argued that three cities – London, New York, Tokyo – had risen to dominance in the global economy during the 1980s. They represent the most important cities on the globe since they reside at the top of the global urban hierarchy. Her contribution, in this sense, combines and develops earlier

strands of a debate going on in urban studies about the nature, function and relative importance of different cities around the world. Sassen merges two key strands of this debate. Firstly, there is the concept of 'world cities' (Hall 1983; Friedmann 1986; Sachar 1990; Knox 1995; Simon 1995) which developed in urban theory since the 1960s where certain cities were appreciated to be increasingly globally interlinked and interrelated in terms of the activities going on within them and the functions they were performing. Second is the idea of a global urban hierarchy (Hymer 1976; Dogan & Kasarda 1988; Friedmann 1995) which developed arguments concerning the relative significance of different urban centres in relation to each other; that is, that some cities are more important to global society and economy than others.

Sassen focuses on cities that she sees as existing at the 'top' of the contemporary urban hierarchy. In the first edition of *The Global City* (1991), her contribution to the existing debate was to propose that London, New York and Tokyo can, and should be, differentiated from other cities in terms of the new and unique functions they have come to fulfil in the world economy. The core of this distinct 'global city function' is fourfold: to act as highly concentrated command points in the world economy; as key locations of finance and specialised service firms; as sites of advanced service production and innovation and as markets for these kind of service products (ibid.: 2-5). In effect, it is the location of high-order financial and service activities in these cities that warrants their key significance and labelling as 'global' cities.

Of course, within the global city literature this is now a very well-rehearsed argument. Subsequent researchers have sought to reinforce this view of the top global cities with data throughout the 1990s confirming the apparent primacy of London, New York, Tokyo and perhaps a few other cities (such as Los Angeles, Frankfurt, etc)

in these specialist functions (c.f. Pryke 1991; Daniels 1993; Pryke & Lee 1996; Short & Kim 1999; Soja 2000). A decade after Sassen first proposed this argument, and in response to critical engagement, the second edition on *The Global City* (2001) develops, refines and extends 'the global city thesis'. Originally centred around the function of London, New York and Tokyo, the 'global city thesis' becomes the 'global city model': a more wide-ranging theory of - to varying degrees - the nature of *all* cities in the contemporary, increasingly globalized, world economy. Sassen suggests seven major elements to this revised model that I think can be summarised into four strands of argument.

First, Sassen argues that 'the geographic dispersal of economic activities that marks globalization' along with the 'simultaneous integration' of these geographically-dispersed activities is a key factor leading to the growing importance of central corporate functions in global cities. Thus, the more dispersed a firm's operations across different countries becomes, then the more complex and strategic its central functions become – that is managing, co-ordinating, servicing and financing a firm's network of operations' (Sassen 2001.: xx). These functions 'become so complex that increasingly the headquarters of large global firms outsource them', buying a share of their central functions from an outsourced highly-specialised service firm'. Those firms engaged in these highly specialized functions 'are subject to agglomeration economies' – that is they need the 'extremely intense and dense information loop' of the global city to operate effectively. This is the driving force behind the agglomeration of specialised high order business functions in global cities.

Second, Sassen refines her earlier measurement of 'global city-ness' - the numbers of corporate headquarters - by suggesting that it is the *presence* of the highly specialised producer service sector in a city, rather than corporate headquarters *per se*,

that specifies the distinctiveness of a global city. She argues that central functions are becoming so complex that increasingly TNCs out-source them to specialist service firms - this might permit other locations for head-offices outside key urban centres where a high degree of specialized out-sourcing occurs (ibid.: xx).

Third, 'these specialized service firms provide a global service which increasingly means a global network of affiliates or partnerships' (ibid.: xxi). This has bound the global urban system more tightly together and Sassen suggests might represent the beginning of the formation of transnational urban systems' (ibid.). The implication is that rather than corresponding to a few cities, 'there is no such entity as a single global city' (ibid.: xxi) – global cities draw their importance from their linkages in the transnational urban network.

The fourth major strand to the revised global city model is concerned with the implications that 'global city-ness' has for the social and physical fabric of cities. Reiterating her insight from the first edition, Sassen argues that 'the growing numbers of high level professionals and high-profit making specialized service firms' raises 'the degree of spatial and socio-economic inequality evident in these cities' (ibid.: xxi) As economies become more and more 'informationalized', high level professionals - because of their crucial input into specialized services - therefore command increasingly high financial rewards. Workers without those talents suffer as there non-informational skills become less valued. This empirically-supported work on the polarisation of the social structure of global cities has been important and widely influential in framing urban policy questions in large cities in the last decade, and it is not the focus of my critical discussion here.

Rather, I want to engage with the epistemological nature of the criteria themselves in relation to the arguments made about the economic function of global

cities in the world economy. Central to this aspect of the global city thesis, and as the extract cited at the start of the section describes, Sassen is concerned to theorise 'the practice of global control' itself. This is defined as 'the work of producing and reproducing the organization and management of a global production system' (Sassen 2001: 6) but Sassen states that she is 'not interested in power but on production: the production of those inputs that constitute the capability for global control' (ibid.: 6). The reason for this, simply put, is that Sassen argues theories of the world economy can not be adequately developed by focusing discussion solely on the power of transnational corporations. In *The Global City* she is arguing that it is better to focus on urban centres as marketplaces and production sites rather than exclusively on large corporations and banks (ibid.: 7). To continue to focus on TNCs and banks means to 'limit attention to their formal power, rather than examining the wide array of economic activities, many outside the corporation, needed to produce and reproduce that power' (ibid.: 7). The solution to these perceived problems in focusing on corporations, in Sassen's line of argument, is thus to reconfigure the debate to the power (re)producing within key urban spaces. In this way can all of those complex cross-organizational interrelationships be better captured.

This seems a logical line of argument. There is more to power and control in the global economy than the relatively few people who sit at the top of global corporations. However, my problem with this position is the direction in which over the last decade this debate has moved. Since the first edition of *The Global City,* I want to suggest that the place-centred epistemology which this key text develops has become a dominant and widespread paradigm for understanding the transnational world economy. Cities and city-regions have come to be understood as the 'driving forces' in economic globalization (Lo & Yeung 1998). An extensive literature has, for

example, examined the impacts of globalization on urban form around the world (e.g. Fujita & Hill 1993; Duffy 1995; Keeling 1996; Abu-Lughod 1999; Baum 1999), the growing interlinkages between urban centres in an age of globalization (Castells 1996; Borja & Castells 1997; Beaverstock *et al* 2000) and the differential functions of different cities in controlling global economic activity (Zukin 1991; Corbridge *et al* 1994; Knox & Taylor 1995). Sassen's original argument for terming London, New York and Tokyo 'global cities' has been extended in the literature to a more generic (if ill-defined) term for many cities in the contemporary world (c.f. Allen & Hamnett 1995; Castells 1996; Lo & Yeung 1998).

It might be argued that recent contributions within urban studies have led Sassen to develop this more sophisticated and nuanced theorisation of the 'global city' idea. For example, one of the leading shifts has been championed by Manuel Castells (1996) who argues in his influential trilogy on the information society that the world economy is now controlled through a 'network of global cities' that span the face of the planet. Sassen herself moves in this direction in the second edition, utilising the network-based arguments of Castells and others (Castells 1996; Short & Kim 1999) when she argues that 'there is no single entity as a single global city' (ibid.: 4). Rather, 'global cities' must 'inevitably engage with each other in fulfilling their functions, as the new forms of growth seen in these cities are a result of these networks of cities' (ibid.: 4). In Castells' terms, these are 'informational nodes' where the global economy is operationalized. Similarly, elsewhere in the literature (Savitch 1996; Llewelyn-Davies 1997; Short & Kim 1999; Taylor & Walker 2000), there appears to be a growing consensus that all cities are 'global cities' to some extent as they are drawn into the global network of flows. Certainly, many acknowledge the existence of some kind of urban hierarchy – some global cities are obviously more

important than others – but cities around the world at the start of the 21st century are increasingly understood to be 'globalised' or 'globalizing', if not already global.

In sum, the global city debate has moved in the last decade from a relatively narrow focus on a few leading urban centres to a wider model of the changing functions of cities in a globalizing world economy increasingly dominated by informationalized economic activity. Sassen's conclusion is that 'increased globalization along with continued concentration in economic control has given major cities a key role in the management and control of a global network (Sassen 2001: 330). Although affirming their continuing dominance of the global urban hierarchy, she no longer restricts these arguments to London, New York and Tokyo. Yet what remains important for Sassen is the 'place-ness' of global cities. She disagrees with Castells that the global city is not a place but a network arguing that 'global cities are places but they are so in terms of their functions in specific, often highly-specialized networks' (ibid.: 350). They are then the places where command and control in the global economy is produced and wielded. The global city is thus a 'strategic space where global processes materialize in national territories and global dynamics run through national institutional arrangements' (ibid.: 347).

It is this place-based epistemological foundation to the global city model which represents my point of critical entry, and it is to the limitations of such an approach that I will now turn.

Beyond a place-based epistemology: transnational social context

My critique of this theoretical discourse stems back all the way to Sassen's decade old contention that what is important is the 'practice of global control'. The key argument is that the global city model fails to get to grips with theorising *power* in the

contemporary world economy because it is, in fact, not engaging with the *practices of global control* at all. Understanding that cities and city-regions are networked and interlinked in the world economy is valuable but it really has little theoretical traction when it comes to understanding the nature of power in the transnational economy. Furthermore – and this is perhaps the crux of the issue – the whole global city debate is unnecessarily focused on urban places and spaces at the expense of transnational firms and most especially key social actors. Sassen makes an important beginning, in my view, in identifying the need (a decade ago) for theorists of the world economy to broaden their approach into understanding the production of power. However, the first edition of *The Global City* itself only *identified* this issue and had led to a debate that is too focused on urban spaces *per se.* Ironically, ten years later, I want to come full circle on Sassen's contention and suggest that the debate about the nature of power and control in the transnational economy is now far *too little* concerned with corporations.

Yet this is not to return to the kind of position Sassen is justifiably critical of in *The Global City*. In arguing for an approach to power in the global economy that centres around an epistemology of the transnational organization, I do not think there has been enough consideration of what is going on *within* transnational firms. In particular, in order to understand the *production* of global economic power, I am suggesting there needs to be a focus on key social actors who wield significant power in these companies. In this sense, therefore, the global city literature fails to adequately capture the nature of power in the global economy. This view is similar to the kind of point Paul Krugman was making when he argued, in response to the urban-regional competition debate within an economic literature (e.g. Saxenian 1994; Oakley 1998), that states and regions don't compete - firms do. (Krugman 1996: p3-

23). I think the same point applies to the way which cities are conceptualised in these theoretical arguments. Global or globalizing cities are the locations of head office, key branch offices, key business actors and so on. However, in terms of understanding how power operates in the global economy, who wields it and what is likely to happen in the future, then my argument is that an urban-centred theoretical approach is of little use.

This brings me to expand my argument for an alternative epistemological approach, centred on the concept of *transnational social context*. In arguing for a epistemology grounded on the TNC as an organizational context through which to theorise power and control in the global economy, I draw upon the insights and legacy of what can be loosely described as actor-network theory (Law 1999). This approach has been developed over the last twenty years, initially within sociology, and has recently found favour amongst those seeking to overcome the limitations of modernist social science's systemic and structuralist epistemology (Latour 1988; Law 1991). Drawing on a legacy of what can be loosely described as 'post-modern' philosophical thought, actor-network theory (ANT) has sought to break down conventional conceptual dualities in social scientific theory: for example, structure / agency, human / non-human and nature / society (Latour 1993; Law 1994). The impact of this approach has been substantial in leading to a questioning of how theoretical concepts are constructed and how agency, action and power are theorised (Thrift 1996; Murdoch 1997; Thrift & Leyshon 1997). Critical discussion of this approach and its implementation now spans a literature across several social science disciplines (Latour 1997; Murdoch 1998; Law & Hassard 1999) and my purpose here is not once more to rehearse these arguments in full. Rather, I want to identify three themes that derive largely (but not exclusively) from ANT and which form what I suggest is a

productive framework for re-theorising power and control in the global economy through the concept of *transnational social context*.

First, I propose to conceptualise command and control in global economic activity through the metaphor of the network as often implemented in ANT. This differs from the line taken by Castells and others insofar as viewing the practice of control as emerging as a consequence of a *relational* network of actors within the organizational context. It is not a matter of theorising social actors (senior managers) *in place* but as related to each other in a network of practice, the operation of which leads to the emergent property of organizational control. Social actors are clearly the focus of this control network but, as the research discussed presently will explore, power and control is a phenomena that derives from the relational practices of multiple actors in the network. It is not a property that individuals 'possess' in separation from others, nor is it practice that is contained in a place. This is not to suggest there is not a spatial or physical dimension to transnational social context, but the concept itself transcends space/place as a practice.

Second, and following from this relational conception of power, *transnational social context* takes account of ANT's insights into the role of non-human actors in constituting agency. The context of transnational power and control is therefore conceptualised as again relationally bound into the non-human and physical and technological aspects of the practices of global control. Informational technologies and the physical spaces of corporate headquarters mediate the social practices of control and themselves form part of the network of relations that constitute the production of power itself. In that sense, *transnational social context* presents a path beyond the rather reductionist understanding of global corporate power that arises from the global city model. Cities and office spaces located there are important

aspects of the context in which global corporate control becomes embodied, but it is not *necessarily* place or location that should be the key element of conceptualising global corporate power. In that sense, I see the idea of a *global urban hierarchy* as an unhelpful framework – cities are not important *per se* but only as part of the context that contributes towards the constitution of global economic power. Furthermore, in the relational network framework for theorising *transnational social context*, I would argue that the focus needs to centre on people rather than places in the relational network of command and control. Cities and offices are relevant, but people are more important objects of theory because they are relatively more powerful sources of change in shaping global corporations than the physical contexts in which they work.

Third, and finally, the outcome of these preceding aspects to the concept of *transnational social context* is to shift the epistemological emphasis from a place-space framework to the more robust and sophisticated concept of *context* – more sophisticated because it enables the theorist to understand the interrelations between social and other 'actors' in the constitution of global corporate control. Context is more than place and as I now want to argue in relation to TNCs, place provides a relatively impoverished conception of command and control because it weds social practices to locations. In that sense, it calls into question the very validity of 'reading off' power from location not because command and control functions do not (in part) occur in the physical environment of global cities, but because knowing and theorising this tells us little about the *nature* of that power. This is where the global city concept has gone astray insofar as it has become embedded around the notion of the *significance of certain cities* in the global economy because of *their* functions. My approach contends that this really only skims the surfaces: it is not the cities that are by themselves important at all. Rather they represent one element (and not the most

theoretically significant) of the relational nexus that constitutes transnational corporate power.

To illustrate these arguments, the next part of the paper will thus explore how one of the key tenet's of Sassen's original 'global city thesis' is in fact misconceived. The research presented examines precisely what Sassen suggested is a crucial defining element of what a global city is: 'the operation of command and control functions'. The global city idea is premised on the notion that cities such as London are the 'key location' for such functions. The research I present, to a considerable extent, unravels this idea to suggest that command and control in today's global economy is not so easily pinned down to certain urban locations or places. However, it should be emphasised that I am not arguing that the 'global city thesis' is somehow 'wrong' but rather that it is in certain respects simply not very useful for understanding and theorising the global economy.

To understand this argument in greater depth, I want to now turn to consider detailed qualitative research into some of the key specialist and financial service sectors that the global city thesis rests upon.

3 DIFFUSE MANAGEMENT: POWER AND CONTROL IN TRANSNATIONAL SERVICE FIRMS

The key argument of this paper is that control functions, manifest in the operation of the 'management hierarchy' in these transnational firms, have not become more concentrated and centralized in head offices to the extent that the 'global city thesis' conveys. The basis for this argument originates from qualitative research into the nature of transnational business activity that was conducted between autumn 1998 and spring 2000. The research consists of depth interviews with forty-eight (mainly)

senior managers based in the principal offices of investment banks and management consultancy[1] firms located in London and New York. These interviews investigated a range of issues concerning the way in which these industries conducted transnational business activity including global organizational structure, the social practices of 'doing' business at the global scale, the significance of client relationships and the role that international travel and IT plays in running transnational firms. The interviews ranged in length from forty-five to ninety minutes and were recorded and then later transcribed. Whilst this research was conducted on the basis of assured anonymity for the individuals and firms involved, Figures 1 and 2 shows the numbers of managers interviewed by firm and sectors, according to which city they were based in. The firms are classified on a national origin basis.

There are four common themes relating to the nature of power and control in transnational investment banks and consultancy firms that arose from analysis of the transcripts that are relevant to the arguments of this paper. Firstly, I want to consider the way in which senior business managers explained the role of 'head offices' in relation to global managerial strategy. The key common argument to emerge is that senior managers perceived 'global corporate control' as a much more diffuse concept than a simple centralised management structure run out of the London, Tokyo or New York head-office. Head-offices are thus the physical base for senior management but managerial decision-making is a relational practice that is effectively shared across a

[1] I use the term 'management consultancy' as a generic description of the business service firms included in the study. Some firms are in fact more specialised 'strategy consultancies', and would describe themselves as such. However, for the purposes of the arguments made here, both management and strategy firms are providing similar kinds of high-order specialised business service.

network of managers located across the firm's transnational office network. One Managing Director explained it in this way:

> Essentially individual centres act very much on their own initiative. We encourage quite a high degree of autonomy in the different centres, encouraging local management to use their local skills optimally. And that's proved very successful… it requires a good degree of understanding and co-operation between the global management team. In fact, philosophically I think the company is quite keen not to create rigid lines of responsibility amongst that team…
>
> (Managing Director, Global Head of Money Markets, UK Bank2, London)

In this investment bank, control functions are shared between a group of managers in different offices in different locations around the globe. In that sense, therefore, my argument is that the notion of centralised command and control in head offices is a crude generalisation that is in fact misplaced. An epistemological perspective centred around the social context of management practice reveals a more diffused network of power constituted through a global managerial network. Rather than being invested solely in a few senior managers located in the head office, the constitution of power across the network emerges clearly from the comments of another senior management consultant discussing his firm's approach to global management:

> No, we make group decisions that I steer. And 'cos there's a hierarchy driven by me… and we try to manage the conflict in our different perspectives. And if there is a conflict, then that's when it gets raised to the top. So the Head of Asia will call me and say, 'Look, we've got a problem

> in Taiwan. My guys see an opportunity, your guys don't and I can't get resources. What's the story?' I'll look into it and come back and say I've been persuaded to put resources in, or I haven't. Or I cast my veto and we don't do it…. So management is more than just me even if I run it.
>
> (Managing Director, Equities and New Issues, UKBank1, London)

Power is thus a phenomenon that arises as a consequence of the solidification of a transnational network of decision-makers who act in concord to take key strategic and managerial decisions. Command functions in this sense do not exclusively 'occur' in any meaningful way within global city spaces – head office boardrooms, meeting rooms – but are ongoing dynamics of social interactions between different groups of social actors who are physically both mobile and scattered. Physical spaces provide one element of *transnational social context* of a global control in that meetings clearly take place *somewhere* but the point is that location is not the most important aspect of this context.

> I mean it's not always here in New York [meeting of senior management]. It would usually be here for that meeting, but a lot of decisions are made elsewhere when I'm… or one of the other committee guys – go to meet with the local office people. That's where you get to grips with the issues, you see…so I guess a lot of decisions get taken after a meeting somewhere else…
>
> (Partner, USConsultancy1, New York)

This is not to suggest that key decision-makers do not spend a lot of time in head-offices, or that key strategic control meetings are not concentrated in these physical

environments. However, to use physical locations as an epistemological framework for theorising command and control is to a large extent arbitrary and obfuscates the socially-constituted complexity of managerial power within the transnational firm. Key decisions could, and no doubt are, often made in the meeting rooms increasingly provided at international airport hotels or even - I was told by one respondent - in the first class lounge of a jet air-liner (Senior Partner, US Consultancy2, New York).

This leads to a second theme that arose from my research. Thus far I have suggested that transnational corporate power and control in investment banks and management consultancies is better understood as constituted through a transnational (social) network of management actors. The interviews supported this theoretical perspective further when I explored the nature of 'group' decision making processes in the transnational firm. A number of respondents told me that in their firms, although senior managers are often based in the head office, the nature of producer service business activity necessitates that he (or she)[2] bases decisions on the opinion of a number of other managers.

> These guys who run the Secondary Equity Business, who run a flow business have to have an awful lot of day-to-day control and they do spend a lot of time running around the whole company talking to their people about what's going on – people who work for them and other managers

[2] My contact snowball of respondents only had four women in forty-eight respondents which, debates about the nature of the sample notwithstanding, I think was not surprising and reflects the few women at a senior managerial level in both the producer service industries where I conducted interviews (McDowell and Court 1994a; McDowell 1997)

> about related bits of the business. So they'll be talking about what systems are in place, what checks and balances are going on. And they'll meet and they'll talk a lot more frequently than I will about issues and pressure points and..er..risk factors and so on. And they do run around a lot more than I tend to but that helps us as a group to co-ordinate better…
>
> (Managing Director, EuroBank2, London)

Senior managers act as managerial 'team leaders' (Senior Manager, USBank3, New York) in the transnational context, rather than dictating top-down decisions from a head office location. Furthermore, quite often this appears to involve leaving a decision to autonomous managers in the relevant region or product division:

> What we have here is kind of a scaled-down version. We say we have global guys in charge, and call these global managed businesses, but in terms of the setup in reality, these are pretty much regional businesses. The guys in the regional offices have a lot of say and will have to make decisions on the basis of their viewpoints Erm... so that's in a nutshell a kind of globalization of management if you like ...
>
> (Executive Director, Equities, Swaps and Derivatives, EuroBank2, London)

As this Managing Director explains, a lot of the time his control function is mediated and negotiated through the managers immediately below him in the hierarchy who are in charge of a given office or product. The Director sitting in London is not in a position to exercise direct control of much of, for example, his Taiwanese office's activities because he is not briefed enough to know the full circumstances. He relies on managers beneath him to actively broker and negotiate control decisions.

The implication of this is that these transnational firms have more 'diffuse' management control systems than the image of centralised control in global city head offices. This is the third theme I want to draw out from the research data. Centralisation exists as far as senior managers with global responsibility' (General Manager, Industrial Bank of Japan, New York) are located in head offices that have been moved to key urban centres. Decisions may be nominally taken from that physical location, but the actual *practice* of control is something constituted through the collective activities of management groups scattered throughout the firm's *transnational social context* - that is the nexus of physical locations, socio-cultural relations, organizational, technological and institutional forms which form the *context* of a companies global business operations. Power is this sense is diffused through a network of people, places and other aspects of the organization:

> It's sort of a hierarchy but part of that structure is the importance of your people once you get down to the basic desk head level. We are continuously in London time talking to Tokyo, Singapore, and at the end of the day New York. Talking to these guys. Asking them what's happening, what they think… so it is truly a global matrix of management.
> (Managing Director, Equities, EuroBank3, London)

Even at the level of division heads in these companies, global managerial control is something that emerges from the inputs of multiple senior managers, not all of them located in head-offices. Control functions were not left down to one person, even if that person was a Director:

> We have essentially an executive committee of ten people who either have product responsibility or responsibility for a geography… that creates a matrix of product and geographic responsibilities which essentially means there are several perspectives on most problems and so you get a balanced set of strategies…
>
> (Global Head of Money Markets, UKBank1, London)

Fourth, the research suggested that the exact nature of diffuse management in these transnational firms varies between companies and sectors. Overall, the interviews as a whole support the suggestion that the situation in management consultancy is similar but, if anything, more diffuse in terms of global corporate power than in the investment banks. In US Consultancy1[3], Partners in the company acted as autonomous line managers who both organized the acquisition of new business contracts and ran these operations. They are overseen by 'Global Partners' and a centralised 'risk management' strategy, but in terms of specific contracts, 'even the large ones' (Partner, UKConsultancy2, London), Partners made the bulk of decisions. I was told a similar story by several other senior consultants:

> Well, every job we do is led by a local Partner. They are fairly autonomous, and we have to trust our Partners. But given that they are only people, some are better than others, so we do spend a lot of money on our quality-control checks…and every Partner on a job of any size will be reporting back to a Risk Partner and a Global Partner in our regional head office.
>
> (Managing Partner, USConsultancy3, London)

These Partners in USConsultancy3 are of course scattered throughout the firms transnational office network and so in that sense, consultancy represents a producer service industry where control functions, rather than being strongly centralised, are actually diffused throughout the organizational structure. The degree of this managerial diffusion appears to be greater than in the investment banking sector where key sectors of banks' business can operate and be managed on a centralised global basis – money market trading, for example. In consultancy, the Partner-based organizational structure of many major consultancy firms, combined with the even greater prevalence of project-centred work for clients, facilitates even more diffuse forms of management than is possible in investment banking.

To summarise, therefore, Sassen's thesis is right to point to head-office centralisation but it overstates the nature of control functions being carried out by, in this case, investment banking and consultancy firm head offices. Head office control in both of the business service sectors where I carried out research tends to be mostly of a very high order form in terms of the organization's operations - for example, global risk management or 'global business strategy' in terms of which industrial sectors the firm is seeking to win new business. The actual day-to-day revenue generating activities of these business and financial service firms are, however, largely and quite autonomously controlled by managers in 'local' branch offices.

4 THE PRACTICE OF TRANSNATIONAL MANAGERIAL POWER

If the idea of a strong centralised 'global' management is a misrepresentation in these business service TNCs, then where exactly does strategic power reside in these firms? To expand this concept of *diffuse management*, I now want to consider in more depth how managerial power is actually practiced and implemented across the transnational organization.

There are three main arguments I want to make in this regard. First, strategic and managerial power in these transnational service firms is constituted through a number of levels of the management hierarchy at a transnational scale. That is to say that strategic control is spread through the organization in a way which does not necessitate the 'centre' being heavily involved in individual business decisions. Senior managers located in head offices do, of course, have enormous potential power but that this power is normally diffused through the transnational management hierarchy. For example, in many of the banks and consultancy firms I interviewed in, I was told that overall 'global corporate strategy' was set by (beneath Board level) 'global management committees':

> Every year, a budget is put together, which is reviewed by the Management Committee…but at a strategic level, that management committee will talk about various decisions, but in the business management perspective it is decentralised down to the front-line products and the geographies.
> (Managing Director, Equities and New Issues, UKBank1, London)

> We have a group of Partners in each of the major sectors of the business who meet regularly to talk about where that part of the business is going…and how successful this has been…erm…and they feed ideas back

> to other Partners who are courting new business. So our general strategy is informed by these meetings between the people close to the business…
> (Senior Partner, USConsultancy4, New York)

In this sense, financial power is negotiated and wielded by senior management from a centralized perspective. Yet, as this Director explains, the market context of investment banking is such that there is no written strategy for the company. Global corporate strategy is a negotiated and fluid phenomenon that emerges, in the words of another manager, 'from a continual process of discussion at our monthly committee meetings' (Managing Director, Global Head of Financial Markets, UKBank3, London). The financial power that senior management wields therefore is mediated through the information and knowledge that line managers can provide:

> So global strategy is all very well, but it's really the guys with their ears to the ground who know what you should be doing. Certainly in a global firm. I can't know how the Japanese market is going medium term - or not more than partially, any case. I'd need Jo Bloggs who sits in Tokyo… and he can certainly change strategy, yes. So it's a two way thing to some extent…
> (Chief Executive, UK Professional Association1, London)

The exercise of strategic power is, therefore, something which arises through the managerial network. Senior managers based in head offices (although they may spend a lot time not *there*) are the people who, at the end of the day, make a decision, but there is a considerable degree of influence held by junior managers who are actively engaged in business activity. In that sense, contrary to the image of centralised power

somehow ‘held’ in transnational head offices, strategic power is diffused through a transnational network of managerial actors.

This relates to my second argument. Where senior managers do exercise ‘centralized’ power in these transnational firms, it tends to be at the ‘global scale’ - to use an expression that was common amongst my respondents. They may not directly intervene in the day-to-day running of businesses by line managers in a given country or region, but their interventive power becomes apparent at the level of transnational corporate strategy:

> Our world-wide managing director… may get involved to arbitrate or because he sees something in any particular country which that particular country cannot see because he has the overview. There was a situation last month like that… So he was able to add value, to bring global perspective and as a result, we have put additional resources onto that.
>
> (Managing Partner, USConsultancy3, London)

The key element of ‘central’ power is the role of ‘transnational overview’. This senior manager has power in terms of dictating what ‘the wider picture’ is beyond a given national context, and he is also the mediator who resolves conflicts that arise lower down in the managerial hierarchy.

Such a ‘mediating’ role for senior managers, in the view of many respondents in both investment banks and consultancy firms, is important in trying to align ‘local’ business dealings with a firm’s wider ‘global objectives’ (Partner, USConsultancy4, London) or ‘strategy’ overall. Senior managers based in head offices or regional key branch offices thus wield executive power in terms of deciding whether specific business activities and deals or areas of the business ‘fit the companies wider goals

and objectives in the global marketplace' (Managing Director, Corporate Finance, USBank3, New York). In that sense, strategic decision-making is a composite process of negotiation between informed 'local' managers and social actors, and 'global' senior managers who assess whether specific parts of the business are sufficiently compatible and acceptable to the firm as a whole:

> Probably two thirds of my time is making sure each deal is either originated, being done, controlled to a standard that we feel comfortable with. That this deal or that deal fits into our wider strategy. On the other hand, its also making sure that its not Coca-Cola, that the guys have initiative, that they feel they can develop a product, trying with a light hand to make sure those permanencies are there. Too much interference upsets the balance, you see and you can't always right them if things aren't working because it's too sensitive… think local, reach global – is what I have to do.
>
> (Director, Capital Markets, UKBank4, London)

This Director sees his role therefore ensuring some degree of standardisation whilst also permitting the 'local' managerial independence necessary to compete in different markets around the globe. The practical side of this function in terms of managerial 'practice' is that senior managers in both service sectors, rather than wielding power from the global city head office, spent an (often substantial) amount of time travelling. The practice of managerial control, whilst supported by and mediated through information technologies, relies heavily on direct social contact between managers at different levels:

> That's really what being a senior guy is all about. I spend most of my time on business trips. On a plane somewhere to have a meeting of regional heads, or meeting the man in Sydney who's running a project we're doing the moment in Australia. Or my counter-part in Los Angeles. You see…well, there's no IT system in the world that will change that. IT - email, video-conferencing, teleconferencing whatever - only helps you keep up to date. A lot of decisions are never made over the phone…
>
> (Senior Business Analyst, JapanBank2, New York)

As another Managing Director went on to emphasise, whilst IT assists the process of control, key decisions relied on senior managers flying out to branch office locations several times a year or more regularly than that. In the social science literature, the centrality of social relations as a factor behind the agglomeration of activity in global cities is widely cited, but my argument in light of this research, is that it is overly reductionist to regard head offices as the location of managerial power.

My final point, therefore, is that this transnational managerial power must *necessarily* be 'diffuse' in these advanced business service firms. I would suggest the reason for this is what Clark & O'Conner (1995) I think have termed the 'knowledge-density' of the products that these firms produce. A Managing Partner in a Consultancy firm described this very well:

> What we are as a firm if you cut through all the crap *[sic]*, is basically a huge knowledge engine. We absorb knowledge, spread it across 50,000 people and then take it to market anywhere in the world… and it is a management responsibility for trying to make this knowledge-engine's geographical structure operate in a unified way across different geographies

> …but no, I wouldn't be involved in the specifics. That's the role of the line managers on the ground.
>
> (Managing Partner, Public Utilities, USConsultancy2, London)

Both investment banks and management consultancies trade in knowledge and their products are highly 'information-dense'. This has consequences for power in these transnational organizations because this reliance on information dense products – a given consultants knowledge of a sector in South Asia, for example – *necessitates* that strategic control cannot be too centralised in the head office. A senior manager sat in London or New York can not take too strong a role in specific business deals around the globe because they do not (or it is unlikely) that they will have sufficient knowledge of any given deal. The consequence is that middle management is relatively empowered compared to a conventional management hierarchy model because it is the managers around the world who are 'on the ground' who are the ones who must be relied upon substantially to make strategically crucial decisions:

> It's the guys *[sic*] in the branch offices who really know what's happening. They are the ones who have their ears to the ground, if you like. Who know what the markets are doing, who know the local political circumstances, who hear the rumours and know the people involved and so on. And that really is invaluable… and it's why you can't do too much from New York or London or somewhere like that. Because you just don't know enough about what's going on in all those local centres…
>
> (Director, Capital Markets, UKBank4, London)

> Individual Partners and even MCs [management consultants] who are dealing with clients, who are providing the service… they have a lot of autonomy to follow a certain line of argument or take certain decisions…Making sure that process doesn't get out of sync with what the rest of the company is doing – that's the trick.
>
> (Senior Partner, USConsultancy1, New York)

As this last quotation describes, the knowledge-based nature of the products in investment banking and management consultancy dictates that managerial control cannot be too centralised. No senior manager can be that interventative in the specifics of a given deal because he or she simply cannot know enough about the deal's specific circumstances to make a well-enough informed decision. Command and control therefore, in these business service industries at least, is by its nature a negotiated, complex and diffuse process that arises through a relational network of (admittedly differently-significant) scattered social and non-human actors. Where service sector products are knowledge-based in this way, senior managers operating from head office locations are better understood as heading a network of people who have different inputs and a share of influence in the decision-making process. Globalized cities are thus better understood as places of more intense 'ordering' activities in these diffuse networks of command and control relations - important in the production of discourses and contexts that frame managerial decisions but in no simple way corresponding the 'location' of these functions.

5 CONCLUSIONS: THE MYTH OF 'GLOBAL MANAGEMENT' AND THE GLOBAL CITY MISCONCEIVED

The wider goal of this paper has been to critically engage with the way in which human geographers, urban theorists and other social scientists think about and theorise the contemporary global economy. In so doing, I have taken up a series of critical objections to the way in which the 'global city thesis' has been developed as a framework through which to do this. The outcome of this critique, grounded in the research I have presented, is to show how the 'global city thesis' is misconceived - at least insofar as it over-simplifies the nature of command and control in the very transnational firms that define these new urban forms as 'global'. The idea of centralised 'global management' where the world economy is run from a few key urban centres is an over-simplistic myth. In reality, as my exploration of corporate power within investment banks and management consultancies reveals, the nature of command and control is a far more complex and diffused process than the simple theoretical story of centralised control in the global city.

This was illustrated through the research into transnational producer service firms where power and control in the transnational context is not well theorised as being concentrated in a few head offices in certain urban centres. Contrary to the view expressed in much of the literature concerned with global cities (Sassen 1991; 2001; Knox & Taylor 1995; Castells 1996), I argued that there exists a more diffuse structure to transnational management functions. In the case of service sectors such as investment banking and management consultancy, this diffuse form of managerial control is entwined with the way in which managerial power is exercised in relation to the informational nature of producer service business. Furthermore, the informational nature of business activity in these sectors presents severe limitations on the degree to

which these transnational companies can ever truly ‘centralise’ command and control functions in the ways that writers such as Sassen discuss.

Certainly it is true that head offices are the physical bases for senior management – the key personnel who make strategic choices and oversee transnational business activities. However, the amount of direct interventative control they can and do exercise is in reality quite limited. This is a result of the ‘information dense’ nature of producer service business activity whose success depends on the quality of informational content. Key decisions are thus too embroiled in client relationships and localised knowledge for senior managers to take a strong interventionist approach from a head office perspective. Therefore, to understand how a significant majority of managerial decisions are made, theories need to be developed in the context of the transnational managerial hierarchy within these companies. Key control functions are often negotiated outcomes of group decisions, and the group is not generally just located in the head office. In that sense, it is more useful to describe transnational control as ‘diffuse hierarchical control’ as opposed to a more simplistic notion of centralization.

The outcome of these findings is to point to the limitations of the kind of epistemological approach encapsulated in the global city literature. I have argued through the paper that the ‘global city thesis’ continues to be based in a restrictive spatial epistemology that prioritises the significance of place and location in the kinds of theories produced. This needs rethinking. Whilst the physical spaces of head offices and global cities as places are an undeniable element of the context in which transnational corporate power is wield, from an epistemological perspective location and place are unhelpful starting points for theorising the global economy. Instead, I have proposed an epistemological approach that, drawing on the legacy of actor-

network theory, theorises power in the global economy by focusing on the nature of social practices, networks and relations. It is these aspects of the *transnational social context* of global business activity that constitute power in the global economy, and hence which shape the future development of transnational firms and the global economy that they form part of. It needs to be pointed out, however, that the research presented here is limited in the extent to which it has thus far traced the architecture of these relational networks of actors that form *transnational social context*. In order to explore and understand the nature of power and control in the global economy further, future research need to be extended beyond those based in head offices to managers scattered through this diffuse global network of control.

Finally, what I think this kind of work reveals in general is that if economic geographers and social scientists are going to effectively understand the nature of transnational business activity - and economic globalization more generally - then there is a need for more research that takes the social practices of business activity within transnational firms as its focus. An increasingly large literature now discusses the socially-embedded (see Grabher 1993; Ingham 1996; Thrift & Olds 1996; Yeung 2000) nature of economic activity and the significance of social relations within firms (e.g. Pryke & Lee 1995; McDowell 1997; Thrift 2000), yet surprisingly little work has taken up this agenda when considering TNCs. What I hope this paper has shown is that the debate about the nature of power and control in the contemporary global economy needs to move away from the kind of location-centred epistemology prevalent in the global city literature. If insightful theories of the global economy in the twenty-first century are to be developed, then an epistemological framework sensitive to the complex social context of the business environment in which TNCs operate is urgently needed.

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