

Developing Strategy from the Middle: Subsidiary Strategy and the Role of the Subsidiary General Manager



DÓNAL O'BRIEN,* PAMELA SHARKEY SCOTT* AND PAT GIBBONS†

ABSTRACT

The multinational subsidiary is a unique context for studying management processes relating to strategy but, to date, the literature in this area lacks a coherent approach. It is recognised that subsidiaries evolve over time and, through their own actions and initiatives, have the potential to modify the power structures of the multinational enterprise (MNE), but little is known about the role of the subsidiary manager in this process. In reviewing the empirical and theoretical research on subsidiary management, we highlight how the tensions between the headquarters' perspective and the subsidiary perspective have resulted in the application of inappropriate frameworks to the study of subsidiary managers. We address this issue by proposing an organising framework for subsidiary management research. By departing from the traditional theories of the firm and applying the middle manager view of strategy development, the organising framework developed represents an initial attempt to generate a specific subsidiary level theory.

Key Words: Strategy development; subsidiary; multinational enterprise; middle manager; embeddedness

INTRODUCTION

Traditionally, the roles of subsidiary general managers were based on their capacity to maintain and grow the local operations while managing their relationship with corporate headquarters. This view no longer captures the mounting challenges which subsidiary managers face and the array of skills required to be successful in the modern multinational enterprise (MNE).

The forces responsible for the changing subsidiary management landscape can be traced to the adoption of more global business structures by MNEs. These developments have

* Faculty of Business, Dublin Institute of Technology

† Smurfit School of Business, University College Dublin

led to an increase in the constraints under which subsidiary managers must operate, and the associated challenges which they must overcome (Buckley and Ghauri, 2004; Buckley, 2009b; Mudambi, 2008). Firstly, today's subsidiaries must cope with the demands associated with the embeddedness of their operations within differentiated networks internally within the MNE, and externally with customers, suppliers and other institutions (Nohria and Ghoshal, 1994). Secondly, subsidiaries typically have a preset business domain, aligned with the MNE's global strategy for its products and services, which limits the available options for market positioning (Birkinshaw and Hood, 1998). Thirdly, subsidiaries also face corporate and resource constraints in establishing lateral relations with other units of the MNE (Birkinshaw and Morrison, 1995). Paradoxically, despite these constraints, there is an expectation on subsidiaries to create knowledge and innovation and develop their mandate.

A number of strategic options remain under the control of subsidiary managers which enable units to achieve these goals. They retain the ability to reconfigure resources and develop capabilities which drive development (Birkinshaw and Hood, 1998), improve performance (Subramaniam and Watson, 2006) and influence the MNE as a whole (Andersson et al., 2005; Williams, 2009). However, subsidiary management research has been slow to explore the enactment of strategic activity at the subsidiary management level. We address this oversight by reviewing the MNE literature to date through a subsidiary, strategic development lens, and identifying the obstacles which have reduced the scope of subsidiary management research to date.

Similar to previous reviews of subsidiary literature (e.g. Birkinshaw and Pedersen, 2009; Patterson and Brock, 2002; Birkinshaw, 2001), the focus of this paper is on wholly owned subsidiary companies, where the subsidiary is defined as a value-adding activity outside of the MNE's home country. This paper makes three important theoretical contributions: firstly, following our analysis of subsidiary theory development to date, we identify the importance of subsidiary context and how the position of the subsidiary within the MNE renders it inappropriate to apply the traditional theoretical frameworks to subsidiary research. Building on this analysis, our second contribution is the identification of the subsidiary general manager as analogous to an organisational middle manager. Although this is not a totally new perspective (Dutton et al., 1997), it is a first attempt to adapt the traditional middle manager framework to capture the true strategic influence activity of subsidiary management. This positions our third and most important contribution: the development of an organising framework for subsidiary research. Our proposed framework represents an initial attempt to depart from traditional theories of the firm to generate a specific subsidiary level theory.

REVIEW OF THE LITERATURE

The emergence of the MNE post World War II stimulated research interest in the management of dispersed units or subsidiaries. Initial studies generally adopted the MNE, or the MNE-subsidiary relationship, as the primary unit of analysis. It was not until the 1980s, with the publication of Otterbeck's (1981) seminal paper on the management of headquarters-subsidiary relationships, that the management of multinational subsidiaries was recognised as a distinct field of research from within the fields of international

and strategic management. Soon after, Ettemand and Dulude's (1986) collection of invited papers brought attention to Canada's policies of encouraging subsidiaries to act strategically to compete for the allocation of world product mandates from their headquarters. This was followed by Birkinshaw and Hood's (1998) insightful attempt to not only define the field, but also to outline three streams of research:

1. Head office assignment – emphasising the control of headquarters
2. Local environment determinism – recognising the importance of the local environment
3. Subsidiary choice – identifying the role of the subsidiary in determining its future and, arguably, providing the platform for current studies

Comprehensive reviews by notable researchers, including Birkinshaw (2001), Patterson and Brook (2002), Young and Tavares (2004) and, most recently, Birkinshaw and Pedersen (2009), have added to our understanding of the evolution of the field. This paper departs from these previous approaches by examining work to date from the perspective of subsidiary management capacity for engaging in strategy. This approach highlights potential future directions for subsidiary research.

The following review of the subsidiary management literature is set out in two parts: firstly, the progression of subsidiary management research is analysed under four main themes and, secondly, the current developments in the field are then categorised under four subheadings. By addressing the identified limitations, this paper then sets the basis for the introduction of a new organising framework for the field.

FOUNDATIONS OF SUBSIDIARY RESEARCH

Strategy/Structure

The alignment between strategy and structure in large corporations emerged from early work on organisation theory. Initially, this literature focused on the strategies and structures of MNEs from a classical perspective, attempting in the main to understand why certain structures were adopted (Stopford and Wells, 1972; Egelhoff, 1982; Daniels et al., 1984). Bartlett and Ghoshal (1989) proposed the 'transnational solution' as the preferred design for the multinational corporation, and this approach emerged as a dominant paradigm. Structure was seen as something which would change to fit strategy, at least in the short term. This stream assumed that strategy itself was developed at corporate headquarters, and little consideration was given to the role of the subsidiary in strategy development.

The Headquarters–Subsidiary Relationship

This literature stream was the first to give real attention to MNE subsidiaries and their potential for independent thinking, but rather than focusing on their possibilities, it was predominantly concerned with how headquarters control subsidiaries. The main focus was on centralisation and formalisation of decision-making (Gates and Egelhoff, 1986; Hedlund, 1981), as well as how to integrate a portfolio of subsidiaries to maximise their usefulness to headquarters (Picard, 1980). This research was the first to acknowledge that

subsidiaries can attain a certain level of autonomy and influence (Patterson and Brock, 2002). Therefore, to a degree, headquarters must rely upon the quality of relations with subsidiaries to institute programmes (Hulbert et al., 1980) and may require the involvement of management at the subsidiary level in decision-making (Hedlund, 1994). Bartlett and Ghoshal (1986) contended that many firms still suffered from the 'United Nations model and HQ syndrome', which resulted in their treating all subsidiaries alike, but a discernable trend began to emerge in the late 1980s and early 1990s where the 'us versus them' mentality between headquarters and subsidiaries gradually gave way to a more cooperative stance (Roth and Morrison, 1992). The notion that subsidiaries could potentially engage in strategy development at a local level had emerged.

MNE Process Research

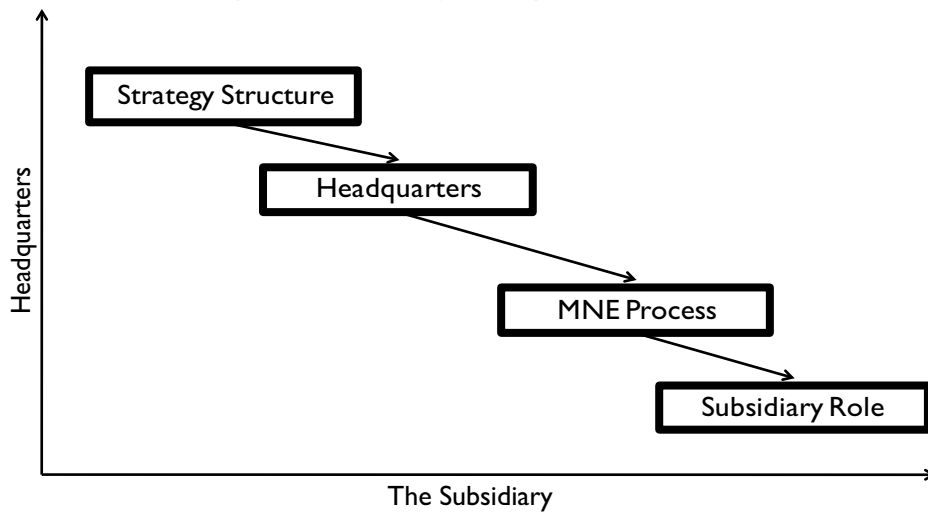
Originating from the strategy process literature, this stream emphasises strategic decision making and organisational change in MNEs. Moving from the more formal headquarters–subsidiary relationship structure and its focus on traditional hierarchical relationships, this body of research highlights a more complex, dynamic reality (Birkinshaw and Pedersen, 2009). Subsidiaries often have unique access to key resources, operate with far more degrees of freedom than is officially condoned, and formal structure is often less important than management systems or culture as a way of controlling subsidiary managers (Doz, 1976; Prahalad, 1976; Bartlett, 1979; Prahalad and Doz, 1981; Hedlund, 1986). However, similar to the strategy/structure stream, the primary unit of analysis remains the entire MNE rather than the subsidiary, and the potential for subsidiary strategy development continues to be overlooked.

Subsidiary Role

The shift in emphasis towards adopting the multinational subsidiary as a unit of analysis and, to some extent, taking the headquarters as an external factor, initiated by the process stream, allowed researchers to take a detailed look at the various strategic roles of those subsidiaries (Patterson and Brock, 2002). This development prompted the emergence of the subsidiary role stream. Following Ghoshal's (1986) study of innovation processes identifying the role of the subsidiary in generating innovations for diffusion across the organisation, researchers began investigating the different roles that subsidiaries play within MNEs. What emerged from this research was a recognition that subsidiaries are assigned different roles based on their unique resources and capabilities, and that some subsidiaries enjoy considerable autonomy over the development of their own role (Bartlett and Ghoshal, 1986).

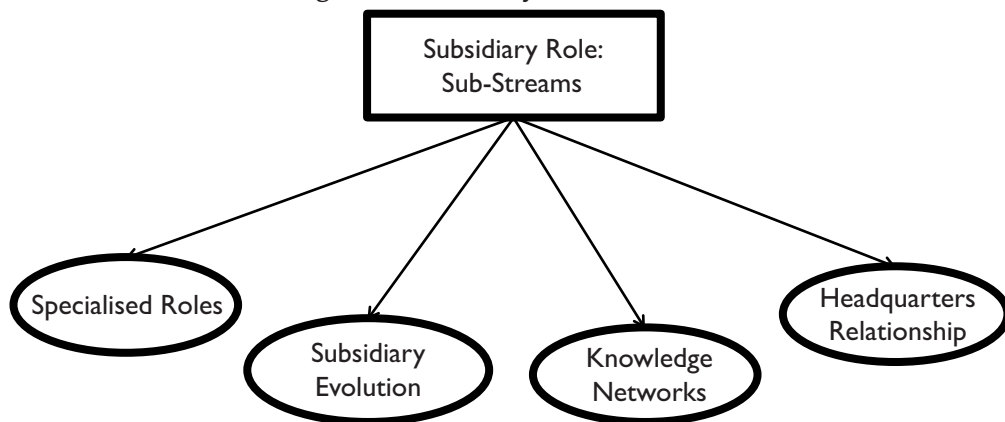
The shift in emphasis highlighted in Figure 1, towards setting the multinational subsidiary as a unit of analysis and, to some extent, taking the headquarters as an external factor, allowed researchers to take a detailed look at the various strategic roles of those subsidiaries (Patterson and Brock, 2002). It was this change in emphasis which became the foundation of the most recent research themes. Although it is true to say that there is an acknowledged lack of coherent analysis of how the field has evolved in recent years, following the lead of Birkinshaw and Pedersen (2009), it is possible to divide the themes into four subheadings of the subsidiary role stream as outlined in Figure 2.

Figure 1: Subsidiary Management Research



Source: Adapted from Harzing (1999), Patterson and Brock (2002) and Birkinshaw and Pedersen (2009)

Figure 2: Subsidiary Role Research



Source: Adapted from Patterson and Brock (2002) and Birkinshaw and Pedersen (2009)

SUBSIDIARY ROLE RESEARCH

The Specialised Roles of Subsidiaries

The concept that subsidiary units may differ considerably in their roles based on the extent of their responsibilities, the importance of served markets, their network position and their competencies and resources is now well established in the literature. In the last twenty years this research has extended to capture the complexities of specialised subsidiary roles, such as the emergence of centres of excellence (COEs) – units responsible for specific

functional activities core to the MNE (Fratocchi and Holm, 1998; Surlemont, 1998; Frost et al., 2002; Holm and Pedersen, 2000).

The perception of subsidiary autonomy or the ability to take independent decisions at a local level has evolved over time within this stream. Initially viewed from an agency perspective (Roth and O'Donnell, 1996), subsidiaries are perceived as pushing for autonomy, while their headquarters push for more centralisation (Patterson and Brock, 2002). However, recent studies identify autonomy more as an important input that drives subsidiary potential for development (Young and Tavares, 2004; Johnston and Menguc, 2007; Taggart and Hood, 1999).

Subsidiary Evolution

Subsidiary evolution builds on the assumption that foreign direct investment tends to be a sequential process, beginning with the initial investment and leading to typically higher quality investment over time (Kogut, 1983; Chang, 1995, 1996). However, subsidiaries are no longer perceived as relying passively on their headquarters to incrementally allocate resources, as this research recognises the ability of subsidiaries to drive their evolution from inside their unit through the initiatives of subsidiary managers, or from outside through the investment of the parent company or other external forces (Young and Tavares, 2004). This is a major departure, as this research provides strong support for the ability of the subsidiaries to instigate changes in their own role, not to be passive acceptors of their fate (Birkinshaw, 1997, 1999; Andersson et al., 2002; Delany, 2000; Cantwell and Mudambi, 2005).

Information Flow

The information flow perspective considers the flow of information between the subsidiary and its external/internal networks and further recognises the subsidiary's capacity to make some strategic decisions. Taking the internal network initially, research by Gupta and Govindarajan (1991, 1994, 2000), focusing on the patterns of information flow between subsidiaries and headquarters, led to the recognition that developing internal embeddedness within the MNE network is potentially the most important strategic option available to subsidiary managers. Garcia-Pont et al. (2009) identified three hierarchical levels of internal embeddedness that subsidiaries can develop within the MNE, namely the operational level, the capability level and the strategic level.

Research on the subsidiary's external network has focused on the nature and strengths of the linkages between the subsidiary and its local environment. One strand of research uses patent citation analysis to show that subsidiaries draw from, and contribute to, the knowledge pool in their local environment (Almeida, 1996; Kummerle, 1997; Almeida, 1999; Frost et al., 2002; Phene and Almeida, 2003). A second strand explores the extent to which subsidiaries are embedded in their local environment and how that affects their internal network relationships and performance (Grabher, 1993; Andersson et al., 2002; Foss and Pedersen, 2002; Cantwell and Mudambi, 2005). A third strand models the subsidiary as the interface between a leading-edge industry cluster and a leading-edge MNE (Solvell and Zander, 1998; Enright, 2000; Solvell and Birkinshaw, 2000). These research

directions provide further evidence of the capacity of the subsidiary to proactively play a role in its strategic direction.

Headquarters–Subsidiary Relationship

Broader perspectives to understanding the headquarters–subsidiary relationship have also been adopted. Although this theme has received a great deal of attention in the past, some new approaches have been applied in recent years. One example is the concept of procedural justice being applied to the headquarters–subsidiary planning process (Kim, 1993a, 1993b; Kim and Mauborgne, 1991; Taggart, 1997). Gupta and Govindarajan (1991) examined the related concept of feedback-seeking behaviour in subsidiary managers. Additionally, a number of studies highlighted the notion of perception gaps between headquarters and subsidiary managers, and the related consequences (Holm et al., 1995; Birkinshaw et al., 2000; Luo, 2003). In recent times some studies have focused on the impact of micro issues, such as political negotiations between subsidiary managers and their headquarters (Dörrenbächer and Geppert, 2006; Dörrenbächer and Gammelgaard, 2006, 2009).

This review of the major empirical developments in the field provides valuable insights into how the subsidiary has moved from being viewed as a ganglion (Taggart, 1998) controlled by headquarters to a contributing unit, often actively engaged in managing its future through a limited range of strategic options. This review also highlights some of the critical deficiencies in the research developed to date. Although it is recognised that subsidiaries can impact their own future through their own actions, how this actually takes place is still in many ways an unrevealed activity. Strategy at the subsidiary level remains a neglected research area, with very little to guide academics and practicing subsidiary managers. Up until now research at the subsidiary level has not tended to be driven by theory. Instead, subsidiary research has been predominantly practitioner-led, and it could be argued that there is no identifiable theoretical framework to study subsidiary strategy. The framework put forward in this paper attempts to address this research gap.

APPLYING THEORY TO SUBSIDIARY RESEARCH

Considering the depth of subsidiary management research, it is strange that, from a strategy perspective, there are few clear insights to guide either researchers or subsidiary managers (Dörrenbächer and Geppert, 2009; Scott et al., 2010). Birkinshaw and Pedersen (2009) contend that, within the field of multinational subsidiary research, there is considerable scope for more careful application of theory. A great deal of the research which has been carried out to date has been well structured but lacking in strong theoretical underpinnings. However, the task of applying theory to multinational subsidiary research is challenging for a number of reasons. To begin with, the required level of analysis for the majority of theory is the MNE as a whole, rather than the subsidiary. Problems arise when attempting to apply firm-level theory to the subsidiary unit.

One of the factors behind these problems has been the confusion over what constitutes subsidiary strategy and what its main components are. A distinction is commonly made in the literature between the concepts of subsidiary strategy and subsidiary role.

A subsidiary's role is assigned to it by the parent company, whereas subsidiary strategy suggests some level of choice or self-determination on the part of the subsidiary (Birkinshaw and Pedersen, 2009). The underlying premise of subsidiary strategy is that, despite the constraints placed on subsidiary management by headquarters and the marketplace, subsidiaries still make decisions of their own volition, not simply on behalf of their headquarters. Our analysis of subsidiary studies confirms that subsidiaries are engaging in strategy development, at least at a local level, with a view to building, or at least maintaining, current resources. Theorising this behaviour represents a major consideration when selecting an appropriate research foundation.

The orthodox view of strategy development is based on the premise that developing strategy successfully leads to competitive advantage, but this view is not appropriate when researching strategy at the subsidiary level of analysis. As the subsidiary unit is only one part of the corporation, and competitive advantage is commonly argued to arise as a result of the unique configuration and coordination of a corporation's activities, then competitive advantage is not a basis to study subsidiary strategy (Porter, 1996). Instead, it is important to identify the important elements that are the focus of strategic activity at the subsidiary level. Birkinshaw and Pedersen (2009) identify the market positioning component and the resource development component as the most important elements, but recent developments suggest that this may not be accurate. In the current environment it is important to ask the question: how much do modern subsidiary managers identify with both of these components of strategy?

Market Positioning

Subsidiary management's freedom to shape their market position has become increasingly constrained in recent times. The emergence of global customers for products has reduced the requirement to develop products for the specific needs of a particular market (Mudambi, 2008). Outsourcing and offshoring of activities has also led to subsidiaries playing narrower roles within global supply chains (Buckley, 2009b; Buckley, 2011). Mudambi (2008) describes how corporate headquarters may decide on the particular location for value creation within their value chain, consigning the remaining subsidiary units to fulfil their specific role with little opportunity for any additional input. Increased access to information has also reduced the knowledge deficit in MNEs, giving headquarters unprecedented access to the activities of their subsidiaries, and reducing the potential autonomy of the subsidiary (Sinkovics et al., 2011; Yamin and Sinkovics, 2007). In fact, most subsidiaries actually have far less control over their market positioning than the traditional approach would suggest, and this current trend looks set to continue.

Resource Development

Resources are defined as the stock of available factors owned or controlled by the firm, and capabilities, in contrast, refer to a firm's capacity to deploy resources, usually in combination, using organisational processes to effect a desired end. If a subsidiary is to be taken as a unit of analysis in its own right, is it possible to split up resources and capabilities

between the subsidiary and the MNE? Taking resources first, Birkinshaw and Pedersen (2009) argue that most tangible resources are held at the subsidiary level, while most intangible resources are held at the firm level. There are obvious exceptions to this analysis, but the crucial point is that it is possible to identify the location or ownership of resources. To make such a split with capabilities is a much more difficult task. Some capabilities are definitely held at the firm level and are distributed across the network of subsidiaries. Others emerge at the subsidiary level and are particular to individual subsidiaries. The majority, however, are located somewhere between the firm level and the subsidiary level, making them very difficult to separate.

Our arguments highlight the distinctive challenges in studying strategy development at the subsidiary management level, and the need for a new approach to subsidiary management research. It is our contention that research up until now has not paid enough attention to the position of the subsidiary within the MNE and the specific contextual factors associated with that position. By properly accounting for context, strategy research at the subsidiary level could make a significant leap forward. We suggest a broader research question which focuses on the resource-based element of subsidiary strategy and takes greater account of the context in which the subsidiary operates. The remainder of the paper sets out an organising framework to meet the objectives set out in the following research question: how do subsidiary managers engage in strategic activity which builds resources and capabilities, and drives development, within the constraints of the modern MNE?

RESEARCHING STRATEGY AT THE SUBSIDIARY LEVEL: THE IMPORTANCE OF CONTEXT

Subsidiary management research has evolved to take the subsidiary itself as the unit of analysis; now, research must incorporate factors associated with the unique context in which the subsidiary operates. Multinational subsidiaries exist within a context heavily dictated by their relationship with their parent company (Campbell et al., 1995; Goold et al., 1998). Recent developments in international business theory suggest that this relationship is increasingly based on control by the parent (Buckley, 2009b, 2009a, 2011). Complexity is further exacerbated by the drive towards subsidiary embeddedness, both internally and externally, so that, as a result, subsidiary management are pulled in a number of different directions (Garcia-Pont et al., 2009; Anderson and Forsgren, 1996). Despite these developments, our review highlights a growing acceptance that subsidiary managers should retain the ability to make strategic decisions related to their own unit. However, if one considers the position of the subsidiary within the overall organisational structure of the MNE, the applicability of traditional strategic management approaches becomes more questionable.

At its origins, strategic management assumed that strategy research is about helping top managers determine appropriate organisational strategy and install necessary implementation mechanisms. Even after the field turned towards strategy process research, the 'top management' perspective remained the genesis for virtually every hypothesis in empirical work, and most theoretical work has since moved under the same assumptions

(Finkelstein and Hambrick, 1988; Hambrick and Mason, 1984). The assumptions that dominate the field (Andrews, 1971; Ansoff, 1965; Chandler, 1962) are:

1. Strategy-making is a choice process involving the hierarchical ordering of alternatives.
2. Top managers encounter and process the information necessary to make a choice.
3. The choice made by top management leads directly to organisational outcomes.

The body of research on the 'top management team' view of strategy represents some of the most coherent and cumulative research in the organisational sciences (Wooldridge et al., 2008). However, the particular context of the subsidiary highlights the limitations of its underlying assumptions and, as a result, our understanding of how strategy develops. Subsidiary research has failed to shine a light on processes relating to strategy. Theorists have focused on how resources are allocated in support of a competitive positioning strategy, and this has led to an emphasis on top managers as the locus of strategy making (Floyd and Wooldridge, 2000). By concentrating on the competitive positioning view of strategy, the focus has been on the allocation of resources, not their accumulation – an area of specific importance to subsidiaries.

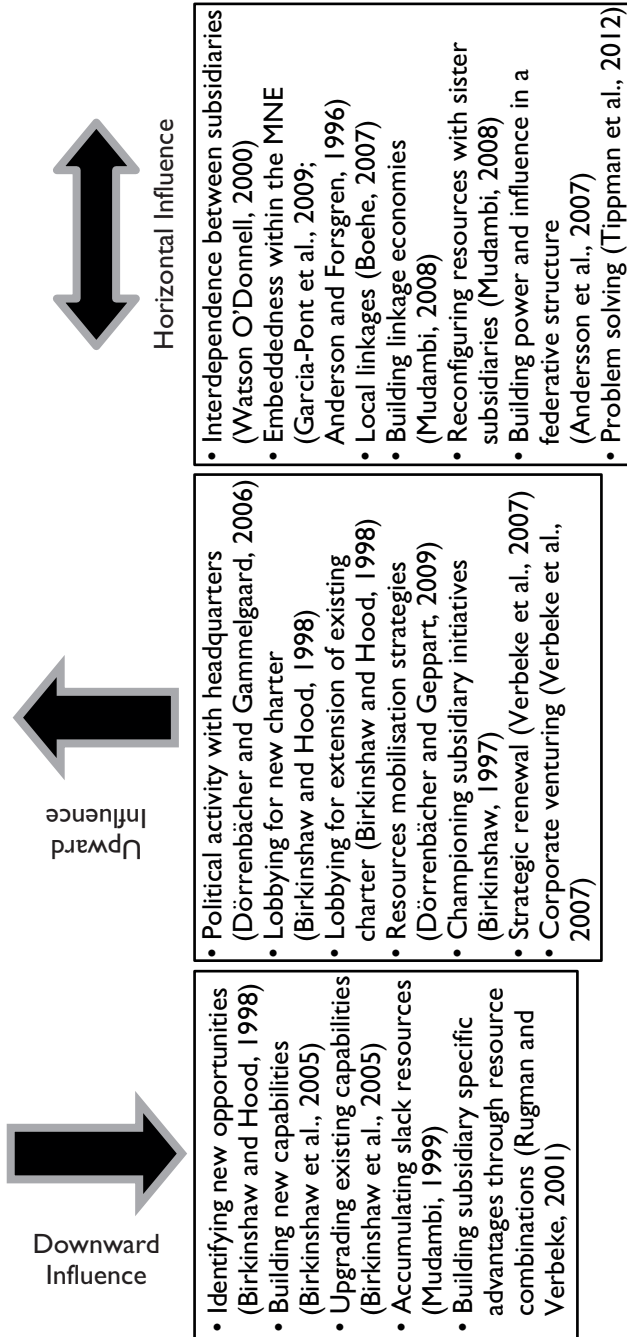
SUBSIDIARY MANAGERS: MNE MIDDLE MANAGERS

The assumptions of the top-management perspective on strategy development do not apply to the unique context of the subsidiary. By departing from previous positions and perceiving the subsidiary manager as a middle manager, we can reframe the subsidiary management literature and contribute to our understanding of the subsidiary role and development. Figure 3 captures both the variety of strategic options which subsidiaries undertake to drive their development and the different directions in which strategic activity takes place within this unique context.

Previous studies analysing subsidiary strategy have paid little attention to the position of the subsidiary manager within the overall MNE. We suggest that major insights could be gained by changing the unit of analysis to view the subsidiary manager not as a general manager or CEO of a unit, but as a middle manager in the context of the MNE. If it is accepted that subsidiary strategy will always be to some extent nested within the overall MNE strategy, then the position of the subsidiary manager becomes clearer.

To date, despite its logical and intuitive appeal, the middle manager perspective has been largely overlooked in subsidiary research, except in considering how management sells issues or ideas within MNEs (Dutton and Ashford, 1993; Dutton et al., 1997; Dutton et al., 2001). By viewing strategy as a social learning process (Mintzberg, 1978), this theory has considerable potential to unlock strategic processes within MNEs. In addition, it broadly meets the three antecedent criteria identified by Floyd and Wooldridge (2000) as critical to applying middle management theory to a particular context. Firstly, a central argument in favour of a mid-level perspective is that strategic knowledge is greatest in the middle of the organisation. The mid-level is where knowledge about directions, operations and context is most likely to come together to form a complete strategic picture, and

Figure 3: Strategic Influence Activity of Subsidiary Management



Source: Drawing on Floyd and Wooldridge's (1992, 1997) Middle Manager Framework

this applies at a subsidiary level. Secondly, the mid-level perspective assumes motivation on the part of mid-level actors. Championing, facilitating and otherwise promoting new strategic initiatives requires leadership on the part of mid-level actors, and there is an assumption that individuals are motivated to act strategically, which is evidenced throughout the subsidiary literature. Finally, in order for the actions of middle managers to result in strategic renewal, a significant degree of mid-level autonomy is assumed. Renewal requires actors to engage in activities and take chances that go beyond top management intentions. Overall, the literature on subsidiary evolution and subsidiary initiative validates the assertion that subsidiary general managers fit the attributes for the middle manager model of strategy making (Birkinshaw and Fry, 1998; Birkinshaw and Hood, 1998; Williams, 2009).

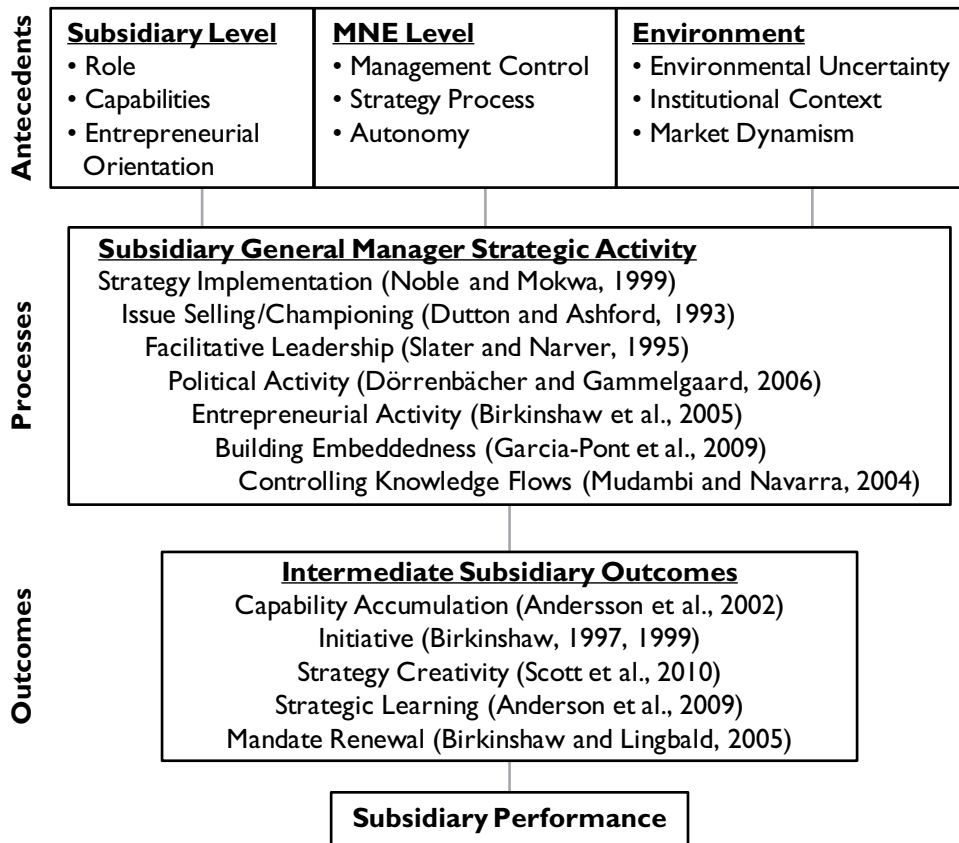
AN ORGANISING FRAMEWORK FOR SUBSIDIARY MANAGEMENT RESEARCH

One of the major challenges in subsidiary management research has been its attempts to isolate the impact of strategic activity at the subsidiary level. As the subsidiary unit must always be viewed in the context of the overall MNE, researchers have found it difficult to separate organisational outcomes at the subsidiary level. This difficulty is mirrored in middle management research where one of the major challenges is to identify the relationship between middle management activity and key organisational outcomes. Top management team research focuses exclusively on such effects, whereas middle management research is also concerned with intermediate outcomes, such as sub-unit performance and initiative development (Wooldridge et al., 2008). There is a major opportunity to make contributions to the subsidiary management field and the middle manager field by applying the middle manager framework of strategic activity to the subsidiary manager.

Both subsidiary management research (Dörrenbächer and Gammelgaard, 2006) and middle manager research (Wooldridge et al., 2008) need to incorporate the conditions leading to and outcomes resulting from the enactment of strategic roles. Figure 4 sets out a framework to guide future research. The first step is to include antecedent factors which outline the context in which the subsidiary operates. The second step is to analyse the nature of the strategy process activity that the subsidiary managers engage in. This approach has been the basis of much of the excellent research on middle manager strategic activity, as outlined in Figure 4 (e.g. Floyd and Wooldridge, 1992, 1994, 1997; Balogun and Johnson, 2005; Dutton et al., 1997; Rouleau, 2005; Mantere, 2008).

Having analysed the elements of context and process, it then becomes possible to measure the impact of these factors on intermediate outcomes at the subsidiary level, e.g. capability accumulation (Andersson et al., 2002), initiative (Birkinshaw, 1997, 1999), strategy creativity (Scott et al., 2010), strategic learning (Anderson et al., 2009) and mandate renewal (Birkinshaw and Lingblad, 2005). By focusing on a particular middle manager strategic type, i.e. the subsidiary general manager, there is an opportunity to develop a more normative understanding of middle management strategic activity. Existing theory asserts associations between middle manager roles and organisational strategy but fails to address the question of how such alignment develops and how it influences organisational

Figure 4: Organising Framework for Research at a Subsidiary General Manager Level



performance. By including elements of context and process, the related progression to important organisation outcomes can be considered. This approach has the potential to lead subsidiary strategy research to a more holistic view of strategic activity at the subsidiary level, while also offering the potential to add to our understanding of more general management roles (Wooldridge et al., 2008).

Recommendations for Future Research

As members of global management teams, subsidiary managers must engage in a diverse range of management activities. To be successful requires a combination of these global management skills with the ability to drive their own subsidiary unit forward and to provide leadership to the workforce under their command. The subsidiary manager must also operate within the constraints imposed on them by the global corporate structure, which recent trends suggest will become more restrictive. Future research needs to

uncover the distinctive skill set required to be a successful subsidiary general manager. The research agenda proposed in this study has the potential to be the foundation for research which outlines the basis for successful subsidiary management practices, and which can be more anticipative of subsidiary managers' needs.

CONCLUSIONS

Applying the middle-manager perspective to the subsidiary manager opens up the possibility of making important theoretical contributions to a number of research streams. Firstly, from an international business perspective, the middle manager framework could unlock valuable insights into how subsidiary managers engage in strategic activity which drives development and provides benefits for the entire MNE. Secondly, for the strategy field, there is an opportunity to apply the middle manager framework of strategy development to a specific and underexplored setting, which could drive valuable insights for application to more general business (Bamberger and Pratt, 2010). From a practitioner perspective, there is potential to identify the distinctive abilities required to be a successful subsidiary manager in today's global environment. The importance of these managers cannot be overstated. Their relative success in enacting their role can provide benefit to their own subsidiary unit, the global MNE, and the local economy in which they operate. A greater understanding of how they engage in this process may reveal the true value of the subsidiary general manager.

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