Enter the Dragon

Toward a Micro-political View on Subsidiary Initiatives

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Abstract

Subsidiary initiatives are proactive, entrepreneurial activities that arise locally without central directives or planning from headquarters. Prior research suggests that subsidiary initiatives are crucial to multinational corporations’ (MNCs) success in foreign locations as they hold the potential to enhance local responsiveness, worldwide learning, and global integration by the leveraging of new knowledge. However, subsidiary-driven initiatives are often met with resistance in the corporate structure, by virtue of headquarters’ limited capacity to pay attention to all stimuli, initiative misalignment to the MNC, or overall self-interest-seeking behavior. Against this background, the MNC is conceptualized as a ‘politicized forum’ where subsidiary managers strategize initiatives upwards. Consequently, a micro-political process emerges from subsidiary managers’ proactive activities. The purpose of this thesis is to investigate the role of micro-politics play in earning headquarters approval of subsidiary initiatives and how these actions may lead to increased subsidiary influence in the MNC.

The empirical material consists of proprietary survey and interview data on MNC subsidiaries in Sweden. The primary respondents and informants have been top subsidiary managers, seen as the senior directors of the subsidiary and the MNCs’ top representatives in the local environment. The empirical findings, triangulated through different methodological approaches, illustrate subsidiary initiatives as complex phenomenon. The study implies that headquarters’ approval of subsidiary initiatives is contingent on several key managerial activities, as well as relational- and contextual conditions. Overall, the results lend support for the value of attracting headquarters’ attention in order for initiatives to gain traction and eventually become accepted in the MNC. Attention to initiatives is captivated by the socio-political navigation of subsidiary managers, such as their engagement in initiative-selling. Establishing credibility at headquarters through attention-building activities may also result in increased subsidiary strategic influence.

This thesis shows that initiatives that challenge the status quo of the MNC may initially be rejected, but are able to ‘survive’ due to a variety of micro-political behaviors of individual managers. Furthermore, the thesis also explicates different combinatory effects on the pathways to initiative acceptance. The thesis extends the subsidiary management literature by providing nuance to the theoretical understanding of key underlying mechanisms and their effects on subsidiary-focused outcomes. Establishing subsidiary managers as ‘strategizers’ and conceptualizing the subsidiary initiative process from a micro-political view contributes to the theoretical understanding of subsidiary initiatives in the MNC by complementing traditional evolutionary perspectives.

Keywords: Multinational corporation, Subsidiary initiatives, Micro-political view, headquarters-subsidiary relationship, headquarters attention, initiative-selling

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List of Papers

This thesis is based on the following papers, which are referred to in the text by their Roman numerals.


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1 Introduction

1.1 The Changing Landscape of Subsidiary Activities

To succeed in the international environment, the ability to recognize and pursue new opportunities is critical for every firm (Meyer, Li, & Schotter, 2020; Verbeke & Ciravegna, 2018). In present multinational corporations (MNCs), these activities are not merely designed at a company’s headquarters but also proactively undertaken by dispersed subsidiaries (O’Brien et al., 2019; Ahsan & Fernhaber, 2019; Raziq, Benito & Ahmad, 2021).

Subsidiary initiatives are discrete and proactive undertakings by subsidiary managers, generally not associated with the daily activities, but they materialize as a result of subsidiaries acting entrepreneurially in terms of innovativeness, risk-taking, and proactivity (Miller, 1983; Birkinshaw, 1997). Following network-based models of organizing (Nohria & Ghoshal, 1997; Ghoshal & Bartlett, 1990), it is recognized that in the 21st century MNC, knowledge and innovation are spread out across the organization (Ambos, Fuchs, & Zimmermann, 2020). Subsidiary managers are the middle managers of the MNC, acting as ‘linking pins’ between the headquarters and the local subsidiary environment (O’Brien et al., 2019; Williams & Lee, 2011). In a global marketplace, subsidiary managers accordingly discover new opportunities through entrepreneurial actions (Williams, 2018; Kostova, Marano, & Tallman, 2016; Birkinshaw, 1995).

Because of the inherent non-routine undertakings of subsidiary initiatives (Verbeke & Yuan, 2020), resources and managerial know-how are seldom directly available. In addition, headquarters’ engagement in strategic management is often needed to develop initiatives into MNC competitive advantages, namely a process of integrating entrepreneurship (Ambos & Schlegelmilch, 2007; Menz, Kunish, & Collis, 2015). Integration can be seen as the coordinative functions governing the development, allocation, and deployment of valuable resources in the MNC-structure (Collis, Young, & Goold, 2007). The pursuit of subsidiary initiatives however is fundamentally an entrepreneurial process, characterized by the interactions fostered by connections within networks (Dhanaraj & Parkhe, 2006) – including that of the subsidiary host environment, other subsidiaries, and toward the headquarters (Schmid, Dzedek, & Lehrer, 2014). Increasing dispersion of initiative-taking activities (Williams & Lee, 2011), essentially a value-adding endeavor, has yielded more flexible
configurations of the MNC, adapting subsidiaries’ roles and responsibilities (Ghoshal & Nohria, 1989; Ambos et al., 2020).

Subsidiaries in the modern MNC, therefore, may contest and develop strategy, policies, and practices rather than merely passively implement directives from the headquarters (Bouquet & Birkinshaw, 2008a; Mudambi & Navarra, 2004; Regnér, 2003). However, initiatives can only be pursued if the subsidiary possesses the necessary capabilities or can convince managers at the headquarters to sanctify crucial resources (Birkinshaw & Fry, 1998), also seen as realization, approval, or acceptance of subsidiary initiatives (Birkinshaw, 1997; O’Brien et al., 2019). Economic decision-making in organizations however is not a straightforward process; rather, it is characterized by the managers’ limited ability to cognitively pay attention to and make sense of all stimuli (Cyert & March, 1963). Regardless of whether it is contextual stimuli, such as subsidiary environmental conditions or relational activities, for example, initiative-selling by subsidiary managers attention is distributed appropriately (Bouquet & Birkinshaw, 2008a; Laamenen, 2019).

Managers, therefore, suffer from various constraints in the decision-making process, represented as bounded rationality (Simon, 1955; March & Simon, 1958). Consequently, it implies that the decisions regarding the potential approval of initiatives in MNCs are always subjective to human action. In the behavioral theory of the firm (BTF), Cyert and March (1963) accordingly framed ‘the firm’ as a ‘political coalition,’ accentuated by a quasi-resolution of conflict, i.e., various organizational actors with different goals seeking to be heard and pushing the firm into different directions. Against this background, this thesis strives to articulate the subsidiary initiative process around the actions and behaviors of subsidiary managers.

1.2 The Art of Fighting for Subsidiary Initiatives

Building on the BTF, contemporary scholars have emphasized the view of the MNC as a micro-political organization (Clegg, Geppert, & Hollinshead, 2018; Dörrenbächer & Gammelgaard, 2016ab; Kristensen & Zeitlin, 2005). Since the MNC comprises of individual actors with diverse goals and motivations (Conroy, Collings, & Clancy, 2019), subsidiary initiatives lead by subsidiary managers’ are likely to face struggles and compete for headquarter managers’ support (Birkinshaw, 2000).

Thus, the recognition and subsequent development of subsidiary initiatives can be compared to the story of ‘David and Goliath,’ between subsidiaries and vis-à-vis the headquarters. Consider an initiative from a proven subsidiary with a strong track-record as ‘Goliath’ and another initiative from a newer established subsidiary, smaller in size and lesser known to the organization as

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1 See First Samuel 17 of the Bible.
‘David’. Goliath is clearly the more powerful – the initiative with greater enactment. Still, it is not certain that Goliath can win over David. David is smaller, more nimble, and thus able to use the environment in intricate ways. In the biblical story, David uses a slingshot to throw a stone precisely aimed at Goliath’s sensitive forehead to knock him unconscious. Hence, applied in the context of subsidiary initiatives, the notion of ‘survival of the fittest’ comes not inevitably from organizational-level performance measures but also from micro-politics. In this thesis, it is best understood as purposeful behavior – the actions, activities, and behaviors of subsidiary managers.

It could be argued that it is relatively straightforward to let subsidiaries seek opportunities but much more difficult to take actual advantage of them (Almeida & Phene, 2004). The growth of subsidiary initiatives has theoretically been referred to quite vaguely, as abstract forces within the MNC that respond to growth and innovation (Birkinshaw & Ridderstråle, 1999). Which can be linked to the view of subsidiary initiatives as an evolutionary process where subsidiary managers are not able to shape the initiative process to any large extent, but rather have to align to the environment constructed by the headquarters (Van de Ven & Poole, 1995). For this reason, ‘Goliath initiatives’ would always win.

However, as subsidiary initiatives drive a constant stream of new ways of solving both known and inherently unknown needs, they cannot be directed by the headquarters, but at the same time, they do require some kind of selection by the headquarters (Birkinshaw & Ridderstråle, 1999). Subsidiary initiatives arise locally without central directives, governance, or planning, but they are driven upwards in the organization by entrepreneurial subsidiary managers to grant recognition and further resource commitment. The initiative selection by the headquarters, thus, arises as a purposeful consequence of the actions by the individual subsidiary managers, upon pushing initiatives upwards in the firm (Birkinshaw, 2000).

Thereby, to conceptually develop our understanding on the selection process of subsidiary initiatives, research needs to zoom in on the micro-level and the micro conditions. In this thesis, this is accomplished by connecting behavioral facets on how initiative perception is actively shaped by the subsidiary managers. This account evokes a representation of subsidiary initiatives as a micro-political process, characterized by e.g., the lobbying for attention (Bouquet & Birkinshaw, 2008ab) and initiative-selling through personal appeals (Dörrenbächer & Gammelgaard, 2016ab). Micro-politics inherently concerns both competition and cooperation; it is about how people compete with each other to reach an outcome but also how people build support among each other to achieve the outcome (Burns, 1961; Blase, 1991; Berkovich, 2020).

As illustrated in the 1973 martial arts film “Enter the Dragon”, Bruce Lee’s character is asked the question ‘What is your style?’ by a bullying man on a crowded boat, to which he responds ‘The art of fighting without fighting.’ Consequently, Lee is urged to ‘show some of it’ which concludes with him
luring the other man into a smaller rowboat – to go to a nearby beach with more space (and fight). Lee however stays on the main boat and lets the bullying man drift away in the rowboat. In this regard, Lee disabled the opponent and ‘showed’ his strength without resulting to violence. Likewise, subsidiary managers need to effectively interact with others to successfully drive initiatives upwards in the organization, which also requires managers to establish strategic positions of increased attention and influence (Conroy et al., 2019). Hence, it is of essence to further delineate the individual subsidiaries and the behaviors of their subsidiary managers.

Simply put, subsidiary managers’ undertaking initiatives may ‘Enter the Dragon,’ that is, bring out their alter ego to leverage initiatives. In short, the thesis investigates the inner workings of the firm and how entrepreneurial subsidiary managers’ act in the forms of political maneuvering and strategizing upwards to drive change (Ferner, Edwards, & Tempel, 2011; Bouquet & Birkinshaw, 2008ab; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001; Geppert & Dörrenbächer, 2014).

The role of subsidiary managers has nonetheless, largely been underestimated in previous studies on subsidiary initiatives that have mainly focused on explaining organizational conditions and consequences of entrepreneurship (Strutzenberger & Ambos, 2014; Schmid et al., 2014; O’Brien et al., 2019). Departing from largely aggregated explanations of initiative variation and retention, this thesis instead focuses on the micro activities undertaken by subsidiary managers. If we were to crowd out the actions and behaviors of subsidiary managers, there is an inherent risk of portraying successful initiative realization as something determined by logics – completely rational and consistent value-maximization choices. Managers, however often only satisfy and suffice (Simon, 1947); therefore, administrative behavior is neither totally rational nor totally irrational. Thus, we cannot rule out certain elements of luck or chance; we need to not only stringently focus on the qualification and capacity of subsidiaries, but also the subsidiary managers’ actions, activities, and behavior in shaping the process. As a result, a micro-political initiative process emerges, given subsidiary managers’ proactive activities in the firm (Williams & Lee, 2011; Dörrenbächer & Gammelgaard, 2016a).

1.3 Subsidiary Initiatives in Prior Research

Inspired by previous research on strategy creation and development in large organizations (Burgelman, 1983ab; Miller, 1986; Sathe, 1985), the academic point-of-departure study on subsidiary initiatives can be seen as the publication of “The characteristics of subsidiary initiatives” in the Strategic Management Journal (Birkinshaw, 1997). This article deals with the conceptual development of subsidiary initiatives by modelling the MNC as an inter- and
intra-organizational network, where the subsidiary has links both to the internal and external network. The article shows that subsidiaries hold a much broader role than previously envisioned. Subsidiaries may take on specialized roles and responsibilities within the MNC, involving both local-, internal-, global-, and hybrid-initiatives; initiatives that have the potential to enhance local responsiveness, worldwide learning, and global integration. Subsidiary initiatives were consequently defined as a relatively rare phenomenon of a “discrete, proactive undertaking that advances a new way for the MNC to use or expand its resources” (Birkinshaw, 1997: 207).

An earlier publication titled by the same author in the more practitioner-oriented journal, Business Horizons (Birkinshaw, 1995), focused on subsidiary initiatives as a pioneering instrument for subsidiary role development. However, it received less attention from the research community at large. Together with the article by Birkinshaw, Hood, and Jonsson (1998) representing subsidiaries as essential contributors to the firm-specific advantage of the MNC and the work by Birkinshaw and Ridderstråle’s (1999) different portrayal of subsidiaries initiatives struggles of overcoming organizational resistance the academic research topic on subsidiary initiatives was established. The book “Entrepreneurship in the global firm: enterprise and renewal” synthesized these findings (Birkinshaw, 2000), which cemented the shift from the external environment to the internal dynamics of the firm that affect growth and international success.

Contemporary research on subsidiary initiatives includes elements from research on knowledge transfer in firms (Gupta & Govindorijan, 1994; Cantwell & Mudambi, 2005), the resource-based view (Wernerfelt, 1984; Barney, 1991; Grant, 1991) as well as the network forms of organization (Ghoshal & Bartlett, 1990; Nohira & Ghoshal, 1997; Andersson, Forsgren, & Holm, 2007). However, issues related to the actual activities and actions by managers in which subsidiary initiatives gain traction in the MNC have only recently received more systematic research (Monteiro, 2015; Dörrenbächer & Gammelgaard, 2016a; O’Brien et al., 2019). Research on subsidiary initiatives continues to be an attractive setting to develop new theory on the internal functioning of MNCs (Ahsan & Fernhaber, 2019; Nadayama, 2019; Raziq et al., 2021). Partly because of the many forms and outcomes that initiatives may take e.g., developing new product-markets, subsidiary domains or overall altering internal structures and/or capabilities and business model reconstruction of the MNC (Birkinshaw, 2000; Verbeke, Chrisman, & Yuan, 2007; Delany, 1998; 2000).

In short, subsidiary initiatives are described as discrete, non-routine and proactive undertakings by subsidiary managers (a bottom-up process), and as radically risk-taking endeavors that often are developed alongside daily activities and where the resources are not directly available (Birkinshaw, 1997). Subsidiary initiatives are during development reliant upon the headquarters for recognition, approval, and subsequent resource-allocation (Birkinshaw,
1997; 2000). Undertaking initiatives is a way for subsidiaries to defend or expand their position in the network (Delany, 2000) with the ultimate goal of influencing strategy development (Ambos, Andersson, & Birkinshaw, 2010). Inspired by the literature on entrepreneurship, subsidiary initiatives can be regarded as a specific form of corporate entrepreneurship (Sharma & Chrisman, 1999; Ahsan & Fernhaber, 2019) that has the potential to strategically renew the organization and fundamentally alter how the subsidiary and/or MNC competes (Birkinshaw, 2000).

Regnér (1999; 2003) provides perhaps the most vivid empirical illustrations on how peripheral subdivisions in MNCs may have pivotal and much greater impact on the strategies of the firm than central divisions, although corporate headquarter managers resist or show little interest in the ideas. Regnér offers three retrospective accounts of initiative-taking bottom-up.

First, Ericsson’s entry into mobile telecommunications systems and creation of a mobile telephone business was in-fact driven exclusively by an acquired subsidiary, specialized in Small Radio Communications. While the corporate headquarters regarded mobile telephony to continue to be of minor importance, it was the local subsidiary manager who pushed for the development. This culminated in the first commercial fully automatic mobile phone system introduced in 1981 as Nordic Mobile Telephone. Prior to this, Ericsson’s business was centered on the manufacture of automatic switching system, teleprinters, and transmission equipment.

Second, a small subsidiary unit within Pharmacia & Upjohn (nowadays incorporated into Pfizer) started investigating substitute products for smoking. However, the business unit encountered severe resistance from both the top management and the industry overall – nicotine was considered a highly addictive toxin that had no place in a modern pharmaceutical company. Nevertheless, research continued which eventually led to the establishment of Nicorette – nowadays, the world’s largest smoking cessation brand, offering a wide range of replacement products to smoking and chewing tobacco.

Third, at AGA, an industrial gas producer, subsidiary managers of a loosely defined team played pivotal roles for internationalization into many Eastern European markets in the late 1980s and early 1990s. The corporate management remained reluctant to most investments in Eastern Europe due to extreme ambiguity about how the Eastern Europe markets would develop. However, the team of subsidiary managers, which was much closer to reality because they had been travelling and exploring these markets, identified great opportunities and wanted to act quickly to offset competitors. Over time, AGA established a dominant position in the gas industry across Eastern Europe.

These three empirical retrospective accounts inherently illustrate subsidiary initiatives as a broad concept concerning the general pursuit of locally identified opportunities, which have a larger potential for the MNC; namely it is vital for the subsidiary’s role evolution and the development of distinctive capabilities (Birkinshaw, 2000). Recognizing the global dispersion of
knowledge (Almeida & Phene, 2004), the MNC benefits from the innovation potential of its subsidiaries through the initiatives that these units undertake (Schotter & Beamish, 2011; Asmussen, Foss, & Pedersen, 2013). It is through subsidiary initiatives that local responsiveness, global integration, and worldwide learning is enhanced (Strutzenberger & Ambos, 2014).

However, as subsidiary initiatives also stretch the current mandate (initially undertaken without explicit consent by the headquarters), they introduce a certain degree of instability and are often viewed with ambivalence from the headquarters (Birkinshaw & Ridderstråle, 1999). While encouraging subsidiaries to fulfill their potential, the headquarters correspondingly seek to ensure control (Ambos et al., 2010; Ambos & Schlegelmilch, 2007). Thus, initiatives do not only result in success stories as illustrated above, but they may also result in loss of mandates and long-term downgrading in the MNC-network (Becker-Ritterspach & Dörrenbächer, 2011).

1.4 The Micro-political Multinational Corporation

Paraphrasing Schumpeter’s ideas (cf. Schumpeter, 1934) into the corporate setting of MNCs, strategic renewal in the politicized forum of the MNC means turmoil. A certain form of ‘creative destruction’ is only natural to pave the way for new and better ideas; as such, it is proof of companies that succeeded in reinventing themselves. Successful MNCs are certainly those that are able to convert global presence into a global competitive advantage (Gupta & Govindarajan, 2001). However, it does not come easy; micro-political perspectives on the MNC maintain that these organizations are populated by individual actors with their own strategies and goals (Becker-Ritterspach & Blazejewski, 2016; Conroy et al., 2019). These individual actors therefore politically engage in social interaction and micro-political strategizing thus sheds light on the different and often contradictory interests by these actors, subsidiary, and/or section managers (Clark & Geppert, 2011; Geppert & Dörrenbächer, 2011).

Previous research from an agency perspective indicates that interventions by the headquarters in subsidiary activities often have a counterproductive effect even if the intention is good (Foss, Foss, & Nell, 2012; Stea, Foss, & Foss, 2015; Ciabuschi, Forsgren, & Martín Martín, 2011). The role of the headquarters stands apparent, namely to nurture and select promising initiatives arising from subsidiaries but without too great involvement in subsidiary activities (cf. Ambos & Mahnke, 2010; Menz et al., 2015). Therefore, by lowering the unit-of-analysis to subsidiary managers we can paint a picture of how subsidiary managers act purposefully and politically toward the headquarters to push new initiatives and to attract headquarters’ attention and resources, be it material-, organizational-, informational-, or social resources.
Micro-politics play a constructive role to maintain cohesion – it facilitates and enables human cooperation. However, perceptions of value, risk, and potency are potentially subjective (Cyert & March, 1963), thus paving the way for skilled subsidiary managers with a well-equipped toolbox of micro-political behaviors used for leveraging initiatives within the MNC (Conroy, et al., 2019; Dörrenbächer & Gammelgaard, 2016ab). Exploring micro-political activities within the subsidiary initiative process is consequently pivotal for the further understanding of organizational behavior and the inner workings of the firm (Dörrenbächer & Geppert, 2006).

The micro-political MNCs are thus portrayed as complex organizations with dispersion of power (Edwards & Bélanger, 2009). Subsidiaries and their managers may not possess valuable resources on their own but can partly control or have access to relationships that provide these resources (Dörrenbächer & Gammelgaard, 2016a). Consequently, micro-politics is about interaction processes between managers in organizations. This can relate to forging relationships with managers at the headquarters in order to influence and lobby on behalf of the subsidiary at a later stage. Micro-politics therefore encompasses inter alia interpersonal and cross-boundary networking (Williams & Lee, 2011; Schotter et al., 2017), as well as the mediation, negotiation, and interpretation of connections (Floyd & Wooldridge, 1997). Essentially, micro-politics in this thesis embodies the purposeful managerial behaviors and actions employed in entrepreneurial strategizing upward in the MNC to reach an outcome.

From a micro-political perspective of the MNC, subsidiaries and their managers are not seen as powerless. On the contrary, subsidiaries may in incremental steps in fact challenge and shape strategies, policies, and practices of the MNC, rather than merely acting as passive implementers of a headquarters’ directives (Bouquet & Birkinshaw, 2008ab; Mudambi & Navarra, 2004; Regnér, 2003). However, due to a headquarters’ central strategic planning role (Chandler, 1991), it allocates material resources, mandates, and charters to respective units (Bouquet & Birkinshaw, 2008a) and may employ actions such as surveillance, monitoring, and (negative) mandate change toward subsidiaries (Birkinshaw, 1996; Dörrenbächer & Gammelgaard, 2011). Implying that headquarters more closely scrutinizes subsidiary plans by increasing the frequency of visits, decreasing responsibilities for specific activities and alike (Ambos et al., 2010; Gillmore, Andersson, & Ekman, 2020). Considering that an engagement in initiative-taking may be seen as a threat to existing structures (Conroy & Collings, 2016; Becker-Ritterspach & Dörrenbächer, 2011) or even sheer opportunistic behavior (Birkinshaw; 1998; Birkinshaw & Fry, 1998). The subsidiary is in this regarded rendered as a less trustworthy actor in the MNC-network, which negatively affects the likelihood of leveraging resources for future initiatives (Birkinshaw, 2000).

Consequently, the maneuvering in the initiative process is extremely delicate, a political game within the MNC materializes when initiatives driven by
subsidiary managers challenge and disrupt a current situation (based on a corporate agenda) while also competing for resources from others’ initiatives. Although subsidiary initiatives are recognized as a crucial way to tap into and exploit new knowledge, competences, and capabilities, thus becoming a major source for competitive advantages (Rugman & Verbeke, 2001), new ideas are often met with resistance higher up in the corporate structure (Schweizer & Lagerström, 2020). This is partly because headquarters encounter more knowledge than they can possibly handle from many subsidiaries (Hansen & Haas, 2001). To counteract and overcome this resistance, subsidiaries and their managers engage in the above-described political management (Conroy et al., 2019, Dörrenbächer & Gammelgaard, 2016ab; Williams & Lee, 2011).

1.5 Headquarters’ Attention to Subsidiaries

The goal of the micro-political management by subsidiary managers is to achieve influence by directing headquarters’ attention to specific issues. This is because what is not paid attention to is difficult to recognize (Ling, Floyd, & Baldrige, 2005). Following the attention-based view (ABV) (Ocasio, 1997; 2011; Ocasio & Joesph, 2005; Joseph & Wilson, 2018), headquarters attention is conceptualized as the time and effort spent toward selecting, focusing, and noticing individual subsidiaries and their managers. Headquarters attention thus reflects a prioritization of subsidiaries. It is seen as an important resource for acquiring other resources (Zimmerman & Zeitz, 2002; Ambos & Birkinshaw, 2010) such as obtaining headquarters selection of subsidiary initiatives.

Following the micro-political view, the MNC can be regarded as a ‘political heterarchy,’ with many units seeking influence through micro-politics (Williams & Lee, 2011). Over time, this leads to an establishment of a politicized forum for subsidiary initiatives, in which the pursuit of subsidiary interests by subsidiary managers is captured by their micro-political behaviors. These behaviors guide headquarters’ attention toward relevant issues and opportunities. At times, also conceptualized as internal legitimacy-making (Kostova & Zaheer, 1999; Balogun, Fahy, & Vaara, 2019).

Subsidiaries with attention priorities at headquarters enjoy greater stimulus in shaping the corporate agenda, enabling political behavior to diffuse conflict (Becker-Ritterspach & Blazejewski, 2016). Individual subsidiary managers and their actions, thus, are the means in this process (Nuruzzaman, Gaur, & Sambharya, 2019; O’Brien et al., 2019; Decreton, Nell, & Stea, 2019). The micro-political actions encompass the selection of initiative-selling tactics, including the framing, presentation, and bundling of initiatives; socially voicing initiatives through involvement of others and the purposeful use of politicking and logrolling in general (e.g., Dutton & Ashford, 1993; Dutton et al., 2001; Ling et al., 2005; Dörrenbächer & Gammelgaard, 2011; 2016ab; Monteiro, 2015).
Due to subsidiary actors’ general lack of formal power to go against headquarter directives, they are bound to rely on micro-political techniques to shape perception and behavior (Dörrenbächer & Gammelgaard, 2011). Since micro-politics does not depend on formal power, it allows the subsidiaries, e.g., to devolve functions of governance to others (Balogun, Jarzabkowski, & Vaara, 2011) – gaining support from other groups both internally and externally, utilizing their personal resources (Monteiro, 2015). Only by exploring subsidiary managers’ actions, behaviors, and activities can we paint a clearer picture of how subsidiaries are recognized as strategizers within the MNC (Ferner et al., 2011; Bouquet & Birkinshaw, 2008a; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001). For instance, recent research has recognized that it is through the interaction between headquarters and subsidiaries that subsidiary roles i.e., the overall business activities that the subsidiary undertakes (Tippman et al., 2018; Gillmore et al., 2020) are co-created rather than simply assigned by headquarters or assumed by subsidiaries (Ambos et al., 2020).

The thesis pays particular attention to subsidiary managers, their proactivity, actions, interactions, and strategizing upwards in the firm (Floyd & Wooldridge, 1997). In doing so, the thesis advances our understanding of subsidiary initiatives and micro-politics. Successively, the thesis develops the perspective of the MNC by putting entrepreneurship and micro-politics at the center of it. However, headquarters are also recognized for their value adding decisions to improve subsidiary performance in a way the subsidiary could not by themselves (Goold, Campbell, & Alexander, 1994). This is achieved, for instance, through entrepreneurial supporting functions such as network orchestration (Dhanaraj & Parkhe, 2006) or synergy management (Nell & Ambos, 2013). Research has also described the headquarters as largely an outsider in subsidiary activities, although it is still expected to direct value (Ciabuschi et al., 2011, Ciabuschi, Dellestrand, & Holm, 2012; Nilsson, 2018).

Therefore, by guiding headquarters attention through micro-political behavior and initiative-selling tactics (Dutton, et al., 2001), subsidiaries manifest their position as active participants in shaping the MNC-strategies (Bouquet & Birkinshaw, 2008a). The successful outcome of the political management is in essence dependent on the political skill of the managers speaking upwards (Ferris et al., 2007). This includes the competence of adopting behavior and changing one’s approach to stimulate support, trust, and influence.

Moreover, each subsidiary also has a formal position in the MNC network i.e., their autonomy or mandate interdependence between other subsidiaries and vis-à-vis headquarters (Cavanagh et al., 2017). As well as an informal position, namely close, working relationships that may enhance the strength of initiative-selling activities. These positions can be conceptualized as the subsidiary’s ‘weight’ and ‘voice’ (Bouquet & Birkinshaw, 2008ab). However, one does not exclude the other; rather, they work in tandem. Hence, subsidiary managers engage in various political games and selling tactics to convince,
attract, and legitimize new initiatives. By having high internal weight (formal position), they can facilitate better decisions for which activities to use when, and how (Haq, 2017; Mahnke, Venzin, & Zahra, 2007; Gammelgaard, 2009; Howard-Grenville, 2007).

In essence, attention is related to the headquarter-subsidiary relationships (Nell, Kappen, & Laamanen, 2017). Attention processing is important because it can work as a safeguarding mechanism against situations of ‘sheer ignorance.’ For instance, when a headquarters decides to get involved in its subsidiary’s activities even though they may not understand the context, in-fact lacking critical information to understand that they actually do not know what they do not know (Ciabuschi et al., 2011; Ciabuschi, Forsgren, & Martín Martín, 2012). As such, this result in a headquarters knows best bias (Bouquet, Birkinshaw, & Barsoux, 2016), which merely brings misguided advice and negative forms of attention (Conroy & Collings, 2016; Decreton et al., 2019).

1.6 Aim and Research Questions

The thesis builds on the underlying reasoning that unlocking subsidiaries’ entrepreneurial potential is not only located at headquarters but is first and foremost situated in the means, behaviors, actions, and activities of subsidiary managers (O’Brien et al., 2019; Conroy et al., 2019). This refers to strategizing bottom-up; as such, I follow scholars emphasizing a microfoundations approach (e.g., Foss & Pedersen, 2004; 2019; Felin, Foss, & Ployhart, 2015; Felin et al., 2012) to better comprehend initiative development in the MNC. In this thesis and its separate papers, the microfoundational approach means that the lower-level constructs of managerial activities are used to explain higher-level organizational outcomes. These are e.g., how initiative-selling tactics by subsidiary managers lead to initiative recognition and/or strategic influence on an organizational level (cf. O’Brien et al., 2019).

The thesis views the MNC as a politicized forum consisting of entrepreneurial subsidiary managers with foresight in strategizing initiatives upwards in the firm (Ferner et al., 2011; Bouquet & Birkinshaw, 2008b; Kristensen & Zeitlin, 2005; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001). This view of the MNC accommodates a more dynamic model for subsidiary initiatives by integrating both the content and process of strategizing. Henceforth, a micro-political process materializes as a result of subsidiary managers proactive activities in the firm.

Given this perspective, the key focus is not on the competitive environment between subsidiaries and the headquarters’ resource scarcity as such, but rather disentangling the purposeful actions of subsidiary managers (Becker-Ritterspach & Dörrenbächer 2009; 2011; Geppert, Becker-Ritterspach, & Mudambi, 2016). These subsidiary actions serve the purpose of directing attention (Ocasio & Joseph, 2005; Ocasio, 2011), and successful direction of
attention paves the way for initiative recognition – an increased understanding and headquarters support to realize the identified subsidiary initiative, possibly also determining the subsidiary’s influence in the firm.

The aim of this thesis is to examine and uncover the role of micro-politics in the development of subsidiary initiatives and how subsidiary managers shape the subsidiary initiative process to their advantage. Accordingly, the thesis highlights the multidimensional role of the subsidiary manager for leveraging initiatives at headquarters. Consequently, the overall research questions for this thesis are:

1. How does micro-political activities affect the subsidiary initiative process and how are subsidiary initiatives accepted by the headquarters?

2. How does micro-political activities affect subsidiary influence in the multinational corporation?

Regarding separate papers, a special focus is first placed on investigating how subsidiaries aim at leveraging initiatives by using different initiative-selling tactics in order to influence the headquarters acceptance of subsidiary initiatives (Paper I). Second, as a result of headquarters’ position and role in the MNC-network, subsidiaries seek to establish credibility at headquarters through attention-building activities. Hence, a headquarters’ attention can function as a mediating factor between a subsidiary’s proactive commitment to the MNC and external scouting activities aimed at supporting the ‘selling in’ of initiatives upwards and resulting in an increase in the strategic influence within the MNC (Paper II). Third, given the inherent complexity of subsidiary initiatives, the thesis also explores how relational and contextual characteristics may combine to equally effectively explain the acceptance of subsidiary initiatives (Paper III). Fourth, using political strategizing and micro-political bargaining tactics, it is shown that subsidiary managers engage in a continuous negotiation and struggle for support when pursuing (non-sanctioned) bottom-up entrepreneurial initiatives (Paper IV).

These empirical thesis papers and their particular research focus are accentuated in Figure 1 on page 22. Papers I, III, and IV specifically deal with different ways in which subsidiary initiatives gain traction and eventually become accepted in the MNC. Paper II, on the other hand, further establishes subsidiaries as strategizers in the MNC and addresses how positive attention by the headquarters affects a subsidiary strategic influence in the MNC.

Overall, the thesis contributes to literature on subsidiary initiatives by highlighting the role of the subsidiary manager and the micro-politics within the initiative process. The thesis further develops the perspective of the MNC; headquarters-subsidiary relations are complex and dominated by micro-level interactions. Managerially, it is emphasized that decision-making cannot
merely be explained by mechanisms and institutionalized routines that are facilitated through administrative control such as strategic planning, goal setting and imprinting of the current corporate strategy. Rather, the context of subsidiary initiatives shows that decision-making is holistic and multifaceted. Consequently, the thesis offers a more nuanced and granular explanation of the politicized nature of subsidiary initiatives as a dynamic entity, which informally ‘occurs’ rather than formally ‘exists.’

As a compilation thesis, I have analyzed and worked on the papers in greater separation than a thesis in monographic form would accommodate. While Papers I and II are more explanatory in the sense of formulating and testing hypotheses, Papers III and IV are more exploratory, offering new definitional insights to key constructs. Taken together, the thesis contributes to the conceptualization of a politicized forum of the MNC, the attributed micro-politics of subsidiary initiatives including initiative-selling and the ABV of headquarters-subsidiary relationships. The research is grounded on a micro-foundations approach (Felin et al., 2015; Foss & Pedersen, 2019) where subsidiaries and notably subsidiary managers’ actions and behaviors are taken as the unit of analysis. Conceptually the thesis contributes to the establishment of improved and empirically validated operationalization’s of original constructs. Empirically, the thesis tests theoretical linkages between subsidiary managerial actions and the outcome of subsidiary initiatives, which previously have not been scrutinized in such detail. The thesis offers an in-depth development of the theoretically derived linkages using several different analytical approaches. It sheds light on the role of individual subsidiary managers’ efforts from different lenses. Thereby, the thesis also offers methodological contributions to the research field on the management of international business.
### Research Problems

<table>
<thead>
<tr>
<th>Research Problems</th>
<th>Empirical Evidence and Conceptualization</th>
<th>Research Outcomes</th>
<th>Thesis Contributions</th>
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<tbody>
<tr>
<td>To what extent can subsidiary managers actively promote subsidiary initiatives for headquarters acceptance?</td>
<td>Subsidiary initiative-selling and voice behaviour activities</td>
<td>Proactive efforts of preparation and packaging of sub. initiatives</td>
<td>The success of selling attempts is dependent on how the entrepreneurial ideas are presented. The packaging of an initiative is a form of communication reducing uncertainty and mistrust.</td>
</tr>
<tr>
<td>To what extent are subsidiary managers’ attention-building activities able to grant strategic influence within the MNC?</td>
<td>Strategic influence through org. commitment and initiative-selling</td>
<td>Mediating role of headquarters attentional processing</td>
<td>The engagement in attention-based activities by subsidiary managers provides subsidiaries with a source of strategic influence in the MNC, given that headquarters provide attentional processing.</td>
</tr>
<tr>
<td>How do relational and contextual headquarter-subsidiary facets combine for initiative acceptance?</td>
<td>Relational and contextual contingencies</td>
<td>Fuzzy-Set Qualitative Comparative Analysis</td>
<td>Establishing an exploratory framework of interrelated conditions to show when, that is, under which conditions headquarters accepts subsidiaries’ entrepreneurial initiatives.</td>
</tr>
<tr>
<td>How and why does political strategizing support entrepreneurial initiatives in MNCs?</td>
<td>Subsidiary managers micro-political activities in the negotiation process with HQs</td>
<td>Qualitative case-study</td>
<td>Adds to a dynamic view on the management of subsidiary initiatives by addressing micro-politics; how bottom-up actors within the MNC engage in politicizing actions towards higher authority.</td>
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### Paper I: Does Proactivity Matter? The Importance of Initiative Selling Tactics for Headquarters acceptance of subsidiary initiatives

- **Factor analysis, hypotheses testing through OLS-regressions**

### Paper II: MNC Subsidiaries’ Strategic Influence: The Role of Subsidiary Manager’s Attention-building Behavior

- **Hypotheses testing by SEM in LISREL**

### Paper III: Subsidiary Initiative Acceptance: Configuring Relational and Contextual Conditions

- **Configurational Patterns**

### Paper IV: Finding a New Path: How Bottom-up Initiatives Strive and Survive

- **Disruptive initiatives survive due to micro-politics**

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**Figure 1. Overview of the Four Research Papers**
1.7 Research Approach

When studying processes, both quantitative and qualitative research approaches are common (Langley, 1999; Poole, Van de Ven, Dooley, & Holmes, 2000). I have chosen a mixed-method approach in the sense of integrating both quantitative and qualitative data within the overall thesis investigation. (Greene & Caracelli, 1997; Teddlie & Tashakkori, 2008). The thesis not only showcases quantitative relationships but also the nature or essence of the subsidiary initiative phenomenon itself.

The data constitute primarily of a survey and interviews, which have been analyzed in quantitative, qualitative as well as comparative configurations. The sequential mixed-method approach enabled me to build on previous insights and continuously seek new evidence. The methodological pluralism resonates well with the critical realism philosophy underpinning the study; qualitative insights have not been used to prepare for quantitative work in the traditional sense of establishing an agenda to validate or falsify. Rather both methods have produced insights carried over to the later stages of the analytical process constructed by abductive/retroductive reasoning (cf. Järvensivu & Törnroos, 2010; Zachariadis, Scott, & Barrett, 2013).

The reason for mixing various methods in my study has been to paint a clearer, more systematic picture of the subsidiary initiative phenomenon itself. Thus, the different modes of data collection and analysis have complemented each other and compensated for limitations arising due to the use of another method. Over the course of the data collection and analysis, a growing recognition of the managers that drive subsidiary initiatives led to a different substance of subsidiary initiatives as a whole. As outlined, this is broadly anchored to the Carnegie School and its BTF (Simon, 1947; March & Simon, 1958; Cyert & March, 1963).

The foundational concepts, assumptions and aspirations in behavioral economics at large seek to demonstrate how individuals behave and make decisions in organizations. Thus, it takes an individualistic approach to economic and social phenomena, grounded in the concept of bounded rationality. As such, the analysis is of (change) processes including the behaviors and actions of managers in the organization. To understand the underlying nature of the initiative process it was thus essential to embark on a journey of employing an array of methods to identify a valid belief of this complex dynamic and exploratory phenomenon that stretches organizational boundaries (cf. Pedersen, Soda, & Stea, 2019).
1.8 Thesis Structure

The second chapter of the thesis develops the theoretical assumptions and underpinnings of the study. This encompasses further development of the micro-political subsidiary initiative process and the micro-political MNC in which subsidiary initiatives emerge by managerial proactive behaviors. In this light, proactive and purposeful actions by subsidiary managers are showcased, behaviors that have laid somewhat dormant in other MNC perspectives. To achieve this Van de Ven and Poole’s (1995) ideal process ‘motors’ of organizational change are applied to the subsidiary initiative process. The third chapter presents the mixed-method nature of the thesis, and how the methodological approaches have provided new insights to subsidiary initiatives and the micro-political view of the MNC. The fourth chapter presents a summary and overview of the respective papers, concluding with an appraisal of the overall research findings, acting as a springboard to the fifth and final chapter of concluding remarks and avenues for future research.
2 Theoretical Discussion

2.1 Establishing the Subsidiary Initiative Process

Research on the subsidiary initiative process is founded on the network-oriented models of the MNC e.g., Hedlund’s (1986) heterarchy, Bartlett and Ghoshal’s (1989) transnational firm, White and Poynter’s (1990) horizontal Firm, Doz & Prahalad’s (1991) diversified firm, Nohria and Ghoshal’s (1997) differentiated network perspective, Andersson et al.’s (2007) federative MNC and most recently, Ambos et al.’s (2020) multinational hybrid organization. These conceptualizations of the MNC have recognized the flow of capabilities, competences, and know-how as bidirectional and reciprocal, and not only as vertical by headquarters down to subsidiaries. It is also recognized as bottom-up to headquarters and horizontally between subsidiaries.

Similar to any process, the subsidiary initiative process is defined as a sequence of events, phases, or stages that describe change over time (Langley et al., 2013; Pettigrew, 1997). Based on Birkintshaw (2000), the subsidiary initiative process can be distinguished by three distinct phases: 1) the identification of an opportunity; 2) the gathering of support and means, and 3) the implementation/distribution of the initiative. For conceptual clarity, a fourth phase of subsidiary outcomes can be added, referring to the formation of capabilities through the utilization of resources i.e., subsidiary evolution (Birkintshaw & Hood, 1998; Cantwell & Mudambi, 2005). It has been argued that subsidiary evolution follows a subsidiary’s increased activity scope in the MNC (Galunic & Eisenhardt, 1996) which is also, commonly aligned with its performance and capabilities (Birkintshaw & Hood, 1998). The subsidiary initiative process corresponds to the general entrepreneurial process by the identification, recognition, evaluation and exploitation of opportunities (Shane & Venkataraman, 2000; Mahnke et al., 2007).

On this account, a successful subsidiary initiative is regarded as an entrepreneurial process, beginning with the identification of an opportunity and culminates with some kind of resource commitment, as illustrated in figure 2 below. It is an entrepreneurial process characterized by subsidiary managers’ opportunity-seeking behaviors; activities of innovativeness, risk-taking, and proactivity (Miller, 1983) are merely seen as the precursors to initiative-taking (Birkintshaw, 1997).
Figure 2. The Subsidiary Initiative Process

1. Identification
2. Approval
3. Implementation
4. Outcomes

- Subsidiary identification of initiative opportunity
- Evaluation and approval of initiative by headquarters
- Leveraging and implementation of initiative
- Effects of subsidiary initiative-taking

Resistance due to uncertainty
Moderated by subsidiary managers’ behaviors

This description of the phases constituting the subsidiary initiative process also corresponds to how the scholarly analyses has been classified into first, the antecedents of subsidiary initiatives, that is, all the factors affecting the first stage of opportunity identification. Second, the realization and inherent conceptual development of subsidiary initiatives as the approval and implementation practices, which includes research on the transfers of initiatives. Third, analyses investigating the actual aftermath of subsidiary initiatives, both at the organizational level (e.g., subsidiary evolution) and the individual level (e.g., career progression of subsidiary managers).²

The processual nature of initiatives matters as MNC subsidiaries are given tasks to solve by the headquarters; however, the subsidiary is not purely an instrument of the MNC that consecutively acts based on the headquarters’ imperatives (Bouquet & Birkinshaw, 2008ab). Subsidiary managers also take active part in determining the role of the subsidiary through the pursuit of entrepreneurial, operational, and strategic activities – that of subsidiary initiatives (Rugman & Verbeke, 2001; Cantwell & Mudambi, 2005). This is done by first, identifying, responding, and acting to locally identified opportunities (Birkinshaw, 1997) and in a second step building support at headquarters for those activities that are initially not approved (Birkinshaw & Fry, 1998).

Nevertheless, throughout development, the subsidiary initiative (which brings something new into the organization) faces resistance. This resistance has been coined the organizational ‘corporate immune system’ as “the set of organizational forces that suppress the advancement of creation-oriented activities such as initiatives” (Birkinshaw & Ridderstråle, 1999: 153). The analogy has been identified and extended by several authors e.g., Birkinshaw, 2000; Chini, Ambos, & Whelte, 2005; Mahnke et al., 2007; Schweizer & Lagerström, 2019).

² Two literature reviews on subsidiary initiatives were published in 2014 (Strutzenberger & Ambos, 2014 and Schmid et al., 2014) which consisted of 101 and 52 journal publications, respectively. Additionally, Simon and Royer (2020) provide a meta-synthesis building on Schmid et al.’s (2014) model of initiative development.
Essentially, a resistance is gradually built as a result of the competition between subsidiaries and divisions for scarce resources controlled by headquarters. Resulting in variation, that is multiple alternatives, subsidiary initiatives need to pass several filtering instruments before becoming integrated. These filtering instruments are governed by the headquarters managers who routinely protects and hinders the MNC from (excessive) change (Birkinshaw & Fry, 1998; Birkinshaw & Hood, 1998; Birkinshaw & Ridderstråle, 1999). This causes headquarter managers to intervene, delay, or request detailed justifications from the subsidiary managers (Birkinshaw, 2000). This behavior stems from existing organizational routines that headquarter managers prefer to work within, thus, supporting (lower-risk) initiatives that imply only smaller changes to the institutionalized routines and behaviors (Birkinshaw & Ridderstråle, 1999).

Subsidiary initiatives still compose a growing literature in the international business field. By taking a microfoundations lens to explore this phenomenon (O’Brien et al., 2019; Decreton, Nell, & Stea, 2019), focusing on the internal political processes (Dörrnbächer & Gammelgaard, 2016) and the resolution of intra-organizational conflicts (Schotter & Beamish, 2011). Increased insights are gained on how these managers act as micro-political boundary spanners (Schotter & Beamish, 2011; Schotter et al., 2017; Nuruzzaman et al., 2019;) in issues related to strategic (selection) decisions by headquarters (Geppert and Dörrnbächer, 2014). Thereby, it relates to the selection of initiatives much closer to the people, the managers, and contributing to the conceptual development of subsidiary initiatives as such.

The next section further delineates subsidiary initiative process in detail through an application of Van de Ven and Poole’s (1995) processual categorization of organizational change. ‘Change’ signifies the making of something different; in this case, denoting the advancement, modification, or transformation of a subsidiary initiative. However, depending on the processual view, the meaning of change is argued to be enacted and driven by different mechanisms. Ven and Poole (1995) conceptually explore four processual perspectives; evolutionary, life-cycle, dialectical and teleological. Other categorizations can be found in processual management research, notably Langley and Truax (1994) who categorize change in terms of a sequential-, evolutionary-, and political- process. The sequential process by Langley and Truax (1994) is a combination of Van de Ven and Poole’s (1995) life-cycle and teleological process. However, the evolutionary process is similar in both categorizations as well as the political and dialectical process.

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3 A strict Scopus search with the following criteria: TITLE-ABS-KEY (subsidiary AND initiative) AND (subsidiary AND entrepreneurship) AND (subsidiary AND innovation), excluding books and conference papers yielded a result of 75 English language journal publications between the years 1997-2020. The highest number of annual publications was recorded in 2019 (16). Journal of International Management (JIM) is the key outlet, with 12% of the total articles.
2.2 Moving toward a Micro-political View on Subsidiary Initiatives

2.2.1 Subsidiary Initiatives and the Evolutionary Process

Research on subsidiary initiatives has taken off from previous studies on intra-organizational competition and innovation, predominantly with an evolutionary underpinning (e.g., Burgelman, 1983ab; 1994; 1991; Nelson & Winter, 1982). Accordingly, the subsidiary initiative process is most commonly explained from an evolutionary process model (cf. Darwin, 1859), where the so-called variation-selection-retention (VSR) framework has frequently been applied (Campbell, 1965). The evolutionary process holds that there must first be a source of variation i.e., a deviation from the normal, whether it is natural, cultural, purposeful, or haphazard. Second, a relative constant selection mechanism must exist. Third, a retention mechanism is needed to preserve the selected variations for the future.

From the evolutionary process model, each corporation is seen as an ecology (Hannan & Freeman, 1977) within which strategic initiatives emerge (Burgelman, 1991; 1994). Variation comes about as different subsidiaries seek expression of their special skills through initiatives (Birkinshaw, 1997). These initiatives draw on existing and/or new competencies and routines and take shape if they are able to pull the company's resources for their development. Selection works through administrative mechanisms at the headquarter level that regulates the allocation of resources and attention to different initiatives (Burgelman, 1991). Ultimately, retention processes preserve the selected variation (Nelson & Winter, 1982), denoting initiatives that survive and grow to become important for the firm’s performance.

The mechanisms in the evolutionary process are thus explained as institutionalized routines facilitated through administrative control mechanisms, such as strategic planning, goal setting, and imprinting of the current corporate strategy (Burgelman, 1991; Stinchcombe, 2000). These mechanisms govern the selection processes of subsidiary initiatives (Birkinshaw & Ridderstråle, 1999).

Routines can only be partially codified, due to their inherently tacit dimension; similar taken-for-granted operating procedures contain significant levels of tacit knowledge (Ranucci & Souder, 2015). Routines are therefore not easily designed or changed and are furthermore hierarchically path dependent (Nelson & Winter, 1982; David, 1985). As such, trajectory change transpires only with significant pressure and evolutionary theories are therefore better suited for applications in stable environments. In dynamic settings, the adjustment of routines for accumulation of new knowledge is extremely difficult. Subsidiary initiatives as an evolutionary process therefore paint a picture of initiatives as an extremely rare phenomenon, which deviates from research
emphasizing the increased strategic role of subsidiaries in MNCs (Mudambi, Pedersen, & Andersson, 2014; Schmid et al., 2014 Kostova et al., 2016).

Routines can be viewed as the various value systems, prejudices, generally accepted practices, wider cultures, and pre-existing knowledge of organizations (Dosi & Nelson, 1994). Headquarters’ attentional allocation to variations (initiatives) are therefore based on the perceived salience and relevance. Consequently, renegade ideas, from the evolutionary viewpoint, are seldom picked up for selection since a routinized search of this kind gives preference to less progressive initiatives. Put differently, only after attending to issues deemed crucial can managers allocate attention to other issues (Greve, 2008; Cyert & March, 1963). The evolutionary view on subsidiary initiatives thus establishes headquarter managers as ultimate decision-makers without consideration of the negotiation struggle unfolding between subsidiaries and headquarter managers (Dörrenbächer & Gammelgaard, 2006; Gammelgaard, 2009; Williams & Lee, 2011).

The evolutionary process, stemming from biological evolution is inherently focused on explaining blind variation and selective retention (Campbell, 1960). The rudimentary VSR-framework as depicted above highlights the general process of subsidiary initiatives, with competition as the focal element to set the process in motion. However, it does not provide any deeper understanding on how variation actually comes about and is spread out.

Attempting to justify an evolutionary view on subsidiary initiatives and abiding by the lingo of biological evolution, initiatives can be conceived as mutations, that is, changes or alternations (to the system). The initiative-taker mutates and recombines the initiative numerous times throughout development until the fittest variant is selected for retention. Hence, the mutation needs to freeze i.e., stabilize in order for environmental selective retention. Recalling that routines are a stable state of general decision rules or operating procedures (Nelson & Winter, 1982), this view of creative ideation (Campbell, 1960), often referred to as the Darwinian view of creativity, has primarily been supported by Simonton (cf. 1999; 2011). However, also criticized in principal based on the argument that change processes in settings other than that of biology, are not blind and undirected (Hallpike, 1986; Bryant, 2004; Sternberg, 1999; Dasgupta, 2004).

Subsidiary initiatives are not randomly created: rather, they are proactively directed and guided by subsidiary managers with capabilities of foresight; an intuition capacity (or eyesight) of what is about to come. Therefore, a move toward a micro-political view on subsidiary initiatives can be viewed as a complement to the evolutionary process. This enables an explicit focus on the subsidiary managers and their actions, by conceptualizing them as active strategizers within the MNC (Ferner et al., 2011; Bouquet & Birkinshaw, 2008b; Kristensen & Zeitlin, 2005; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001).
Because of the relatively linear and static nature and the neglect of managerial intuition, the evolutionary process does not distinguish the actions by individuals and groups that can make a claim against the organization’s resource sharing system as driving forces (Becker-Ritterspach, 2006; Felin & Foss, 2005; Barney & Felin, 2013). By leaning on the behavioral theory (Cyert & March, 1963) with the conceptualization of the MNC as a political coalition (Mudambi & Navarra, 2004; Williams & Lee, 2011), subsidiary initiative-taking, cannot be explicated as undirected, blind variation and exogenous selection environments.

2.2.2 Subsidiary Initiatives and the Life-Cycle Process

In a life-cycle process, activities pass through a logical sequence, similar to the evolutionary process model. Genetic determinism prescribes the specific content of the stages: start-up, grow, harvest, and termination (Van de Ven & Poole, 1995), implying that it is the genetic makeup that controls the outcome. But to consider the subsidiary initiative process as a prescribed sequence in this nature there ought to be another underlying code, program, or logic (other than a routine) that regulates and drive the initiative forward.

In the life-cycle process, the involved actors are considered as working toward the same goal, therefore, divergence between them is not recognized i.e., how can there be several subsidiary initiatives from many units that all address a similar issue. A life-cycle process likewise stresses regulation and compliance (from headquarters). This process is therefore not attuned with the contextual definition of initiatives as discrete and proactive undertakings by subsidiary managers (Birkinshaw, 1997) that cause stress in the corporate immune system (Birkinshaw & Ridderstråle, 1999). The life-cycle process does not cover constructive motors of change; rather, it emphasizes a clear strategic development process from ‘idea conception’ to ‘death’ (cf. Mintzberg, 1978; Vernon, 1966). In the subsidiary initiative process, there is no prescribed pattern of change; on the contrary, initiatives persistently cause friction in the MNC (Schotter & Beamish, 2011).

Early key contributions on subsidiary initiatives noted that the initiative process is not sequential, and that development stages are often overlapping and may occur in parallel and follow a non-linear pattern (Birkinshaw & Ridderstråle, 1999; Birkinshaw, 1997). Against this background, only subsections of the subsidiary initiative process can be conceived from a life-cycle approach. In the sense of capturing the termination as the adaptive mutation, recombination, or renewal of the initiative; through headquarters capital and knowledge to foster the initiative. However, this approach also implies a more pertinent headquarters focus.
2.2.3 The Missing Link to the Subsidiary Initiative Process

All process theories present change as involving a series of events, decisions, and actions, but they differ in terms of the degree to which these events, decisions, and actions follow a prescribed pattern. In other words, to which extent, the direction of change (change trajectory) is predetermined or can be influenced by those involved in the process. Indeed, initiatives driven from the bottom-up have to pass certain filtering instruments before becoming integrated (Birkinshaw & Ridderstråle, 1999). The key difference when adopting a micro-political view relates to fully recognizing subsidiary managers as the ‘shapers’ or strategizers of the filtering instruments and not merely ‘confronters’ obeying them. Both the teleological- and dialectical- process models identify change as a constructive force rather than a prescribed force as in the evolutionary and life-cycle process (Van de Ven & Poole, 1995).

For instance, headquarter managers can be biased by their existing knowledge, expertise, past experience, or personal relationships with particular subsidiary managers (Monteiro, 2015). Headquarter managers may likewise be forced to look at certain initiatives when subsidiary managers drive them purposefully (Conroy et al., 2019). Subsidiary initiatives can therefore be presented as a form of creative destruction (Schumpeter, 1942), detrimental to existing structures but good for the long-term growth.

Hence, the subsidiary initiative process is not a forthright resource-seeking and resource-commitment process within the MNC; rather, it can be best understood as a micro-political process characterized by e.g., the lobbying for attention (Bouquet & Birkinshaw, 2008b) and initiative-selling through personal appeals (Dörrenbächer & Gammelgaard, 2016a). By the engagement of subsidiary managers’ initiative-selling efforts, organizational resistance is conquered (De Clercq, Castañer, & Belausteguigoitia, 2011).

In a similar way, Monteiro (2015) put forward the importance of subsidiary managers’ pre-sale activities such as sensing the firm’s needs and constraints and identifying specific actors in the MNC to market the initiative to and optimally receive some kind of early buy-in/conditional approval. In such light, the initiative process is directed and guided by the involved actors, going beyond a simple inference that at some point in time the initiative reaches a stage where either it is embraced by the headquarters to initiate implementation procedures or it is rejected. Hence, by taking into account teleological and dialectical inferences, the subsidiary initiative process is accordingly envisaged as a dynamic process.

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4 In the respective papers, initiative acceptance is not seen as a dichotomous measure of acceptance or rejection, rather captured as a ‘degree of acceptance.’
2.2.4 Subsidiary Initiatives and the Teleological Process

A teleological process has a built-in learning mechanism that emphasizes the purposeful enactment of subsidiary managers, which is put in motion by the dissatisfaction of a current strategy (Van de Ven & Poole, 1995). The process thus is driven by actors aiming to achieve their goals; from the subsidiary perspective, the inherent goal of the initiative is to extend and strengthen the current subsidiary mandate/position or simply to show justification of their existence (Delany, 2000). In this view, the conceptual nature and meaning of lobbying and initiative-selling changes, from merely a single activity performed at a certain moment, to dynamic action(s) where the selling and seeking of attention is constructed and developed as a receptive sequence of adaptation. It is based upon what is learned in the interaction process with the headquarters and other internal or external actors not part of the initiative developing team.

The teleological view therefore attenuates foresight or vision as a behavioral mechanism that enables the subsidiary managers to more accurately foresee the future needs or goals (of headquarters) and adapt the micro-political framing of initiatives accordingly. The teleological process encompasses guided learning by subsidiary managers, who utilize their know-how when proactively approaching headquarter managers. Purposeful enactment by subsidiary managers is thus vital to the potential success of leveraging initiatives at headquarters and determining the future organizational strategy (Cyert & March, 1963). Ideally, the teleological process is captured in the discontinuous stages of dissatisfaction, interaction, goal envision, and goal implementation (Van de Ven & Poole, 1995).

Subsidiary initiatives are therefore progressively enacted in an adaptive process, thus capturing an element of constructive change. It signifies that subsidiary initiatives are not only driven by local subsidiary market opportunities but also adjusted to the headquarter preferences and/or capabilities of the MNC.

2.2.5 Subsidiary Initiatives and the Dialectic Process

A dialectic process emphasizes how political behaviors drive change, thus capturing the dynamics based on the intrinsic tensions, contradictions and responses by subsidiary managers. It is here defined as an opposing part (subsidiary initiative) that challenges and disrupts a current situation (based on a corporate agenda or prevailing strategy) meet to create an outcome (synthesis). From this perspective, initiatives do not follow a prescribed pattern or necessarily a straightforward selection (acceptance or rejection), instead, a political game of negotiation materializes within the selection process.

A political actor acts purposefully, as opposed to an evolutionary actor that is thought to be embedded in a hidden value system and thus not necessarily
acting consciously. The political process is attributed through conflict, a lack of alignment over resource distributions; hence, the underlying assumptions revolve around managers’ behaviors and actions to attract scarce resources (and space for alignment). Context plays a crucial role in the dialectic process; the synthesis can be seen as the result of past relationships, attentional attributes, subsidiary-track-record, position and mandates.

From a dialectical perspective, the outcome of subsidiary initiatives is explained by locus on the inherent conflict between subsidiaries and vis-à-vis headquarters and the micro-political behaviors of subsidiary managers to resolve the conflict. Headquarters selection of initiatives occurs in the wake of the unfolded tensions and conflicts. While in the teleological view, headquarters selection occurs directly as a result of a subsidiary’s goal-seeking behavior.

Altogether, the dialectic process showcases that initiatives can be perceived as being undertaken for opportunistic behaviors and are thus met with resistance (Birkinshaw, 1998; Birkinshaw & Fry, 1998). Engaging or showcasing insufficient political skill may also risk being regard as self-interest seeking behavior (Ferris et al., 2007).

### 2.2.6 Assessing the Micro-Political View of Subsidiary Initiatives

Notably, it is difficult to put forward a single prototypical model of the subsidiary initiative process, given the variety of forms that initiatives may take. Yet, by incorporating some of the foundations of the teleological- and dialectic process of organizational change – as a complement to the traditional evolutionary view, explanatory precision of the underlying mechanisms that lead up to selection is enhanced.

Selection of subsidiary initiatives, therefore, is not only the result of competition for resources and the survival of the fittest by adapting to the environment. On the contrary, the outcome is also affected by the socio-political behaviors of individual managers shaping the environment, and the struggle for sufficient influence to confront and engage the status quo (e.g., Bishop, Webber, & O’Neill, 2011; Monteiro, 2015; Conroy & Collings, 2016; O’Brien et al., 2019; Conroy et al., 2019; Nuruzzaman et al., 2019). This implies that the subsidiary initiative process is not a forthright commitment process of acceptance or rejection; rather, it involves cases of conditional accepts characterized by small adjustments or further improvements of the initiative and meanwhile it is put on hold.

The above-described processes shed light on different connotations of the subsidiary initiative process. The evolutionary process view posits initiatives as mutations in the context of the MNC (similar to the life-cycle approach),
thus, supporting the notion of a corporate immune system (Birkinshaw & Ridderstråle, 1999). However, the biological evolution is designated as random, initiated by chance events and pushed forward by positive and reactive responses, but subsidiary initiatives are purposeful activities that do not follow a prescribed pattern.

Noteworthy, there is a stream of research on adaptive mutations in evolutionary theory (Rosenberg, 2001; Foster, 1993; 2000) which argues that (biological) mutations are in fact more purposeful than previously imagined, contrasting genetic changes as actual responses to environmental changes. Applied in the subsidiary initiative setting, we can thus postulate that variation of subsidiary initiatives increases under dynamic conditions (environmental stresses) – it is when mutations are needed the most or are provided the most space (cf. Monteiro, 2015). Hence, we can by and large understand that a subsidiary’s evolution, that is the development of role and scope of responsibility in the MNC change in accordance to a combination of events in the local subsidiary environment and MNC environment. Hence, that both headquarter management decisions and subsidiary management decisions determine a subsidiary’s evaluation (Birkinshaw & Hood, 1998; Dörrenbächer & Gammelgaard, 2006).

However, in such a setting, headquarters and subsidiaries may also engage in perceptual bargaining processes (Mudambi & Navarra, 2004; Andersson et al., 2007). Here, the teleological process emphasizes the complex system and design of the MNC with purposeful interactions among entities and individuals to achieve growth. In contrast, the dialectic process highlights a less structured manner of interaction – that of conflict and struggle. Together the processes illustrate, the way of ‘muddling through’ (Lindblom, 1959) in the organization, seeking recognition and resources to something novel that has the potential of changing the business landscape for the MNC or subsidiary (Birkinshaw, 1997).

In the next section, the micro-political view is put in a larger MNC perspective in which subsidiary initiatives unfold as a micro-political process.

2.3 The Micro-political Multinational Corporation

2.3.1 Developments from the Micro-Political View

The micro-political perspective on MNCs is drawn predominantly from social theory and organizational psychology (e.g., French & Raven, 1959; Emerson, 1962; Burns, 1961; Dahl, 1963; Deutsch, 1973; Pfeffer & Salancik, 1978). In fact, March (1962) was among the first to elaborate on the business firm as a ‘political coalition,’ which was further expanded by Cyert and March (1963). The foundational principles as to why the firm is described as a political coalition relates to 1) the quasi-resolution of conflict, 2) uncertainty avoidance,
3) problemistic search, and 4) organizational learning. With a distinct basis in the BTF (Simon, 1947; March & Simon, 1958; Cyert & March, 1963), Johanson & Vahlne (1977) rejuvenated the behavioral model to international business research.

First, the MNC can be thought of as a melting pot comprising of many groups and individuals, each with their own goals and agenda. Cyert and March (1963) elaborated on the key stakeholders, ranging from managers, employees, customers, and shareholders. Here, I have taken a limited approach to consider the MNC internal actors of subsidiary managers vis-à-vis headquarters. Conflict arises as a result of different goals around e.g., the subsidiary’s status and positioning internally within the MNC-network (Lunnan et al., 2019), further enacted by initiative-taking (Birkinshaw & Ridderstråle, 1999). The conflicts can be quasi-resolved through negotiation and bargaining (Mudambi & Navarra, 2004; Becker-Ritterspach & Dörrenbächer, 2011; Dörrenbächer & Gammelgaard, 2006) or encountered by the use of behavioral tactics such as shifting emphasis, ceremonial compliance, ignorance, obstruction and offensive counteractions (cf. Schotter & Beamish, 2011).

Second, MNC managers tend to accentuate control and strategic alignment over subsidiary activities (Brenner & Ambos, 2013; Menz et al., 2015), thus favoring short-run feedback cycles to construct a near predictable environment where subsidiary managers’ possibilities to initiate actions against the overall MNC interests are minimized. This reduces the need for future coordination. The uncertainty avoidance mechanism can therefore be used to explain headquarters’ preference for proven initiatives, or initiatives from subsidiaries with an established track-record (Dörrenbächer & Gammelgaard, 2016a; Verbeke et al., 2007; Mahnke et al., 2007).

Third, the future is always in motion, and managers tend to search for satisfactory results, leading to the modification of activities or incremental innovation rather than committing to new initiatives (Monteiro, 2015). The search for solutions to problems thus stops when a satisfactory solution is found. It is argued to be shortsighted and choice alternatives do not flow naturally since they are inherently biased by previous experience, interaction, and overall knowledge (Monteiro, Arvidsson, & Birkinshaw, 2010).

Fourth, organizational learning refers to the assumption that organizations adapt behavior over time in accordance with what is learned in the previous step (Levitt & March, 1988), thus, also giving preference to familiar solutions with previous success (Ambos et al., 2010).

Some elements of the micro-political perspective can also be traced back to the seminal work by Penrose (1959) and her development of the theory of the growth of the firm, and later on the resource-based view (Barney, 1986; 1991; Dierickx & Cool, 1989, Wernerfelt, 1984). In a similar vein as the BTF, the primary focus in the resource-based view is on different levels of uncertainty, bounded rationality, and learning. Since subsidiary initiatives are sug-
suggested to be locally initiated (Birkinshaw, 1997) they are therefore experien-
tial and contextually bounded, thus difficult to transfer across contexts and
groups (Penrose, 1959). Nonetheless, taking an inside-out perspective to or-
ganizational activities, the element of political coalitions and intraorganiza-
tional conflict is missing. In Penrose’s theory, the firm is regarded as a collec-
tion of productive resources, consisting of both tangible and intangible, peo-
ple-dependent or people independent –resources. However, these are inevitably
bound together by administrative coordination and authoritative
communication.

Micro-political scholars recognize both the behavioral theory and resource-
based view to envisage a dynamic and political view of the MNC (Clegg et
al., 2018; Dörrenbächer & Gammelgaard, 2016ab; Kristensen & Zeitlin,
2005). MNCs are seen as complex organizations with dispersion of power
among interest groups (Edwards & Bélanger, 2009). Headquarters-subsidiary
relations are complex and dominated by micro-level interactions (Dö-
renbächer & Gammelgaard, 2016a), emphasizing a microfoundations ap-
proach (Foss & Pedersen, 2019).

Research have elaborated on political coalitions (Mudambi & Navarra,
2004; Williams & Lee, 2011), a socially constructed community of subsidiary
members (Bouquet & Birkinshaw, 2008a), and contested terrains (Edwards
& Bélanger, 2009). Accordingly, the subsidiary initiative process has also
been conceptualized as a political struggle (Williams and Lee, 2009; Lee &
Williams, 2005; Dörrenbächer & Geppert, 2009). In this struggle subsidiary
managers bear influence on headquarters’ resource allocation strategies (Am-
bos et al., 2010) and the co-creation of subsidiary roles together with head-
quarters (Cavanagh et al., 2017a; Cavanagh et al., 2017b).

In short, the micro-political perspective focuses on the role of individuals,
therefore analyzing firm behaviors by placing managerial activities at the cen-
ter of attention. Applying this perspective on subsidiary initiatives means that
we can observe a firm behavior and interpret it in greater detail. The traditional
focus on regulating social integration in the MNC (Brenner & Ambos, 2013;
Menz et al., 2015), assuming close alignment with headquarter directives, has
in large overlooked how behavior is instead shaped bottom-up (Geppert &
Dörrenbächer, 2014; Dellestrand, Kappen, & Lindahl, 2020). Politics, power,
and conflict have consequently merely implicitly been addressed (Becker-Rit-
terspach & Dörrenbächer 2009; 2011; Geppert et al., 2016).

The MNC and in particular the subsidiary initiative process however is full
of competition, power, and conflict which give way to continuous political

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5 For an overview, see the special issue on “New organizational Perspectives on the Study of
Politics and Power in the Multinational Company” in Organizational Studies, 2016, 37(9).
maneuvering in the pursuit of subsidiary initiatives. Key concepts for defining a micro-political MNC include an emphasis on issues such as overall initiative-taking and profile building (Bouquet & Birkinshaw, 2008ab); initiative-selling activities and tactics (Dörrenbächer & Gammelgaard, 2016ab), interpersonal and cross-boundary networking (Williams & Lee, 2011; Pedersen et al., 2019), as well as subsidiary positioning in the MNC network (Andersson et al., 2007; Najafi-Tavani, Giroud, & Andersson, 2014; Benito, Grøgaard, & Narula, 2003).

2.3.2 Advancing the Micro-Political Subsidiary Initiative Process

Internal competition and organizational struggle for resources, attention, and influence however can be seen from different perspectives. On the one hand, in evolutionary terms, headquarters’ responses to subsidiary initiatives are treated as adaptive responses by subsidiary managers. As such, proactive pursuit of subsidiary initiatives without headquarters’ mandate is negatively portrayed, to be restrained by normative integration (Clark & Geppert, 2011; Geppert & Dörrenbächer, 2014). On the other hand, internal competition may also be seen as an ever-changing high-stakes political struggle driven by subsidiary managers, concurrent with the transition toward a network-based structure away from hierarchical structure (Menz et al., 2015). In this light, coordination, control, and resource mobilization are merely controlled through informal mechanisms rather than hierarchical integration (Levy & Reiche, 2018).

Hence, by focusing on the conflicts and ambiguities in these relationships and the actor’s responses to the underlying tensions, we can incorporate more dialectic and teleological inferences, which provide new insight into the subsidiary initiative process.

Bounded rationality constraints (Simon, 1955) indicates that managers are unable to predict all given outcomes. MNC managers are likewise often incapable of foreseeing the potential value of subsidiary initiatives; headquarters are therefore mostly conceptualized to possess incomplete knowledge and might simply not know what they do not know (Ciabuschi et al., 2012). At the same time, they are expected to act, sometimes resulting in ‘screening out the

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6 See for instance, Dörrenbächer and Gammelgaard (2016b) or Jarrett (2020) for a review on the myriad of initiative-selling techniques and attention-building activities by subsidiary managers.

7 Cf. external unexpected events determining a product viability. For instance, the technological failure of the Digital Audio Tape (DAT) which aimed to replace traditional music cassettes. The DAT was in essence a great product, but perhaps too great as it had the potential to lossless duplicate and copy CDs. Consequently, it was completely denounced by the surrounding network – the music recording industry (See article, “Erasing the threat of digital audio tape” in Billboard, 1986, 96(3), p. 11 by Gortikov, S. President of Recording Industry Association of America).
unknown,\(^8\) which can be detrimental in the long-term (Monteiro, 2015). Accordingly, there is a need for MNC headquarters to allow and support autonomous initiatives from subsidiaries (Ambos et al., 2010).

However, the more initiatives a subsidiary undertakes, the more they also jeopardize any previously gained autonomy by evoking headquarters’ monitoring behaviors (Ambos et al., 2010). Subsidiaries’ political maneuvering can therefore be seen as a way of continuously seeking alignment and recognition (Conroy et al., 2019). Headquarters’ attention is then conceived as a behavioral expression of interest that is shaped over time (a process) by top-down goals and objectives but also bottom-up through developments of initiatives (Ocasio & Joseph, 2005; Ocasio, 2011).

Attention to subsidiaries’ initiatives, proposals, projects, and procedures for the most part, is a necessary condition to make sense of the environment, and to learn and adapt to future operations. MNC managers integrate and leverage knowledge originating from foreign subsidiaries through this type of attentional processing. Fundamentally, it is a strategic foundation to achieve competitive advantages (Bartlett & Ghoshal, 1989; O’Donnell, 2000). However, as attention is a limited resource (Simon, 1947; March & Simon, 1958; Cyert & March, 1963) headquarters cannot pay attention to all issues from all subsidiaries resulting in the engagement of subsidiary attentional attraction activities to evoke headquarters responses. We thereby need to pay more attention to individual organizational actors, their proactivity, communication, interactions, networking, and behavioral strategies. Organizational politics should not be regarded as negative, illegitimate, or dysfunctional behavior but rather a \textit{sine-qua-non} of organizational life (Becker-Ritterspach & Blazejewski, 2016). A resistance from misalignment is important in its own right and not necessarily good or bad (Balogun et al., 2011), because it promotes progress.

\subsection{2.4 The Politicized Forum for Subsidiary Initiatives}

Research has previously conceptualized internal politicking (Cyert & March, 1963) for subsidiary initiatives through the theoretical lens and metaphor of the MNC as an ‘internal market’ (Birkinshaw, 2000). It is inspired by Halal (1994) who provides perhaps the clearest conceptualization and most vivid distinction from hierarchies. Essentially, Halal (1994) argues that hierarchical controls are replaced by market forces; in substance, therefore the internal market is seen as a replication of the external market. In this market, MNC divisions and departments can be viewed as semi-autonomous entrepreneurial units. Decisions are thus guided by how and to which extent these actors show

\footnote{Cf. when managers at Ericsson completely failed to evaluate Apple’s iPhone (See Lindskog, 2015).}
entrepreneurial initiative. Some elements of the internal market can also be traced back to March and Simon’s (1958) conceptualization of the organization as a system of interrelated social behaviors of participants.

Birkinshaw (2000) picked up this internal market metaphor in the subsidiary initiative context, which was further extended by Cerrato (2006)9. In short, the internal market has been generated both by design and partly inadvertently as a result of the growing sequential importance and endorsement of subsidiary value-adding activities such as initiatives (Birkinshaw, 1997) as well as the overall global dispersion of these activities (Schmid & Schurig, 2003).

Birkinshaw (2000) and Cerrato (2006) particularly consider subsidiaries’ participation in three different internal markets for 1) products and services, 2) subsidiary charters, and 3) practices and capabilities. How these markets are shaped depends on the extent of internalization of the existing market, and to the extent of external customers and suppliers also competing with MNC subsidiaries. The market for products and services is what most closely resembles subsidiary initiatives as investigated in this thesis. Subsidiary charters are the result of successful promotion of initiatives to increase the subsidiary’s activity scope (Galunic & Eisenhardt, 1996). The most distinctive market is that for competencies and practices, as it is not driven by conflict or competition but by co-operation among subsidiaries. Here, research has drawn on the organizational learning perspective and knowledge transfer literature (Kogut & Zander, 1993; Gupta & Govindarajan 1991).

This however is not the focus of this thesis, and nor does the thesis address the questions related to the establishment of the market which can be answered by internalization theory (Rugman, 1981). Rather, this thesis delineates the role of micro-politics to understand the inner workings of the MNC with regard to subsidiary initiatives.

Moreover, although the subsidiary initiative process can be characterized in some regards as in internal market, it does not fully work. In essence, markets concern transactions i.e., economic exchanges that are governed by regulations (Casson & Lee, 2011). Given the entrepreneurial nature of initiative-taking and in part the disorderly trial and error method of development, it stands to reason that, the bureaucracy or prescription in regulation does not work for subsidiary initiatives. The elements of competition, bargaining, and signaling by managers however are more prevalent in markets; logrolling as the trading of favors or *quid pro quo*. From this perspective, one could argue for an emergent, non-organized marketplace where social- and political navigating rules the selective outcomes.

This thesis follows a behavioral approach where the firm is a political coalition among different individuals and groups (March & Simon, 1958; Cyert

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9 In the research stream of economic capital transfers across borders, internal markets have gained more widespread adaptation. See for instance, Aggarwal and Kyaw (2008); Desai, Foley, & Hines (2004); Mudambi (1999).
& March, 1963). Henceforth, I do not argue for an internal market system for subsidiary initiatives as such, but rather a politicized forum encompassing certain market-like modes of economic organization.

2.4.1 Contesting in the Politicized Forum

An evolutionary perspective holds that headquarters’ role is to define the borders of internalization activities and the extent to which subsidiaries compete for the charters and capabilities (Bartlett & Ghoshal, 1989). In the evolutionary view, the focus is thus on competition—a subsidiary’s competitiveness (in the MNC) therefore largely depends on its resources, “firm resources are all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness” (Barney, 1991: 101). This implies that the resources can be tangible or intangible, people-dependent or people-independent. As such, headquarters are not merely providing the subsidiaries with the necessary resources to operate, but these are competed for in the politicized forum.

Relationships and interdependencies are recognized between organizational units at all levels (O’Donnell, 2000). Coordination and communication also occur between subsidiaries and not just with a corporate (or regional/divisional) headquarters. The politicized forum of the MNC therefore is conceived as a meeting place for all actors seeking recognition of their initiatives, which over time can provide an extension of their capabilities and mandates.

Subsidiary managers engage in the politicized forum to gain support and visibility of activities, garnering broad organizational attention to initiatives. We know that subsidiary initiatives can essentially drive the process of strategic development of the whole MNC (Birkinshaw, 1997; Birkinshaw & Hood, 1998) and are not only used to expand the subsidiary’s own resource base (Birkinshaw & Ridderstråle, 1999). Similarly, the middle management perspective on the strategy process (e.g., Floyd & Wooldridge, 1997; 2000; Wooldridge, Schmid & Floyd, 2008; Ahearne, Lam, & Kraus, 2014) highlights how corporate initiative takers, other than the top management, can play a crucial entrepreneurial role.

The first step subsidiary managers’ face is not to explicitly ‘sell’ the initiative upwards or to other subsidiaries but to attract and leverage recognition within the MNC (Monteiro, 2015). If the subsidiary does not seek to establish e.g., relationships and a successful track-record, the foundation for the initiative being paid attention to in a second step decreases. By extension, the voicing of initiatives (Bouquet & Birkinshaw, 2008ab) and political maneuvering starts at the very inception of an idea (Conroy et al., 2019).

The politicized forum put forth implies a setting where headquarters in part rely and take actions in response to the politicizing activities and social navigating of subsidiary managers (Dörrenbächer & Geppert 2006; 2009; Conroy
et al., 2019). Subsidiary managers exercise their influence through a combination of their own initiatives, initiative-selling and overall strategic maneuvering in the MNC. The politicized forum is thus the scene where lobbying activities of subsidiary managers strive. It is where subsidiaries exercise their voice in the organization to influence the decision-making at headquarters (Bouquet & Birkinshaw, 2008b; Dörrenbächer & Gammelgaard, 2011).

Lobbying is thus not viewed as a selling activity but as actions to coordinate processes (Dörrenbächer & Gammelgaard, 2016a). Additionally, how well the subsidiary has performed in the past compared to expectations determines its track-record. A solid track-record helps to portray the subsidiary as a trustworthy partner within the corporate network (Bouquet & Birkinshaw, 2008ab); MNC managers thus favorably nurture their initiatives.

The reasons for disclosing the inner workings of the MNC and subsidiary initiatives in this light are that the vast majority of research (transaction-based view exempted) refers to the struggles of constructing a system that is receptive enough of new ideas stemming from the lower levels of the organization (Schmid et al., 2014). Thus, hybrid governance structures designed to encourage subsidiary entrepreneurship have been put in place (Andersson et al., 2015; Mees-buss, Welch, & Westney, 2019). Loosely coupled MNCs with highly autonomous subsidiaries might be good for identifying local opportunities (Ghoshal & Bartlett, 1988; Beugelsdijk & Jindra, 2018), but the leveraging and subsequent transfer of these opportunities across the organization also require headquarters’ efforts and internal coordination (Noorderhaven & Harzing, 2009; Tsai & Ghoshal, 1998; Yli-Renko, Autio, & Sapienza, 2001).

The politicized forum described here is a way for headquarters to get back some of the ‘lost’ control by complete autonomous subsidiary units while at the same time allowing subsidiaries to push initiatives internally to gain their recognition. Given how the possession or control of resources is the primary source of power, headquarters are the ultimate governor (Andersson et al., 2007). Hence, the politicized forum in the MNC paves the way for agile and innovative subsidiaries; those who put forth initiatives are also recognized accordingly. In such a manner, the politicized forum also bears similarities to any free market, which does not discriminate; rather, it is the subsidiary managers’ productivity as corporate citizens and their innovation abilities as corporate entrepreneurs that determine how well they will perform (cf. Miller, 1983).

2.4.2 Acting in the Politicized Forum

Research have struggled to categorize between different types of subsidiary initiatives. At least three typologies are worth mentioning. First, subsidiary initiatives have been categorized as to their ‘locus of origin’ and ‘locus of pursuit’ – internal or external (Birkinshaw, 1997; 2000). Second, subsidiary initiatives can be categorized based on their aim: 1) extending the subsidiary’s
mandate (domain developing), 2) strengthening the subsidiary’s position (domain consolidating), or 3) securing the subsidiary’s position (domain defending) (Delany, 1998; 2000). Third, as two forms of subsidiary entrepreneurship, Verbeke et al. (2007) distinguish between renewal initiatives (changes to existing strategy/structure) and venturing initiatives (creation of new business units or subsidiaries).

Based upon the thesis’ perspective of the micro-political MNC, all initiatives of significant substance need to be leveraged internally in the politicized forum. The forum does not grant resource commitment or market approval but it builds up attention for promising initiatives. The main resource that is gained in the politicized forum is thus attention, a behavioral condition necessary to obtain approval and resources in a second step. Headquarters’ attention has been argued to be the most wanted and valuable asset in MNCs (Hansen & Haas, 2001; Bouquet & Birkinshaw, 2008a), because subsidiaries without attention may be screened-out (Monteiro, 2015; Conroy & Collings, 2016). Subsidiaries with a high level of entrepreneurial orientation and headquarters attention stand greater chance of leveraging new ideas as headquarters attention provides a possibility to increased performance (Ambos & Birkinshaw, 2010) and without attention it is difficult to gain influence through initiative-taking (Ambos et al., 2010).

Research on attention processing in MNCs follow the ABV, a metatheoretical concept to describe how attention is distributed (Ocasio, 1997; 2011; Joseph & Ocasio, 2012; Laamanen, 2019). In essence, it is argued that managerial actions are dependent on the ‘issues’ and ‘answers’ for which they focus their attention on. Thus, managerial attention implies the noticing, encoding, interpreting and focusing of time and effort by managers on both issues and answers e.g., initiatives (Ocasio, 1997). In the ABV, attention is both driven top-down and bottom-up according to stimuli (Ocasio, 2011). The top-down approach means that headquarters regularly scan the environment and act based on the information they receive and their pre-existing knowledge. In this context, headquarters thus monitor the ‘forum’ for promising initiatives and allocate attention accordingly.

However, as attention is a limited and a sought-after resource, allocating high attention to all subsidiaries and initiatives is simply not possible. Subsidiaries are therefore forced to engage in initiative-selling activities (Dutton et al., 2001; Bishop et al., 2011; De Clercq et al., 2011), which works as stimuli to invest more time and effort (Ocasio, 1997) in line with the BTF (March & Simon, 1958; Cyert & March, 1963).

Ocasio, Laamanen, and Vaara (2018) emphasize a dynamic view on attention, implying that it is crucial to understand the multifaceted ways in which stimuli can be provided (cf. Kleinknecht et al., 2020; Holm, Drogendijk, &

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10 Externally focused initiatives by self-governing subsidiaries not seeking headquarters approval are outside the scope of this thesis.
Haq, 2020). Yu, Liu, and Bai (2019) further extended the view on attention in the parable as a double-edged sword; in accordance with the level of attention provided to a subsidiary the level of performance expectations also increases. Therefore, the politicized forum allows headquarters to maintain authority and motivate subsidiaries through attentional processing, which is still allocated top-down (Ambos et al., 2010).

2.5 The Composition of the Politicized Forum in the Multinational Corporation

To elucidate the subsidiary initiative process, this thesis presents the MNC as a micro-political organization and sheds light on the micro-process activities by subsidiary managers. Theoretically, this is achieved by anchoring the foundations of the micro-political perspective in the BTF and relating the initiative process to in-principal dialectic- and teleological process views, as complement to the traditional evolutionary view.

Table 1 (p. 46) summarizes in broad terms the key leveraged theoretical concepts, that is, initiative-taking, initiative-selling, political power games, and subsidiary positioning. This concluding section of the theoretical discussion serves the purpose of synthesizing these concepts to establish the micro-political environment of the MNC. The four concepts are further explored from different angles in the separate papers making up this thesis.

Initiative-taking, that is, the pursuit of subsidiary initiatives, is here understood as fundamentally a micro-political undertaking. Given how the initiative may cause turbulence within the organization, initiative-takers resort to micro-political behaviors to leverage the initiative. This is in accordance with previously accepted definition of subsidiary initiatives as a “discrete, proactive undertaking that advances a new way for the corporation to use or expand its resources” (Birkinshaw, 1997: 207). This implies that subsidiary initiatives are not merely connected to a specific form of corporate entrepreneurship (Covin & Miles, 1990) but also as a micro-political activity associated with individual managers and their behaviors upon pursuing initiatives (Dörrnbächer & Geppert, 2009; Bouquet & Birkinshaw, 2008b).

Recalling that subsidiary initiatives are proactively driven by subsidiary managers without prior sanction by headquarters and aimed at improving the subsidiary’s significance in the corporate network (Delany, 2000), an evolutionary process materializes. This process leads to an increased recognition by headquarters, illustrated by their increased attentional processing (Bouquet & Birkinshaw, 2008a). It is important to note that although initiative-taking may also vicariously be regarded as self-interest seeking or even opportunistic behavior (Birkinshaw, 1998; Birkinshaw & Fry, 1998; Mudambi & Navarra,
The primary goal of subsidiaries is to deliver on headquarters expectations, and only high-performing or otherwise autonomous subsidiaries may successfully engage in new initiative-taking (Ambos, et al., 2010).

Given that subsidiary initiatives are not typically planned activities, subsidiary managers need to captivate on various means of initiative-selling, such as the framing-, preparation-, and timing tactics (Dutton et al., 2011) to overcome organizational and managerial resistance (Birkinshaw & Ridderstråle, 1999). Essentially, these activities are viewed as micro-political actions, by seeking alignment with relevant managers, deducing a dialectic struggle. Research on how subsidiary managers seek recognition (Bishop et al., 2011; Monteiro, 2015; Conroy & Collings, 2016; O’Brien et al., 2019) and legitimization of their initiatives, is most commonly anchored in the issue-selling literature (Dutton & Ashford, 1993; Dutton et al., 2001; Ling et al., 2005; Balogun et al., 2011).

Applied in the headquarters-subsidiary context, this refers to the subsidiary managers’ ‘voicing’ activities directed toward bringing the initiative to headquarters’ attention and building an understanding of the initiative in order for the headquarters to eventually validate and approve it (Dutton & Ashford, 1993; Ambos et al., 2010). Initiative-selling therefore involves efforts on e.g., the framing of ideas (Andersson & Bateman, 2000; Piderit & Ashford, 2003), seeking linkages to other MNC objectives and themes (Currie & Procter, 2005; Howard-Grenville, 2007), leveraging relationships with others (Howell, 2005, Meidell & Kaarboe, 2017), soliciting legitimacy and consensus (Piderit & Ashford, 2003; Pandza, 2011), and the overall timing and formality procedures employed (Dutton et al., 2001; O’Brien et al., 2019).

Originally, the issue-selling literature was established from a middle-manager organizational setting (Dutton & Ashford, 1993; Dutton et al., 1997; Dutton et al., 2001) but has since also been utilized in research on the MNC. Monteiro (2015) pooled the selling of ideas with the ABV and found several biases in headquarters’ attentional processing, such as the preference of accepting only known and established initiatives. Dörrenbächer and Gammelgaard (2016a) combined the selling of initiatives to the subsidiary power, and found that in unbalanced relationships initiative-selling is imperative but may still be insufficient by its own for headquarters’ approval.

Subsidiary managers’ willingness to promote initiatives at headquarters is also related to the discernment of their position in the MNC-network (Dörrenbächer & Gammelgaard, 2016a). By virtue of a higher position, subsidiary’s strategic influence may be improved, thus leading to perhaps the slightly darker side of initiative-selling, namely that of engaging in political power games and negotiation (Dörrenbächer & Gammelgaard, 2006). Positioning activities of profile-building (Bouquet & Birkinshaw, 2008ab) may enhance a subsidiary’s image and reputation, conducive to legitimization of new subsidiary roles (Balogun et al., 2011) thus also shaping the structural subsidiary arrangement.
Low weight subsidiaries are however limited to the types of activities they can employ on their own (Haq, 2017). Power games have traditionally been captured by the establishment of influence when others are dependent on possessed or controlled resources (Pfeffer & Salancik, 1978) and using personal relationships between managers (Peteraf & Shanley, 1997), attributes that low weight subsidiaries naturally have limited access to. The broader notion of micro-politicking and political maneuvering (Conroy et al., 2019) suggests that these subsidiary managers may also take part in ‘off-the-record’ personal appeals by lobbying efforts (Gammelgaard, 2009; Mattes & Späth, 2013). However, they might need to align practices with the MNC to a greater extent, similar to distantly located subsidiaries (Kostova & Zaheer, 1999).

Moreover, gaining attention through initiative-taking might be especially relevant for low weight subsidiaries as these are limited by other means (Bouquet & Birkinshaw, 2008b). Profile-building within the MNC-network means perceptions building of subsidiary activities as strategically important for others in the MNC network, for instance, in the way that they align and strengthen established corporate goals, norms and values (Bouquet & Birkinshaw, 2008ab). In turn, upon engaging in initiative-selling efforts, the listening base is broadened. These activities can be seen and bear resemblance to Monteiro’s (2015) pre-selling activities, thus, attributing the initiative-process from a teleological lens that is about, context, system, and design.

To conclude, this thesis evokes a depiction of the MNC as a politicized forum in which subsidiaries become initiative-takers and strategizers in the wider MNC. The four concepts of initiative-taking, initiative-selling, political power games, and subsidiary positioning intertwine and are part of a micro-political process. The phases cannot be easily codified or separated, they interweave to the past via e.g., subsidiary track-record and relationships (Conroy & Collings, 2016; Bouquet & Birkinshaw, 2008ab), to the present by selling efforts (Dutton et al., 2001), and to the future expectations (Yu et al., 2019).

The micro-political view on the MNC and subsidiary initiatives therefore is not only evolutionary but also involving teleological theorizing, based upon learning and adaptation, as well as dialectical theorizing, based upon ambiguity and tension (Van de Ven & Poole, 1995). These two meta-theoretical foundations are in this context operationalized as the means to understand micro-political subsidiary activities. This complements the evolutionary view, which comprehensively focuses on the competitive element of the survival of the fittest. The micro-political perspective (Dörrenbächer & Geppert, 2009) shapes the story that it is from the subsidiary managers’ behaviors and activities that mechanisms of influence are developed through e.g., headquarters’ attentional processing. Evidently, this recognizes subsidiaries as strategizers within the MNC (Ferner et al., 2011; Bouquet & Birkinshaw, 2008ab; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001). The subsidiary managers’ activities function as the constructive motors to change (cf. Van de Ven & Poole, 1995) in the politicized forum.
<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition</th>
<th>Type of activity</th>
<th>Manifestation</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative-taking</td>
<td>Business opportunities identified by a subsidiary unit seeking change, expansion, or renewal of current operations of the subsidiary and/or MNC.</td>
<td>Bottom-up entrepreneurial creation of new products, services, or organizational processes. Not planned, directed, or sanctioned by the headquarters.</td>
<td>‘Taking charge’ behavior by subsidiary managers in the local market. Purposeful actions that aim at improving a subsidiary’s status and perceived significance in a corporate system.</td>
<td>Generate increased responsibilities, strategic influence, and develop new subsidiary roles and mandates.</td>
</tr>
<tr>
<td>Initiative-selling</td>
<td>Subsidiary managers’ strategic voicing/selling efforts seeking to affect others’ understanding of subsidiary initiatives.</td>
<td>Bottom-up tactics to influence decision-making. Frame initiatives in accordance to the recipient.</td>
<td>Speaking and voicing upwards by the sharing of ideas and suggestions. Develops over time and involves different managers at different organizational levels.</td>
<td>Convince others of the value of initiative-taking, thus, overall legitimizing the subsidiary initiatives.</td>
</tr>
<tr>
<td>Political power games</td>
<td>Political games involving bargaining, persuasion, confrontation, lobbying, and forming coalition groups within the MNC.</td>
<td>Exercise of social- and political skills to support or oppose organizational strategies, initiatives, policies or practices.</td>
<td>Political interactions between actors seeking to establish greater influence. That is, social- and political maneuvering/navigation to reinforce and enrich subsidiary influence.</td>
<td>Preserving, developing, or using influence for personal (subsidiary) gain.</td>
</tr>
<tr>
<td>Subsidiary positioning</td>
<td>A central position within the MNC-network facilitates access to information and control over resources.</td>
<td>1) Positioning activities to balance a subsidiary’s connectedness/autonomy. 2) Structural determinants of a subsidiary’s position.</td>
<td>Profile-building by subsidiary managers via e.g., showcasing and reinforcing commitment to valued MNC goals, thus improving internal connectedness. Changing perception of structural characteristics.</td>
<td>Connect the subsidiary with others in the MNC, thus, broadening the ‘listening base’ when speaking upwards.</td>
</tr>
</tbody>
</table>
3 Data and Methods

3.1 Research Context

The research context is the MNC; this setting is argued to provide new opportunities to develop and significantly extend previous theories by incorporating novel variables in dynamic settings (Roth & Kostova, 2003). MNCs are characterized by extreme heterogeneity and complexity both in the external environment (e.g., national culture and local insinuations), the inter-organizational level (e.g., subsidiary strategic goals and management practices vis-à-vis headquarters), and the internal environment (e.g., culture, languages and core values of individuals). Thus, motivating international business and management researchers to take advantage of this context for developing new insights into previously established notions. This thesis set out to explore how micro-politics affects the subsidiary initiative process and how subsidiary initiatives are accepted by the headquarters. The thesis also sheds some light on the link between micro-political actions and subsidiary influence in the MNC.

Kostova et al., (2016) argue that the 50+ years of research on headquarters-subsidiary relationships has never had any real theoretical equilibrium. The vision of the MNC has been in constant evolution, charted by the increased worldwide trade and continuing development of technologies that promote further intricate knowledge and information flows. However, it has been clear that subsidiaries have been increasingly recognized for contributing to MNC competitive advantages (Rugman & Verbeke, 2001; Birkinshaw, 1997; Phene & Almeida, 2008) by their possession of distinct firm-specific advantages (Rugman, Verbeke, & Nguyen, 2011). It is long recognized that MNCs conduct an increasing share of their R&D outside their home countries (Cantwell, 1995; Von Zedtwitz & Gassmann, 2002). For the overall functioning of the MNC, relationships between headquarters and their respective subsidiaries have thus been deemed of utmost importance (Ambos et al., 2020).

However, Meyer et al., (2020:539) note that most studies have taken a headquarters perspective on subsidiary activities, and thus "theory development from the subsidiary perspective has been limited." Research has mainly focused on explaining issues from the perspective of integration and coordination (e.g., Björkman, Barner-Rasmussen, & Li, 2004; Kostova, Nell & Hoenen, 2016).

Intriguingly, in Meyer et al.'s (2020) review on MNC subsidiary entrepreneurship management, subsidiary initiatives are explained as a phenomenon
triggered by misalignments over subsidiary charters, resources, and ambitions. This discussion is theoretically anchored in the ABV and resource dependence perspective. Still, how subsidiary managers' micro-political behavior affect the compositions of attention and power are not particularly expounded upon. In view of this, a subsidiary perspective on the MNC operations particularly provides an interesting research setting to develop theory. Only in the agenda for future research is the influence ability on higher-level strategic decisions of subsidiary managers elaborated (Meyer et al., 2020). It is shown that research on, e.g., subsidiary scope development has solely applied general notions of embeddedness and expatriate managers to explain strategic decisions while leaving out specific processes of subsidiaries' political behavior for recognition and attention (Meyer et al., 2020). Dörrenbächer and Geppert (2006: 252) affirm: "In short, what is missing in contemporary studies of the MNC is a systematic and in-depth discussion about the role of organizational power, politics, conflicts and resistance in MNCs, despite what Doz & Prahalad (1993: 36-38) in their seminal article foresaw as the importance of these issues in outlining a new research paradigm."

I have carried out data collection at MNC subsidiaries in Sweden to shed light on the subsidiary initiative process, capturing some of the above-mentioned micro-political aspects. The primary respondents and informants have been subsidiary managers, seen as middle managers in the larger organization since subsidiary managers are connected to the local subsidiary environment in the host market and the MNC in the home market (Bartlett & Ghoshal, 1986). These subsidiary managers are the senior directors of the subsidiary and the MNCs' top representatives in the local environment i.e., subsidiary CEO, R&D manager or global innovation manager, not operative personnel or headquarter managers. Subsidiary managers are in charge of subsidiary development activities and at the same time answer to the demands of the headquarters. Following the middle management perspective, subsidiary development activities can be crucial for organizational renewal (Floyd & Lane, 2000; Burgelman, 1983b) through a championing function of advocating strategic issues to top management (Floyd & Wooldridge, 1997; Mantere, 2008). The ‘case’ in question of this thesis is thus of the subsidiary managers' and their contributions in shaping strategies and seizing opportunities (Tippman, Sharkey Scott, & Mangematin, 2012; O'Brien, Sharkey Scott, & Andersson, 2019) through driving subsidiary initiatives (Schmid et al., 2014).

3.2 Mixed-method Research Design

Research and researchers are often grouped into quantitative and qualitative groupings. Where quantitative researchers commonly rely on a positivistic approach, qualitative researchers, on the other hand, rely more on a hermeneutical approach (Saunders, Lewis, & Thornhill, 2015). However, case research
may also have a more positivist stance (Eisenhardt, 1989) and quantitative measurement and modelling can also be linked to a more interpretive and reflexive research process (Babones, 2016). Mixed-method approaches have emerged and are being increasingly used accommodating both groups (Greene & Caracelli, 1997; Teddlie & Tashakkori 2008). However, using a mixed-method approach infer more than merely collecting and analyzing qualitative and quantitative data in separation, but taken together to reach an increased understanding of a phenomenon (Cresswell, 2009). Outcomes such as initiative approval or influence in the MNC derives from multifaceted relations among interrelated parameters, as such methodological approaches in isolation would only uncover parts of the whole phenomenon. Mixed-methods can be carried out in multiple ways, sequentially or concurrently/in parallel. In a complementary fashion, one method can thus strengthen and be improved by another method or produce separate results encompassing a larger study (Mertens, 2014).

This research started with a quantitative study that sought to quantify and test interactions primarily among the interest variables (subsidiary activities and headquarters’ approval of subsidiary initiatives). As explained in the previous theoretical chapter, studies on innovations and initiative-taking in organizations have commonly applied an evolutionary variation-selection-retention (VSR) process model (Burgelman, 1991; Birkinshaw, 1997). Thus, the strategic renewal journey of initiatives is explained based on these three fundamental assumptions (cf. Campbell, 1965). In the beginning, I adhered to this view. However, over time, an understanding arose that the subsidiary initiative process could also be understood from other mechanisms of change (cf. Van de Ven & Poole, 1995). The strict evolutionary framing has, to a certain extent, hampered a more in-depth exploration of e.g., the underlying micro-political bargaining processes and how these processes are manifested. As such, some studies (Conroy & Collings, 2016; O’Brien et al., 2019; Gorgijevski et al., 2019) has taken political processes for granted without explicitly showcasing the implications on the studied behavior initiative-selling. Even though some studies have highlighted the political process (Conroy et al., 2019), it is conceptualized as rather ambiguous and conceptual in nature (Geppert & Dörrrenbächer, 2011; 2014).

Hence, I opted to continue with a qualitative study to get in depth deepened knowledge on the ‘behind the scenes’ of how micro-political processes are linked to linked to initiative development and the headquarters’ selection. While the survey provided an overview, difficulties were encountered in conceptualizing and articulating how these activities actually took shape. These uncertainties were explored through in-depth interviews; the identified problems were carried over and operationalized to open questions. See Appendix E for the interview guide used.
Through embracing distinct steps in the data collection, the survey, and the interview, data quality was enhanced. This was further improved by also analyzing the material in four discrete data analyses. The analytical analyses were moreover not done in isolation but rather progressed in parallel with one another, exempt from the regression analyses in Paper I. Eden and Nielsen (2020: 1615) concluded, “complexity generated by the multiplicity of entities, multiplexity of interactions, and dynamism of the global economy – is the underlying cause of the unique methodological challenges facing international business research.” Employing only a single methodological approach has an inherent risk of introducing biases, errors, and limitations (Denzin, 1978; Jick, 1979). Regardless, 87% of the articles published in the leading Journal of International Business journal (JIBS) between 1970-2019 employed quantitative methods (Eden & Nielsen, 2020). The thesis is accentuated by triangulation, not only as a research design but also as a research mindset for the investigations as a whole. Data source and data collection have been triangulated by combining research designs. Analytical triangulation has been achieved by using different analytical techniques on the same dataset. Theoretical triangulation is accomplished by examining the dataset through different lenses, and investigator triangulation by having more than one researcher interpreting the results (cf. Nielsen et al., 2020).

The mixed-method design has contributed to the study by assisting contextualization and further exploring the survey data that were collected before the qualitative interviews, thus, providing a more comprehensive understanding of the phenomena of subsidiary initiatives. The quantitative study was broader, while the qualitative study zoomed in on some particular aspects of voicing initiatives upwards in the organization. The respondents/informants views were more refined and substantially grounded in their experiences than what a singly study design could accommodate through the combination of these studies, which means that I have captured and analyzed similar activities but from different research angles. With the mixed-method approach, the aim was not to reproduce correlations across samples and analytical techniques but rather to explore the generative mechanisms themselves. From a critical realism stance, this means that mechanisms might not necessarily cause the same event across contexts but are theorized to exist across settings (Zachariadis et al., 2013).

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11 The triangulation is discussed at greater length in section 3.6.3 Research Philosophy and Data Triangulation.
3.3 Survey Research

The survey comprises six parts with questions related to: 1) background information, 2) subsidiary initiative, 3) headquarter attention, 4) headquarters-subsidiary relationships, 5) subsidiary power, and 6) subsidiary initiative-selling. Aside from a few of the background questions, all items are measured on a 7-point Likert type scale (Cox 1980), with statements ranging from 1 (not at all) to 7 (high extent) or 1 (strongly disagree) to 7 (strongly agree). As described in the invitation letter, the respondents were asked to leave any box empty for ‘do not know.’ The invitation letter is found in Appendix A and the full questionnaire in Appendix C. Appendix B provides a theoretical overview of the questionnaire structure.

3.3.1 Sampling

The targeted sample was established through an initial list of subsidiaries from the ORBIS database by Bureau van Dijk (BvD) and focused on foreign wholly-owned subsidiaries located in Sweden with at least 15 employees and operating revenues above €1 million. Up-to-date contact information was extracted for top subsidiary managers such as the subsidiary CEO, divisional manager and R&D manager etc. forming a screened sample of 616 foreign-owned subsidiaries in Sweden. Exclusive marketing/sales and finance units were excluded during the screening, but both manufacturing and service companies are included, where manufacturing companies stand for the majority of cases (73%). Additionally, Question 5 was designed as a control question, to automatically drop respondents, who indicated that their subsidiaries did not engage in any initiative-taking activities.

The data collection was carried out in two rounds during 2016. In the first round, the questionnaire was available through a web-based survey portal (Netigate), while the second round was collected either by physical mail or via personal e-mail attachments (a fillable PDF). The survey was sent primarily to the subsidiary CEO or divisional manager, aside from larger subsidiaries (> 150 employees) where the survey was sent to business development manager, R&D manager or sales manager etc. In total, 114 completed responses were received (18.5% response rate). However, due to certain missing or incomplete information on certain specific variables necessary for the various analyses, a reduced sample of 110 responses was used in Paper I and Paper II, while 101 responses were used in Paper III.

Although a limited sample, the survey data quality is high, with missing values of less than three percent. As emphasized by Bettis et al., (2014), good data does not necessarily imply using massive datasets; instead, it is the use of unique data that others might not have access to and data with few errors (missing values, wrong coding/scales).
3.3.2 Validity and Reliability

Researchers should always reflect if the data collected and the measures adopted produce a trustworthy picture of the phenomenon under investigation (Saunders et al., 2015). Accordingly, one must consider how the study might have inadequacies to reliability and validity. Reliability refers to how consistent the study measures are, in other words, the extent to which they would yield consistent results on repeated administrations of the scale.

Validity is an important indicator to uncover if the research under investigation provides answers to the research question for which it was undertaken. Furthermore, if so, is it providing these answers using appropriate measures and procedures? Reliability and validity are thus closely related concepts; a test cannot be considered valid unless the measurements resulting from it are reliable. However, results can be reliable but not necessarily valid.

Reliability is necessary but not a sufficient condition on its own for validity. (Saunders et al., 2015). For survey research, construct validity is considered crucial, as quantitative surveys commonly seek to test current theoretical notions (Mook, 1983). Here, validity is defined as the extent to which a cause-effect relationship can be generalized from a specific study's particular methods and operations to the theoretical constructs and processes they were meant to represent (Cook & Campbell, 1979). An important aspect is also to confirm convergent validity, i.e., the degree to which two measures of constructs that theoretically should be related, are in fact related and divergent validity, namely that the variables are related more strongly to their factor than to other factors (Saunders et al., 2015).

Numerous data validity checks and reliability estimates have been conducted during the data analyses, for which detailed information is provided in the respective papers. During survey development, careful attention was paid to first constructing an extensive theoretical framework as a basis for the survey. The measures were all based on previously established scales or operationalized from distinctive theory, thus providing validity.

Moreover, to generate findings that bear representation to the population (reliability), the respondents must understand the questions. For this purpose, a pilot survey was tested on a selection of domain-specific managers in similar positions. The pilot survey was also presented and tested at internal research seminars within the Department of Business Studies, Uppsala University. The purpose was to revise unclear questions and concepts that might be difficult to understand and formulate as short and concise questions as possible, hence, increasing the survey’s face validity (Hair et al., 2013). During this process, several questions were reformulated or omitted.

Even though this study's sample is on subsidiary initiatives in Swedish MNCs, the aim is certainly to provide (some) generalizations across specified subjects, settings, and methods – in the sense of achieving high external validity and robustness (Brewer, 2000). On the other hand, I recognize that all
social phenomena are shaped by their context and that it is extremely difficult to develop a truly general theory (Meyer, 2013). However, the complexity of the MNC and the particular dataset also provides a multifaceted and dynamic research setting to develop theory formerly created in simpler structures. Contextual boundaries are mainly addressed in Paper III.

Notably, not all measures and questions were used for the respective models in the different papers. Evidently, all items did not load as expected by the theory. Thus, a first step was to narrow down questions and items to single constructs under each theoretical concept to determine coherence in the constructs. As such, the number of variables was statistically reduced while maximizing the amount of information to detect distinctions in the data (Stewart, 1981). All the final constructs utilized showed reliable coefficient/Cronbach's alpha (α) and loaded as distinct constructs, meaning that they measured what was intended by the literature (Nunnally, 1978). Single measure indicators were avoided to minimize measurement error and offer a multifaceted representation of the fundamental concept (Boyd, Gover, & Hitt, 2005).

Discriminant validity was checked by confirming that the factors were in fact distinct and uncorrelated, i.e., the variables related more strongly to their own factor than to another factor (Tabachnick & Fidell, 2007), thus checking and confirming communality and factor loadings for each variable. Additional tests for non-response bias, sampling adequacy (KMO and Bartlett's test of sphericity), predictive accuracy (R2), and overall Goodness-of-fit statistics are provided in the respective papers.

### 3.3.3 Common Method Bias

Due to the utilization of a self-report questionnaire, common method bias may be of concern since the data were collected on both the explanatory and dependent variables from the same participants (Chang, Witteloostuijn, & Eden, 2010; Williams, Hartman, & Cavazotte, 2010; Fuller et al., 2016). This bias can create a false internal consistency as respondents have a propensity to provide consistent answers to survey questions that are otherwise not related (Podsakoff & Oregon, 1986). As I have drawn upon a single survey for many constructs and concepts, rigor has been enhanced by providing anonymity and confidentiality to the respondents. Additionally, post-hoc tests have been employed such as the application of a Harman's one-factor test and confirmatory factor analysis (see Paper I and Paper II, respectively). These analyses are traditionally used in business research to determine whether a third variable problem or a sizable method factor exists (Schriesheim, 1979). Moreover, although self-reported measures are inherently subject to bias, Axtell et al. (2000) have also shown that they correlate considerably with directorial ratings. Lastly, self-reported measures remain an accepted way of capturing subsidiary managers' perceptions and behaviors (cf. Meyer et al., 2020). Fine-
grained measures about the subsidiary perspective are challenging to collect in any other way.

3.3.4 Descriptive Statistics

As noted in the Figures 3 and 4 below, the sampled subsidiaries have a good variance in the number of employees and subsidiary age.

Figure 3. Subsidiary Size

Figure 4. Subsidiary Age

Figure 5 moreover shows that the majority of subsidiaries had been established as new companies (Greenfield) and most commonly reported to the corporate headquarter (Figure 6). A noteworthy limitation of the sample is that it is mainly limited to European MNCs.

Figure 5. Subsidiary Establishment Mode

Figure 6. Reporting to Headquarter

Although most of the corporate headquarters are located in the United States, some 40% of the subsidiaries report to a headquarters in Germany, United Kingdom, or Finland, as seen in Figures 7 and 8. Importantly, the subsidiaries differ in terms of their international experiences and their international operations' overall complexity. Differences in size, age, experience, knowledge, and establishment mode generate variation in headquarters-subsidiary relationships allowing for a diversified sample.
To further define the structure of data and provide a simplified outlook, a two-step cluster analysis was performed with the variables: geographical distance to headquarter (km), headquarters’ location (1 = Europe, 0 = other), entry mode (1 = greenfield, 0 = acquisition/merger), headquarter reporting level (1 = corporate, 0 = divisional/local) subsidiary age and subsidiary number of
employees. With these variables, four clusters are found, as shown in Figure 9. Median values were used for subsidiary age and subsidiary employees.

The first and largest cluster (35%) comprises averaged-sized and aged subsidiaries (93 employees, 14 years) that have been acquired/merged and report to a local/divisional headquarters located in Europe. The second cluster (28%) consists of smaller subsidiaries, slightly older (59 employees, 18 years) that have been acquired/merged and report to a corporate headquarters located in Europe. The third cluster (23%) contains Greenfield subsidiaries that most commonly report to a corporate headquarters (60%) located in Europe. This group comprises larger subsidiaries than average, which have been in business for 17 years. Lastly, the fourth cluster (14%) includes distal subsidiaries in other locations than Europe; these subsidiaries are usually younger (10 years) and contain both acquired/merged or Greenfield subsidiaries (57%/43%), predominantly reporting to a corporate headquarters. It is important to note that a cluster analysis will always create clusters. Just because clusters are established, it does not validate their actual existence. Furthermore, as with any statistical technique, but in particular cluster solutions are fully dependent upon the input variables (Hair et al., 2013). The respective papers analyzes potential effects of these characteristics.

Figure 9. Subsidiary Clusters

- Geo.D 836 km, Europe, Acquisition/merger, Local HQ, Age 15, Employees 93
- Geo.D 972 km, Europe, Acquisition/merger, Corporate HQ, Age 19, Employees 59
- Geo.D 951 km, Europe, Greenfield, Corporate HQ, Age 17, Employees 110
- Geo.D 6602 km, Other, Acquisition/merger, Corporate HQ, Age 10, Employees 102
3.4 Case Study

Given the aim of the thesis to explore the subsidiary initiative process, it was crucial to purposively select an informative case with access to key informants to allow for strong theorizing. Moreover, a firm with global operations through different forms of ownership structures was preferable to allow for a diversified sample. Naturally, access to managers relevant to product development and innovation was of the essence. For these reasons, a single-case study in the Swedish automotive industry was selected.

The automotive industry as a research setting has been used for several reasons through the decades of international strategic management research (Chandler, 1962; 1964; Dyer & Hatch, 2006). This setting was chosen due to the industry’s changing character, enabling a new frontier of growth and rapid R&D (cf. Teece, 2018). The industry faces constant pressures from new entrants, political, legal, and societal opinion changes pushing for environmentally friend(lier) electric vehicles, digitally-enabled autonomous driving vehicles, new business models and ownership structures such as personal mobility services and centrally owned shared vehicles. All in all, this has led to an extreme industrial uncertainty of what is to generate future revenues, which has caused internal political struggles regarding the organizational development and changing nature of headquarters’ willingness to listen and integrate new ideas from subsidiary units.

Advocates of qualitative research describe that case research is particularly useful for exploratory research and examining processes close to the context where they occur (Eisenhardt & Graebner, 2007). A single case study enables the researcher to delve deep into a complex phenomenon (Dyer & Wilkins, 1991) which is needed to understand multifaceted social aspects of relationships (Dubios & Gadde, 2002; Graebner, 2009). Although a single case study was used, several initiative development projects were discussed from different units within the overall case. As outlined in greater detail in Table 2, most interviews were held with innovation managers and team leaders tasked with promoting initiatives upwards in the organization. Formally, the case consists of the parent company (foreign-owned) and five subsidiaries.

Granted that qualitative research is gaining momentum in management studies overall (Bluhm et al., 2011), the impact and reception have remained modest in international business research (Piekkari, Welch, & Paavilainen, 2009). One underlying reason for the difficulties of gaining traction is related to the quality evaluations of case-study research in international business – predominantly from quantitative criteria (Welch & Piekkari, 2017), thus, giving superiority to multiple case study designs (Eisenhardt, 1989). To ensure the trustworthiness of the data (Lincoln & Guba, 1985; Devers, 1999) and overcome potential resistance from the community, several precautions have been taken: iteratively going back and forth between data and theory to bring
out new insights, protecting confidentiality and anonymity of informants, and triangulating with secondary data.

A total of 24 interviews were conducted either face-to-face on location or via telephone and internet-based communications through Skype for Business. Each interview lasted for about 60 minutes and was semi-structured. This design allowed for an open-ended interview practice where questions were partly tailored during the interview upon seeking to understand different perspectives, experiences, and meanings, thus permitting multiple voices to be captured in the process (Piekkari et al., 2009). The rough interview guide with key questions can be found in Appendix E. As an outside researcher, it was difficult to identify relevant persons beforehand; thus, a snowball sampling approach was followed when seeking relevant informants. This was done by asking each informant at the end of the interview for a list of potential recommendations for persons to interview next. Each potential informant was approached via e-mail using the invitation letter provided in Appendix D.

Table 2. Overview of Conducted Interviews

<table>
<thead>
<tr>
<th>Date</th>
<th>Unit / Current position</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>181218</td>
<td>Touring Automotive, Senior Manager – Global Services</td>
<td>85 min</td>
</tr>
<tr>
<td>190206</td>
<td>Touring Automotive, Manager – Innovation and New Technology</td>
<td>60 min</td>
</tr>
<tr>
<td>190206</td>
<td>Touring Automotive, Senior Manager – Corporate Innovation</td>
<td>60 min</td>
</tr>
<tr>
<td>190226</td>
<td>Touring Automotive, Senior Manager – Corporate Innovation</td>
<td>70 min</td>
</tr>
<tr>
<td>190226</td>
<td>Touring Automotive, Head of Innovation and New Technology</td>
<td>90 min</td>
</tr>
<tr>
<td>190307</td>
<td>Touring Automotive, Senior Manager – Innovation and New Technology</td>
<td>60 min</td>
</tr>
<tr>
<td>190311</td>
<td>Touring Automotive, Head of Innovation Digital Services</td>
<td>75 min</td>
</tr>
<tr>
<td>190319</td>
<td>Touring Automotive, Senior Manager – Corporate Innovation</td>
<td>60 min</td>
</tr>
<tr>
<td>190325</td>
<td>Touring Automotive, Senior Manager of Innovation Digital Services</td>
<td>90 min</td>
</tr>
<tr>
<td>190326</td>
<td>Touring Automotive, Director – External Research</td>
<td>50 min</td>
</tr>
<tr>
<td>190327</td>
<td>Touring Automotive, Director – New and Emergent Technologies</td>
<td>60 min</td>
</tr>
<tr>
<td>190402</td>
<td>Touring Automotive, Director – Strategy and Innovation Concepts</td>
<td>70 min</td>
</tr>
<tr>
<td>190404</td>
<td>Touring Automotive, Manager – New and Emergent Technologies</td>
<td>60 min</td>
</tr>
<tr>
<td>190404</td>
<td>Touring Automotive, Head of Corporate Development and Governance</td>
<td>50 min</td>
</tr>
<tr>
<td>190411</td>
<td>Touring Automotive, Manager Strategy and Innovation Concepts</td>
<td>50 min</td>
</tr>
<tr>
<td>190611</td>
<td>Touring Automotive, Innovation Leader – Corporate Innovation</td>
<td>60 min</td>
</tr>
<tr>
<td>190225</td>
<td>Autonomous Lead, Senior Technology Advisor</td>
<td>55 min</td>
</tr>
<tr>
<td>190314</td>
<td>Autonomous Lead, Manager – Intellectual Property</td>
<td>45 min</td>
</tr>
<tr>
<td>190327</td>
<td>Connectivity Lead, Chief Operating Officer</td>
<td>50 min</td>
</tr>
<tr>
<td>190417</td>
<td>Connectivity Lead, Manager – Digital Program Lead</td>
<td>35 min</td>
</tr>
<tr>
<td>190409</td>
<td>Electrification Lead, Head of Enterprise Digital</td>
<td>40 min</td>
</tr>
<tr>
<td>190411</td>
<td>Mobility Lead, Chief Operating Officer</td>
<td>60 min</td>
</tr>
<tr>
<td>190410</td>
<td>Touring Automotive Production Unit, Quality Engineer</td>
<td>40 min</td>
</tr>
<tr>
<td>190307</td>
<td>External researcher in collaboration with Touring Automotive</td>
<td>60 min</td>
</tr>
</tbody>
</table>
3.5 Data Analysis

Various analysis techniques were utilized to get the most out of the data and address the overall research questions from multiple angles. The survey data were used both for regression-based correlational methods (Paper I) as well as SEM using LISREL (Paper II) and QCA through fsQCA (Paper III). The qualitative interview data have been analyzed in an iterative manner using Nvivo (Paper IV). Below, I describe the established procedures in detail.

3.5.1 Quantitative Data Analysis

The quantitative data analysis relied on two different techniques; ordinary least squares (OLS) regression (cf. Stigler, 1981) and linear structural relations modeling (Jöreskog, 1970; 1973). Both techniques undertake a hypothetico-deductive research method where the aim lies in developing notions based on the existing literature and, consequently, operationalizing and testing the hypotheses with observations (cf. Popper, 1968). Multivariate OLS-regressions were analyzed in IBM SPSS Statistics 24 to test theoretically constructed hypotheses in order to understand the relationship between the independent variables and the dependent variable. For more complex interrelated models between variables, a covariance-based Linear Structural Relations (LISREL) approach was used with the LISREL software version 8.8 and 10.3 (Jöreskog & Sörbom, 2007; 2019). Given the well-established nature of OLS-regressions in business research, this section will focus on describing SEM, its advantages and drawbacks and how it has been used in this research.

SEM can be outlined in simple terms as a combination of factor analysis and multiple regression, thus extending traditional multivariate regressions (Bagozzi & Fornell, 1982). Compared with ordinary regression models, the main advantage is that SEM can simultaneously accommodate multiple dependence relationships in the same theoretical model and explicitly assess measurement error in the constructs (Bollen, 1989). In SEM, a variable can thus be both a predictor and an outcome (a mediating variable). Using LISREL, the relationships are analyzed by employing path diagrams (cf. Wright, 1921) to link equations, fit statistics and error terms directly. As a covariance-based estimation approach, SEM in LISREL determines the model parameters by constructing an empirically observed covariance matrix. The aim is to mimic the empirical covariance matrix with the theoretical covariance matrix illustrated by the scheme of structural equations, e.g., reproducing the observed covariance by a maximum likelihood technique (Fornell & Bookstien, 1982).

Another SEM practice that has gained increased popularity is partial least squares (PLS) (Wold, 1982). In this variance-based approach, the focus instead lies in maximizing the latent construct's explained variance, similar to OLS regressions and contrary to LISRELs maximum likelihood estimation.
(ML) (Fornell & Bookstien, 1982). Hence, variance-based SEM such as PLS has been described as the preferred choice for predicting the model's latent variables in an exploratory fashion. In contrast, covariance-based SEM such as LISREL is ideal for confirming theoretically derived relationships (Chin, 1995). Both quantitative papers in this thesis take an explanatory/confirmatory approach by seeking to identify which independent variables are statistically significant predictors to the dependent variable. All aspects of the model estimations to proposed relationships, measurement and structural-models were strongly grounded on previous theoretical notions.

One common disadvantage with any statistical technique and especially a trade-off in covariance-based SEMs increased flexibility is its sensitivity to sample size and residual distribution. The OLS estimations in variance-based SEM are argued to cause less concern (Chin, 1998; Chin et al., 2003). Traditional rules-of-thumb for running statistical analyses, in general, have advocated a minimum of 10 observations per variable (Everitt, 1975; Nunnally, 1978), whereas Cattell (1978) suggested three to six observations per variable and Gorsuch (1983) suggested a 5:10 ratio. Naturally, no absolute rule exists, and recommendations vary given the type of researched effects, reliability scores, missing data, and other interactions between variables. Boomsma and Hoogland (2001) argue that in order to be safe to avoid non-convergence and improper solutions, covariance-based SEM would in general require 200 observations. Hair et al., (2013) concluded that sample sizes in the range of 100-400 were preferred for ML-based SEM and that 100-150 was satisfactory for models with five constructs (three items each).

Moreover, several highly influential IB publications have achieved respectable LISREL models, and robust measurement fit with around 100 observations e.g., Andersson, Forsgren, & Holm (2001; 2002; 2007) and Pla-Barber & Alegre (2007). Furthermore, Goodhue, Lewis, and Thompson (2012) showed by a Monte Carlo simulation that PLS did not have any significant advantage over LISREL regarding sample size and urgent general caution to PLS. The authors express that it may, in fact, suffer other disadvantages not yet thoroughly explored, e.g., a lack of ability to identify incorrectly specified models, greater multicollinearity problems, and poorer construct validity if measurement errors are associated across constructs (Goodhue et al., 2012). Specifically, regarding the model in Paper II, it is shown that the model fits the data well, with \( p \)-value above 0.05 as well as a satisfactory Normed Chi-square test (Chi-square/df = 1.36).

A two-step approach was followed in the SEM-analyses (Anderson & Gerbing, 1988). In the first step, a measurement model was established and in the second step, the full structural model was developed linked the constructs to each other. The initial measurement model aims to study latent variables through observed indicators, i.e., linking the constructs to observed measurements. It describes how well the observed indicators serve as a measurement instrument for these variables.
3.5.2 Qualitative Comparative Data Analysis (QCA)

In Paper III, fuzzy-set Qualitative Comparative Analysis (fsQCA) is used to analyze the survey data. FsQCA is a novel analysis technique, which allows for greater dimensions of causality founded by sociologist Charles Ragin. Qualitative Comparative Analysis (QCA) was introduced in his three main books (Ragin, 1987; 2000, and 2008), further extended in the book ‘Set-Theoretic Methods for the Social Sciences’ (Schneider & Wagemann, 2012). Peer Fiss can be credited as one of the key persons that popularized this method of analysis to management research (Fiss, 2007; 2011).

Specifically, fuzzy-set QCA is one out of three variants of QCA alongside crisp-set QCA (Ragin, 1987) and multi-value QCA (Cronqvist & Berg-Schlosser, 2006). The main reason for why fsQCA has taken the lead is the possibility to construct casual conditions grounded on the degree of membership (ranging from 0–1), rather than on categorical memberships (0, fully absent and 1, fully present) as in crisp-set and multi-value QCA, making fsQCA particularly favorable for ordinal data (Schneider & Wagemann, 2012).

This section will briefly explain QCA in general and fsQCA in specific, comparing and contrasting this method in relation to (traditional) correlational methods (e.g., regression analysis and SEM). Correlational methods are based on linear arithmetic, while set-theoretic methods (e.g., fsQCA) rely on Boolean algebra to logically reduce casual conditions into a contracted set of configurations explaining the outcome (Fiss, 2007). In practice, this means that fsQCA allows for investigations on the ways casual conditions may combine to form specific configurations leading to the desired outcome.

Above all, fsQCA is an excellent analysis method for observing 1) equifinality, 2) casual asymmetry, and 3) conjunctural causation. These three notions can be thought of as the three pillars of any QCA, namely that more than one configuration of the casual conditions can lead to the same outcome in question (equally effective), signifying complementary and substitution among investigated conditions. A correlational effects-to-causes approach (regression) can be misleading in the sense of not taking into account contextual specifics but investigating independent constructs across cases (unifinality). Whereas a causes-to-effect approach (fsQCA), explains cases by configurations. Consequently, providing an analysis of ‘complex causation’ rather than linear causations by examining net effects of independent variables on dependent variables(s) (Ragin & Fiss, 2008). Casual asymmetry refers to the absence of conditions. Certain conditions can have positive effects when combined with certain other conditions, but also adverse effects if combined with other elements, i.e., asymmetry. Conjectural causality is closely related, as it

\[\text{(12)}\text{For a general in-depth overview, see Misangyi et al. (2017) and Fainshmidt et al. (2020) or Kraus, Ribeiro-Soriano and Schüssler (2017), which particularly discusses fsQCAs appliance and contribution to international business research and entrepreneurship and innovation research, respectively.}\]
expresses how multiple conditions need to be present in order for the outcome to occur.

FsQCA is thus useful to employ when it is important to understand all possible situations that could manifest certain conditions, not to test whether one singular factor matters or how strongly it is related to the outcome. It is closer to reality in embracing that managerial decisions are seldom taken on the basis of ‘single ingredients’ (conditions). Rather, it is about the value of the whole recipe. As such, fsQCA has been described as a mixture of traditional qualitative and quantitative analyses (Crilly, 2011) and lies halfway between exploratory and hypothesis testing research (Kent, 2005). As a case-oriented approach, fsQCA was initially designed with small to medium-sized samples in mind but has since also been used with large sample sizes (e.g., Kim, 2013; Ganter & Hecker, 2014; Misangyi & Acharya, 2014). FsQCA is thus not confined to smaller sample sizes (Misangyi et al., 2017).

Building on two theoretical traditions to introduce a set of relevant contingencies that drive initiative acceptance: relational characteristics and contextual characteristics, Paper III has embraced fsQCA as the most suitable analytical approach. Here subsidiary initiative acceptance is derived from a broader set of parameters; thus, any singular condition is unlikely to explain initiative acceptance in full. The paper aims to identify whether some configurations of the headquarters-subsidiary facet are more consistently associated with the outcome of initiative acceptance.

Using QCA methods requires a rethinking of variables to sets, measurements to calibrations, dependent variables to qualitative outcomes, (given) populations to constructed populations, correlation matrix to truth table, and net effects to casual recipes. Each case (observation) in QCA is a member of multiple sets and conceives both conditions and outcomes as sets (Aversa, Furnari & Haefliger, 2015). In this way, QCA can be described as a way of thinking rather than merely a methodological approach. QCA methods enable the researcher to notice elements that would otherwise be hidden (cf. a neo-configurational approach). However, understanding why certain conditions combine often requires other qualitative insights, especially if established theory cannot provide sufficient directions.

The first step of the analysis involves the modeling of casual configurations and latent outcomes, involving the testing for necessary conditions. In a second step, the casual conditions and outcomes are calibrated, i.e., transforming construct measures into fuzzy-set membership scores. These two steps rely heavily on the researcher’s previous theoretical and managerial knowledge (Schnieder & Wagemann, 2012). Specifically, I have used a direct approach to calibrate the casual conditions (Fiss, 2011). It allows for qualitative anchors to compute fuzzy sets, namely full membership, full non-membership, and a crossover point. The 75th (full membership), 50th (crossover point), and 25th percentile (non-member) to calibrate each construct. The third step contains the construction of the so called ‘truth table’ which is a data matrix consisting
of $2^k$ rows ($k =$ number of causal conditions), listing all possible combinations of causal conditions. Before performing the analysis, the truth table is refined based on a frequency cut-off and consistency threshold. A suitable frequency cut-off is chosen based on the overall number of cases and ensures that the configurations are not due to chance. Previous research recommends setting a consistency threshold to at least 0.75, meaning that the configurations capture at least 75% of the truth table (Ragin, 2008; Fiss 2011; Aversa et al., 2015).

In a final step, the fsQCA produces three solutions; complex, parsimonious, and intermediate. The difference is how the solutions consider logical reminders in the counterfactual analysis (Fiss, 2011). The parsimonious solution uses easy counterfactuals to reduce the intermediate solution. As such, these two solutions are primarily used to distinguish core from peripheral conditions.

To determine the relative value of the different configurations (solution outputs), consistency and coverage scores are used as fit-parameters. Consistency denotes the degree to which the cases that share a given causal condition also exhibit the outcome and the coverage as the percentage of cases that take the given pathway to the outcome in question. Moreover, it is important to further distinguish between and analyze raw and unique coverage as different paths can overlap, meaning that the same case can follow several paths to the outcome, i.e., the outcome occurring for more than one single reason (Schneider & Wagemann, 2012; Aversa et al., 2015).

Although a novel technique, several software packages are available for conducting set-theoretic analyses, e.g., Tosmana (Cronqvist, 2019), fsQCA (Ragin & Davey, 2019) as well as QCA-package for R (Thiem & Duşa, 2012) and QCA-program for Stata (Longest & Vaisey 2008). I have used the originally developed program fsQCA version 3.1b for Mac.

### 3.5.3 Qualitative Data Analysis

The qualitative interview data were analyzed in a structured but iterative approach (cf. Gioia, Corley, & Hamilton, 2013), going back and forth between the empirical evidence and established literature. This approach is particularly appropriate when the phenomenon under exploration is a process (cf. Schotter & Beamish, 2011). Paper IV is purely qualitative and based on the interviews from the case company Touring Automotive. The paper aimed to empirically contribute to the micro-political side of initiative-taking in MNCs.

The thought of collecting proprietary qualitative material emerged during the writing process of Paper I. Concisely, a lack of first-hand accounts on the issues related to the success of initiative-selling in MNCs was identified in the previous literature. Hence, the case study sought to explore these actions and behaviors to gain a holistic understanding (cf. Yin, 2009) which could be related and extended to existing theoretical perspectives. The survey data provided some measurable data on the importance of these aspects. However, it was not enough to contextualize the actions and behaviors. In this sense, the
qualitative case study allowed for an increased representation and deeper understanding.

Given this research process, the paper's general theoretical background was somewhat known from the outset, but a grounded approach nevertheless underlines the data analysis. This means that key elements were identified in a first step (along the process of data collection), which were subsequently categorized and coded and over time compared to previous literature. In this way I have used the method of 'constant comparison' (Conrad, 1982; Glaser & Strauss 1967, Strauss, 1987) between analytical elements, codes, and theory.

All interviews were recorded and transcribed (verbatim) during the data collection. Hence, I compared the informants' emerging themes to distinguish major categories, dimensions, properties, themes, and processes. The data analysis was inductive, in the sense that it started by openly coding initial components and grouping them into categories. These first-order concepts were closely related to the data guided by the informants' terminology. In a second step, relationships between and among these categories were searched for to establish second-order themes, which more closely resemble my perspective (or interpretation) on the implication, that is, the meaning of the first-order concepts. These second-order themes were then related to aggregate dimensions, consistent with theory (Gioia et al., 2013; Corbin & Strauss, 2014). This was an iterative process of refining and synthesizing concepts.

As a whole, I argue that the qualitative research process should not be described purely as inductive or deductive but rather as an abductive process (Peirce, 1931-1958; Blaikie, 1993; Dubois & Gadde, 2002; Järvensivu & Törnroos, 2010). Hence, this study did not set out to hypothesize and test the existing theory, but neither was the phenomenon explored in a true inductive fashion, given how I had previously become vested into the phenomena both theoretically and empirically with the survey research. Instead, I worked in a directed manner to relate and compare the emergent descriptions to abductively construct notions and theories to refine the existing theory and concepts (Dubois & Gadde, 2002; Van Maanen, Sorensen, & Mitchell, 2007). As a result, existing theory is enriched by gaining and sharing how these meanings attach in the unfolding events (Eisenhardt & Grabner, 2007), e.g., how commitment to bottom-up initiatives is achieved in the case of the contemporary MNC, giving rise to the opportunity to generate new theoretical insights based on the encountered empirical issues. The computer software Nvivo 12 was used to organize, analyze, and find insights into the otherwise unstructured interview data.

Additionally, Paper I also included other qualitative interview data collected as a pre-study within the larger research project. This data primarily serves the purpose of supporting the hypotheses development and triangulating the findings overall. It was analyzed in the same structured way of identifying first-order concepts, second-order themes and aggregate dimensions.
3.6 The Research Odyssey: Means and Limitations

In 2016, I embarked on the research journey that has culminated in this thesis and its respective papers. I joined a larger research project titled *The go/no go decision: acceptance or rejection of R&D subsidiary initiatives*, financed externally through the Jan Wallander and Tom Hedelius Research Foundation.\(^\text{13}\) An overall project frame had been established that sought to increase the understanding of subsidiary initiatives. However, given the project’s infancy, there was great maneuverability in developing a specific focus area, driving the study’s future directions, which culminated in studying subsidiary initiatives from a micro-political perspective.

Initially, the aim was to purely work quantitatively, utilizing larger scale surveys that targeted a handful of Swedish MNCs and their foreign subsidiary units (sampling multiple subsidiaries per MNC). This would have allowed for both a headquarters and subsidiary outlook. However, a detailed subsidiary focus offers a closer investigation into the phenomenon of subsidiary initiatives itself, which could have been overlooked or restrained if also incorporating headquarters aspects in the same study. This led to purely selecting foreign-owned subsidiaries in Sweden. Subsidiaries in Sweden are an excellent sample, given that Sweden is often regarded as a prime candidate in embracing new technologies and setting new consumer trends (European Innovation Scoreboard, 2019).

3.6.1 Data Collection

Although the survey was shortened throughout development in retrospect, it could have been even more concise, given the collection technique. The questionnaires were sent out to the respondents, without establishing a relationship in a first step. Inherently, there was a risk that respondents would see little incentive to respond. Prior studies at the subsidiary level have achieved increased response rates when the headquarters sanctions and acts as an ‘internal sponsor’ of the research (e.g., Ambos et al., 2019). However, one could also question the validity of this approach as respondents might feel an obligation to provide positive responses. Looking back at the interaction with the survey respondents during data collection, several persons remarked on the length and a few with anonymity concerns, some of which were possible to alleviate. For forthcoming surveys, I would opt for surveying together with the respondent, as this would provide increased control on who actually responds to the survey, thus, ensuring active participation and knowledge (e.g., Yu, Liu, & Bai, 2019). Moreover, this would give the possibility of interacting and clarifying questions during collection to minimize misunderstandings that can occur when answering a standardized questionnaire.

\(^{13}\) No research findings have been influenced in any way by the funding received.
Similar issues were also encountered in the qualitative data collection. Upon interviewing managers, the two main struggles were to get access to the ‘right’ informants and ‘make’ them talk about what the study sought to capture, without influencing and steering them into a particular direction. This meant minimizing definitions and theoretical notions, and instead allowing the informants to define these concepts based on their know-how and experience. For instance, some informants preferred to talk about ‘Horizon 3 innovation,’ stemming from McKinsey’s three horizons of growth model\textsuperscript{14} when addressing subsidiary initiatives in a broad sense.

Additionally, while every interview was valuable in the sense of providing new insights from different angles, some were better than others. Relying on a snowball sampling technique meant that although an informant thought a particular person would match, it was not always the case. Some informants were moreover very talkative and open, which required more of a direct approach to allow sufficient time to uncover the crucial aspects. Others were more reserved on sharing their experience, which called for asking similar questions in multiple ways, listing and rearticulating responses. At times, some informants returned questions and wanted me to share my thoughts prior to them addressing the question and steering difficult questions to something only remotely related.

3.6.2 Data Analysis

Collecting and analyzing primary quantitative and qualitative data have been one of the prime manifestations in this study. Thus, I have been capturing several nuances of the same phenomenon and developing my skillset with both methodologies analytically. This was achieved by first, overseeing the big picture via a telescope-like method (survey), second, amplifying essential details through a microscope-like method (interviews); and third, analyzing the data in different ways to uncover both direct relationships, mediating effects, and looking beyond singular relations and investigating what truly lies ahead namely, how factors may combine. The FsQCA approach granted a ‘periscope’ like function by ‘scanning’ the data to uncover new combinations. Whereas the previous regression analyses and SEM provided distinctive findings on direct and indirect effects, they also provided information about the relevance of features that were carried over to the QCA.

The conceptual measurements have been developed along with the research and course of working on the individual papers. First, we can note some minor differences in the measure of headquarters’ attention. In Paper II, the measure is labeled as ‘positive headquarter attention’ which comprises the three survey items: “Interest in learning about our local market and products/services”

(Q8b), “Help to spread our best practices across the multinational corporation” (Q8c), and “Headquarter managers interact and share ideas frequently with your subsidiary” (Q9c). While in Paper III, the measure is labeled as ‘headquarters communicative attention’ which encompasses; “Headquarter managers frequently communicate with the counterparts in your subsidiary” (Q9a), “Headquarter managers make business trips frequently to your subsidiary” (Q9b), and “Headquarter managers interact and share ideas frequently with your subsidiary” (Q9c). This second measure is more closely related to Ghoshal’s (1986) measure of communication frequency, as leveraged by Birkinshaw et al., (1998).

The reasons behind this are that in Paper III, headquarters’ attention is primarily theorized as a measure of communicative attention between the headquarters and the subsidiary. In contrast, Paper II uses a composite measure of both ‘supportive attention’ as developed by Bouquet and Birkinshaw (2008a) and among others used by Ambos and Birkinshaw (2010) and ‘communicative attention’ as a way to capture overall positive headquarter attention. Nevertheless, running the LISREL model in Paper II with the same measure as in Paper III produces analog results, albeit with a lower (significant) $p$-value for the overall model. Additionally, running the QCA in Paper III with the same measures as in Paper II provides no difference in solution configurations, albeit decreasing the measures of fit.

Another construct that caused distress throughout the study has been the dependent variable/outcome variable in Paper I and Paper III – headquarters’ acceptance of subsidiary initiatives. In retrospect of the survey development, more elaborative items should have been included, given the relatively novel phenomenon with no previously established scales for such a measure. During the review process of Paper I, one reviewer notably remarked on the troublesome nature of measuring the degree of initiative acceptance. This reviewer strongly preferred a dichotomous measure: accepted or not. Supported by qualitative insights also included in the paper, the idea was not to oversimplify reality as acceptance or rejections of initiatives are rarely seen as dichotomous decision-making processes. Secondly, the measure was also criticized for not including local initiatives, which could be of importance for purely multi-domestic firms. Unfortunately, when including the item ‘local market use’ in the variable, the confirmatory factor analysis (CFA) showed a relatively poor loading on the construct with a $t$-value below 1.96 (and communalities below 0.5) and consequently omitted before any further analysis.

However, in Paper III, the full survey measure was used, based on the items, acceptance for: local market use (Q6a), regional market use (Q6b), and global market use (Q6c). The reason is that fsQCA does not rely on the same statistical indicators for producing reliable variables/conditions.

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15 See discussion in paper I, section 3.1.1 Dependent variable
Lastly, I recognize that the empirical setup in Paper IV inevitably pushes the traditional notion of an MNC subsidiary. Nonetheless, the case consists of a parent company and four subsidiary business units in a corporate/legal form. The role of boundary-spanners became evident throughout the data collection; signifying how individual employees span across geographical, functional, and hierarchical boundaries within the MNC. Thus, the paper conceptualizes subsidiary initiatives in a slightly different light and addresses the management of ‘bottom-up initiatives.’ This representation is congruent with the conceptualization of the contemporary MNC as an agile organization consisting of cross-functional teams within the same organization (Johnson & Duxbury, 2010; Schotter et al., 2017; Pedersen et al., 2019).

3.6.3 Research Philosophy and Data Triangulation

Traditionally, research philosophies in business and management research have been dominated by the opposing positivistic and interpretivistic paradigms (Van de Ven, 2007). A research paradigm can be seen as a “basic belief system or world view that guides the investigation” (Guba & Lincoln, 1994: 105). These research philosophies offer pronounced differences in epistemology, ontology, methodology, and overall nature of social science. For instance, by viewing the nature of reality as tangible and objective vs. socially constructed, the goal of research as predicting and explaining vs. sharing an understanding, rigidly separating the researcher and the subject vs. a participative/cooperative knowledge creation (Saunders et al., 2015).

I acknowledge that all research is influenced by the researcher’s fundamental beliefs about what defines reliable and valid research and align myself with the realism position’s values – drawing upon ideas from both positivism (empiricism) and interpretivism to different extents and basing. Realism can be further classified into ‘scientific realism’ as a strong form of realism (Boyd, 1973; Putnam, 1962), ‘conjectural realism’ as more moderate (Popper, 1959), and ‘critical realism’ (Bhaskar, 1978; Bhaskar, 1989; Lawson, 1997; Archer et al., 1998) as a middle ground between positivism and relativism (Van de Ven, 2007). Alternatively, it can be more easily separated as ‘direct realism’ and ‘critical realism’ (Saunders et al., 2015).

I follow the critical realism stance where the reality is seen as relatively objective, existing independently of basic beliefs and knowledge but is interpreted through social conditioning. It signifies that to understand the research setting’s reality, it is first necessary to comprehend the social actors involved. Therefore, it is argued that social phenomena can only be understood by first understanding the social structures that have given rise to the phenomena itself, i.e., what one sees is merely a portion of a larger picture (Bhaskar, 1998).

The study’s practical implications have led me to employ a mixed-methods approach to gain complimentary views and ensure a more complete picture of the phenomenon. The quantitative methods have been used as guidance to the
qualitative research, not to confirm the quantitative findings as such but to cast new light on them. The methods employed are purely chosen according to the subject and research problem at hand in the respective papers. It can be argued that the critical realism stance is what drove me to a mixed-method study design, over time I came to regard the quantitative findings merely as descriptive and explanatory (partly static) with heavy reliance on previous theory. Through the QCA and qualitative study, I was able to problematize around interactions to a greater extent and provide nuances to possible empirical generalization inquiries, in essence, build theory (Zachariadis et al., 2013).

A most notable limitation (albeit strength) is that this research has, at large, remained at the subsidiary and subsidiary managerial level. Further investigations from multiple-levels (unit-of-analysis) may change the established interpretations. The emphasized critical realism stance means that I have overall sought to identify generative mechanisms that give rise to certain events; for instance, Paper III addresses the conditions under which specific attributes cause the event. Paper III and Paper IV methodological approaches especially accentuate critical realism by stressing an interpretative understanding and explanation as to how subsidiary initiative processes unfold and gain traction. These papers also highlight the abductive reasoning (or retroduction) using Bhaskar’s language – the departure from mere descriptions of empirical events to the exploration of potential casual mechanisms or best explanations as to why and how initiatives become accepted in the MNC. Although critical realism shines exceptionally bright toward the later stages of the research process, it has been with me throughout the whole research process.

A detailed summary of the four papers follows in the next chapter. From a research process lens, the validation and scope of inquiry have been enhanced by the plethora of triangulation employed (Nielsen et al., 2020). Paper I, uses OLS-regressions for hypotheses testing and confirmatory factor analysis (establishing a measurement model in SEM) for the robustness tests of establishing convergent validity and adopting theory to the MNC context. Additionally, qualitative interview data was used to buttress the hypothesis development. As such, it shows robust analytical- and data- triangulation. The common denominator for Papers I, III, and IV is the focus on the selection of subsidiary initiatives but from a diverse set of methods highlighting the overall methodological triangulation. Not least with the fsQCA undertaken in Paper III, a hybrid approach that many deem to only rise in popularity due to the possibility of challenging traditional qualitative- and quantitative- research (Eden, Nielsen, & Verbeke, 2020; Fainschmidt et al., 2020). Theoretical triangulation, in essence, is achieved when combining all of the separate findings to establish an overall representation of the MNC’s inner workings as with this thesis. Lastly, all papers except Paper IV are co-authored with different researchers coming from diverse theoretical and methodological backgrounds. All data analyses have been interpreted between authors, thus improving internal validity and providing new insights (Nielsen et al., 2020).
4 Summary of Papers

Below is a summary of each of the four papers constituting the thesis. An overview of the papers and their research findings are presented in Table 3 (p. 78). The order of the papers follows the research process order. Paper I examine the extent to which subsidiary managers can actively voice their initiatives for headquarters’ acceptance. Paper II explicates the importance of subsidiary attention-building behavior to gain strategic influence in the MNC. These two papers are based on data from the proprietary developed survey but employ different analysis methods: OLS regressions and SEM in LISREL respectively. Additionally, Paper I is complemented by qualitative insights (interviews), reinforcing hypothesis development and statistical findings. Paper III is once again based on the survey data but utilized a novel comparative method of analysis where the possible combinations of a number of conditions to initiative acceptance are investigated i.e., providing an alternative to traditional linear regression, which assumes singular causality. Lastly, Paper IV is purely qualitative, based on a single case study, as such it seeks to communicate contextual insight and highlight micro-politics by showing its operation in an ongoing social context.
Paper I: Does Proactivity Matter? The Importance of Initiative Selling Tactics for Headquarters Acceptance of Subsidiary Initiatives

This paper contributes to the stream of research that has emphasized a lack of knowledge on the reasons behind the acceptance or rejection of subsidiary initiatives in MNCs (Schmid et al., 2014). Subsidiary initiatives are conceptualized as business opportunities formalized into an initiative through an entrepreneurial process. Inherent in the conceptualization of subsidiary initiative is the notion of proactive behaviors (Bateman & Crant, 1993; Crant, 2000) among subsidiaries and their managers. This suggests that the extent to which subsidiary managers are proactive and are able to make their business idea and visions heard in the corporation, can have implications for the actual approval of their ideas by the headquarters. By integrating literature on proactive behavior, in particular voice behavior theory/issue-selling (Dutton & Ashford, 1993; Dutton et al., 2001), with the ABV of the firm (Ocasio, 1997), this paper investigates how the use of initiative-selling tactics influences the acceptance of subsidiary initiatives by the MNC headquarters.

Based on survey data from 110 MNC subsidiaries complemented with interview data, the study reveals that the initiative-selling tactics that matter most for the headquarters’ acceptance of subsidiary initiatives are related to proactive efforts such as the preparation of the subsidiary initiative and the packaging of the subsidiary initiative.

The study contributes to academia and practice by providing a richer understanding of the importance of proactive behavior among subsidiaries, in terms of the use of ‘voice tactics’ for getting initiatives accepted by top management. Hence, this paper not only contributes to the research on subsidiary initiatives in general, but also to the notion of ‘proactivity’ among MNC subsidiaries in general and ‘voice behavior’ in particular. Extant research on voice behavior has primarily focused on the content of voice, rather than how people voice (Morrison, 2011). We still know very little about the managerial responses of different voice tactics (De Clercq et al., 2011), in particular in the MNC context. In addition to this, one important contribution is the development of an empirical measurement of subsidiary initiative-selling tactics which we hope can be of advantage to future empirical studies. Based on the fact that extant (subsidiary) issue-selling research primarily consists of qualitative or theoretical work, this study complements and extends past research by quantifying these concepts.

The findings suggest that the types of initiative-selling activities investigated only moderate effects of initiative acceptance by the headquarters. Therefore, investigations into the acceptance or rejection of initiatives have continued in Paper III and Paper IV with different theorizing around the same phenomenon.
Paper II: MNC Subsidiaries’ Strategic Influence: The role of Subsidiary Managers’ Attention-building Behavior

The second paper diverges from the other three papers, as the primary focus is not on the selection process of subsidiaries’ entrepreneurial activities. This paper instead aims to explore the micro-level determinants of subsidiary strategic influence. Specifically, activities undertaken by subsidiary managers with the purpose of increasing subsidiary strategic influence in MNC decision-making processes. This paper contributes to the debate on proactivity aiming MNC subsidiaries in general, and managerial micro-politics in particular. As the latter suggests, the paper provides evidence on how micro-political tactics affect the voice target, that is, the MNC headquarters.

Instead of taking for e.g., a resource-dependence approach (Pfeffer & Salancik, 1978) on subsidiary strategic influence in the MNC, the paper elucidates a behavioral approach (Cyert & March, 1963) to examine subsidiary managers’ actions. There is a growing number of studies that strongly emphasize the importance of subsidiaries’ attention strategies (Bouquet & Birkshaw, 2008a; Conroy & Collings, 2016; Laamanen, 2019). However, this paper hypothesizes around the relationship between the engagement in attention-based activities toward headquarters and the subsidiary’s strategic influence in the MNC. Specifically, the paper examines organizational commitment and external scouting activities of subsidiary managers.

The data used in the paper are based on the survey also used in paper I and paper III. The analysis followed a two-step approach customary to structural equation modeling (Anderson & Gerbing, 1988), where a measurement model was assessed prior to estimation of the structural model using confirmatory factor analysis. This allowed for assessment of convergent and discriminant validity through the first step. In the second step, the structural model was formed by specifying the casual relations in accordance with the hypotheses.

Although the paper recognizes that the investigated activities provide subsidiary managers with sufficient tools for micro-political bargaining, the effect on subsidiary strategic influence is merely found to be indirect. The findings show that if the engagement in organizational commitment or external scouting activities by subsidiary managers is to play an important role as a source for subsidiary strategic influence in the corporation, the subsidiaries also need to be recognized for their capabilities and activities in the form of positive attention from the headquarters (cf. Ambos et al., 2010). This form of positive headquarter attention enhances the subsidiary’s visibility in the corporate network and in that regard legitimizes the subsidiary managers engagement in attention-building activities.
Paper III: Subsidiary Initiative Acceptance: Configuring Relational and Contextual conditions

The third paper builds on the previous papers, like Paper I and Paper II it is based on the survey data on foreign-owned subsidiaries in Sweden. However, this paper does not take the traditional correlational analysis approach. Differently, the paper adapts neo-configurational theorizing signifying that outcomes such as initiative acceptance originates from multifaceted interactions among interconnected factors (Fainshmidt, et al., 2020) therefore fuzzy-set qualitative comparative analysis (fsQCA) has been used to investigate how several conditions may co-exist and combine to be equally effective in explaining the outcome of subsidiary initiative acceptance.

The paper builds on previous insights that subsidiary initiatives are central to MNCs success in foreign locations (Birkinshaw, 1997; Williams, 2009), and prior research suggesting that headquarters’ attention is seen as a salient predictor of their adoption within the MNC (Bouquet & Birkinshaw, 2008a; Monteiro, 2015). However, even though the MNC has evolved into a proactive, entrepreneurial and decentralized organization that seeks to assimilate, integrate and leverage knowledge from its foreign subsidiaries (Bartlett & Ghoshal, 1989), only a few initiatives ever receive headquarter endorsement and are fully realized, while most others fail (O’Brien et al., 2019).

Whereas headquarters attention may be a salient indicator of initiative acceptance, under certain conditions, it is contended that it is not necessarily needed and that other arrangements may yield the same outcome. By neo-configurational theorizing this paper introduces a set of relational and contextual characteristics to illustrate how subsidiary initiatives gain traction and, eventually, become accepted within the MNC. Drawing upon prior studies (e.g., Schmid et al., 2014; Kostova, et al., 2016) the paper introduces headquarters communicative attention, subsidiary track-record, subsidiary autonomy, institutional distance, and entry mode as key elements that provide a more comprehensive dissection of the complexity around initiative acceptance. Thus, taking into account relational and contextual forms of influence to achieve subsidiary goals within organizations.

Five configurations are found that lead to subsidiary initiative acceptance and, in doing so, the potential substitutable character and complementary effects among relational and contextual conditions are highlighted. Research on subsidiary initiatives is advanced by showing how there are multiple patterns associated with initiative acceptance. Subsidiary initiatives are explicated as a truly complex phenomenon and that their acceptance within the MNC may depend on the configuration of relational and contextual conditions. By offering, this type of configurational approach it is also demonstrated how researchers interested in foreign subsidiary initiatives can break new ground. Through the application of conjunctural logic that accommodates the complex causation, which often characterizes such phenomena.
Paper IV: Finding a New Path: How bottom-up Initiatives Strive and Survive

The fourth paper builds on the previous insights but has moved to entirely qualitatively investigate how bottom-up initiatives strive and survive in the corporate setting of an MNC. It was initiated with the aim of providing an in-depth understanding to subsidiary driven business opportunities in MNCs and the allocation of strategic investments to those opportunities.

The paper draws on the micro-political perspective of the MNC (Dörrenbächer & Geppert, 2006; 2009; Dörrenbächer & Gammelgaard, 2011; 2016) to empirically examine how far bottom-up boundary-spanners (Birkinshaw, Ambos, & Bouquet, 2017; Monteiro & Birkinshaw, 2017) are able to participate in negotiations with headquarter actors for the pursuit of new business opportunities.

The conclusions are based on a single case study set in the automotive industry. This industry is particularly interesting due to the ongoing industrial transformation. Because of consolidation and high entry fees the automotive industry has since its inception been protected from disruption and remained stable in times of turbulence. However, rapid development of new technologies such as electrification and autonomous driving vehicles has led to dramatic industrial shifts with new competitors swiftly designing more and more digitally oriented products (cf. Teece, 2018). All in all, this has called for new ways of innovating products, methods, and services by the incumbent manufacturers. I draw upon prior studies and introduce boundary-spanners as key actors for driving new and radical innovation. However, due to their low power stance in the organizational hierarchy, the process of leveraging bottom-up initiatives is foremost seen as a micro-political struggle (Dörrenbächer & Gammelgaard, 2016a).

Bottom-up initiatives that challenge e.g., the established purpose of the product offering, disrupting value-networks and rendering existing business models obsolete are in fact central to strategic renewal. Furthermore, prior research suggests that the bargaining processes between individuals as a salient predictor of their adoption within the MNC (Gammelgaard, 2009; Williams & Lee, 2011). However, few studies elaborate on the ‘behind the scenes’ processes as such. Despite following the evolution of the MNC as a proactive, and entrepreneurial organization, novel initiatives from the lower levels of the organization often meet severe internal resistance (Schweizer & Lagerström, 2020). In order to survive, these initiatives therefore need careful anchoring in the organization (cf. Monteiro, 2015). The paper discloses how these initiatives strive and survive on the bases of political lobbying, moving beyond the macro-level and instead investigating managerial actions in detail. Thereby, it contributes with new insight into how micro-political activities among subsidiary managers motivate initiative selection as well as knowledge about the overall functioning of the micro-political MNC.
Extending the Paper Findings

With this thesis, I have explicated the inner workings of the MNC, envisioned as a politicized forum where subsidiary initiatives are strategized upwards by subsidiary managers. This politicized forum is not a physical location, nor is it an observed (physical) object but rather a process. Accordingly, the thesis has expounded on the processual nature of subsidiary initiatives, namely, from the evolutionary, teleological, and dialectical change processes. Together, these ‘motors of change’ help to portray the micro-political view of the MNC and subsidiary initiatives.

As the governing body of the MNC, headquarters play a crucial role in establishing competition for scarce resources between subsidiaries (if desired) i.e., an evolutionary process bearing noticeable similarities to market-like modes of economic organization. In this light, subsidiary managers may engage entrepreneurial undertakings, but they will not succeed unless they are noticed and ‘selected’ by the headquarters. This type of competition is ultimately different from the biological competition in nature (from which the VSR process models draw its underpinnings), where it is randomized and only the fittest survive.

For headquarters, the purpose of allowing competition between subsidiary initiatives is to entrust some control over the resources to those who are most likely to make the best out of it. These actions set in motion a VSR process of initiatives, based on the competitive elements. However, managers act and react toward affecting other’s attentional processing and overall understanding of issues (Papers I, II and IV); thus, managers also engage in political struggles. The findings in Paper IV present the strategic renewal journey of initiatives, based on the competitive elements. However, managers act and react toward affecting other’s attentional processing and overall understanding of issues (Papers I, II and IV); thus, managers also engage in political struggles. The findings in Paper IV present the strategic renewal journey of initiatives, based on the competitive elements.

Paper I suggests that subsidiary managers can boost the likelihood of initiative acceptance through attentive selling techniques in terms of the packaging and presentation of the initiative to the headquarters. However, the effectiveness remains relatively limited, and as Paper III extrapolates, initiative acceptance rather seems to be a question of combining structural and relational headquarterssubsidiary attributes.

For instance, headquarters can replace part of the competitive elements with increased control, forcing and regulating subsidiaries’ behavior, thus constraining entrepreneurial undertakings as a whole. As extrapolated in Paper III, the findings show that subsidiaries with poor track-record also have low decision-making autonomy. This would restrict their participation in the ‘politicized forum’ because of the strong need to conform with headquarters rather than strategizing upwards to the headquarters. Participation in the politicized forum by strategizing initiatives would then only be ‘allowed’ by headquarters’ consent, who might be biased because of attributes related to past achievements. Overall, this does not seem to be preferred way of organizing for seeking new knowledge from subsidiaries. In a structure with lower
control mechanisms, subsidiary managers may enter and succeed in outcompeting established actors, provided that they have a superior idea.

However, in Paper II, it is also found that subsidiary managers may be able to secure rich and powerful positions for their subsidiaries where they do not need to prove their merit. Paper II supports the notion that through effective organizational commitment and external scouting, subsidiaries can achieve increased strategic influence and thus, over time, build up a position of directing influence on other subsidiaries.

Hence, depending on the contextual characteristics and dynamics of the actors involved, the scarcity of resources, headquarters’ control or know-how, and learning of subsidiary operations various forms of evolutionary, teleological and dialectic-processes on subsidiary initiatives are constructed. Conducive to the micro-political view on the MNC and subsidiary initiatives.

Paper IV offers a depiction that initiatives may well succeed over time, even though they initially meet severe internal resistance. Since subsidiary initiatives (in dynamic settings) are often met with a distal mindset from headquarters’ established knowledge pool, they are often discarded. However, these initiatives may, in fact, continue to remain latched to managers in charge who can seek legitimization from other actors to persuade headquarter managers of endorsement micro-politically.

In the politicized forum, there are few pre-defined market forces, but only actions, counteractions, and outcomes of subsidiary managers’ behavior. Hence, upon further studies on the subsidiary initiative process, researchers ought to put human actions at the center; only by putting the manager at the center can we fully understand broader economic decisions. With this thesis and the four respective papers, I have merely embarked on the journey toward capturing some of the behaviors and actions of people in the organization.
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5 Concluding Remarks

5.1 Main Findings and Theoretical Implications

This thesis aimed to uncover the role of micro-politics in the development of subsidiary initiatives and how subsidiary managers may shape the subsidiary initiative process to their advantage. The overarching research questions asked how initiatives are accepted by the headquarters, how micro-politics affect the subsidiary initiative process and how micro-politics affect subsidiary influence in the MNC. Each of the four individual papers have addressed different parts of these questions and in doing so highlighted the subsidiary managers' multidimensional role in shaping their subsidiaries as active strategizers within the MNC.

Synthesizing the main findings, subsidiary initiatives ‘survive’ and become accepted by the headquarters due to subsidiary managers’ micro-political actions. These can take many different forms, from the specific timing of initiative-selling efforts, to continuous maneuvering in the organization by seeking alignment with corporate managers, and overall attention-attraction activities by subsidiary managers. Although headquarters’ attention is illustrated as a critical condition for achieving subsidiary influence in the MNC, there are also cases in initiative development where headquarters’ attention is not warranted, and nor necessary for the subsequent acceptance of initiatives. On the one hand, may headquarter managers configure subsidiaries to steer entrepreneurial activities such as initiative-taking. On the other hand, it is a much more complex task to control micro-political behaviors by subsidiary managers. Through the astute involvement of others and overall lobbying activities in promoting initiatives, headquarters’ attention can be directed bottom-up, but succeeding seems to require persistent efforts by subsidiary managers. In conclusion, this thesis has helped disentangle the inner workings of the MNC, generated an extended micro-political perspective to the MNC and subsidiary initiatives, and uncovered some of the managerial challenges related to the entrepreneurial pursuit of these undertakings.

Narratively, this is illustrated through the conceptualization of a politicized forum in the MNC for entrepreneurial subsidiary initiatives. Initiatives are driven and anchor support in the organization, by the micro-political activities of subsidiary managers. The theoretical framing of the subsidiary initiative process from an evolutionary, teleological, and dialectical view has shaped the
envisioned functioning of the politicized forum. In concert, these three dimensions of change highlight the role of adaptation and tension in the system to form a micro-political view on the MNC and subsidiary initiatives.

Descriptively, this means that subsidiary managers first take charge, that is, proactively identify and leverage local opportunities into an initiative, which is subsequently micro-politically engaged in the politicized forum of the MNC to seek recognition and ultimately approval by the headquarters. It is not only subsidiary managers that take part in this forum; instead, it consists of all important MNC-constituents that the headquarters allows to participate; thus, external partners, suppliers, and customers of subsidiaries can be included. As illustrated in Paper IV organizational awareness of initiatives can be increased by leveraging external partnerships. Subsidiary managers seem to utilize external relationships to anchor the initiative and in this process broaden its commitment base.

To pursue and identify initiatives, previous research has suggested that autonomy in decision-making facilitates subsidiaries to become embedded in the local marketplace and generate new knowledge (Birkinshaw, 1997; Geleilate, Andrews & Fainschmidt, 2019). Hence, there is a need for autonomy to kick-start the subsidiary initiative process. However, over the course of initiative development, seeking synergies with other actors becomes more critical in order to finalize the initiative and make it market ready. As illustrated by a subsidiary manager in Paper IV: “We just can't have consensus on everything we may need, initially in any case, we have a need for flexibility and freedom, which is provided from the very top of the company. However, since our initiatives are touching upon many areas where they affect today's business and organization, it is very important that we anchor our initiatives throughout the organization.” This is what is happening in the politicized forum; however, different initiatives face different degrees of organizational resistance. One fundamental way to leverage additional support in order to open up for commitment decisions by headquarters is to engage in various initiative-selling tactics (De Clercq et al., 2011), games of political power (Williams & Lee, 2011), and overall profile-building activities to achieve a favorable subsidiary position in the MNC-network (Bouquet & Birkinshaw, 2008ab).

Engaging in these activities is a way of attracting attention (Conroy & Collings, 2016) and ensuring that initiatives are paid attention to and properly understood (Ling et al., 2005). However, Paper I shows that to put forth initiatives by the engagement in initiative-selling is not sufficient to attract headquarters approval. In fact, only relatively few initiative-selling tactics succeed. The findings from Paper IV suggest that it comes down to individual efforts by subsidiary managers early in the process – to set the stage. As illustrated by the following quote from another subsidiary manager in the case study: “before the initiative [officially] comes to the decision-makers it should already have come by others. Thus, we have to start spreading a good reputation beforehand. That you deliberately leak information about the concept in some
way e.g., through magazines and workshops – to make people talk about it.”

In this way, additional stimuli are provided, which can be thought of in the vein that headquarters continuously scan the environment in search for value-adding initiatives, but these initiatives are only fully picked up if the supporting base is broad enough.

Paper III highlighted the subsidiary's track-record as a critical determinant for acquired subsidiaries' initiative approval. At the same time, not all subsidiaries have established a strong record of accomplishments and, by that, suffer from a low degree of weight in the MNC (Dörrenbächer & Gammelgaard, 2016a), which results in the engagement in voicing activities without knowing whom to involve and. The role of engaging in accustomed presentations and promotions is further discussed in Paper IV. Without an established position to lean back on, it is shown how subsidiary managers may choose to push the wrong aspects or reveal too much which can work against to the detriment of the initiative as such. These findings are in line with recent research on the socio-political navigation by subsidiary actors (Conroy et al., 2019). Political competence, the social influence abilities, knowledge, and behaviors about when and how to involve specific individuals are essential. Reflected by astute initiative-selling, attention-building and lobbying activities.

Additionally, Paper II claims that the subsidiary managerial commitment to strengthening affiliation with overarching goals and values of the MNC and engaging in external scouting activities to give substance to initiatives may lead to increased upward influence. It is a strategic form of power manifestation of influencing headquarter-driven investment strategies. However, this requires headquarters’ positive attention to set in motion, congruent with the findings by Ambos et al. (2010) who showed that initiative-taking does not lead to influence over other subsidiaries unless they also manage to garner the headquarters’ attention.

5.1.1 Subsidiary Initiatives

Hence, the politicized forum is based upon several principal components; the logic is that subsidiaries exercise their influence toward headquarters (and other subsidiaries) through a combination of their own initiatives, initiative-selling tactics and cunning behavior (Dörrenbächer & Gammelgaard, 2011). At the same time, subsidiaries relate to one another's moves and respond accordingly (Conroy et al., 2019).

Organizational responses have been classified according to the three dimensions of speed, scale and scope (Bansal, 2003). Specifically, this relate to the time between action (speed), the extent to which the initiatives manage to draw time and breadth of resources (scale), and the number of organizational actors that invest time and resources to the initiative (scope). As illuminated in Paper IV, the politicized forum of the MNC implies that other managers
may get involved, comment upon, and spread both positive and negative notions on one another’s initiatives. Thus, portraying the subsidiary initiative process as a micro-political struggle where subsidiary managers continuously adapt and change course by revising and adjusting to the current perceptions shaped in the politicized forum.

It can even be described as an iterative, disordered trial and error process (cf. Wieck, 1979). The findings of the thesis contribute to understanding subsidiary managerial responses to the forces within the MNC and headquarters inquiries that delay or constrain subsidiary-driven initiative-taking (Birkinshaw & Ridderstråle, 1999). In essence, subsidiary managers seeking headquarters’ approval of initiatives are faced with the option to ‘Enter the Dragon’ and bring out their alter ego – the alternative self. Instead of merely passively accepting headquarters’ directives, these managers strategize upwards by changing, shaping, and altering one self’s perceptions. However, creating tension and conflicts, which unfolds in a negotiation struggle (Gammelgaard, 2009; Williams & Lee, 2011; Mudambi & Navarra, 2004). This contest implies that the subsidiary initiative process cannot be conceived in a purely evolutionary view, which puts focus on competition between subsidiary managers but largely ignores how managers driving initiatives also engage in a dialectic discourse with headquarters.

The findings show that a micro-political view on initiatives requires conceptualizing the initiative process from teleological- and dialectical-process models to complement the traditional evolutionary view. Given this view, headquarters approval of subsidiary initiative is seen as a constructive force, rather than a prescribed pattern of acceptance or rejection. That means initiative acceptance rarely implies a dichotomous selection process by the headquarters alone but rather a degree of acceptance granted to the political negotiation (Gammelgaard, 2009; Williams & Lee, 2011).

5.1.2 Managerial Attention and Subsidiary Positioning

The role of headquarters’ attention and subsidiary managers' initiative-selling is however twofold. On the one hand, positive attention and proactive selling efforts facilitate winning the battle of organizational resistance as shown in Paper I (cf. De Clercq et al., 2011; Ling et al., 2005). On the other hand, there is a risk of it being regarded as illegitimate behavior by e.g., the questioning of strategic objectives through initiative-taking. Conroy and Collings (2016) found that subsidiary sellers gained legitimacy if initiatives were associated with headquarters' positive attention. In the sense that positive attention from headquarters legitimized, the actual selling and overall choice of communication moves (Dutton et al., 2001).

In essence, all activities performed in the politicized forum can be related to the shifting power dynamics in MNCs (Dörrenbächer & Gammelgaard, 2016a). For instance, subsidiaries may draw attention by emphasizing their
subsidiary's strategic significance as a whole – highlighting how others in the MNC-network are dependent on their capabilities (Mudambi & Navarra, 2004). Dörrenbächer and Gammelgaard (2016a) claim that subsidiary’s power is not enough on its own to make the headquarters approve initiatives. Instead, initiatives are supported because the subsidiary managers' initiative-selling tactics influence them. However, initiative-selling tactics likewise do not work on their own. It is proposed by Dörrenbächer and Gammelgaard (2016a) that less asymmetrical headquarter-subsidiary relationships require lower the degree of initiative-selling for headquarters’ acceptance of initiatives, implying that micro-political engagement by subsidiary managers would be less important if subsidiary resource-dependency power is already high.

Paper III considers how different configurations of the headquarters-subsidiary relational characteristics and structural arrangements play a crucial part for headquarters initiative approval. Thus, reinvigorating casual complexity to the phenomenon of subsidiary initiatives (Bartlett & Ghoshal, 1994). The paper explicates that subsidiary initiative acceptance by headquarters may be achieved by a range of different combinations of conditions. Headquarters’ attention, for instance, is not needed by acquired subsidiaries in distal settings with autonomy, while acquired subsidiaries in proximal locations need both attention to subsidiary activities and autonomy in decision-making to get initiatives approved. All in all, suggesting that local responsiveness by initiative-taking can be achieved simultaneously as global integration. Headquarters’ attention thus plays a role as an integration mechanism while allowing for local responsiveness (Zeng et al., 2018).

Conversely, the findings from Paper IV illuminate attention from several angles. First, excessive attention at the wrong time and to the wrong target may lead to a stage of confusion – prematurely exposing underdeveloped initiative as such. Following headquarters incapacity of sufficiently sustaining attention on the initiative, forcing and energizing micro-political actions by subsidiary managers. Second, headquarters attention was also shown to be desirable to the extent of other subsidiaries feeling neglected. In conjunction with Paper II, which found that headquarters positive attention is a fundamental precondition for gaining influence by captivating micro-political behavior this depicts the multifaceted nature and puzzle of attention.

5.1.3 Summary of Research Contributions

The thesis demonstrates the importance of subsidiary efforts to garner credibility within the MNC as a possible way to attract attention and recognition of initiatives. It advances our understanding of entrepreneurial opportunity (selection) in an intriguing context of subsidiary entrepreneurship. Recognizing the inner workings of the MNC as a politicized forum, the thesis has portrayed subsidiary initiatives as a micro-political activity. This micro-political framing
has brought new, complementary insights to the traditional evolutionary underpinning of the subsidiary initiative phenomenon.

Accordingly, headquarters may correspondingly approve initiatives from various subsidiaries, with varying levels of attention, autonomy, or track-record. Research should be mindful not to neglect firm-specific factors, such as strategic goals, capabilities nor biases and perceptions of headquarter managers (Magnani, Zucchella, & Floriani, 2018) or the contextual and micro-political aspects put forth in this study. Hence, initiative acceptance cannot be fully answered by merely focusing on specific facets. Instead, relations combine and recombine differently, depending on other contextual characteristics as shown in Paper III.

Theoretically, the thesis contributes largely by first generating a micro-political perspective on the MNC and subsidiary initiatives taking place in the politicized forum of the MNC. Second, advancing the empirical measurements of initiative-selling in the context of the MNC. Third, accentuating the role of headquarters’ attention for accommodating subsidiary influence and recognition of initiative-taking activities. Finally, showing how micro-political actions of individuals influence the initiative selection process.

The thesis has also provided a more comprehensive dissection of the complexity around initiative approval through different methodological approaches which have yielded several complementing perspectives. Specifically, it implies a principal suggestion that micro-political engagement by initiative-selling may contribute to increased awareness or attention but might not necessarily lead to headquarters’ approval of initiatives. Rather, a more precocious form of micro-politics is necessary: negotiation back-and-forth and building relationships with all actors participating in the politicized forum.

Moreover, by neo-configurational theorizing, a particular contribution lies in extending the ABV beyond the headquarter-subsidiary interface and also introducing contextual inferences affecting the subsidiary initiative approval. The methodological contribution to international management research is strong; to the best of my knowledge, no one has offered a configurational analysis framework by using fsQCA to investigate subsidiary initiatives. This is of significance since subsidiary initiative approval evidently originates from a broader set of contingencies; therefore, any single condition is unlikely to fully explain initiative approval on its own. Through the insightful use of multiple measurement methods, the potential problems with shared method variance are also reduced. New approaches have also opened up for the investigation of the plausibility of third-variable explanations for the results of past studies. As a whole, the thesis provides an extended conceptualization on the political nature of subsidiary initiatives, highlighting the complexity and multifaceted nature of the phenomenon as such.
5.2 Managerial Contributions

The primary findings of the thesis also offer some particular implications to management. The baseline tendencies revealed by the empirical investigations could serve as a starting point for managers’ reflection upon designing desired polices for the strategic renewal of the MNC. Summarizing the findings as a whole from a managerial point-of-view yields the following recommendations. Successful subsidiary initiatives tend to be:

- Well anchored in the organization, hence, subsidiary managers should strive to broaden the commitment base of initiatives. Co-leveraging initiatives with other actors and in that sense safeguarding against conflicting notions by creating a common stance for future growth.
- Leveraged by the means of continuously portraying the initiative to headquarters, while adapting both to headquarter preferences and market demands. Thereby, subsidiary managers shall strategize toward headquarters by negotiation.
- Supported by the headquarters when uncertainty of causing detrimental consequences on other parts of the organization is reduced, thus, connections among different initiatives should be fostered.

Headquarters should therefore strive to:

- Balance resources by nurturing a flexible selection system, where resources can be reshuffled in accordance with current subsidiary initiative-taking. Thus, headquarter actors should foster recurrent discourses and information sharing among subsidiaries.
- Integrate subsidiaries by providing managerial attention and using the attentional processing as a learning mechanism. Therefore, increasing the potential of coordinating and integrating across subsidiary initiatives.
- Focus attentional processing where it can make a difference, thereby, allowing prevalence of other mechanisms (e.g., autonomy) to distant (spatially) located subsidiaries.

An intriguing question to ask is whether it may be detrimental if merely micro-politically leveraged initiatives survive? I do not think so because not all initiatives struggle through intense political games, but if they do, it is for a reason. For instance, the degree of initiative novelty seems to be associated with the difficulty of gaining additional support, in the sense that little established infrastructure or customer awareness exists. Success can therefore be said to be paired with forecasting the future better than others forecast estimations. However, maneuvering on predictions may result in a perpetual post-
ponent for ambiguities to decrease. Therefore, MNCs rather, need to transform, learn, and articulate insufficiencies in developing subsidiary initiatives while they unfold, thus, constraining the risk of not committing to the right initiatives.

By the very nature of large organizations, spanning geographical boundaries, there will be different priorities among different subsidiaries. Increasing the risk (but also potential) that some initiatives can radically change underlying competitive models of the MNC. Moreover, it also raises coordinative concerns around the initiatives, that they e.g., may directly be in conflict with other initiatives, or simply that other managers do not understand it.

The most proficient influential tactics that subsidiary managers utilize tend to be those of packaging. That is how the content of the initiative is framed and bundled – adapted to the listening party. As well as developing a base for support by speaking to managers and supporting communities, both internally (other subsidiaries) and externally (customers/suppliers) to understand the initiative and provide additional support before an official decision.

A well-intentioned counterargument could be that it is then better to have no or little internal influence and instead make all decisions locally i.e., extreme subsidiary autonomy. This would be an argument put forth by hierarchical thinking, where the principles envisioned in the politicized forum aim to release entrepreneurial energy throughout the MNC, not constraining it in separate units. Hence, the politicized forum is a way to encourage both opportunity-seeking behaviors, which are subsidiary initiatives and headquarters’ advantage-seeking behaviors, which is to strategically notice and act on promising initiatives; fostering further knowledge sharing across the MNC. In this regard, subsidiaries remain autonomous units but function within a larger corporation (Nadayama, 2019).

One might also ask why subsidiary managers engage micro-politically and put forth examples of scapegoating and other types of pure manipulative behavior that is intrinsically damaging to the corporation. Certainly, some cunning behavior can lead to short-term gains, but in the prolonged perspective, it is crucial to maintain both a solid track-record and reaffirm organizational commitment in order to maintain a credible image over time.

To conclude, a politicized forum for initiatives established on the three principles of 1) fostering innovation, 2) anticipating future needs, and 3) providing space for valiant engagement in new projects does not provide headquarters the tools to discriminate over subsidiaries. Rather, it is the subsidiary managers’ productivity as corporate citizens and their innovation abilities as corporate entrepreneurs that determine how well their subsidiary will perform (and get initiatives approved). On the contrary, it is strict hierarchical headquarter control that would endanger the system and lead discrimination by personal relationships whereas the micro-political forces are dynamic and in constant motion. Decisions should thus be guided by the micro-political actions and not administrative authorization from headquarters.
Financial forecasts and budgets that aggregate on large divisions risk crowding out cost estimates. There is a menace of not recognizing the value of initiatives, that the initiative is terminated prematurely due to negative (economic) forecast. As a senior manager of digital innovation put it, “value can be created along the way when you build up knowledge…knowledge of processes and methodologies, learning the circumstances under which things work.” The subsidiary initiative approval is thus not only a matter of selecting on the basis of accurately solvable problems of optimization. Rather, it is also the constructive reasoning and deduction of managerial decision-making in unfolding micro-political processes of negotiation that ought to govern selection procedures.

5.3 Limitations and Directions for Future Research

Certainly, this study is not without its limitations. The thesis has indeed, for the most part taken a positive perspective on initiatives from the subsidiaries’ stance, which paves the way for future studies that could further articulate the findings with data from headquarters and elaborate on the many potential threats of diversification as a key driver to rejection of initiatives and by extension, subsidiary influence. A headquarter perspective has the potential to add to our knowledge in several ways. For instance, Williams and Lee (2009) demonstrated that the age of the top management team may form negative biases at the corporation’s lower levels which affects the firms’ entrepreneurial intensity. In addition, environmental turbulence (e.g., dynamism and complexity) has been positively correlated with an overall entrepreneurial firm-level strategic orientation (Rosenbusch, Rauch, & Bausch, 2013).

Looking forward, while the thesis provides a starting point to the insight into the importance of the contextual characteristics initially established by the headquarters, there is still little known about how subsidiary activities can shape their perception. Moreover, a contextual factor such as the subsidiary mode of operation has lately been recognized as dynamic; namely that MNCs may in fact abandon local equity partners to reap the benefits of multinationality and embed subsidiaries in the corporate structure (Fisch & Schmeisser, 2020). This positively affects knowledge transfers but might have negative longer-term impacts on subsidiary initiatives.

Even more interesting is perhaps how ‘nudging’ (Thaler & Sunstein, 2009), that is, the use of psychological mechanisms to structure a choice setting which can be used as an (entrepreneurial) governing mechanism by headquarters through the direction of subsidiary initiatives. Traditionally, research has investigated the expatriation, centers of excellence, and the diffusion of shared values to harmonize and synchronize subsidiary management (Björkman et al., 2004; Nohria & Ghoshal, 1994; Turner & Makhija, 2006). Nudging may therefore be seen as a softer type of control mechanism. It complements (or
replaces) other policy tools such as regulation, control, and formal subsidiary mandates. By recognizing headquarters’ entrepreneurial role (Ambos & Mahnke, 2010), recent literature has started exploring ‘headquarter initiatives’ as the discrete schemes stemming from headquarters intended to alter the competitive position or scope of subsidiaries (Padrón-Hernández, 2019).

While this thesis has shown how subsidiary managers act as strategizes in the wider MNC, it begs the question: what if headquarters are still the ones strategizing subsidiaries’ strategizing? Following recent trends in increased digitalization, spurred by the Covid-19 pandemic (Caligiuri et al., 2020), much closer interaction between headquarters and subsidiaries has been fostered, that is, increased information and communication exchanges (Schmitt et al., 2019). Consequently, subsidiary initiative-taking might therefore not be much of ‘strategy creation in the periphery’ (Regnér, 2003) but rather a question of headquarters nudging toward subsidiary managers.

A complicating factor that warrants further consideration is also the dispersion of headquarter activities (Nell et al., 2017). Gammelgaard (2009) found that expatriate subsidiary managers are more likely to succeed in their initiative-selling efforts. However, what is truly relevant to uncover is the individual social biases, given a diversity between managers, with different abilities, driven by an array of motivations. These merit an examination of the individual levels of headquarters (Verbeke & Yuan, 2020).

Methodology wise, I see an increased value in studying subsidiary initiatives by employing QCA and the combination of casual conditions (Furnari et al., 2020). Field studies and experiments can also extend some of the boundaries confined by existing theory (Stenvenson et al., 2020) and social network analysis (Cuypers et al., 2020), which can further enhance the structural patterning of relationships in terms of centrality and peripherally – how individual subsidiary actors leverage these. These methods are all providing a clearer chain of causality than traditional quantitative approaches.

Regardless of the methodological approach, there is an intrinsic menace of abstracting away the human manager; the more data we have, the more difficult it is to dig out the manager of case, condition, or variable. By establishing strong assumptions, we risk studying something severely different from the human in the organization. One should not forget that the analysis of (change) processes such as the development of subsidiary initiatives, therefore, needs anchoring in human action; managers act by micro-political means to achieve goals. Therefore, a relevant research design would be to embark entirely on a process perspective to shed light on both the processes involved in subsidiary initiatives and the temporal nature of these (cf. Langley et al., 2013). This can be done by breaking down events into multiple processes and in so doing offering a deeper conceptualization on the substance of the micro-political initiative process envisaged in this thesis.
Epilogue

People, as well as companies, struggle with predicting the future. The future is always challenging to see or predict; it is always in motion – extremely uncertain. However, the sum of the broader economy and that of an MNC is the result of smaller individual decisions and actions that come together to form different arrangements.

Regardless of the environmental setting, it is hard to perceive any overseeing ‘mind’ that possesses all knowledge in totality and takes decisions in complete solitude. New industries are created when new knowledge from various sources is combined and recombined, sometimes disruptive to the existing corporate structure. The disruptive nature implies that new information flowing upwards from subsidiaries and the external environment might be disregarded by the headquarters. Thus, failing to incorporate new opportunity-seeking knowledge across the organization – paramount for future success.

The automotive industry is a current example where the focus is shifting and shifting fast, from combustion engines to electrification, from being cars to becoming highly advanced connected computer systems on wheels. It can almost be equated to a revolution, albeit necessary, to generate new solutions to global issues. Therefore, it is not surprising to see plans from IT-technology firms such as Apple developing cars\textsuperscript{16}; it would be much more surprising to see computers and mobile phones developed from a traditional car manufacturer. The industry leaders’ long term-strategies have partly embraced these shifts, but the rate of change has also been increased by external (political) factors, rendering existing business models obsolete. \textit{Qui vivra, verra.}

This thesis has explored subsidiary initiatives, a prime manifestation of innovative actions among subsidiary managers. The organizational journey of subsidiary initiatives can be concluded as the way of muddling through the corporate structure; subsidiary managers articulating upwards, supported by the ‘Dragon’, subsidiary managers guide future investment decisions and essentially shape organizational behavior. A practice aimed at creating a 21st-century responsive multinational corporation.

References


Devers, K.J. 1999. How will we know "good" qualitative research when we see it? Beginning the dialogue in health services research. Health Services Research, 34(5): 1153–1188.


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Appendices

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Appendix C: Questionnaire..........................................................................110
*The questionnaire was sent out to the respondents either as an online form or if requested in a physical letter via mail*

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*The letter was sent to potential interviewees (e-mail), along with the attached project description as a PDF-file*

Appendix E: Interview Guide.......................................................................119
*The interview guide used to structure the interviews*
Appendix A: Invitation Letter for Survey Participation

Dear Sir or Madam,

What factors determine headquarters response to entrepreneurial business undertakings originating from foreign subsidiaries? A research group at Uppsala University is currently investigating how subsidiaries of multinational corporations perceive the probability of acceptance (or rejection) of so-called subsidiary initiatives by their headquarters. We define a subsidiary initiative as any business opportunity identified by the subsidiary that seeks to change, expand or renew the operations of the subsidiary and/or the multinational corporation.

The aim of the study is to contribute to an increased understanding of entrepreneurial activates from subsidiaries to both practice and academia. We would be very grateful if you can take the time to complete this survey for your subsidiary company. Answering the survey should take about 15 minutes (see link below). If you believe that you have not enough time or information to complete the survey, please forward it to an appropriate person in the company.

All information will be held in strict confidence, any results from this survey will be reported in aggregate form where you and your subsidiary cannot be identified.

When answering the questionnaire, please note that:

- The term headquarters refers to the corporate unit your subsidiary reports to i.e., corporate, regional/local or divisional headquarters.
- The questions refer only to your perception/opinion; there is no right or wrong answers.

THANK YOU VERY MUCH FOR YOUR TIME AND COOPERATION!

PhD-student Alexander Gorgijevski
Department of Business Studies
Uppsala University

CLICK HERE TO OPEN THE QUESTIONNAIRE: [LINK]

If you have any questions regarding this survey, please contact me at alexander.gorgijevski@fek.uu.se
The future results of this study will be presented on our webpage (http://www.forskning.fek.uu.se/projects.htm), and can also be made accessible to you upon request.
## Appendix B: Survey Structure

<table>
<thead>
<tr>
<th>#</th>
<th>Part</th>
<th>Content</th>
<th>Key literature (for measurement development)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Background</td>
<td>Q1: Subsidiary age</td>
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<td></td>
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<td>Q2: Entry mode</td>
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<td>Q3: Reporting unit</td>
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<td></td>
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<td>Q4: Headquarters location</td>
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<td>Q5: Submission</td>
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<td><strong>N/A</strong></td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>Subsidiary initiative</td>
<td>Q6: Acceptance</td>
<td>Birkinshaw, 1997; Birkinshaw, 2000</td>
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<td></td>
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<td>Q7: Concept</td>
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<td></td>
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<td>Q8–Q9: Positive attention</td>
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<td></td>
<td><strong>Birkinshaw, 1997; Birkinshaw, 2000</strong></td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>HQ attention</td>
<td>Q10–Q12: Profile building</td>
<td>Bouquet &amp; Birkinshaw, 2008a; Ambos, Andersson &amp;</td>
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<tr>
<td></td>
<td></td>
<td><strong>Supportive &amp; communicative</strong></td>
<td>Birkinshaw, 2010; Birkinshaw, Hood &amp; Jonsson, 1998</td>
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<tr>
<td></td>
<td></td>
<td>Q13 a–d: Relationship characteristics</td>
<td></td>
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<td></td>
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<td>Q14: Dependency</td>
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<td></td>
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<td>Q15: Bargaining Power/Influence</td>
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<td>Q16: Autonomy</td>
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<td>Q17–Q18: Packaging moves</td>
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<td><strong>Presentation &amp; bundling</strong></td>
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<td>Q19–Q20: Involvement moves</td>
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<td></td>
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<td><strong>Targets, formal &amp; informal</strong></td>
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<td>Q21–Q23: Process moves</td>
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<td></td>
<td></td>
<td><strong>Formality, preparation &amp; timing</strong></td>
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</table>

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Appendix C: Questionnaire

Q1: Indicate the year of establishment of the subsidiary:

__________________________

Q2: What kind of establishment is the subsidiary?

☐ New company/greenfield
☐ Acquisistion/purchase of another company
☐ Merger
☐ Joint-Venture

Q3: To which headquarter do you report to?

☐ Corporate HQ
☐ Regional/Local HQ
☐ Divisional HQ

Q4: Where is that headquarter located?

☐ Europe
☐ North America
☐ South or Latin America
☐ Asia
☐ Africa or Middle East
☐ Oceania

Q5: To what extent has your subsidiary submitted initiatives to headquarters for approval concerning (If no opinion on a certain sub-question, leave that field empty)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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</thead>
<tbody>
<tr>
<td>a) Research and development</td>
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<tr>
<td>b) Production of goods and services</td>
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<td>c) Marketing and sales</td>
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<td>d) Logistics and distribution</td>
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<td>e) Purchasing</td>
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<td>f) Support activities (e.g. HRM, management- and control systems, global processes)</td>
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</table>
### Q6: To what extent have your subsidiary’s initiatives been accepted by headquarters for:

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Not at all</th>
<th>High extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Local market use</td>
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<td></td>
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<tr>
<td>b) Regional market use</td>
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<tr>
<td>c) Global market use</td>
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</table>

### Q7: To what extent do you perceive the following aspects as important for headquarters acceptance of your subsidiary’s initiatives:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Not at all</th>
<th>High extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Achieve a “fit” to the multinational corporation’s business model</td>
<td></td>
<td></td>
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<tr>
<td>b) Not use unproven or external technology</td>
<td></td>
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<tr>
<td>c) Understanding the requirements and needs of your business</td>
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<td></td>
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<tr>
<td>d) Match the initiative to a specific manager or team at headquarters</td>
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<td></td>
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<tr>
<td>e) “Selling” the initiative to headquarters</td>
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<tr>
<td>f) Position the initiatives to the multinational corporation’s strategic goals</td>
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<tr>
<td>g) Use formal procedures</td>
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</table>

### Q8: To what extent has your subsidiary received attention from headquarters in terms of:

<table>
<thead>
<tr>
<th>Attention aspect</th>
<th>Not at all</th>
<th>High extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Incentives such as cash bonuses and career opportunities</td>
<td></td>
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<tr>
<td>b) Interest in learning about our local market and products/services</td>
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<tr>
<td>c) Help to spread our best practices across the multinational corporation</td>
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</table>
Q9: Concerning headquarter-subsidiary interaction, to which extent do you agree with the following:

- a) Headquarter managers communicate frequently with the counterparts in your subsidiary.
- b) Headquarter managers make business trips frequently to your subsidiary.
- b) Headquarter managers interact and share ideas frequently with your subsidiary.

Q10: Concerning the subsidiary track-record, to what extent do you agree that your subsidiary has a history of:

- a) Delivering what is promised to headquarters.
- b) Strong and internationally-respected managers.
- c) Credibility at headquarters.
- d) Expanding the multinational corporation's resources and capabilities.

Q11: Concerning the commitment to headquarters:

- a) Your subsidiary's managers care about the fate of the multinational corporation.
- b) What the multinational corporation stands for is important to your subsidiary's managers.
- c) Your subsidiary managers feel a strong sense of affiliation with the multinational corporation.
Q12: Concerning the possibility for your subsidiary to make an impression on headquarters:

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
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</thead>
<tbody>
<tr>
<td>a) We focus the subsidiary’s efforts towards meeting corporate goals and values.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>b) We involve headquarters in our business and value their input.</td>
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<tr>
<td>c) We spend time developing connections with people in positions of authority at headquarters.</td>
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</table>

Q13: Concerning the relational characteristics between headquarters and your subsidiary:

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<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
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<tbody>
<tr>
<td>a) There is a strong sense of community between headquarters and your subsidiary.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>b) Headquarters’ managers have strong working relationships with your subsidiary managers.</td>
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<tr>
<td>c) Headquarters management and your subsidiary fully agree about your subsidiary’s role in the relationship.</td>
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<td>d) The relationship between your subsidiary and headquarters is efficient.</td>
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<td>e) Headquarters have strong willingness to listen.</td>
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<td>f) There is a strong supportive culture at headquarters.</td>
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<td>g) There is an open environment at headquarters.</td>
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<tr>
<td>h) Headquarters is well qualified.</td>
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<tr>
<td>i) Our subsidiary is confident about the skills of headquarters.</td>
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<td>j) Headquarters is very concerned about our subsidiary’s welfare.</td>
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<tr>
<td>k) Our subsidiary’s needs and desires are very important to headquarters.</td>
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<td>l) Headquarters’ behaviour is not very consistent.</td>
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<td>m) Headquarters’ behaviours is guided by sound principles.</td>
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Q14: To what extent are other subsidiaries dependent on your subsidiary's competencies:

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<td>c) Marketing and sales</td>
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<td>e) Purchasing</td>
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<td>f) Support activities (e.g. HRM management- and control systems, global processes)</td>
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Q15: To what extent has your subsidiary influenced the multinational corporation concerning:

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<tbody>
<tr>
<td>a) Corporate investments in production</td>
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<td>b) Corporate investments in R&amp;D</td>
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<td>c) Corporate introduction of new products and services</td>
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<tr>
<td>d) Establishments of new units in your market region</td>
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<tr>
<td>e) Establishments of new units outside your market region</td>
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Q16: To what extent can your subsidiary make the following decisions without consulting headquarters:

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<tbody>
<tr>
<td>a) Enter new markets</td>
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<td>b) Develop a major new product/service offering</td>
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<td>c) Develop a new major process (e.g. administrative, manufacturing, management)</td>
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<td>d) Develop a new technology</td>
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<td>e) Restructure the organizational structure, involving creation or elimination of departments</td>
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<tr>
<td>f) Develop new work- and management practices</td>
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</table>
Q17: To what extent does your subsidiary present the initiatives to headquarters by:

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<th>Not at all</th>
<th>High extent</th>
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<td>1 2 3 4 5 6 7</td>
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</table>

- a) Using the logic of a business case (e.g. push financial aspects, alignment with strategy) ...........................................
- b) Making continuous proposals (versus one single proposal) .................................................................
- c) Packaging the initiative as a step-by-step process i.e. presenting the initiative as an incremental change.............

Q18: To what extent does your subsidiary tie the outcome of the initiatives to the following aspects:

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<tr>
<th>Not at all</th>
<th>High extent</th>
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<td>1 2 3 4 5 6 7</td>
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</table>

- a) Monetary consequences and/or profitability.............................
- b) Market share targets............................................................
- c) Organizational brand............................................................
- d) Organizational business model............................................
- e) Key constituents for the multinational corporation....................
- f) Other initiatives that have either been accepted or currently awaiting decision.................................

Q19: To what extent does your subsidiary involve the following actors in the initiative selling process formally e.g. through committees and task forces:

<table>
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<tr>
<th>Not at all</th>
<th>High extent</th>
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<td>1 2 3 4 5 6 7</td>
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</table>

- a) Managers at headquarters..................................................
- b) Other subsidiaries..........................................................
- c) Suppliers...........................................................................
- d) Customers...........................................................................
- e) Other actors........................................................................
Q20: To what extent does your subsidiary involve the following actors in the initiative selling process *informally* e.g. through casual meetings and memos:

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<tbody>
<tr>
<td>a) Managers at headquarters</td>
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<tr>
<td>b) Other subsidiaries</td>
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<tr>
<td>c) Suppliers</td>
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<td>d) Customers</td>
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<tr>
<td>e) Other actors</td>
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Q21: To what extent does your subsidiary follow managerial control processes in the initiative selling process:

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<tbody>
<tr>
<td>a) Formal rules and directives</td>
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<td>b) Formal reports and protocols</td>
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<td>c) Use of written communication (memos, letters and notes)</td>
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Q22: To what extent does your subsidiary spend time on the following before submitting initiatives to headquarters:

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<tbody>
<tr>
<td>a) Develop prototypes</td>
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<td>b) Map customer demands</td>
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<td>c) Investigate headquarter’s preferences</td>
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<td>d) Consider existing technology standards</td>
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<td>e) Outline market segments</td>
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<td>f) Consider existing value-chain structures</td>
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Q23: To what extent does your subsidiary link the initiative selling to:

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<tr>
<td>a) Persistence in selling e.g. putting constant pressure on headquarters</td>
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<td>b) Timing in selling, i.e. when to submit and when to hold back</td>
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<td>c) Involvement of headquarters early in the selling</td>
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<td>d) Existing business model</td>
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<td>e) Current technology</td>
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Dear [Name],

My name is Alexander Gorgijevski and I am a PhD-student in Business Studies at Uppsala University. Within my research project, I study multinational companies and subsidiaries’ entrepreneurial activities. On this topic I have previously conducted a survey aimed at foreign-owned subsidiaries in Sweden, but now I am interested in supplementing it with more in-depth interviews that capture subsidiaries' innovation processes and the importance of these for the corporation as a whole. Issues that fall into focus are, among other things, how the subsidiaries’ business opportunities are handled and evaluated within the corporation, for example, what role does the headquarter play in developing subsidiary R&D activities. Overall, I am interested in understanding the selection process – how a subsidiary’s research and development initiatives receive recognition and approval (from the headquarters).

It would be very interesting to hear your reflections on these topics. I would therefore be very grateful if you have the opportunity to meet me to talk about this for about an hour. I am very flexible as for days and times but suggest one of the following: [Times].

In short, the study will provide important insights as to why some subsidiary initiatives are accepted by headquarters while others are rejected and the conditions behind this. This will in turn provide an increased understanding of why we witness an under-utilization of R&D resources and capabilities among MNC subsidiaries. Implications for both researchers and practitioners are a priority.

Sincerely,

Alexander Gorgijevski

___________________________

Alexander Gorgijevski
PhD Candidate, International Business.
Uppsala University, Department of Business Studies | Box 513, 751 20 Uppsala, Sweden.
Visiting Address: Ekonomikum, Kyrkogårds gatan 10. Entrance C.
Mobile: +46(0)722027327.
The go/no go decision: The acceptance/rejection of subsidiary R&D initiatives in MNCs A doctoral project at the Department of Business Studies, Uppsala University.

As subsidiaries of multinational corporations becomes involved in the formulation and implementation of firm strategies. The role of corporate headquarters has changed from ‘simply’ choosing locations and assigning roles to subsidiaries in terms of mandates. Often entrepreneurial managers in these subsidiaries assume extended roles regardless of their unit’s formal charter. Entrepreneurial subsidiary managers, especially in well-established affiliates will often pursue what we can broadly label as subsidiary business opportunities or subsidiary initiatives. These initiatives represent the means by which the subsidiary can create economic value, which will lead to the development of new products, procedures and capabilities. The role of headquarters in this process could be seen as an orchestrator, undertaking deliberate and purposeful actions with the intention to create and extract value from the MNC network (e.g., selecting the initiatives that should receive a corporate budget and endorsement).

Initiative selection is a somewhat mysterious and possibly dormant concept, its role and importance warrant further recognition and consideration. Therefore, this research project aims to increase our understanding of the processes governing subsidiary innovation activities. These issues are investigated and analyzed in particular from the viewpoint of Swedish industrial multinationals. Questions guiding the project include:

- How can the process of identifying business opportunities, from idea generation to actual implementation be described?
- What are the main triggers for subsidiaries to present locally identified business opportunities to headquarters?
- What are the main drivers and motivations behind the particular selection of business opportunities?
- How can the process of realizing the value of subsidiary business opportunities be described?

Using a mixed-method approach (e.g., both survey questionnaires and in-depth interviews), the project aims to offer a holistic understanding of the multinational corporation. With this research important insights will be given to why some R&D initiatives are accepted by headquarters while others are rejected and the conditions behind this. This will in turn provide an increased understanding of why we witness an under-utilization of R&D resources and capabilities among subsidiaries. Implications for both researchers and practitioners are a priority. It is our strong belief that the findings of this study will also be an important guide to the individual subsidiaries regarding important factors for enhancing the future success of subsidiary innovation. The study will also contribute to the understanding on how corporate-level decision-makers could assess and compare competing initiatives, or for that matter, give important knowledge to corporate managers to why and under what circumstances some R&D initiative are best not to be approved. Fundamentally addressing the question of how to manage corporate entrepreneurship within the global firm.

The research project is financed by Jan Wallander’s and Tom Hedelius’s research foundation, Svenska Handelsbanken. The project also includes project members Associate Professor Christine Holmström Lind and Associate Professor Katarina Lagerström.
Appendix E: Interview Guide

1. Introduction
   - Who I, the interviewer, am and why I am here.
   - What we will talk about during the interview.
   - How the data will be used and the respondent’s anonymity ensured.
   - The respondent’s permission to record the interview.

2. Background
   - Who the respondent is, and what he/she does?
     - Describe your role and responsibilities in the company?
     - Could you illustrate your regular work assignments?
     - Describe your experiences of the company, the business area and R&D?
       - How would you describe R&D in your company?
   - How was your subsidiary established within the MNC?
   - To which HQ do you report? How would you describe the regular communication with HQ? Are there other units within the MNC you report to?
   - What is your subsidiary’s role in the MNC?
     - Do other units within the MNC have similar roles?
     - Do you cooperate over the ‘subsidiary border’ with other units? How would you describe the general environment in the MNC?
   - What are your subsidiary’s responsibilities concerning R&D?
   - What would you describe as the most valuable capabilities/knowledge your subsidiary possess?

3. Subsidiary initiative process (general)
   - Can you describe the process of identifying business opportunities, from idea generation to actual implementation?
   - How important are locally (subsidiary) identified business opportunities for your subsidiary? For the MNC – and other subsidiaries?
   - How do you gather the necessary resources to commit to these undertakings?
   - Which business opportunities need HQ approval and which can be decided locally by your unit?
   - When are business opportunities presented to HQ?
   - What is the final trigger for you to present this to HQ?
   - How are they presented and who presents them?
   - Are there any business opportunities that you actively choose not to present to HQ? In a sense of internally driving the development process.
Could you describe elaborate on the approval/rejection process at HQ?
  o Which types of responses/decisions can you receive from HQ?
  o Who at HQ decides upon the proposal’s recognition and approval?
    And what does this mean?
  o How are HQ’s decisions manifested and communicated?

What are your general reactions towards HQs decision of approval/rejection?

What do you think HQ predominately base their decision upon?

4. Selection of subsidiary initiatives (specific)

How successful is your unit within the MNC concerning past business opportunities?

Think of one ‘approved’ and one ‘rejected’ business opportunity
  o How did they come about? How were they identified?
  o Describe the goals and motivations for developing these opportunities?
  o What did your subsidiary want to achieve with these opportunities?
  o Who were involved in these opportunities?

What were the most important factors why opportunity X was approved/rejected?

Did you have to convince and negotiate with HQ regarding the approved opportunity or was it more of a ‘direct acceptance’?

In regards to the rejected opportunity, has it been retained in the company in any other form? Perhaps relocated to other subsidiaries by HQ?

How has HQ’s ‘selection decision’ of the business opportunities affected the mandate/role of the subsidiary within the MNC?

Could you elaborate on how your subsidiary is important for the functioning of other units in the MNC?
  o How does this affect HQs evaluation of your business opportunities?

Did you have other internal or external support at the time of seeking HQs approval for the particular opportunity?

How does this affect HQs evaluation and decision-making?

Could you elaborate on the way it affects future business opportunities?

5. Final questions

Overall, what factors, which we might have overlooked here, do you think influence the decision to accept or reject your business opportunities?
  - Whom else can I talk to regarding these issues?
  - At HQ, who has knowledge about initiative X, Y?
  - Possibility to return with further questions/survey?
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