Subsidiary influence of multinational enterprise headquarters scope requirements

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

01 November 2021
Abstract

In today’s competitive business environment, subsidiaries play an essential role in a multinational enterprise’s (MNE’s) strategy. MNE’s establish and gain competitive advantage by leveraging subsidiaries’ firm-specific advantage, local embeddedness and global integration. Given the MNE’s global strategy, subsidiaries are assigned specific mandates and scope requirements. However, these scope requirements hamper subsidiaries to identify and exploit business opportunities. Thus, the extent to which subsidiary managers are allowed to make strategic decisions based on their operational environment, without interference from MNE headquarters, directly influences the subsidiary’s performance. The purpose of the research is to analyse the behaviour of the subsidiary managers by understanding their motivation, personal characteristics and actions to influence headquarters decisions regarding proposed scope changes. A qualitative, exploratory research approach was used to gain deeper understanding and insights from subsidiary managers experiences in applying upward influence on headquarters. Data was collected through twelve in-depth, semi-structured interviews with subsidiary managers within various subsidiaries. The research outcome is a proposed subsidiary-headquarters influence model that provides a framework subsidiary managers can use to understand the process and nuances to influencing headquarters.

Keywords:
Multinational enterprise (MNE), headquarters, subsidiary, subsidiary scope, headquarters-subsidiary relationship, subsidiary manager
Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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01 November 2021
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CHAPTER 1: PROBLEM DEFINITION AND PURPOSE

1.1 Introduction and Description of the Problem

The extent to which subsidiaries, and particularly subsidiary managers, make strategic decisions based on their operational environment, without interference from multinational enterprise (MNE) headquarters, has a direct influence on the performance of the subsidiary (Galli Geleilate, Andrews & Fainshmidt, 2020; Raziq, Benito & Igoe, 2020). Given the geographical dispersion of the subsidiaries, it is important to maintain cross border control and align foreign subsidiaries with corporate goals (Sageder & Feldbauer-Durstmüller, 2019). However, this control can result in subsidiary organisational inertia that limits the ability of the subsidiary to adapt and respond to threats and opportunities in dynamic environments (Sarabi, Froese, Chng & Meyer, 2020). The ability of subsidiaries to dynamically adapt and innovate is hampered by the “Headquarters knows best” syndrome that constrains subsidiary managers to implement ideas and initiatives (Bouquet, Birkinshaw & Barsoux, 2016). Subsidiary managers are pivotal to subsidiary-level performance and outcomes however, they must balance day-to-day managerial activities and headquarters expectations of new initiatives regarding services, products or processes (Cuervo-Cazurra, Mudambi & Pederson, 2019; O’Brien, Sharkey Scott, Anderson & Ambos, 2017). MNEs organisational controls impact the subsidiary’s strategic initiatives and mediate the subsidiary’s decision-making autonomy, though literature provides little evidence on the conceptualisation of subsidiary initiatives (Chatzopoulou, Dimitratos & Lioukas, 2021).

Even though the management and performance of subsidiaries are imperative to the strategic advantage of MNEs, most international business research focuses on the macro concepts and outcomes, and limited research has been performed on the micro-level entities such as individuals, and particularly subsidiary managers (Conroy, Collings & Clancy, 2019; Sarabi et al., 2020; Meyer, Li & Schotter, 2020). Thus, the research problem can be stated as follows. Subsidiary managers cannot effectively influence headquarters to dynamically adapt to changing environments and adjust functional and operational scope at the subsidiary level.
1.2 Purpose of Research

A subsidiary's performance depends on the autonomy of the subsidiary within the MNE organisational structure (Sageder et al., 2019; Lazarova, Peretz & Fried, 2017). This autonomy must be validated by the subsidiary's performance, given the expectation and ambition of the subsidiary (Sengul & Obloj, 2017). Furthermore, subsidiary mandates can impede growth and innovation if not aligned with dynamic and unstable business environments (Lee, Changwha Chung & Beamish, 2019). Subsidiary managers are at the interfaces of complex business challenges and are responsible for recognising opportunities and adapting subsidiary scope (Sarabi et al., 2020). Additionally, subsidiary managers must navigate relations with headquarters to influence decisions regarding the proposal for initiatives and scope changes (Ambos, Fuchs & Zimmerman, 2020). Thus, the business relevance of this study is to provide insight and a framework for subsidiary managers to influence headquarters and ensure subsidiary growth, innovation and sustainability (Contractor, Foss, Kunda & Lahiri, 2019; De Beule & Van Beveren, 2019).

The purpose of this research is to gain a deeper understanding of the behaviour, role, and activities subsidiary managers undertake to apply upward influence on headquarters scope requirements. The behaviour will be analysed by understanding the subsidiary managers' roles, skills, knowledge, and personal characteristics. Meyer et al. (2020) identified that theoretical perspectives on subsidiary scope are focused on relationships between subsidiaries and headquarters, with limited theories on subsidiary-level strategy and decision making.

1.3 Research Problem

The research aims to understand how subsidiary managers influence headquarters decisions regarding the proposed scope and mandate changes. This study will view the research problem from an individual, referred to as a micro-level perspective. Furthermore, the study will focus on key subsidiary decision-makers that have directly or indirectly initiated, facilitated, or participated in initiatives to change the subsidiary's scope or mandate. The purpose of the research is to synthesize the behaviour of the subsidiary managers by understanding their motivation, personal characteristics and actions to influence headquarters decisions regarding proposed
scope changes. Based on these themes, the following unique knowledge gaps were identified and presented in Table 1.

**Table 1: Summary of identified knowledge gaps**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Unique Knowledge Gap (KG)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motivation for Change</strong></td>
<td>KG 1: The degree to which subsidiary managers can make decisions directly influences the subsidiary’s performance (Galli Geleilate et al., 2020). However, little is known and presents a knowledge gap regarding the underlying motivations of subsidiary managers and their decisions to change scope within the context of the MNE’s global strategy (Contractor et al., 2019). Furthermore, the literature provides little evidence on the conceptualisation of subsidiary initiatives (Chatzopoulou et al., 2021).</td>
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<tr>
<td><strong>Personal Characteristics</strong></td>
<td>KG 2: Sarabi et al. (2020) provides evidence of the critical role subsidiary leaders play in organisational performance, however highlights the need to understand aspects of leadership in navigating headquarters control. Conroy et al. (2019) focusses on social and political skills to influence headquarters but highlights the importance and knowledge gap to explore additional skills and characteristics from a micro-foundation perspective.</td>
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<tr>
<td><strong>Actions and Processes</strong></td>
<td>KG 3: Stendahl, et al. (2020) approaches MNE control changes from a top-down approach, where headquarters initiate the ideas for changes and then seek collaboration with subsidiary managers to facilitate the process. Meyer et al. (2020) states that there is still scant research on subsidiary managers’ actions and processes to influence higher-level decisions and presents an opportunity for future research.</td>
</tr>
</tbody>
</table>
1.4 Conclusion

Given the identification of the research problem and the subsequent knowledge gaps, the consequent chapters of the report are organised as follows. Chapter 2 provides a literature review on the relevant research regarding MNEs, subsidiaries, subsidiary scope development, headquarters-subsidiary relationships and subsidiary managers. Subsequently, in Chapter 3, the research questions are derived and mapped to the relevant, unique knowledge gaps identified in the literature review. Thereafter in Chapter 4, the research methodology and design are presented. Chapter 5 presents the results of the in-depth interviews conducted with subsidiary managers. In Chapter 6 the results of each research question are discussed in detail and correlated to the literature review findings conducted in Chapter 2. Finally, in Chapter 7, closing comments and findings of the research are presented by first considering the principal conclusions and theoretical contribution. The implications for subsidiary managers will be discussed and finally, the limitation of the research is considered with recommendations for future research.
CHAPTER 2: THEORY AND LITERATURE REVIEW

2.1 Introduction

This chapter aims to review literature related to MNEs and their subsidiaries, with specific reference to subsidiary scope development, the role of subsidiary managers and the relationship between headquarters and the subsidiary. The research presents a micro-level perspective and thus focuses on individuals and relationships. However, to set the context of the research, the literature review is initiated by first presenting an overview of the macro-level perspective and then the firm-level perspective. The literature review flow diagram is presented in Figure 1.

The theoretical definitions for an MNE and subsidiary will be presented to provide context of the organisational structure. Next, the motives and means for subsidiary scope development are discussed. The process of subsidiary scope development affects headquarters-subsidiary relations and thus an important aspect to discuss and analyse. The literature review concludes with the theoretical analysis of subsidiary managers. Finally, the role of the subsidiary managers will be discussed, with specific reference their relationship and ability to influence headquarters.

Figure 1: Literature review flow diagram
The purpose of the literature review is to identify the key topics and themes related to the subsidiary manager’s upward influence on headquarters in the context of subsidiary scope requirements.

2.2 Multinational enterprises

The terms multinational enterprise (MNE) and multinational corporation (MNC) are used interchangeably in the literature. However, the MNE abbreviation refers to a broader and more general enterprise that engages in operations that extend across national border lines (Bartlett & Beamish, 2018). For this research, the term MNE will be used and will refer to an organisation that engages in foreign direct investment (FDI) in a country outside the parent company and controls its resources and operations in that country (Dunning & Lundan, 2008). This investment can be in the form of a company which is referred to as an MNE subsidiary. Subsidiaries are established by MNE’s for different motives, which include market seeking, natural resource seeking or strategic asset seeking, as first identified by Dunning (1993). In more general terms, a subsidiary is defined as “any operational unit controlled by the MNC and situated outside the home country”, as described in seminal literature by Birkinshaw, Hood & Jonsson (1998).

MNE’s establish and gain competitive advantage by leveraging subsidiaries capabilities and contribution across the global MNE network. Subsidiaries have different roles and thus expected output and performance are evaluated according to scope and mandate. One of the biggest challenges for the MNE is to align the diverse contexts between subsidiaries, headquarters and the local host environment (O’Brien et al., 2017). To maintain control over subsidiaries, MNE’s typically appoint expatriates as subsidiary managers. By deploying expatriates as subsidiary managers, MNE are able to control and align subsidiaries with the home country process, conditions and culture (Sageder & Feldbauer-Durstmüller, 2019). However, the expatriate managers do not have the experience and knowledge of local individuals. MNE’s must therefore consider the benefits and risks to utilising expatriates as the decision can affect local embeddedness and ultimately the performance of the subsidiary.
Alternatively, host country managers can improve the subsidiary's performance by using their local knowledge and relationships to identify and exploit opportunities (Bebenroth & Froese, 2020). Thus, MNE’s must carefully consider the control and structure of their subsidiary portfolio, as well as the subsidiary leadership. The next sections will provide a discussion regarding MNE subsidiaries, which is viewed as firm-level perspective.

2.3 MNE Subsidiaries

MNE’s internationalise across borders by establishing, acquiring or developing subsidiaries. These subsidiaries play a critical role in contributing to an MNE and local and global economies (Corry & Cormican, 2019). Based on a literature review, Sageder & Feldbauer-Durstmüller (2019) identifies subsidiary characterised as the following: size, age, form of establishment, management, objectives, business function and performance. Utilising these characteristics, subsidiaries must integrate firm-specific advantages (FSA) of the MNE and country-specific advantages (Buckley, 2016). FSA can be based on product differentiation, technology, firm size or experience and is critical to compete in local and foreign markets (James, Sawant, Bendickson, 2020).

Subsidiaries not only contribute to the MNE in terms of tangible assets or operational benefits, but subsidiaries can also provide a source of innovation for the MNE’s global strategy. Thus, MNE’s need to support subsidiaries by facilitating knowledge flows between subsidiaries, especially from headquarters (Crespo, Lages & Crespo, 2020). By sharing knowledge, headquarters establishes trust and encourages upward knowledge flow from the subsidiary, facilitating communication and a shared vision (Yu, Liu & Bai 2019). Furthermore, this knowledge transfer positively impacts the local embeddedness and innovation performance, contributing to the subsidiaries FSA (Gölgeci, Ferraris, Arslan & Tarba, 2019).

MNEs utilise subsidiaries to establish and maintain a competitive advantage in local and global markets (Corry & Cormican, 2019; Galli Geleilate et al., 2020; Sarabi et al., 2020). Furthermore, MNEs are required to dynamically shift their structures to adapt to conflicts of power between subsidiaries and headquarters (Geppert, Becker-Ritterspach & Mudambi, 2016). The consequence is that headquarters seeks to
control and coordinate over the subsidiary, while in contrast, the subsidiary aspires to achieve autonomy and upward influence over headquarters (Dörrenbächer & Gammelgaard, 2016).

Subsidiaries operate and interface within three contextual environments that drive the subsidiary's development and performance (Raziq et al., 2020). The first context relates to the internal drivers of the subsidiary, which include adaptability and entrepreneurial initiative characteristics. The second driver of development is the support and directive provided by headquarters. Finally, the local business contexts in terms of economic and industry capacity.

Subsidiaries operate in remote locations and must take strategic initiatives to adapt to distinct local contexts (Sarabi et al., 2020). However, these initiatives must align with the MNEs global strategy and create tensions in headquarters-subsidiary relationships (Ambos, et al., 2020). Given the importance of these tensions, it would be important to understand how subsidiary actors balance the global and local power tensions with headquarters (Conroy et al., 2019). The following section provides insights to the definition of subsidiary scope and the allocation of scope from headquarters.

2.4 Subsidiary scope development

In today’s competitive business environment, subsidiaries play an important role in an MNE’s local and global operations. Given the need for MNE’s to simultaneously standardise, but still adapt to local needs, presents an opportunity for subsidiaries to assume a wider range of mandates. To benefit the MNE, subsidiaries should not only fulfil their current scope but seek and pursue strategic initiatives that can add value to the entire organisation (Corry & Cormican, 2019). Literature has suggested three main factors that determine the development of subsidiary scope and mandate (Lee et al., 2019). The first is where scope and mandate are developed based on the subsidiary’s current strengths and weaknesses. These strengths and weakness can include operational and functional capabilities. Innovation is regarded as adding significant value to the MNE and thus a desirable strength for a subsidiary (Corry & Cormican, 2019). The second is through entrepreneurial initiatives by subsidiary managers. Subsidiary managers that utilise entrepreneurial leadership and seek new
opportunities positively contribute to the performance of the subsidiary (Sarabi et al., 2020). The final is environmental factors that shape the subsidiaries’ opportunities and threats in the local business context. Subsidiaries can respond to threats and opportunities through initiatives in both local and global markets (Raziq, et al., 2020).

The subsidiary scope can be defined as the activities or businesses, which a subsidiary is responsible for within the MNE corporate strategy (Meyer et al., 2020). Subsidiaries often undertake bottom-up activities and initiatives to exploit opportunities and extend the subsidiaries scope of responsibilities as defined by headquarters mandate (Verbeke & Yuan, 2020). Subsidiaries play a vital role in the success of MNE’s global strategy and consequently are subjected to headquarters performance expectations and control mechanisms regarding their scope (Friesl & Silberzahn, 2017; Lee, et al., 2019). Furthermore, subsidiaries must simultaneously ensure integration and “fit” to the local host country environment (White, Fainshmidt & Rajwani, 2018; Schnyder & Sallai, 2020). This provides a challenge for scope development, as subsidiaries are bound by internal MNE “fit” and external environmental “fit”. Often Subsidiaries must first balance these requirements before engaging in scope development. Initiatives to develop scope encounter challenges and resistance from the business environment and the MNE organisation (Ahworegba & Colovic, 2020).

The evolution of a subsidiary scope can also be achieved by establishing coopetition behaviour by framing their mandate objective within the MNE network (Tippmann, Sharkey Scott & Reilly, 2018). Coopetition behaviour is the simultaneous pursuit of competitive and cooperative behaviour, which requires working with other subsidiaries to achieve a shared goal while competing for shared resources from the parent headquarters (Tippmann et al., 2018; Lee, Changwha Chung & Beamish, 2019). Even though subsidiaries need to fulfil the mandates set by headquarters, subsidiaries need to ensure scope development (Corry & Cormican, 2019). The bottom-up approach of proposing and exploiting opportunities is referred to as subsidiary initiatives with the main purpose to develop subsidiary scope responsibilities beyond their current mandate as defined by the headquarters strategic objectives (Verbeke & Yuan, 2020).
Subsidiaries cannot simply rely on the support and resources from their MNE parent organisation to guarantee growth and performance. These factors only provide short term advantages and gradually diminishes over time (Wu, Lao & Li, 2019). Thus, subsidiaries must actively seek to develop and expand their scope requirements within the MNE global strategy. Subsidiaries can develop competitiveness and ensure long-term survival by engaging in activities that add value to the MNE (Ryan, Buciuni, Giblin & Anderson, 2020). However, subsidiary scope development should benefit both the subsidiary and headquarters, as self-serving actions and initiatives can damage headquarters-subsidiary relationships (Cavanagh, Freeman, Kalfadellis & Cavusgil, 2017).

MNE strategy and subsidiary scope are shaped by various contextual factors, including macro and micro-level forces. However, these strategies are also dependant on the interactions between individuals and subsequently headquarters-subsidiary relationships (Contractor et al., 2019). These tensions influence the headquarters-subsidiary relations. The following section will provide insights to headquarters-subsidiary relations and provide an overview of the theoretical perspective as identified in literature.

2.5 Headquarters-subsidiary relations

The interrelated relationships between headquarters and subsidiaries have provided complex challenges for managers within the MNE structure (Geifman-Broder & Zaidman, 2021). In an MNE, strategic decisions on foreign market expansion and initiative investments are made by headquarters. This can be a time consuming and frustrating process, which inhibits the subsidiary managers from reacting to changing local and global market conditions (Bouquet et al., 2016). This relationship is strained even further by subsidiary managers who pursues their political agenda (Geppert et al., 2016). On the other hand, MNE’s can facilitate entrepreneurial leadership and allow subsidiary managers autonomy to take strategic decisions, strengthening subsidiary performance (Sarabi et al., 2020).

MNEs continue to recognise the importance of subsidiary managers, as they can respond to threats and opportunities through initiatives in both local and global markets (Raziq, et al., 2020). Subsidiary managers are still required to balance
operating demands of local responsiveness and global MNE integration while continuously negotiating with headquarters (Balogun, Fahy and Vaara, 2019). Thus, managing headquarters-subsidiary relations is a vital element to ensure alignment within the MNE global strategy. Headquarters do have a role to play in subsidiary development, however their involvement can be perceived as interference with local activities and thus potentially damaging the headquarters-subsidiary relationship (Decreton, Nell & Stea, 2016).

Subsidiary managers are responsible for the internal operational strategy of the subsidiary. However, they are also responsible for the external interfacing with clients, local authorities and headquarters. Thus, subsidiary managers act as boundary spanners that link multiple actors in the MNE strategic operations (Birkinshaw, Ambos & Bouquet, 2017). Given the boundary spanning role, subsidiary managers are responsible for negotiating with headquarters regarding initiatives and actively engaging in issue selling to bring attention to issues and developments that impact the subsidiary (Dörrenbächer & Gammelgaard, 2016).

A subsidiary manager's ambition and aspiration must match the subsidiary's performance, as performance-aspiration feedback determines headquarters' internal governance and control (Sengul & Obloj, 2017). An underperforming subsidiary can expect increased headquarters oversight and control, which has implications for a subsidiary decision-making autonomy. Additionally, subsidiary managers experience paradoxical pressures between global integration and local responsiveness, manifesting tensions between headquarters and subsidiaries (Ambos, et al., 2020; Festing & Tekieli, 2021).

Decision autonomy is vital for foreign subsidiaries to utilise local knowledge and establish a subsidiary specific advantage, ensuring a competitive advantage for the MNE (Beugelsdijk & Jindra, 2018). Therefore, subsidiaries and subsidiary managers should preserve bounded autonomy from headquarters control to ensure freedom to dynamically respond to opportunities through new initiatives (Ambos et al., 2018). MNE organisational controls, such as monitoring and incentive alignment, mediate subsidiary decision-making autonomy and impede the pursuit of subsidiaries' strategic initiatives (Chatzopoulou, et al., 2021). Furthermore, MNE actions and decisions must be aligned with agreed intentions to support the subsidiary. A breach
in this agreement can break the trust relationship and ultimately impede the subsidiary from communicating business opportunities to headquarters (Haq, Drogendijk & Blankenburg Holm, 2017).

Headquarters-subsidiary relationships and subsidiary power can be characterised by two perspectives, which is agency theory and resource dependence theory (Cuervo-Cazurra et al., 2019). The agency theory perspective is applicable where headquarters are mostly in control of the subsidiary’s resources. Headquarters is established as the “principal” and the subsidiary as the “agent”. In this relationship, headquarters will delegate decision-making authority to the subsidiary and the decision-making rights are loaned. However, headquarters-subsidiary relations are strained by the unclear and inconsistent distribution of authority, leading to subsidiaries not being aligned or committed to the MNE strategy and goals. This can lead to undesirable and opportunistic behaviour by subsidiaries engaging in initiatives for their own benefit (Kostova et al., 2018).

In the case of resource dependence theory, the subsidiary controls its resources and influences headquarters decisions and power is “owned” by the subsidiary (Cuervo-Cazurra et al., 2019). Subsidiaries can gain this power by having unique abilities and resources which the MNE depends on for development and survival.

Another strategy subsidiaries utilise to gain power and influence over headquarters is seeking opportunities to attract attention to the subsidiary (Joseph & Wilson, 2018). This perspective is characterised by an attention-based view, with the basis that more attention from headquarters results in higher levels of support and resources (Yu et al., 2019). However, this attention also leads to higher performance expectations from headquarters and have either a positive or negative impact on the growth of the subsidiary (Yu et al., 2019).

Headquarters-subsidiary relations play an important part in how subsidiaries can influence decisions regarding scope changes. Thus, subsidiary managers must understand how they can engage with headquarters. The following section will provide insights on the role of a subsidiary managers as described in literature.
2.6 Subsidiary managers

Given the complex business environment within an MNE, subsidiary managers face numerous challenges regarding the tasks and activities they have to perform (Reiche, Benito, Mendenhall & Osland, 2017). The development and performance of the subsidiary are related to how subsidiary managers balance opportunities, threats, resources and the scope defined by the MNE strategy (Raziq et al., 2020). MNEs outline a global organisational structure and decision-making process that defines each subsidiary’s governance, and ultimately the influence of subsidiary managers to shape strategies and operations (Meyer et al., 2020).

An organisational structure and process are essential to align subsidiaries with the MNE’s corporate strategy, however decision-making autonomy at subsidiary level increases the ability of subsidiaries to innovate and provides influence through functional power (Beugelsdijk & Jindra, 2018). Thus, subsidiary managers can take advantage of decision-making autonomy and influence the performance of the subsidiary. Decreton et al. (2016) argues that subsidiary leaders should utilise different social opportunities with headquarters to understand the rationale for their involvement. This provides understanding and possible mitigation approaches for headquarters involvement.

Subsidiary managers can utilise strategic leadership to impact organisational-level performance and influence the organisation’s overall direction and future (Cortes & Herrmann, 2020; Luciano, Nahrgang & Shropshire, 2020). Subsidiary managers with entrepreneurial leadership characteristics also enhance subsidiary performance (Sarabi et al. 2020; Chittoor, Aulakh & Ray, 2019). This entrepreneurial attribute is associated with the subsidiary managers hard skill aptitude. Hard skills relate to an individual’s capability and ability to master specific skills. Hard skills are related to an individual’s intelligence quotient rational with key elements such as critical thinking, modelling, comprehensive knowledge, counting and analysing (Sopa et al., 2020). These elements are related to specific technical, science, engineering or business skills. Furthermore, these hard skills allow the subsidiary manager to identify opportunities in a complex and volatile business environment and more importantly, provide business solutions.
Additionally to leadership abilities, subsidiary managers should have other skills, such as social and political, to leverage influence on headquarters (Conroy, et al., 2019). Subsidiary managers also require understanding and managing cross-cultural differences, given the vast difference in geographical locations of subsidiaries and headquarters (Bird & Mendenhall, 2016). This understanding of the subsidiary managers interpersonal skills is identified as a soft skills. Soft skills are rooted in individuals’ values, beliefs, and emotional intelligence, affecting interpersonal relationships and influencing individuals (Sopa et al., 2020; Lvina et al., 2018).

These findings are significant and evidence that the behaviour of subsidiary managers to identify and pursue initiatives are beneficial to the MNEs. Therefore, the activities pursued by subsidiaries are vital to provide sustained value for the MNE and provide a source of upward influence for the subsidiary within the MNE organisation (Lee et al., 2019). Stendahl, et al. (2020) identifies how MNE’s control changes from a top-down approach, where headquarters initiate the ideas for changes and then collaborate with subsidiary managers to facilitate the process. Conversely, little is known about subsidiary managers' actions and processes to influence strategic headquarters decisions regarding the scope changes (Meyer et al., 2020). Furthermore, the literature provides scant research on the conceptualisation of subsidiary initiatives (Chatzopoulou et al., 2021).

Subsidiary managers undoubtedly play a vital role in the development of subsidiaries, and future research should uncover how they develop resources and capabilities to gain influence of headquarters (Raziq et al., 2020). Therefore, it is important to understand the actual process and actions undertaken to influence higher-level decisions and not just the identification and description of the headquarters-subsidiary interactions (Meyer et al., 2020). Decreton et al. (2016) argues that subsidiary managers should utilise social opportunities to understand headquarters involvement, highlighting the need to further understand individual-level variables, such as personality, ambition, and motivation. These can all be seen as drivers for proactive initiative seeking and scope adaptation.
2.7 Conclusion

Even though subsidiary managers are key role players in the MNE operations, their motivations, personal characteristics and approach to influencing headquarters has received limited attention in research (Meyer et al., 2020; Sarabi et al., 2020; Raziq et al., 2020). The literature review provides evidence that further research should be directed at gaining deeper insight into the subsidiary manager’s leadership behaviour and characteristics and the process and actions to influence headquarters decisions and strategies.
CHAPTER 3: RESEARCH QUESTIONS

The following research question will provide insight into subsidiary managers' behaviour and activities to apply upward influence on headquarters scope requirements. Thus, the primary research question is formulated as follows.

Primary research question: How do subsidiary managers influence multinational enterprise headquarters decisions on subsidiary scope changes?

3.1 Research Questions

The following three research questions are derived and thus subordinate to the primary research question and will provide insight and understanding to the leadership behaviour, characteristics, and competencies of subsidiary managers in applying upward influence on headquarters.

Research question 1: What motivates subsidiary managers to investigate, initiate and implement subsidiary scope changes?

Research question 2: What personal characteristics do subsidiary managers utilise to influence multinational enterprise headquarters decisions regarding scope?

Research question 3: What actions and measures do subsidiary managers take to influence headquarters decisions regarding the subsidiary scope?

Each theme with the related research question and unique knowledge gap is presented in Table 2.
<table>
<thead>
<tr>
<th>Unique Knowledge Gap (KG)</th>
<th>Research Questions (RQ)</th>
</tr>
</thead>
<tbody>
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<td><strong>Theme: Motivation for Change</strong></td>
<td></td>
</tr>
<tr>
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<td>RQ 1: What motivates subsidiary managers to investigate, initiate and implement subsidiary scope changes?</td>
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<td><strong>Theme: Personal Characteristics</strong></td>
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<td>KG 2: Sarabi et al. (2020) provides evidence of the critical role subsidiary leaders play in organisational performance, however highlights the need to understand aspects of leadership in navigating headquarters control. Conroy et al. (2019) focusses on social and political skills to influence headquarters but highlights the importance and knowledge gap to explore additional skills and characteristics from a micro-foundation perspective.</td>
<td>RQ 2: What personal characteristics do subsidiary managers utilise to influence headquarters decisions regarding scope?</td>
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<td><strong>Research Questions (RQ)</strong></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td><strong>Theme: Actions and Processes</strong></td>
<td></td>
</tr>
<tr>
<td><strong>KG 3:</strong> Stendahl, et al. (2020) approaches MNE control changes from a top-down approach, where headquarters initiate the ideas for changes and then seek collaboration with subsidiary managers to facilitate the process. Meyer et al. (2020) states that there is still scant research on subsidiary manager's actions and processes to influence higher-level decisions and presents an opportunity for future research.</td>
<td><strong>RQ 3:</strong> What actions and measures do subsidiary managers take to influence headquarters decisions regarding the subsidiary scope?</td>
</tr>
</tbody>
</table>
CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN

4.1 Introduction

This chapter outlines the rationale for the selected research methodology and design used for this research study. An overview of the selected choices is presented in Appendix A, with an adapted research onion from Saunders and Lewis (2018). The purpose of the study was to gain insight and understanding of the leadership behaviour, personal characteristics, and competencies of subsidiary managers in applying upward influence on headquarters. Given the research questions identified in Chapter 3, a qualitative, exploratory approach was used, where data collection was undertaken through in-depth, semi-structured interviews.

4.2 Choice of methodology

4.2.1 Purpose of the research design

The chosen research design was based on an exploratory study approach, as the research was aimed to gain new insights on a real-life phenomenon, as experienced by individuals (Saunders & Lewis, 2018). Furthermore, an exploratory approach was best suited to ask “what”, “how” and “why” questions (Barratt, Choi & Li, 2011). Edmondson & Mcmanus (2007) indorses exploratory research when rich and embedded data is needed from organisational informants, which was key decision-makers within the subsidiary in this study. Meyer et al. (2020) highlighted the importance of understanding subsidiary managers' specific actions and processes to influence subsidiary scope within the MNE control structure. This research focused on subsidiary managers' motivation, personal characteristics, and actions to influence headquarters by immersion in the subsidiary-level context and exploring their individual experiences.

4.2.2 Philosophy

The alignment of the research philosophy with the purpose and outcome of the research was important. It identified the researcher’s beliefs and assumptions regarding the perspective of knowledge and how it was developed (Saunders & Lewis, 2018). Guided by the purpose to gain deeper understanding at subsidiary-level decisions and actions of key role players (Meyer et al., 2020), an interpretivist....
philosophy was adopted as it advocates the importance of understanding the nuances between individuals in their capacity as stakeholders in a social and organisational environment (Saunders & Lewis, 2018).

### 4.2.3 Approach selected

The research used an inductive approach, as the approach was best suited to move from specific observations to general observations and theories (Saunders & Lewis, 2018). The method of induction requires processing observations and searching for patterns and relationships in the collected data variables, which can be generalised to a broader population (Woo, O'Boyle & Spector, 2017). An inductive approach is also best suited for organisational environments that are dynamically evolving, and where new phenomena are emerging, and existing phenomena are shifting (Nadkarni, Gruber, deCelles, Connelly & Baer, 2018). The study aimed to derive general observations and theories regarding subsidiary managers' behaviours, actions and characteristics in influencing headquarters (Meyer et al., 2020; Decreton et al., 2016).

### 4.2.4 Methodological choices

The research used a qualitative approach to provide an open mindset to understanding new and unexpected phenomena, thus providing deeper insights to observations (Palakshappa & Gordon, 2006). Furthermore, a mono qualitative approach (Saunders & Lewis, 2018) was employed with a single data collection approach of semi-structured interviews and open-ended questions. A mono approach was selected as the study focused on the data and information from the subsidiary managers' interviews to develop a framework for generalisable observations and theories. The research sought to gain deeper insight into the lived experiences and subjective perspectives of subsidiary managers.

### 4.2.5 Strategy

A phenomenological research strategy was used, as this approach was best suited to view the research problem through the lens of individuals and their experiences (Creswell, Hanson, Plano Clark & Morales, 2007; Gill, 2014). Sanders, (1982) argues the relevance of phenomenological analysis in organisational research, as the approach is aimed at uncovering and investigating a phenomenon as consciously experienced by individuals. Furthermore, the phenomenology approach aimed to
discover the shared experiences of subsidiary managers as they experience phenomena (Creswell, et al., 2007). The research aimed to uncover and explain the experiences of subsidiary managers influencing headquarters control over subsidiary’s scope. To understand the characteristics, mechanisms and dynamics of subsidiary manager’s influence over headquarters, the study aimed to uncover the subjective perspectives and lived experiences from the subsidiary managers’ perspective. Granot, Brashear & Motta (2012) advocated the phenomenological approach for research that seeks information regarding the participants’ needs and motivations.

4.2.6 Time horizon

Given the time constraint of the research, a cross-sectional approach was adopted as it provided a “snap-shot” of the research constructs at a particular time (Saunders & Lewis, 2018). This allowed for a deeper understanding of the processes and actions of subsidiary managers within the available time frame.

4.3 Population

A target population is defined as the complete set of group members, which could be individuals or entities, that is the focus of the study (Saunders & Lewis, 2018). The context of this study was focused on subsidiaries within a global MNE and across multiple industries. The population of relevance was senior and executive managers that form part of the management structure at subsidiary-level. Senior and executive managers were identified as the most suitable target population for the study. These individuals are key decision-makers within the subsidiary and directly influence subsidiary-level strategic decisions, including the scope and mandates.

4.4 Unit of analysis

The unit of analysis was individuals in senior or executive positions in a subsidiary and have directly or indirectly initiated, facilitated, or participated in actions and processes to influence headquarters decisions to change subsidiary scope. These individuals provided insights and information in the phenomena of influencing headquarters decisions. Furthermore, these individuals operate at critical interfaces and have direct communication and interaction with the headquarters and the authority and opportunity to influence key decision-makers at headquarters level (Sarabi et al., 2020). These individuals represent the core group of decision-makers
that have an upward influence on headquarters and accurately assess the research instrument.

### 4.5 Sampling method and Size

Non-probability heterogeneous purposive and snowball sampling was selected as the sampling method for the research. Given the researcher position and network within an MNE subsidiary, purposive sampling was best suited to select appropriate individuals. To identify participants beyond the researcher’s network, a snowball sampling technique was adopted to identify potential participants through the university’s business school network (Saunders & Lewis, 2018). Given the time limitation, combining the two sampling methods was deemed the best approach. The approach was aligned with the purpose of the research to gain insights on subsidiary managers influences on headquarters (Meyer et al., 2020). Using this approach, specific individuals, based on the researcher’s judgement, was selected to give information on subsidiary management approaches and processes that influence headquarters, while behavioural characteristics were inferred from observations during the interview sessions. Furthermore, the heterogeneous variation of purposive sampling was adopted, as it was important to have a sufficiently diverse group within the sample to provide a maximum variation of the data collected from the samples (Saunders & Lewis, 2018). By adopting this approach, the research aimed to identify patterns in the subsidiary managers behaviour and actions, which was then classified as key themes (Saunders & Lewis, 2018).

Given the time constraint, a sample of twelve interviews were conducted for qualitative data analysis. The individuals were selected through the researcher’s professional network within an MNE subsidiary and business school. Table 3 presents the information summary of the twelve interviews. Saunders & Lewis (2018) suggests for a heterogeneous sample population, which is more varied than homogeneous, a sample size of between 12 and 30 for data saturation. Sim, Sanders, Waterfield, & Kingstone, (2018) argues that appropriate sample size cannot be determined a priori and should be a process of ongoing interpretation to determine saturation.
Table 3: Information summary of interview sample

<table>
<thead>
<tr>
<th>Industry</th>
<th>Subsidiary Location</th>
<th>Headquarters Location</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military and Defence</td>
<td>South Africa</td>
<td>Germany</td>
<td>3</td>
</tr>
<tr>
<td>Industrial Electronics</td>
<td>South Africa</td>
<td>Germany</td>
<td>1</td>
</tr>
<tr>
<td>Fast Moving Consumer Goods</td>
<td>South Africa</td>
<td>South Africa</td>
<td>1</td>
</tr>
<tr>
<td>Automotive</td>
<td>South Africa</td>
<td>Germany</td>
<td>1</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>South Africa</td>
<td>Germany</td>
<td>1</td>
</tr>
<tr>
<td>Energy</td>
<td>South Africa</td>
<td>North America</td>
<td>1</td>
</tr>
<tr>
<td>Consumer Electronics</td>
<td>South Africa</td>
<td>North America</td>
<td>1</td>
</tr>
<tr>
<td>Aviation</td>
<td>Germany</td>
<td>Germany</td>
<td>1</td>
</tr>
<tr>
<td>Construction Material</td>
<td>South Africa</td>
<td>France</td>
<td>1</td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>South Africa</td>
<td>North America</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong> 12</td>
</tr>
</tbody>
</table>

4.6 Measurement instrument

The measurement instrument for the research was an interview guide with a semi-structured interview design. Semi-structured questions were adopted as it allowed the interviewer to gain insight by asking theme-related questions derived from the literature study (Saunders & Lewis, 2018). Furthermore, the semi-structured interview approach provided a guided and standardised the frame of questioning, which avoided respondents diverging from the intended topic of the questions. The interview schedule was developed with open-ended probing questions, which provided a unique narrative of each of the individuals selected within the unit of analysis specification. Before the official collection process was launched, the interview method and interview schedule were pilot tested with a single respondent. After the pilot test, the interview method and schedule were deemed appropriate, and the formal collection process commenced. Pilot-testing enables the interviewer to test their interview techniques and determine if the respondents’ questions are clearly articulated and understood (Saunders & Lewis, 2018). The interview schedule was developed based on the themes uncovered in the literature review on subsidiary managers and how they influence headquarters in adapting scope (Meyer et al., 2020). The developed interview schedule is presented in Table 4, which is guided by the unique knowledge gaps identified in Chapter 1 and related research questions identified in Chapter 3.
Table 4: Interview Schedule mapped the corresponding unique knowledge gaps and research questions.

<table>
<thead>
<tr>
<th>Unique Knowledge Gap (KG)</th>
<th>Research Questions (RQ)</th>
<th>Interview Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme: Motivation for Change</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KG 1: The degree to which subsidiary managers can make decisions directly influences the subsidiary's performance (Galli Geleilate et al., 2020). However, little is known and presents a knowledge gap regarding the underlying motivations of subsidiary managers and their decisions to change scope within the context of the MNE’s global strategy (Contractor et al., 2019). Furthermore, the literature provides little evidence on the conceptualisation of subsidiary initiatives (Chatzopoulou et al., 2021).</td>
<td>RQ 1: What motivates subsidiary managers to investigate, initiate and implement subsidiary scope changes?</td>
<td>Question 1: What, in your opinion, is your primary role in the subsidiary?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Question 2: What do you think are the most important factors that influence the performance of the subsidiary within the MNE environment?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Question 3: What structures are typically used to propose new initiatives to the corporate centre/headquarters?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Question 4: Have you directly or indirectly initiated, facilitated, or participated in initiatives that are not aligned with the subsidiaries current scope or mandate? What was the reason for this?</td>
</tr>
<tr>
<td><strong>Unique Knowledge Gap (KG)</strong></td>
<td><strong>Research Questions (RQ)</strong></td>
<td><strong>Interview Questions</strong></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td><strong>Theme: Personal Characteristics</strong></td>
<td><strong>RQ 2</strong>: What personal characteristics do subsidiary managers utilise to influence headquarters decisions regarding scope?</td>
<td><strong>Question 5</strong>: How have you proposed new (deviant) initiatives to headquarters?</td>
</tr>
<tr>
<td><strong>KG 2</strong>: Sarabi et al. (2020) provides evidence of the critical role subsidiary leaders play in organisational performance, however highlights the need to understand aspects of leadership in navigating headquarters control. Conroy et al. (2019) focusses on social and political skills to influence headquarters but highlights the importance and knowledge gap to explore additional skills and characteristics from a micro-foundation perspective.</td>
<td></td>
<td><strong>Question 6</strong>: What personal leadership characteristics (alternatively 'traits') have, in your opinion, proven successful in influencing headquarters' decision regarding any proposals to amend subsidiary scope? Exclude technical or financial motivations.</td>
</tr>
<tr>
<td><strong>Question 7</strong>: How do you manage headquarters expectations and demands regarding proposed initiatives that are not aligned to the MNEs corporate strategy?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Theme: Actions and Processes</strong></td>
<td><strong>RQ 3</strong>: What actions and measures do subsidiary managers take to influence headquarters decisions regarding the subsidiary scope?</td>
<td><strong>Question 8</strong>: How do you align your objectives and expectations for the subsidiary scope changes with the corporate strategy of headquarters?</td>
</tr>
<tr>
<td><strong>KG 3</strong>: Stendahl, et al. (2020) approaches MNE control changes from a top-down</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unique Knowledge Gap (KG)</td>
<td>Research Questions (RQ)</td>
<td>Interview Questions</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>approach, where headquarters initiate the ideas for changes and then seek collaboration with subsidiary managers to facilitate the process. Meyer et al. (2020) states that there is still scant research on subsidiary manager’s actions and processes to influence higher-level decisions and presents an opportunity for future research.</td>
<td>Question 9: From your experience with regards to proposing and initiating scope changes, what are the key measures that headquarters evaluate to make a decision?</td>
<td>Question 10: Can you describe an experience when at least one initiative that you were a part of that was rejected and accepted by headquarters? What lessons did you learn from this experience for future proposals?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Question 11: What actions do you take with regards to influencing headquarters decisions regarding your initiatives to change scope?</td>
</tr>
</tbody>
</table>
4.7 Data gathering process

The primary approach to gathering data was by conducting online interviews, using platforms included Microsoft Teams and Zoom. Given the Covid-19 restrictions, only two interviews were conducted face-to-face. Interviews with senior executives and managers within the subsidiaries were conducted. The interviews were conducted using a semi-structured interview schedule. A semi-structured approach was adopted as it enabled the interviewer to ask a set of integrated questions related to specific themes uncovered in literature, which correlates to the research question (Saunders & Lewis, 2018). However, if unexpected and relevant information were discovered, the interviewer was granted a degree of flexibility and deviation from the questions. The interviews were digitally recorded and transcribed if prior permission was granted by the participants. Notes were made during the interview to capture responses to questions and observations. The interview responses was transcribed, as this qualitative data was analysed in a text format as proposed by Saunders & Lewis (2018). In Chapter 5, the participants will be referred to by alphabetical identifiers, and thus guaranteeing confidentiality. This provided trust and confidence to allow participants to retain ownership of their voice and provide open and honest responses (Creswell & Creswell, 2018). The full semi-structured interview schedule is presented in Appendix B.

4.8 Analysis approach

A thematic analysis approach was used to analyse the collected data from the interviews. This approach was deemed best suited to identify and analyse patterns and themes (Braun & Clarke, 2006). Furthermore, this approach is useful and flexible in qualitative based studies (Braun & Clarke, 2006). Using this approach, codes were defined relating to the key constructs of the research questions, then the codes were linked to themes regarding the subsidiary manager’s leadership behaviour, characteristics and actions, and process to influence headquarters decisions. Using an inductive approach, the coding process was conducted without trying to fit the codes into a preconceived themes (Braun & Clarke, 2006). The thematic approach was supported by ATLAS.ti, which is computer-aided qualitative data analysis software (CAQDAS) to prepare and analyse textual data (Saunders & Lewis, 2018).
4.9 Quality controls

Qualitative research is subjective in nature and thus it was important that the research process implemented strict quality control throughout the process. This ensured authentic, valid, accurate and repeatable findings. Thus, it was vital with this qualitative research study that methodological rigour was maintained by ensuring the researcher biases did not influence the data collection and analysis (Palakshappa & Gordon, 2006). A key criterion to ensure this outcome was to evaluate the data collection and measurements through data reliability and validity (Saunders & Lewis, 2018). Validity ensures that the data collection method accurately measures data linked to constructs and themes identified in the literature and addresses the purpose of the research (Saunders & Lewis, 2018). To ensure the validity of the data sample, a conscious effort was made to eliminate preconceived biases toward selecting the participants, as this could have limited a rich and diverse sample. Researcher biases can also influence the data collected, analysed, and interpreted (Saunders & Lewis, 2018). To limit the effect of potential biases, the semi-structured interview questions and process were standardised.

Moreover, despite the guarantee of confidentiality, subject bias could also result in unreliable information. The subjects could have provided inaccurate or misleading information to avoid a bad reflection on themselves or gain favour for their achievements (Saunders & Lewis, 2018). Thus, to avoid unreliable information, interview questions were phrased in a manner to avoid expectations or concerns about a correct or acceptable responses. The researcher remained impartial to responses and did impart their own thoughts and views on responses from the interviewee.

It was important to have accurate findings through data analysis, and it was also vital to have repeatable findings through the selected collection method that can substantiate the reliability findings (Saunders & Lewis, 2018). The research data collection and analysis process were structured and standardised to ensure reliability, with interviews recorded, transcribed, documented, and processed following the defined process. To further enhance the reliability of the findings, Saunders & Lewis (2018) advocates triangulation through analysis of multiple and independent sources of data. In this research, the data from multiple respondents from multiple locations and industries was triangulated to enhance the rigour of the findings.
4.10 Research limitations

In this research, only senior executives and managers within the subsidiary were interviewed, and insights from their perspectives were gained. Future research could include interviews and analysis on headquarters decision-makers, as this will provide insights into the MNE strategy’s control process. Further research could also analyse the decision process with respect to the maturity level of the MNE organisation, as well as the maturity level of the subsidiary.

From a methodology perspective, qualitative studies have more limited generalisability (Creswell et al., 2007) and further research could seek to validate the findings through a larger quantitative study. Furthermore, deeper insights could be gained by extending the time horizon to a longitudinal study, where multiple interviews could be conducted with respondents to understand changes in experiences because of different factors.
CHAPTER 5: RESULTS

5.1 Introduction

This chapter presents the results of the in-depth interviews conducted with subsidiary and senior managers who are key decision-makers within MNE subsidiaries. The interview questions were developed through the alignment of the identified knowledge gaps in Chapter 2 and research questions in Chapter 3. The consistency matrix (Appendix C) was used to verify the alignment of the knowledge gaps, research questions, data collection and analysis. The first section of this chapter describes the sample, followed by the results of each research question. Each subsection is informed by the themes that emerged from the identified codes relating to the research questions.

5.2 Description of participants and context

5.2.1 Introduction

Through purposive and snowball sampling, a total of twelve semi-structured interviews were conducted face-to-face or via online platforms, including Zoom, Microsoft Teams and voice calls. Interviews were recorded and transcribed for a thematical analysis in which codes and themes were identified and correlated to the research questions. ATLAS.ti was used to uncover and track code frequency in the transcribed interviews. The code frequencies were used to determine data saturation by evaluating the number of new codes discovered in subsequent interviews. Figure 2 shows the graphical representation of the new codes for each interview. The number of new codes steadily declined and after the tenth interview, no new codes were discovered and thus deemed the point of saturation. In qualitative research, the point of data saturation is reached where no new information regarding codes or themes are discovered (Saunders & Lewis, 2018). A total of 82 codes emerged from the twelve interviewees and is listed in Appendix D.
5.2.2 Description and details of participants

The sample participants for the research were selected based on their senior position and experience in a subsidiary. These individuals are deemed key decision-makers in the subsidiary and have the opportunity, motive, and power to influence headquarters decisions. A further requirement for the eligible participants is that they should have initiated, facilitated, or participated in initiatives that or not aligned with the subsidiary’s current scope or mandate. Table 5 presents the summary of the research sample, with the participant's current position in the subsidiary and the industry, location, and market of each subsidiary. The interviewee's experience in a senior management position ranged from 2 to 15 years. The sample represented a broad range of industries, with most of the subsidiary located in South Africa. Seven subsidiary headquarters are based in Germany, one based in South Africa, three in North America and one in France. All the interviewees indicated that they were involved with initiatives to change the subsidiary scope and had direct and indirect interactions with headquarters.

Table 5: Summary of the research sample

<table>
<thead>
<tr>
<th>Participant Code</th>
<th>Industry</th>
<th>Position in Subsidiary</th>
<th>Subsidiary Location</th>
<th>Headquarters Location</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee A</td>
<td>Military and Defence</td>
<td>Senior Executive</td>
<td>South Africa</td>
<td>Germany</td>
<td>Global</td>
</tr>
<tr>
<td>Interviewee B</td>
<td>Military and Defence</td>
<td>Chief Executive</td>
<td>South Africa</td>
<td>Germany</td>
<td>Global</td>
</tr>
<tr>
<td>Participant Code</td>
<td>Industry</td>
<td>Position in Subsidiary</td>
<td>Subsidiary Location</td>
<td>Headquarters Location</td>
<td>Market</td>
</tr>
<tr>
<td>------------------</td>
<td>----------</td>
<td>------------------------</td>
<td>---------------------</td>
<td>-----------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Interviewee C</td>
<td>Industrial Electronic</td>
<td>Regional Sales Manager</td>
<td>South Africa</td>
<td>Germany</td>
<td>Sub-Sahara Africa</td>
</tr>
<tr>
<td>Interviewee D</td>
<td>Fast Moving Consumer Goods (FMCG)</td>
<td>Business Unit Manager</td>
<td>South Africa</td>
<td>South Africa</td>
<td>Africa, Middle East and Eastern Europe</td>
</tr>
<tr>
<td>Interviewee E</td>
<td>Automotive</td>
<td>General Manager</td>
<td>South Africa</td>
<td>Germany</td>
<td>South Africa</td>
</tr>
<tr>
<td>Interviewee F</td>
<td>Military and Defence</td>
<td>Chief Executive</td>
<td>South Africa</td>
<td>Germany</td>
<td>Global</td>
</tr>
<tr>
<td>Interviewee G</td>
<td>Telecommunication</td>
<td>Chief Executive</td>
<td>South Africa</td>
<td>Germany</td>
<td>Global</td>
</tr>
<tr>
<td>Interviewee H</td>
<td>Conglomerate (Renewable Energy)</td>
<td>Sales Director</td>
<td>South Africa</td>
<td>North America</td>
<td>Sub-Sahara Africa</td>
</tr>
<tr>
<td>Interviewee I</td>
<td>Consumer Electronics</td>
<td>Sales Operations Manager</td>
<td>South Africa</td>
<td>North America</td>
<td>Africa, Middle East and Eastern Europe</td>
</tr>
<tr>
<td>Interviewee J</td>
<td>Aviation</td>
<td>Product Portfolio Manager</td>
<td>Germany</td>
<td>Germany</td>
<td>Global</td>
</tr>
<tr>
<td>Interviewee K</td>
<td>Construction Material</td>
<td>Commercial Manager</td>
<td>South Africa</td>
<td>France</td>
<td>Africa</td>
</tr>
<tr>
<td>Interviewee L</td>
<td>Pharmaceutical and Consumer goods</td>
<td>Shopping Sales Manager</td>
<td>South Africa</td>
<td>North America</td>
<td>Africa</td>
</tr>
</tbody>
</table>

### 5.3 Presentation of results

The structure of the results in the following sections was guided by the research questions presented in Chapter 3. The research questions were based on knowledge gaps identified in the literature review of Chapter 2. Codes were identified and labelled with descriptive tags relevant for each research question. To distinguish important and relevant codes, frequency counts were used to cluster codes. For frequency analysis, codes were only counted once per interviewee. By adding the
occurrence of the codes across the interviewees, the most frequent codes were identified. Frequency counts higher than four, was considered significant. Next, the codes were categorised and distilled through sorting and relationship analysis based on the literature review.

To present the qualitative data collection results, the research questions were categorised according to the themes discovered in the thematic analysis. These codes were used to define and present the results of each research question. In the interest of maintaining anonymity, participants have been assigned alphabetical identifiers from A to L.

5.4 Results: Research Question 1

What motivates subsidiary managers to investigate, initiate and implement subsidiary scope changes?

The primary purpose of Research Question 1 was the gain deeper insight into the motivation of subsidiary managers to investigate, initiate or participate in initiatives to change subsidiary scope within the MNE mandate. The three questions were developed to gain understanding from the individual’s perspective within the subsidiary. Furthermore, the questions establish the relationship between the interviewee and headquarters. This information is important to determine the level of interactions and relationships with headquarters, and thus the opportunity and ability to influence headquarters decisions. The questions also provide insights into the interviewee’s comprehension of managing a subsidiary in a competitive business environment and managing headquarters demands, control, and expectations. Codes with a frequency count of four and higher were deemed as significant and analysed to identify themes. The list the highest frequent codes for Research Question 1 is presented in Table 6.

Table 6: Most frequent codes relating to research question 1.

<table>
<thead>
<tr>
<th>#</th>
<th>Code</th>
<th>Frequency Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Performance expectations</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Processes</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Seek Opportunity Learn and Grow</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Brand recognition</td>
<td>6</td>
</tr>
</tbody>
</table>
Following the thematic analysis process, three themes emerged regarding the motivation of the interviewees and is presented in Table 7. The first theme that emerged was the role of the subsidiary’s context in the motivation for change. The second theme that was identified was the sense of responsibility to ensure the sustainability of the subsidiary. The final theme is related to the intrinsic motivation of the individuals, which includes the need to learn and grow and the drive to seek and face new challenges on a personal level. The following sections will expand on each of these themes.

**Table 7: Themes relating to research question 1.**

<table>
<thead>
<tr>
<th>Research Question 1 Theme</th>
<th>Sub-theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation for Change</td>
<td>Subsidiary context</td>
</tr>
<tr>
<td></td>
<td>Subsidiary survival</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Growth</td>
</tr>
<tr>
<td></td>
<td>MNE support</td>
</tr>
<tr>
<td></td>
<td>Seeking new challenges</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
</tr>
<tr>
<td></td>
<td>Market Access</td>
</tr>
<tr>
<td></td>
<td>Inefficient decision making</td>
</tr>
<tr>
<td></td>
<td>Employee well-being</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility</td>
</tr>
<tr>
<td>Subsidiary sustainability</td>
<td>Subsidiary Survival</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Growth</td>
</tr>
<tr>
<td></td>
<td>Employee well-being and development</td>
</tr>
<tr>
<td>Intrinsic motivation</td>
<td>Personal Growth and Learning</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility</td>
</tr>
</tbody>
</table>

# Code Frequency Count

<table>
<thead>
<tr>
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<td>7</td>
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<td>Seeking new challenges</td>
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</tr>
<tr>
<td>9</td>
<td>Compliance</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Market Access</td>
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</tr>
<tr>
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<td>Inefficient decision making</td>
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<td>12</td>
<td>Employee well-being</td>
<td>4</td>
</tr>
<tr>
<td>13</td>
<td>Social Responsibility</td>
<td>4</td>
</tr>
</tbody>
</table>
5.4.1 Subsidiary context

The interviewees provided details regarding the operational and business environment of the subsidiary, which related to both internal and external factors within the MNE environment. By analysing the factors listed by the interviewees, it merged that the factors could be characterised as either challenges or benefits interviewees experienced in their day-to-day responsibilities or interactions with headquarters. These factors provided essential insights into the decision-making context of the interviewees and motivation for scope change. The following sections provide insights into the challenges and benefits the interviewees listed.

5.4.1.1 Challenges

5.4.1.1.1 Processes

One of the biggest challenges that interviewees noted was regarding the processes that are expected to be followed by the subsidiary. These processes create frustration and limit the subsidiary to make dynamic decisions to take advantage of opportunities. These processes are predominantly seen as inefficient and can delay the new product launches and market entry, thus sacrificing first-mover advantage. The processes also create barriers for subsidiaries to implement initiatives and, therefore, limit the opportunities to change subsidiary scope.

Interviewee A

I do not want the mother company to come in and say okay, you know, you will follow the following processes, you will do it this way or that way also. Yes. So, you think it's definitely important still to follow your own processes within the subsidiary. think we're the processes are established and proven such in a company. So, I think that we have a an established and proven processes in place, yes, then do not interfere. There are some processes and some procedures or so on that are applicable to the local environment.

Interviewee D

One of the biggest challenges in a multinational is how things are done or should be done. So there's certain processes and procedures and those kind of things the
boring stuff. The particularly around new product introduction and how we bring new products to market. I’m talking about inefficient processes.

*Interviewee E*

So there is unfortunately, a lot of corporate red tape, if we could put it that way and there’s, certain hoops to jump through if you need things, or to implement certain new initiatives or so forth.

Even simple and routine activities within the operational context of the business can be affected by inefficient processes.

*Interviewee B*

And we see the symptoms of that at our sister company where there are ICT is completely managed from HQ. And the frustration levels are going through the roof. It takes more than a month before they have email working. So the processes involved if you can't even access Wi Fi.

5.4.1.1.2 Compliance

The interviewees also noted that compliance policies are another big challenge in the MNE environment. Where processes affect the efficiency of actions and initiatives, compliance policies can create significant delays and even complete breakdown in a subsidiaries ability to execute current or new scope requirements. In most cases, compliance policies related to legal obligations and the subsidiary must comply to avoid punitive actions.

*Interviewee B*

A certain aspect that we have come across is what we call legal and compliance, we actually nicknamed it lethal and compliance being the mother company. And from a compliance perspective, we have to clear literally every supplier with a predefined procedure, we have to clear every possible customer we want to have a contract with.
Interviewee F

Definitely, I mean, one aspect to terms of that influences on a compliance level, our whole business partner reviews, compliance processes historically, before we entered this in he was a lot more simpler and straightforward

Interviewee H

for instance, on the audit record last year, was to ensure that environmental compliance was met with legislation

Interviewee L

My challengers was with compliance. So especially in pharmaceutical space. And and the timeline, for instance of getting anything approved in our market was probably a year longer than any other market. So yeah, I think we're just aligning expectations on when we could deliver better was was always really challenging

5.4.1.1.3 Inefficient decision making

Given the organisational decision-making structure of the MNE headquarters, the interviews also noted inefficient decision-making from headquarters. This affects the realisation of opportunities and has a negative impact on the growth of the subsidiary.

Interviewee B

And sometimes the bureaucracy in decisions in Germany just hampers your ability to really physically move quickly and generate the necessary value. If you become a mindless drone, and you just follow procedures, we're not going to be doing business.

Interviewee D

inefficient decision making inefficient ways of structuring and organizing the business to bring products to market as as quick and efficient and effective as possible
Interviewee F

part of the problem in the bigger image is the lack of decision making certain levels
that's something one needs to address and make sure we have rather gated
decision as as it is at all because it's also being the business going forward.

Furthermore, inefficient decision-making affects the growth of the subsidiary through
delays in resource allocation.

Interviewee C

when it comes to appointing additional staff within the companies that become
challenging because we have to get approval from it

5.4.1.1.4 Performance expectations

Interviewees noted that subsidiary performance targets were set top-down. These
targets were based on financial metrics with profit, e.g., EBIT and sales growth the
most prevalent key performance indicator (KPI). The expectation from headquarters
is to maximise growth and performance. These performance expectations lead to
increased pressure on the subsidiary managers to gain headquarters trust and
maintain autonomy.

Interviewee B

I think the financial numbers obviously for them is always the big topic they the big
you always look at firstly the order look. What is the coming business looking like
before shy then of the delivery book, how do we actually look against realizing the
necessary turnover and then the transpires back into subtracting the cost of sales
and getting the EBIT what profit can they expect? So I think general is always
pushing for higher numbers.

Interviewee C

Because I mean, obviously, at the end of the day, it still comes down to those
financial metrics, you know, return on investment
Interviewee F

It is financially driven, but they also in terms of the opportunities that could create in future and so on a year by year basis, for instance, our longer term strategy.

Interview I

Whenever headquarters is looking to a particular subsidiary in terms of performance. It’s more or less got to do with what sort of value addition is the subsidiary bringing in. And if I bring that down specifically into more tangible terms, it’s essentially three. They are financial KPIs, but they essentially drive business from any context or aspect. You look at it. And these these KPIs are order intake, EBIT and cash.

Interviewee L

And they were really only interested in our forecasted growth. They didn't care about the detail.

5.4.2.2 Benefits within MNE environment

As part of the operational context of the subsidiary within the MNE environment, several benefits emerged from the interviews. The interviewees indicated that they leveraged these benefits to the advantage of the subsidiary. The following factors were identified as key enablers to the success and performance of the subsidiary. These factors can be attributed to brand recognition, support, and access to new markets.

5.4.2.2.1 Brand recognition

The interviewees noted that the affiliation with the brand of the MNE was a key benefit and provided opportunities to grow the subsidiary’s business. The alignment to the brand was also critical.
Interviewee J

I think branding first plays a key role, though, in our context or in companies context, not always companies could be young like is in our case of course, has been there for a while now, which is known in the market.

Interviewee F

That is priority number one is to realize that initial brand and then secondly, if you are German, and a Frenchman or a South Africans, this biggest set up to make sure that that you will align with that overall image on all levels.

Interviewee E

I think brand support is a critical factor.

Interviewee G

You get a lot better brand awareness.

5.4.2.2.2 MNE Support

The importance of MNE support emerged as a key benefit to operating within the MNE environment and a key driver to the success and growth of the subsidiary.

Interviewee A

So, on the one hand, they typically should be in a better position being a bigger company, to support us with the issuance of those type of financial instruments and potentially even supporting us with guarantees Biram guarantees for things such as overdraft facilities or so on.

Interviewee J

It might even be, you know, something like deep pockets, deep financial pockets within with an argument which an organization might have to flex its muscle here and there to gain advantage over competition and other markets.
Interviewee G

*We have a financial backing of a bigger entity that's important that allows us to take or take on bigger projects.*

Interviewee D

*the biggest or the starting point, mostly for the support is, is there enough budget*

5.4.2.2.3 Market access

Interviewees noted that one of the most significant benefits of operating with the MNE environment is the access to new markets that would not have been available otherwise. This provides the subsidiary with a more extensive customer base and business opportunities.

Interviewee A

*It gives us opportunities in certain markets and also, unfortunately detracts or there are some opportunities in other markets, but in essence, it does provide a wider a wider access*

Interviewee B

*Then also market access. In our case, we are less export restricted*

Interviewee D

*The other the other aspect is, in a way, opportunities present themselves to, to move out of your, let's say, your market, your home markets, that's very important opportunities*

Interviewee G

*Your sales and marketing team, then we have good allows us to do bigger business*
5.4.2 Subsidiary sustainability

Interviewees were questioned on their role in the subsidiary to determine the influence and impact they have on the strategy and performance of the subsidiary. From the responses, three main aspects to the subsidiary sustainability emerged. The aspects related to the subsidiary survival, growth, and employee well-being.

5.4.2.1 Subsidiary survival

The interviewee indicated an overwhelming sense of responsibility to ensure the survival of the subsidiary. This included survival through both fulfilling the current mandate and seeking new opportunities through a change of scope requirements.

*Interviewee F*

*So my primary role At the chief executive, the business unit and primary responsibility is the profit and loss of this business unit. I think at the end of the day, you need to realize that the survival of the subsidiary is at the end of the day, the interest from the MNE and the shareholders.*

*Interviewee E*

*We're in a third world country, but the expectations come from a first world country. Now in tough times we sit with that, to say, you know, what, and in the majority of the cases we fight for survival, in order to to keep our businesses afloat.*

*Interviewee C*

*It's on a company level, not just on subsidiaries for the whole organization, to ensure survival, to innovate, to make sure the organization is sustainable.*

5.4.2.2 Subsidiary Growth

As part of ensuring subsidiary sustainability, the interviewees highlighted the importance of the subsidiary’s growth. Growth ensured the long-term sustainability of the subsidiary, and it was emphasised that scope requirements should focus on providing growth opportunities through new markets or innovative offerings.
Interviewee F

So I think at the end of the day, it is for me the success, but also the challenge to do or have something to do to grow the organization, as well as to take responsibility for that before that's done.

Interviewee C

So, customer growth is vital, along with the sell of pieces as well. So, sustainability will only come from growth in both aspects.

Interviewee H

So my motivation was utilizing my expertise that I had to grow a market you know.

Interviewee D

The other thing is to identify those opportunities and then coming up with with innovation innovative solutions and products to for gaps in markets or to to take the opportunity or gain market share because you being more innovative.

5.4.2.3 Employee well-being and development

The interviewees also highlighted the importance of the employees in the subsidiary, which is one of the key factors that motivated the individuals to seek subsidiary scope changes.

Interviewee B

But my personal expectation is that you lose a bit of your family value when you become part of such a big organization. Having been integrated into this whole MNE, I think we will have to just make sure that we keep our people.

Interviewee F

It's a balancing act, the shareholder, the customer and your employees to make the business work
Interviewee C

Then the next aspect most important aspect is educating your people. And so that they are equipped to grow with the company with the growth in innovation and then business knowledge.

Interviewee G

At the end of the day, people working for you as well, you need to give them more work, to stretch them a little bit to see what can they really do and as well as to grow.

5.4.3 Intrinsic motivation

Questions in the interview guide were aimed at gaining deeper insight into the personal motivation of the interviewees. From the responses, intrinsic motivation played an important role in considering factors external to the context of the subsidiary. The factors included the need to grow and learn and contribute to society.

5.4.3.1 Personal growth and learning

From a personal perspective, the interviewees expressed the desire to seek new challenges. The respondents were not content to stagnate in their knowledge and experience base but were actively seeking opportunities to learn and grow.

Interviewee D

For me, it was more a personal drive, to keep things fresh all the time. And to, to I enjoy looking at new challenges, I enjoy opening up new opportunities. I enjoy being innovators. I. But my mindset is, is always looking at what is the next best new thing

Interviewee B

I think it's as straightforward as you want to realize value. If you become a mindless drone, and you just follow procedures, we're not going to be doing business.
Interviewee C

Yeah, definitely you have to be innovative you can't just stagnate and continue on the one platform

Interviewee G

So, in order to work in these multinational setups, to understand how things work is actually phenomenal to understand your perspective when you're coming from a single entity, multinational organization, so it's a learning curve as well as absolute growth experience.

The interviewees also expressed an entrepreneurial mindset, where they were proactively seeking opportunities to grow the subsidiary.

Interviewee D

but on the other side it is also recognizing the opportunities and then delivering towards those opportunities that might not be apparent upfront, but one thing is to do it fast. The other thing is to identify those opportunities and then coming up with innovation innovative solutions and products to for gaps in markets or to to take the opportunity or gain market share because you being more innovative.

The interviewees’ intrinsic motivation was not driven by personal gain but rather by the opportunity to learn and grow.

Interviewee D

But it was never a question of look at what's the next opportunity so that I can move on to the next stage in the corporate ladder

Interviewee E

I think, as soon as things start becoming personal, or from a personal angle, it could I put it in almost, it almost gets exposed quite quickly. So one's got to consider these things upfront and say, listen, is it for the for the, for the good of the greater good.
Interviewee K

There is always that learning in it. What value does it add, always and it doesn't matter to large degree doesn't matter which company you work for whatever you do here, you can to some degree us in another industry and other companies. So it's always a about learning, it's nice to take that across. And if you're in a different business, you may learn something or be able to test across and grow that so yes, personally for me, I always like to learn.

5.4.3.2 Social Responsibility

In addition to seeking new challenges and opportunities to learn and grow, interviews also expressed the desire to contribute to society from a corporate social perspective.

Interviewee F

But I think it also comes back to the fact that you want to be a good corporate citizen as well. And it's not always financial aspects in that regard, overall picture of being a good corporate citizen, as a company and as a multinational.

Interviewee G

there's some things that that you can't measure in terms of profit, like social responsibilities

Interviewee H

I think, you know, sustainability is something important for me, if I'm able to see something that is not just gonna last for today, I think that's important. That, they exceeded a certain ability to contribute towards the better good of humanity.

5.5 Results: Research Question 2

What personal characteristics do subsidiary managers utilise to influence headquarters decisions regarding scope?

This research question aims to understand the personal characteristics that the interviewees utilise to influence headquarters. The three questions were developed
to invite interviewees to provide their opinions on what characteristics in their experiences have contributed to influencing headquarters. In addition to the direct feedback, additional codes were identified that was not explicitly stated. Codes with a frequency count of three and higher were deemed as significant and analysed to identify themes. The list the highest frequent codes for Research Question 2 is presented in Table 8.

**Table 8: Most frequent codes relating to Research Question 2.**

<table>
<thead>
<tr>
<th>#</th>
<th>Code</th>
<th>Frequency Count</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>2</td>
<td>Self-Belief</td>
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<tr>
<td>3</td>
<td>Analytical</td>
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</tr>
<tr>
<td>4</td>
<td>Business Acumen</td>
<td>6</td>
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<tr>
<td>5</td>
<td>Expert level knowledge</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Open-minded</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Believe in initiative</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Detailed</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>Diplomatic</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Perseverance</td>
<td>4</td>
</tr>
<tr>
<td>11</td>
<td>Honest</td>
<td>4</td>
</tr>
<tr>
<td>12</td>
<td>Complex Problem Solving</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>Entrepreneurial</td>
<td>3</td>
</tr>
<tr>
<td>14</td>
<td>Persuasive</td>
<td>3</td>
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</tbody>
</table>

From the interviews, three themes emerged of what the interviewees regarded as critical personal characteristics in their interactions with headquarters. The themes are listed in Table 9. These personal characteristics were deemed important attributes to apply upward influence on headquarters decisions regarding subsidiary scope change. The first two themes related to the hard and soft skills of the subsidiary managers, while the final theme was associated with the individual's confidence. Confidence is related to belief in oneself and in the initiative to change subsidiary scope.

The following sections will provide details regarding each of the themes. Given the design of the research instrument for Research Questions 2, interviewees were asked to list personal characteristics and thus the results are presented in a list base format as shown in Table 9.
Table 9: Themes relating to research question 2.

<table>
<thead>
<tr>
<th>Research Question 2</th>
<th>Theme</th>
<th>Sub-theme</th>
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</thead>
<tbody>
<tr>
<td>Personal characteristics</td>
<td>Hard skills (Aptitude)</td>
<td>Analytical</td>
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<td></td>
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<td>Expert level knowledge</td>
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<td>Detailed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Complex Problem Solving</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrepreneurial</td>
</tr>
<tr>
<td></td>
<td>Soft skills (Interpersonal)</td>
<td>Adaptable</td>
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<tr>
<td></td>
<td></td>
<td>Open-minded</td>
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<td></td>
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<td>Persuasive</td>
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<tr>
<td></td>
<td>Confidence</td>
<td>Self-Belief</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Believe in initiative</td>
</tr>
</tbody>
</table>

5.5.1 Hard skills (Aptitude)

The interviewees identified the importance of hard skills to recognise and articulate a business solution that justifies subsidiary scope change. These hard skills are necessary to develop the business case with analytical and detailed information to justify changing or adapting subsidiary scope.

5.5.2 Soft skills (Interpersonal)

Where hard skills were required to identify opportunities and formulate analytical and business solutions, interviewees highlighted the importance of soft skills to interact personally with individuals in the MNE structure and particularly key decision-makers at headquarters. These skills were important to establish and maintain relationships with headquarters. Furthermore, the ability to influence headquarters was mainly attributed to the mastery of these soft and interpersonal skills.
5.5.3 Confidence

Additional to the soft and hard skills, interviewees highlighted the importance of confidence. Firstly, to have belief in yourself and secondly, in the initiative that is proposed. Without confidence, it is difficult to convince or influence others to support and accept proposed initiatives.

5.6 Results: Research Question 3

What actions and measures do subsidiary managers take to influence headquarters decisions regarding the subsidiary scope?

This research question aimed to determine the actions and processes subsidiary managers undertake to influence headquarters. The subsequent questions focused on the approach and the strategy of the interviewees to establish and apply upward influence on headquarters. Codes relating to the subsidiary managers actions and processes were identified. Codes with a frequency count of four and higher were deemed as significant and analysed to identify themes. The list of the highest frequency codes for Research Question 3 is presented in Table 10.

Table 10: Most frequent codes relating to Research Question 3.

<table>
<thead>
<tr>
<th>#</th>
<th>Code</th>
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</tr>
<tr>
<td>2</td>
<td>Track-record</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Communication</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Cultural Understanding</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Results</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Alignment to MNE Strategy</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Establish Mutual Benefit to MNE</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Establish Buy-in</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Identify Decision makers</td>
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<td>10</td>
<td>Be Respectful</td>
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</tr>
<tr>
<td>11</td>
<td>Golden Thread</td>
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</tr>
<tr>
<td>12</td>
<td>Establish the need</td>
<td>5</td>
</tr>
<tr>
<td>13</td>
<td>Seek Support</td>
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</table>
From the interviews, three main themes emerged: developing working relationships and establishing trust while formulating the justification of the proposed scope change. The main themes for Research Question 3 are listed in Table 11.

### Table 11: Themes relating to research question 3.

<table>
<thead>
<tr>
<th>RQ 3</th>
<th>Theme</th>
<th>Sub-theme</th>
</tr>
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<tbody>
<tr>
<td>Actions and processes</td>
<td>Develop working relationships</td>
<td>Networking, Cultural understanding and respect, Identify the decision-makers</td>
</tr>
<tr>
<td></td>
<td>Build trust in subsidiary</td>
<td>Develop a track record of success, Communication, Establish support</td>
</tr>
<tr>
<td>Justify need for scope change</td>
<td>Identify the need, Establish mutual benefit, Articulate the link to the MNE strategy</td>
<td></td>
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</tbody>
</table>

#### 5.6.1 Develop working relationships

The first important theme that emerged from the interviews was the process of developing working relationships. Interviewees indicated that this process was seen as a long-term strategy. They would actively seek opportunities to establish relationships with influential individuals at headquarters and in the MNE network. Working relationships were established by utilising three approaches: networking, respecting and embracing cultural differences between the subsidiary and headquarters, and identifying the key decision-makers.

##### 5.6.1.1 Networking

The interviewees identified that one of the most important aspects of developing working relationships is networking. To establish and build networks, interviewees would actively seek to engage and connect with individuals in the MNE network and headquarters. Having a broad personal and professional network in the MNE allowed the individuals to identify all the stakeholders and possible friendships and alliances for future support.
Interviewee D

So there’s a field probably the most and biggest, important factor is your networking. So you need to understand who is who you need to understand who has the influence, you need to be able to build up good working relationships with the key influences. So the ability to network the ability to over a number of years, build up good working relationships, and then understanding who’s who

Interviewee J

And the next part, largely revolves around connecting with people. So it’s, it’s, you know, do you do you come with the right sort of network? Can you develop that network into the into the right stakeholders. So it’s got a lot to do with proximity of that network as well. On the other hand, you still need to have this network and you have to have the networks or have propagate or disseminate your name through so that you are known in circles.

Interviewee F

So spending time communicating, I mean, that is all part of this, this network that you need to make sure that you’re all in a line

Interviewee G

Yeah, you’re building a friendship and a trust relationship.

5.6.1.2 Cultural understanding and respect

A key part of effective networking was sensitivity and respect for the cultural difference between the subsidiary and headquarters. Interviewees highlighted the importance of having an open mind, understanding the nuances between cultures, and building working relationships through mutual respect.

Interviewee B

And I think just the very basic element is the differences in culture. So you have to be sensitive for their culture
Interviewee D

Then different cultures, how they work, how they operate. But then also, when you encounter maybe a new culture that you've never dealt with, is again, just that ability to be open minded, to be respectful to be the other words that I can put around it to, to do to be prepared to listen and also compromise and taking your mind.

Interviewee E

And I think I'd say the next one, from from an organizational culture point of view is critical, and how one are able to conduct yourself within almost a conducive environment.

Interviewee F

So keep that culture in mind. You need to have that in the back of your mind with all discussions with various things.

Interviewee G

You're working with different personalities, different people, different cultures. So for us, it's easier to get along with different cultures, and the cultural barrier and things like that

Interviewee L

I think respecting culture being professional at all times. Yeah. Being open, really going above and beyond your day to day

5.6.1.3 Identifying the decision makers

Developing working relationships made it possible to identify key decision-makers who could establish strategic alliances and support initiatives to change subsidiary scope. An interesting observation was that interviewees targeted individuals first rather than seeking group support from the start of the scope change process.
Interviewee C

It’s that’s how it’s identifying the right people, by knowing people by friend and befriending people, and then of course, they’ll they’ll just direct you in the right direction immediately. That’s where you’re gonna go.

Interviewee B

So you have to look at all the people that wants to make the decision want to make the decision and influence all of them.

Interviewee K

But make sure that you get alliances with people who are influential. Or should somebody behind you they come back and go What are you thinking this person you have to speak on your behalf man Yeah, but now we will have two steps. And we have been asked the following. So those alliances are probably more important than anything. And I need to be friends with this person and that person so actively depending on what I’m doing, they actively become build an alliances of people that I believe can influence the change more than anywhere else.

Once working relationships have been developed, the base for support has been established and the next step in the process was to build trust in the subsidiary’s ability.

5.6.2 Build trust in subsidiary

Interviewees noted the three elements to building trust. The first was to develop a track record of success and maintain regular and open communication with headquarters. Lastly, interviewees would seek buy-in from the support established through their networking efforts.

5.6.2.1 Develop a track record of success

In establishing headquarters trust in the subsidiary, interviewees explained how they would seek to build a track record of success over a period of time. A proven track record of success ensures that subsidiary suggestions and decisions are seen as more highly regarded. As part of developing a track record, subsidiary managers must show consistency in performance and decisions.
Interviewee A

der under promise and over deliver within the bounds of being able to motivate this and perhaps, identify some, at least for the initial phases and short term goals to show that you are really progressing towards this. These expectations that you are that you've created.

You need to be very realistic, specifically, where it is a risky or a fairly unknown one. Don't go and over promise it is going to come back and bite and bite you.

Interviewee B

So that is very important. You have to create a track record that you can actually work operate with them, then they start to consider your opinion as more valid opinion.

Interviewee D

is also very much dependent on demonstrating success, or we didn't go from one day having nothing until the very next day having 50 people we built up over time

Interviewee F

Consistency is important. Important to build that trust relationship. And again, it's not the quick gains that you achieve over a longer term period.

Interviewee J

And the more you're known in circles, the more people will have confidence in you or trust in you or look up to you respect whatever the case might be, to say whatever this guy comes up with a person comes up with or does make sense will be a success.

Interviewee K

one of the things that I think has helped the most is developing a reputation. So in other words, you start small, and you'll hear that you've got a small little project and start showing this, how you can influence how you can make a difference, starting points, but by the time you get to the bigger project, a lot of these people that want you to know, do something or they're just sort of saying, I don't know, if I can do
this, you've got a reputation in the background going, this person actually knows what they're doing.

5.6.2.2 Communication

The common consensus from the interviews indicated that communication was one of the most important aspects of building trust in the subsidiary. Regular communication was key to providing feedback regarding subsidiary matters and provided the opportunity to demonstrate the capability of the subsidiary. Given the complexity of a business environment, it is expected that challenges and setbacks will be encountered. However, interviewees indicated that open and honest communication is key to maintaining trust.

**Interviewee F**

But the trust during the day as you need, as far as communication will supply a major role in, in this situation of building trust or establishing relationships.

**Interviewee B**

I think keep the keep the comms open, very important. You have to have a level of trust and sight

**Interviewee D**

I would say for me, it was all down to communication, communication, communication, communication. There is no initiative that will be perfectly defined up front there’s no initiatives that you will have basically aligned expectations from all stakeholders, it is oftentimes or most times a evolving thing.

**Interviewee F**

I think I enter on a regular communication to the director, it's convene with regular combined reviews of some of the business objectives, quarterly feedbacks, pros and cons. I mean, it's all keeping the communication network open. I mean, that definitely helps with with coming some of the culture barriers, continuous communication, very important.
Interviewee K

It's how do you communicate to whoever owns you by what you prepare to do, but also how do you communicate to everybody you're going to impose that on them as well it's learning how to communicate with people in such a way that you don't frighten them off

5.6.2.3 Establish support

The final aspect of building trust in the subsidiary is establishing support from the key stakeholders that can influence headquarters decisions. Interviewees noted that support was developed by establishing buy-in from key stakeholders. In establishing buy-in, interviews would first engage with individuals in their network, then build support to approach headquarters.

Interviewee G

make sure you understand all the shareholders or stakeholders that's involved and then then you start selling with the people closest to you to make sure that they understand exactly what you're trying to do and they get the buy in from from everybody around you

Interviewee B

And once they understand why you are doing it, you tend to get more buy in

Interviewee D

But there was a significant amount of buy in, that was required, there was a lot of things that needed to be managed. There was a lot of communication that needed to happen. So, you know, the upfront convincing and even three, four years of continually convincing organization, it's the right thing to do.

Interviewee C

So that's the way what you do is you you, you put the feelers out, and you make sure you get the buy in from everybody at the bottom. So once you have that
person buy in, we reference to that person as your coach, because that person on your behalf is going to talk to the senior most senior guy on your behalf

However, working relationships did not guarantee support. It was up to the individuals to ensure that they could communicate and lobby their idea with the relevant audience.

*Interviewee B*

*I think there’s always a sense of lobbying, you have to lobby with the decision makers that can influence a new initiative.*

*Interviewee H*

So the one thing that I definitely do is lobby. So you know, envolving people, before I actually have the presentation, getting the advice, getting the comment, and putting that into the presentation, or time to get their buy in before the actual presentation date

Interviewees provided advice and explained that his strategy to ensure understanding and support his initiative was to use keywords “jargon” that aligned with headquarters strategies.

*Interview G*

*The second thing is I use jargon. So generally, you know, there’s a lot of jargon when it comes to types of initiatives that are in the organization. So general type of initiatives is the approach that I’ve taken in multiple sales events, looking at financials of a company looking at what they report, looking at what the strategic direction is, and using the jargon that’s in there.*

*Interviewee J*

*it’s probably do a lot with what I call background homework on or what people in regular jargon, would want to call analysis, in terms of what are you really trying to achieve, because you’ll obviously want to have done your speed work before you get into any sort of pitch.*
**Interviewee K**

Start creating alliances you want to create alliances excellent keeping in mind the alliances should be for the benefit of the business. It can't be personalised because I don't want to do something I've got to make sure that I want to do it for the right reasons. But make sure that you get alliances with people who are influential. So those alliances are probably more important than anything and you start with the discussion, then you start putting the facts and figures because just words don't help you then have to go and actually facts.

### 5.6.3 Justify the need for scope change

Even though scope changes are not aligned with the mandate of the subsidiary, the interviews noted that it is their responsibility to justify the change by establishing the need and highlighting the value and the contribution to the MNE. To justify the need for scope change, three processes emerged from the interviewees. The first is the process of highlighting and establishing the need for the scope change. Secondly, once the need is established, the next step is to demonstrate the mutual benefit to the subsidiary and headquarters. Lastly, once the mutual need is established, it is important to articulate and communicate the golden thread of how the scope change will add value to the MNE.

#### 5.6.3.1 Identify the need

The first step in justifying the interviews indicated that it was important to highlight and establish the need for the scope change.

*Interviewee D*

*...it is pretty much around how the new products and modified products that will be introduced into the market, how that would contribute to the volume, and the revenues, and the profitability. So the key to that is, whatever you are doing and we'll be doing and shouldn't be doing must demonstrate a contribution to the targets.*
Interviewee I

it would be something that yields a return either in running and efficiency or revenues, using your expenditure, there needs to be a benefit to the companies. I think the main takeaway was that it needs to be relevant.

Interviewee D

in my view, it would, it would mostly be based on the benefits to the business or the collective.

Interviewee B

I think it’s as straightforward as you want to realize value.

Even though the need for a scope change is established, interviewees highlighted the importance of aligning the initiative or scope change to the objectives and strategy of the MNE.

Interviewee D

There is no initiative that will be perfectly defined up front there’s no initiatives that you will have basically aligned expectations from all stakeholders, it is oftentimes or most times an evolving thing. So to align, you always needed to align to the watch, you always needed to align to the objectives, if you can justify and demonstrate how a particular initiative would contribute towards that he would get it through.

Interviewee F

So if you as a subsidiary, if you’re not directly aligned with the objectives of the bigger entity, or the enterprise, and then you’re also going to set yourself up for failure. Try to align with that it’s not always easy in the areas but we need to collaborate and make sure we can influence some of the processes here to the subsidiaries advantage.
Interviewee H

I think that all managing the expectation is always about realigning back to the green strategy. So anytime that initiative sort of came out with reflective expectation, I always try to bring it back to you know, what is the document? Or what is the strategy? And asking myself, is this holistic picture aligned to whatever external expectations that you have?

5.6.3.2 Establish mutual benefit

The interviewees noted an important aspect to justify the need for the scope change was to identify and demonstrate a win-win situation for both the subsidiary and headquarters. This win-win situation is seen as a mutual benefit and influenced head quarter decisions.

Interviewee I

there needs to be a benefit to the companies. So, so so. So you need to say you need to make sure that that your business justification in the end, covers all of all of that

Interviewee G

the end of the day, it's a business. So you want to make profit. So what image you have to use, you have to have a decent business case, to make sure what you propose is in line with growing the business expanding the business and obtain a chain more profit. Yeah. And if you have a good solid business case, at the end of the day, will give return on investment to the shareholders and you get your profit,

Interviewee E

So, I think the most effective manner to to, to promote these kind of things club is to, to find the link between between, could I say, almost to form a synergy as a win win situation for both, not only for the subsidiary, but for, for, for the holding company.

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Interviewee J

And then lastly, the last part would be what sort of benefits are your initiated? So like you mentioned here, the deviant initiators going to bring any sort of shareholder value?

Interviewee K

You've got to make sure that they clearly understand what it is you’re trying to achieve and how that impacts them. How does that give them what they need the end of the day? Because if you don't do that, it's all about what do they want? Because if you can't tell them what they want, and how you're going to give them what they want, why would they listen to you.

5.6.3.3 Articulate the link to the MNE strategy

Once the business case for the scope change has been established, the final step is to articulate the golden thread of how the initiative can contribute to the MNE. In most cases, the contribution is referenced back to the hard figures, including revenue, sales, or market growth.

Interviewee D

The ability to, to, let's say, bring that out into the open weather, you communicate that to various in various ways, face to face, in groups, by email, your ability to convey your message and idea, but also effector immediately, say be the best, you know, speech make or or master of ceremonies, you know, you don't need to be the center of the party. But you do need to have an ability to communicate. You need to be demonstrate the golden thread from what you are proposing to how that eventually contributes to the hard numbers.

Interviewee H

I think the storyline telling the story is very important, I think you can go and present a whole lot of facts and figures and all of the details, if it doesn't tie together and teach together in a storyline to be able to dictate what the narrative needs to be from, where you are now, where you wanted to be in the future, and where you've come from, in all these important part of the conversation, storyline. So to be able
to tell a good story is very, very important for context as to be successful, ultimately, initiative. So if you aren’t able to tell the story, and you just want to go and prepare a presentation that has under them, I think you’re not going to get very far.

Interviewee K

How do you deal with people, how to actually get your ideas across how to approach people how to open those doors, those are probably the biggest lessons because you can have the most brilliant plan. Okay, so it's making sure that those people understand what you're trying to do they're confident in you that they like you.

Interviewee L

So important to take people along the journey from the beginning right through to the end.

5.7 Conclusion

This chapter presents the findings for the three research questions identified in Chapter 3, which was derived from the literature review in Chapter 2. A total of twelve interviews were conducted with key decision-makers in subsidiaries that have experience in initiatives to change subsidiary scope. Using a thematic analysis approach, codes and subsequent themes were identified for each research question. Chapter 6 will discuss the findings of this chapter in more detail by comparing the results to the findings presented in the literature review of Chapter 2.
CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

The previous chapter presented the results from the semi-structured interviews that were based on the research questions identified in Chapter 3. This chapter will present a detailed discussion on the findings on each research question and correlate the findings to the literature review conducted in Chapter 2 and highlight similarities or contradictions. The research was conducted to explore how subsidiary managers influence MNE headquarters’ decisions regarding subsidiary scope changes. The interviewees were selected based on their position in the subsidiary and their experiences with interacting and influencing headquarters.

6.2 Discussion: Research Question 1

What motivates subsidiary managers to investigate, initiate and implement subsidiary scope changes?

The purpose of this question was to understand the underlying motivations of subsidiary managers to undertake initiatives to change a subsidiary’s scope within the MNE strategy. The interviewees were asked about their role in the subsidiary and the factors that influence its success. From the questions, three key themes emerged regarding the motivation of the individuals, which included managing the subsidiary in its operational context, ensuring subsidiary sustainability and intrinsic personal motivation.

6.2.1 Subsidiary context

From the interviews, the first theme that emerged regarding the interviewee’s motivation was related to the context of the subsidiary, which included the challenges and benefits of being part of an MNE. The MNE’s challenges included inefficient processes, compliance obligations, inefficient decision-making, and performance expectations. The challenges hampered the subsidiary managers in making swift and decisive decisions to seize opportunities, as they were forced to abide by the MNE compliance and process directives. These challenges negatively impacted the decision to engage in an initiative to change subsidiary scope. Stendahl, et al. (2020) also identifies how MNE’s control subsidiaries from a top-down approach, which
creates frustration and power tensions. The top-down control approach leads to "Headquarters knows best" syndrome and hampers the ability of subsidiaries to dynamically adapt and constrains subsidiary managers to implement ideas and initiatives (Bouquet, Birkinshaw & Barsoux, 2016).

Interviewees also expressed frustration and concern with how inefficient decision-making affects the ability of the subsidiary to adapt to threats and opportunities dynamically. This inefficiency is defined as subsidiary organisational inertia that limits the ability of the subsidiary to adapt and respond to threats and opportunities in dynamic environments (Sarabi, Froese, Chng & Meyer, 2020). The performance of the subsidiary is highly dependent on how the subsidiary manager can balance day-to-day managerial activities and the expectations from headquarters (Cuervo-Cazurra, Mudambi & Pederson, 2019; O’Brien, Sharkey Scott, Anderson & Ambos, 2017). Furthermore, subsidiary managers operate in a complex business environment and are responsible for recognising opportunities and adapting subsidiary scope (Sarabi et al., 2020). The context played an important role to determine if the individual would initiate and propose scope changes.

While the benefits that the subsidiaries leverage includes brand recognition, support and market access. The perception of the subsidiaries operational context determined the individual’s motivation to champion an initiative. The commitment of subsidiary managers is based on their perception of a favourable or unfavourable subsidiary context and a key driver to influence headquarters (O’Brien et al., 2017) successfully. Subsidiary managers need to balance the subsidiary’s operation in the business context, which includes integration and "fit" to the local host country environment (White, Fainshmidt & Rajwani, 2018; Schnyder & Sallai, 2020). Within the context of the subsidiary, the subsidiary managers develop strategies to ensure growth and sustainability. Furthermore, the subsidiary’s strategy must be implemented within the parameters or global strategy defined by headquarters. This subsidiary strategy must balance and manage headquarters exceptions, subsidiary employees and external stakeholders in the market (Sarabi et al., 2020).
6.2.2 Subsidiary sustainability

When interviewees were asked about their motivation for scope changes, the first reaction was to express their sense of responsibility for the survival of the subsidiary. A subsidiary operates in a complex business environment with several factors that must be considered and managed. Interviewees listed factors that included volatile exchange rate, market share, customer demands, and headquarters control.

Subsidiary managers must continuously seek new opportunities to innovate and ensure operational sustainability for both shareholders and the employees of the subsidiary. To ensure sustainability, interviewees highlighted the importance of continuous growth through new markets or innovative solutions. Literature supports the notion that subsidiary managers are motivated by evolving the subsidiary’s role through innovative solutions that can add value to the subsidiary (Corry & Cormican, 2019). Subsidiary managers need to balance headquarters’ expectations to fulfil current scope requirements before seeking new opportunities to grow. This provides a complex problem to balance the subsidiary’s performance in the MNE operational environment. For subsidiaries to survive in a complex MNE environment, subsidiary managers must analyse and find solutions to the complex challenges (Cuervo-Cazurra et al., 2019). Furthermore, subsidiary managers can gain mandates for scope change through continuous proactive and entrepreneurial efforts and ensure the growth and sustainability of the subsidiary (Lee et al., 2019).

Ultimately, subsidiary managers will champion initiatives to change scope, as they are motivated by their responsibility to ensure the survival of the subsidiary and well-being of the employees. The finding supports (O’Brien et al., 2017), where similar findings identified the success of opportunity realisation depends on the championing and motivation of the subsidiary managers.

6.2.3 Intrinsic motivation

To gain a deeper understanding of the subsidiary managers’ motivations to change the subsidiary scope, interviewees were asked probing questions regarding their personal motivations for championing change initiatives. Interviewees indicated that the process of analysing and finding initiatives to change the subsidiary scope provided them with the opportunity to grow and learn from the experience personally. From the interviewees an interesting aspect emerged that individuals expressed their
desire and enjoyment to seek new challenges and develop their abilities and capabilities. Additionally, it emerged that interviewees did not seek personal gain through financial or corporate promotion. The motivation was focused on ensuring the best outcome for the subsidiary and its employees. Additionally, the interviewees were aware of their responsibility to contribute to society and seek solutions that would benefit both the subsidiary and the community.

The researcher could not find evidence or reference to the intrinsic motivation in literature and thus this research provides additional insights to the motivation of subsidiary managers.

6.3 Discussion: Research Question 2

What personal characteristics do subsidiary managers utilise to influence headquarters decisions regarding scope?

This question aimed to analyse and identify individuals' personal characteristics to apply upward influence on headquarters regarding proposals for subsidiary scope changes. From the results, three distinct personal characteristics emerged. The first theme related to the individual's hard skills, including analytical, financial and business skills. The subsidiary managers utilised these hard skills to analyse the business environment and develop a business solution that justifies the change in scope requirement. The second theme that emerged was associated with the soft skill characteristics of the individuals. In this category, interpersonal skills relating to personal relationships were uncovered. Finally, the last theme related to confidence and how the individual's self-belief and belief in the initiative played an important role in persuading and influencing headquarters. The following section will analyse and describe each theme in further detail.

6.3.1 Hard Skills (Aptitude)

Subsidiary managers must be able to find solutions to complex business problems. To find these solutions, individuals need specific analytical, financial and business skills. Interviewees overwhelming acknowledged the importance of analysing the subsidiary's operational context and critically formulating strategies to develop scope changes. The significance of subsidiary managers' hard skills is supported in the literature, highlighting the importance of subsidiary managers' aptitude to find
solutions to complex business problems (O’Brien et al., 2017; Lee, Changwha Chung & Beamish, 2019). The ability to develop these strategies was dependent on detailed, expert domain and industry knowledge. Interviewees leveraged their knowledge to establish expert power as a source of influence. In addition to detailed industry and domain knowledge, subsidiary managers must have business acumen to develop a business case for the scope change. A sound business case for scope change is a prerequisite for initiating the process of upward influence. Subsidiary managers must identify threats and opportunities in the market and develop a subsidiary strategy accordingly (Raziq et al., 2020; Sarabi et al., 2020). Furthermore, the subsidiary’s development is influenced by the subsidiary managers managerial experience (Raziq et al., 2020).

The ability of the subsidiary managers the identify and size an opportunity as described by the interviewees provides evidence of an entrepreneurial mindset. Opportunity seeking behaviour by subsidiary managers benefits the subsidiary’s performance (Sarabi et al., 2020; Chittoor et al., 2019). Subsidiary CEOs are likely to expose higher levels of these qualities if they feel that they are heard at headquarters, that their ideas are followed up on, and that they feel trusted. Subsidiary managers can utilise their hard skills to develop creative and innovative solutions to demonstrate the value of moving outside the assigned mandate (Tippmann, Sharkey Scott, & Parker, 2017).

### 6.3.2 Soft Skills (Interpersonal)

The ability of subsidiary managers to influence headquarters is vital for the development of subsidiary mandates (Conroy et al., 2019; Meyer et al., 2020). Subsidiary managers utilise their hard skills to identify and analyse opportunities to change subsidiary scope. However, from the interview results, it emerged that subsidiary managers use a wide range of soft skills to build relationships and trust with headquarters.

Interviewees acknowledged that even though good business acumen is important to develop justification for subsidiary scope changes, soft skills are equivalent in influencing headquarters. This finding is supported by Conroy et al., (2019), who established that subsidiary managers use their social skills to create opportunities to interact and communicate with key decision-makers in the MNE network. These
softer skills allow the subsidiary managers to build personal and working relationships with individuals at the headquarters level. It was also noted that these relationships were built over time to develop a trusting relationship. These personal relationships are critical to establishing the platform to have the opportunity and means to apply upward influence on headquarters (Dörrenbächer & Gammelgaard, 2016).

Interviewees highlighted the importance of being adaptable and flexible. By being adaptable, subsidiary managers are open to feedback from headquarters and can demonstrate the desire to collaborate and seek win-win situations. Conroy et al., (2019) provide empirical evidence of how subsidiary managers utilise social navigation and political manoeuvring to influence headquarters. This research supports the finding of Conroy et al., (2019) and Decreton et al. (2016) in highlighting the importance of social skills in establishing and maintaining relationships with headquarters.

6.3.3 Confidence

Subsidiary managers utilise hard skills to identify and analyse opportunities while applying soft skills to develop personal relationships with key decision-makers at headquarters. Both hard and soft skills are important to influence headquarters, however, an interesting aspect emerged, which was confidence. Interviewees noted that confidence and belief in oneself and the initiative is critical to influencing headquarters. This confidence firstly provides downward motivation for subsidiary employees and confidence from headquarters in the subsidiary manager. With confidence and belief, subsidiary managers are willing to commit additional resources and time to ensure the initiative to change scope is successful. This belief and commitment drive “targeting” tactics, where subsidiary managers target specific initiatives they perceive as important objects or targets to headquarters (Conroy et al., 2019). Furthermore, subsidiary managers require self-motivation and confidence to manage a subsidiary and more importantly, identify, propose and implement initiatives.

In the examined literature, the researcher could not find evidence or reference to the importance of subsidiary manager’s confidence and thus this research provides additional insights to the personal characteristics of subsidiary managers.
6.4 Discussion: Research Question 3

**What actions and measures do subsidiary managers take to influence headquarters decisions regarding the subsidiary scope?**

The purpose of this question was to identify the specific actions and processes subsidiary managers undertake in practice to influence higher-level decisions regarding subsidiary scope requirements. Interviewees were asked explicitly about their strategy and approach to influence headquarters. Three themes emerged from the interview data relating to subsidiary managers’ actions and processes to apply upward influence at a headquarters level. The first two themes were identified as long-term strategies where the interviewees indicated that they actively undertake to build personal and working relationships with individuals at headquarters. Additionally, to develop working relationships, interviewees indicated that they seek to establish trust from headquarters. This trust is also developed over time and builds confidence from headquarters in the subsidiary’s capability and the subsidiary manager's ability. The last theme relates to how the subsidiary manager justifies the need for the scope change within the MNE strategy.

6.4.1 Develop working relationships

From the interview data it emerged that the interviewees considered the establishment and development of relationships the primary antecedent to influencing headquarters. This finding supports Stendahl, et al. (2020), highlighting the importance of personal relationships and providing evidence of how working relationships can bring subsidiaries and headquarters closer and enable a common goal and a co-creation process. The interviewees indicated that they actively seek to build networks through one-on-one engagements with individuals at headquarters. A key part of building these relationships is understanding and respecting cultural differences between the subsidiary and headquarters environment. This allows for tolerance and understanding of the needs and requirements of the headquarters. Some of the interviewees further indicated that these relationships allow them to build friendships within the MNE network. By building these relationships, the subsidiary managers were then able to develop strategic alliances to support initiatives. Personal relationships are important as they provide access to key decision-makers at headquarters and utilise different issue selling tactics to lobby for a proposed
initiative (Dörrenbächer & Gammelgaard, 2016). Furthermore, the interviews’ analysis is consistent with the findings of Dörrenbächer and Gammelgaard (2016) who identified personal relationships as an important prerequisite to selling a particular initiative.

Interviewees indicated that they would first seek support and buy-in from individuals before making a formal proposal at a senior headquarter level. Furthermore, it was possible to test the ideas and ask for opinions before preparing the final proposal by having these relationships. It was also noted that it was important to incorporate this feedback into the final proposal, ensuring support in the final decision. The actions of seeking advice and attaining buy-in from key individuals allow the subsidiary managers to develop strategic alliances and ultimately support their initiatives. The interviewees emphasised the importance of these relationships to establish influence and provide the opportunity to lobby their initiatives.

6.4.2 Build trust

Another important theme that emerged regarding processes was the development of headquarters’ trust in the subsidiary and the subsidiary managers. This trust was gained by honest and open communication regarding subsidiary performance fulfilling its current mandate and previous initiative proposals. Subsidiaries can attract headquarters’ attention and trust in the initiative by demonstrating commitment and performance of its current scope activities and developing new capabilities (Dörrenbächer & Gammelgaard, 2016; Tippmann et al., 2018). In addition, interviewees acknowledged that honest feedback played an important role as it established bilateral respect. Interviewees also noted that it was better to under-promise and over-deliver than not meet objectives or goals. Over-selling can be perceived as misdirection or deception by the subsidiary managers and can negatively affect the trust and reputation of the subsidiary (Conroy et al., 2019). By establishing trust, the subsidiary managers can develop a performance track record and confidence from headquarters.

Additionally, by building a track record and exceeding performance expectations, the subsidiary can lay a foundation for future role development (Tippmann et al., 2018). Furthermore, when a subsidiary performs below headquarters expectations, there is inevitably a breakdown in trust and an increase in headquarters control. Subsidiary
managers can be seen as risk-takers, resulting in increased oversight of subsidiary decisions (Sengul & Obloj, 2017). Another key element to developing a track record is consistency. The interviewee noted that consistency is not about the quick gains but the long-term vision of adding value to the organisation. Given the headquarters expectations, the subsidiary can develop trust through performance and growth, validating subsidiary autonomy (Sengul & Obloj, 2017).

The process of building trust was seen as a long term strategy by the interviewees, which is support by Dörrenbächer & Gammelgaard (2016), which describes attention and attraction tactics to build a subsidiary reputation and trust as a long term strategy. Furthermore, this trust is seen as a prerequisite for successful lobbying supported by the interviewees’ feedback. The interviewees also noted that as they built trust with headquarters, they were also given more freedom to peruse scope change initiatives. Subsidiary trust leads to credibility, which increases the ability of the subsidiary to influence headquarters decisions (Bouquet et al., 2016).

6.4.3 Justify need for scope change

An important aspect that emerged from the interviews was highlighting the value and justifying the need for the scope change. Interviewees indicated that even though scope changes were not aligned with the mandate of the subsidiary, they would seek to develop and demonstrate a win-win scenario for both the MNE and the subsidiary. Win-win scenarios are important to generate mutual benefits and resolve power tensions between headquarters and subsidiaries (Stendahl et al., 2020). By meeting these targets, the subsidiary’s autonomy is also consolidated and validated. Subsidiary autonomy plays an important part in the subsidiary’s performance (Sageder et al., 2019) and should thus carefully consider the scope changes and the probability of success.

The key to a win-win scenario is to ensure that the proposal was aligned with the MNE’s targets and objectives, either financial, growth or sales related targets. Interviewees indicated that these were the key measures that were evaluated to determine the success of the initiative. Furthermore, by establishing the mutual benefit of the scope change, the subsidiary can align the initiative with objectives and targets within the MNE strategy. Initiative and subsidiary scope alignment is critical
to developing MNE strategy and maintaining control, given the geographical dispersion of subsidiaries (Sageder & Feldbauer-Durstmüller, 2019).

By establishing a win-win situation, the subsidiary managers were able to develop a shared understanding with headquarters. A shared understanding contributes to open and transparent objectives and motives from subsidiaries and headquarters (Friesl & Silberzahn, 2017). Opportunistic subsidiaries can lead to self-serving behaviour, which ultimately can be detrimental to the subsidiary and MNE performance (Kostova et al., 2018). This behaviour can break the trust relationship and lead to headquarters deducing or limiting resource allocation to the subsidiary (Galli Geleilat et al., 2020).

6.5 Conclusion of findings

The conclusion of the findings is presented in the context of subsidiaries in an MNE business environment. Furthermore, the research is conducted from a micro-level perspective and focuses on key decision-makers in the subsidiary. The findings presented in this chapter confirm and add additional nuances to the findings presented in the literature review. The conclusion of the findings is presented in Table 12.

Table 12: Conclusion of findings

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Themes</th>
<th>Findings</th>
<th>Results and literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1 Motivation for Change</td>
<td>Subsidiary context</td>
<td>The subsidiary context within the MNE and business environment plays an important role in the motivation of the subsidiary managers. Challenges within the MNE provide obstacles and benefits provided opportunities.</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Research Question</td>
<td>Themes</td>
<td>Findings</td>
<td>Results and literature</td>
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<tr>
<td>Subsidiary sustainability</td>
<td>Given the complex and challenging business environment, subsidiary managers are motivated by the responsibility to ensure the employees' survival, growth, and well-being.</td>
<td>Confirmed</td>
<td></td>
</tr>
<tr>
<td>Intrinsic motivation</td>
<td>The process of personal growth through learning and knowledge acquisition in finding business solutions was a key factor for the proposals of subsidiary scope changes. Additionally, subsidiary managers are personally motivated to fulfil their social responsibility and contribute to society.</td>
<td>Additional nuanced conceptual findings</td>
<td></td>
</tr>
<tr>
<td>RQ2 Personal characteristics</td>
<td>Hard skills (Aptitude)</td>
<td>Subsidiary managers utilise analytical, financial and business skills to identify opportunities for business growth. Furthermore, these skills are used to find solutions to business problems in the complex MNE operational environment.</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Research Question</td>
<td>Themes</td>
<td>Findings</td>
<td>Results and literature</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td>Soft skills (Interpersonal)</td>
<td>Subsidiary managers utilise a wide range of their soft skills the build personal and working relationships with individuals at the headquarters level.</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>Confidence</td>
<td>Confidence is an important attribute in subsidiary managers to identify, propose and implement the initiative.</td>
<td>Additional nuanced conceptual findings</td>
</tr>
<tr>
<td>RQ3</td>
<td>Develop working relationships</td>
<td>Developing personal and working relationships is key to establishing networks and friendships that can be leveraged as support for subsidiary scope changes. This process is undertaken as a long-term strategy over several months or even years.</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>Build trust in subsidiary</td>
<td>Subsidiary managers seek to build trust through open and honest communication and establish a proven track record of success.</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>Justify the need for scope change</td>
<td>Subsidiaries have specific mandates and targets set by headquarters. Subsidiary managers seek</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>
Research Question | Themes | Findings | Results and literature
--- | --- | --- | ---
 |  | to justify the need and value to the MNE. This is achieved by aligning the scope change benefits to the objectives and targets of headquarters.

6.6 Conclusion

This chapter presented the results from Chapter 5 by comparing the findings to the theory identified in the literature review of Chapter 2. The purpose of the research was to understand how subsidiary manager’s influence headquarters decisions regarding the proposed scope and mandate changes. The findings of each research question were confirmed by evidence in the literature review of chapter 2, with nuanced conceptual findings relating to the identified themes. In Chapter 7, the main findings of the research are consolidated and presented.
CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The purpose of this research was to gain deeper understanding into the behaviour, role, and activities subsidiary managers undertake to apply upward influence on headquarters decisions regarding proposed scope changes. Subsidiary manager’s behaviour was analysed to understand their motivation, personal characteristics and actions. This chapter presents the closing comments and findings of the research by first considering the principal conclusions and theoretical contribution. Next, the implications for subsidiary managers will be discussed and finally, the limitation of the research is considered with recommendations for future research.

7.2 Principal conclusions

In Chapter 6 the results of the research were compared to the findings discovered in the in the literature review of Chapter 2. The primary findings of each research question were confirmed by literature, as summarised in Table 12. Additional nuances were presented on the intrinsic motivation of subsidiary managers and their confidence. The researcher however could not find evidence in literature of an integrated influence model that links the different constructs to how subsidiary managers influence headquarters decisions regarding subsidiary scope changes.

Based on the findings of Chapter 6 and cross-referencing to the literature review in Chapter 2, an integrated subsidiary-headquarters influence model was developed to provide a framework for subsidiary managers to identify key actions and processes to influence headquarters decisions regarding subsidiary scope changes. The integrated subsidiary-headquarters influence model is presented in Figure 3. The following section will describe the detail of the model.

7.2.1 Subsidiary-headquarters influence model

The subsidiary-headquarters influence model can be seen as a linear model that subsidiary managers can use to understand the steps and processes to apply upward influence on headquarters. The model consists of three stages with personal
characteristics, a common denominator of each element of the model. The first stage is identified as a long-term strategy and ensures a foundation for subsidiary managers to approach and propose initiatives to headquarters. Subsidiary managers face complex business challenges (Sarabi et al., 2020), and must balance the subsidiary’s sustainability in the MNE operational environment. To balance the subsidiary’s sustainability, subsidiary managers must first manage the MNE environment’s challenges, including compliance and processes enforced by the headquarters top-down command structure, which causes unwanted power tensions (Stendahl, et al. 2020). However, there are benefits such as support and brand recognition that subsidiary managers must leverage to ensure the growth and survival of the subsidiary while safeguarding employee well-being. This opportunity-seeking should not be driven by extrinsic personal gains but by intrinsic motivation to seek new challenges and opportunities to learn and grow personally.

Figure 3: Integrated subsidiary-headquarters influence model. (Researcher’s own model)

Once subsidiary managers can effectively balance the demands of the business environment, it provides the base to establish relationships with key individuals in the MNE and, most importantly, headquarters. Interviewees overwhelmingly agreed that relationship building is critical and provides an important lever to develop strategic alliances. Stendahl, et al. (2020) supports the importance of personal relationships
and provide evidence of how working relationships can bring subsidiaries and headquarters closer and enables a common goal and a co-creation process. However, it is important to note that these relationships are developed over time and utilise soft and interpersonal skills, such as being open-minded, honest and empathetic. These values provide the foundation for respectful and authentic relationships. The final process in stage one is to build trust in the subsidiary and the subsidiary manager. Subsidiary managers must ensure that open and honest communication regarding subsidiary performance and activities. Subsidiaries should avoid opportunistic behaviour to break the trust relationship (Galli Geleilate et al., 2020).

Furthermore, it is important to build a successful track record through results. By building a track record and exceeding performance expectations, the subsidiary established a foundation for future role development and scope changes (Tippmann et al., 2018). Additionally, it is important not to over-promise and under deliver. Over-promising or over-selling can be perceived as misdirection or deception and can negatively affect the trust and reputation of the subsidiary (Conroy et al., 2019).

Dörrenbächer and Gammelgaard (2016) identified personal relationships as an important prerequisite to selling a particular initiative. Thus, once the foundation for influence is established in stage 1, the subsidiary manager can proceed to stage 2, which is identified as an approach tactic. In this stage, the subsidiary managers must develop strategic alliances to support an initiative to change subsidiary scope. It is important to establish buy-in by testing ideas with individuals and encouraging feedback and comments. Soft skill personal characteristics, such as adaptability and collaboration, play an important role in developing strategic alliances as subsidiary managers must lobby their initiative with a diplomatic approach. With a strategic alliance established, subsidiary managers have access to key decision-makers in headquarters.

In the final third stage, subsidiary managers must seek to justify the subsidiary scope change. Here the subsidiary manager must establish the need for changing scope and how it will benefit the MNE. This is firstly done by aligning the expected return on investment with the strategic targets set by headquarters. In most cases, headquarter targets are set as financial measures, such as revenue and profit or
growth measures, such as growth in market share. It is the responsibility of the subsidiary managers to utilise hard skills to develop a business case for the scope change. However, it is equally important to establish a win-win situation where both the subsidiary and headquarters benefit from the scope change. These win-win situations establish shared understanding between the subsidiary managers and headquarters. Shared understanding presents the opportunity for open and transparent objectives and motives from both subsidiaries and headquarters (Friesl & Silberzahn, 2017).

Furthermore, win-win scenarios are important to generate mutual benefits and resolve power tensions between headquarters and subsidiaries (Stendahl et al., 2020). By aligning the scope change outputs to the MNE’s targets and establishing mutual benefits, subsidiary managers can justify the need for change. With the strategic alliance support established in stage 2, subsidiary managers can apply upward influence on headquarters decisions regarding subsidiary scope changes. Subsidiary managers can utilise the subsidiary-headquarters influence model to identify the areas they should develop upward influence on headquarters.

7.3 Theoretical contribution

Directed by the literature review in chapter 2 and the research questions identified in chapter 3, the research has provided insight to understanding how subsidiary managers’ influence headquarters decisions on subsidiary scope changes. The degree to which subsidiary managers make strategic decisions based on their operational environment, without interference from headquarters, influences the subsidiary’s performance (Galli Geleilate, Andrews & Fainshmidt, 2020; Raziq, Benito & Igoe, 2020). Even though subsidiary managers play a vital role in the performance of subsidiaries, most international business research focuses on the macro concepts and outcomes, and limited research has been performed on the micro-level entities such as individuals, and particularly subsidiary managers (Conroy, Collings & Clancy, 2019; Sarabi et al., 2020; Meyer, Li & Schotter, 2020).

The research has contributed to theory by analysing the construct of headquarters influence from a micro-level perspective, which has been under-researched in the International Business domain (Conroy, Collings & Clancy, 2019; Sarabi et al., 2020; Meyer, Li & Schotter, 2020). The study integrates knowledge gaps identified in
literature into a holistic and integrated subsidiary-headquarters influence model, which serves as a practical framework for subsidiary managers to apply upward influence on headquarters.

7.4 Implications for subsidiary managers

Based on the subsidiary-headquarters influence model (Figure 3), the research has the following implications and recommendations for subsidiary managers to influence headquarters’ decisions regarding subsidiary scope changes.

1. Subsidiary managers need to understand and analyse the MNE environment and context in which the subsidiary operates. Some factors provide challenges and benefits to identifying and seizing opportunities within the MNE global strategy. Subsidiary managers must balance these factors with the sustainability of the subsidiary in terms of growth, performance and employee well-being.

2. To establish the ability to influence headquarters decisions, three main stages are required. The first stage necessitates a long-term strategy where relationships are established, and trust gained from headquarters. Once relationships and trust are established, subsidiary managers can develop strategic alliances to support their initiative. With support, the final stage requires the articulation and justification of the need to change subsidiary scope. It is important to demonstrate a win-win solution, which benefits both the subsidiary and headquarters. From a subsidiary perspective, a win ensures growth and sustainability, which translates to exceeding performance targets and a win from a headquarters perspective.

3. Personal characteristics play an important role in how subsidiary managers approach and manage each stage of the upward influence process.

4. Hard skills, such as analytical, financial and business skills, are critical to conceptualising a business case that can justify the need to change scope. However, soft skills allow subsidiary managers to establish and develop relationships with key stakeholders in the MNE and particularly headquarters. Subsidiary managers must master both hard and skills to have the ability to influence headquarter decisions.
5. Finally, subsidiary managers must believe in their abilities and in the initiative to inspire confidence from subsidiary employees and most importantly from headquarters.

7.5 Limitations for the research

The research was primarily focused on key-decision makers within subsidiaries and aimed to understand how these subsidiary actors influence headquarters. This is identified as upward influence and view from the perspective of the subsidiary managers. Given this perspective, the following research limitations have been identified.

1. Insights and perceptions were only gained from a subsidiary perspective. This is a limitation, as the results were not correlated or analysed for headquarters perspectives and experiences.
2. The research did not consider the typology of subsidiary and the size of the MNE. The impact of these factors on how subsidiary managers approach upward influence was not analysed.
3. The research instrument also provided a limitation due to the diverse knowledge gaps identified. The number of interview questions was not sufficient to gain in-depth nuances for each respective theme. The results and findings of Research Question 2 were more descriptive due to the design of the research instrument, which resulted in a list based outcome for personal characteristics. The list outcome did not provide insights to why interviewees listed these personal characteristics.
4. Finally, the proposed headquarters-influence model was not empirically tested to establish rigour and confirm the validity.

7.6 Suggestions for future research

The results discussed in Chapter 6 and the proposed integrated subsidiary-headquarters influence model present opportunities for future research. Firstly, the current research assessed subsidiary managers from multiple industries; however, most of the subsidiaries were established in South Africa. Future research should actively seek to diversify the sample to include subsidiaries from multiple continents.
and countries. Furthermore, the majority of the headquarters were based in Germany and thus future research should also seek to diversity headquarters home county locations. By diversifying the subsidiary and headquarters geographical sample, nuances to different cultural and political aspects could be explored. Another avenue for future research should explore the diverse lived experiences between male and female subsidiary managers and how their specific approaches to influencing headquarters compare or diverge.

Given the list-based response format for research question 2, future research should pursue an interview schedule design that facilitates deeper probing to the personal characteristics identified by each interviewee.

7.7 Conclusion

This study explored how subsidiary managers influence multinational enterprise headquarters decisions on subsidiary scope changes. Literature provided evidence to support the role and impact of subsidiary managers in the performance of subsidiaries. Furthermore, the ability of subsidiary managers to dynamically adapt to complex and changing businesses is vital to the sustainability and growth of the subsidiary. However, subsidiary managers decisions and flexibility is hampered by headquarters control which affects headquarters-subsidiary relationships. Subsidiary managers must navigate headquarters relationships and tactically apply upward influence if they want to improve the chances of successful subsidiary scope changes. This research provides a headquarters-subsidiary influence model that can assist subsidiary managers to understand the process of applying upward influence.
REFERENCE LIST


APPENDICES

Appendix A: Adapted research onion from Saunders and Lewis (2018)

Philosophy – Interpretivist

Approach – Inductive

Methodological Choice – Mono Method Qualitative

Strategy – Phenomenological

Time Horizon – Cross Sectional

Technique and Procedure
- Data Collection – Semi structured interview with open-ended questions
- Analysis – Thematic Analysis
Appendix B: Interview Schedule

1. Background to Research

The purpose of this section is to provide background and context to the interview guide.

The extent to which subsidiaries, and particularly key subsidiary managers, make strategic decisions based on their operational environment, without interference from multinational enterprise (MNE) headquarters, has a direct influence on the performance of the subsidiary. The aim of this research is to gain a deeper understanding into the behaviour, role, and activities subsidiary managers undertake to apply upward influence on headquarters scope requirements. Subsidiary managers, and in particular senior and chief executives, are key role players in the MNE operations, yet their impact on subsidiary performance has received limited attention in research.

This study will view the research problem from an individual, referred to as a micro-level perspective. Furthermore, the study will focus on key decision-makers within the subsidiary that has directly or indirectly initiated, facilitated or participated in initiatives to change the subsidiary’s scope or mandate. The purpose of the research is to analyse the behaviour of the subsidiary managers by understanding their motivation, personal characteristics and actions to influence headquarters decisions regarding proposed scope changes. Based on these themes, unique knowledge gaps were identified that were mapped to research the interview schedule questions.
2. Interview questions

<table>
<thead>
<tr>
<th>Theme</th>
<th>Interview Questions</th>
<th>Notes to the Interviewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation for Change</td>
<td><strong>Question 1:</strong> What, in your opinion is your primary role in the subsidiary?</td>
<td>The questions in this section seek to determine the interviewee’s role and responsibility in the subsidiary. Establish the relationship with headquarters and how the interviewee reports and receives instructions from headquarters.</td>
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<td><strong>Question 2:</strong> What do you think are the most important factors that influence the performance of the subsidiary within the MNE environment?</td>
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<td></td>
<td><strong>Question 3:</strong> What structures are typically used to propose new initiatives to the corporate centre/headquarters?</td>
<td>It is important to understand “why” the managers have proposed or were part of scope change initiatives. Probe to understand underlying motivation.</td>
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<tr>
<td></td>
<td><strong>Question 4:</strong> Have you directly or indirectly initiated, facilitated, or participated in initiatives that are not aligned with the subsidiaries current scope or mandate? What was the reason for this?</td>
<td></td>
</tr>
<tr>
<td>Personal Characteristics</td>
<td><strong>Question 5:</strong> How have you proposed new (deviant) initiatives to headquarters?</td>
<td>The purpose of this section is to identify the interviewee’s personal approach to proposing initiatives. The focus should be on “how” and not “why”. Also, the</td>
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<td></td>
<td><strong>Question 6:</strong> What personal leadership characteristics (alternatively</td>
<td></td>
</tr>
<tr>
<td>Theme</td>
<td>Interview Questions</td>
<td>Notes to the Interviewer</td>
</tr>
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<tr>
<td>'traits') have, in your opinion, proven successful in influencing headquarters' decision regarding any proposals to amend subsidiary scope? Exclude technical or financial motivations.</td>
<td>section seeks list the personal characteristics the interviewees consider to be important in influencing headquarters.</td>
<td></td>
</tr>
<tr>
<td><strong>Question 7:</strong></td>
<td>How do you manage headquarters expectations and demands regarding proposed initiatives that are not aligned to the MNEs corporate strategy?</td>
<td></td>
</tr>
<tr>
<td><strong>Actions and Processes</strong></td>
<td><strong>Question 8:</strong> How do you align your objectives and expectations for the subsidiary scope changes with the corporate strategy of headquarters?</td>
<td>The objective of this section is to understand &quot;how&quot; subsidiary managers approach the process of influencing headquarters. It is important to understand the actions and mindset in the process. Probe by asking the interviewee to draw from their practical experiences and what they have learnt from their headquarters interactions.</td>
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<td></td>
<td><strong>Question 9:</strong> From your experience with regards to proposing and initiating scope changes, what are the key measures that headquarters evaluate to make a decision?</td>
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<td></td>
<td><strong>Question 10:</strong> Can you describe an experience when at least one initiative that you were a part of that was rejected and accepted by headquarters? What lessons did</td>
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<tr>
<td>Theme</td>
<td>Interview Questions</td>
<td>Notes to the Interviewer</td>
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<td></td>
<td>you learn from this experience for future proposals?</td>
<td></td>
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<td></td>
<td><strong>Question 11:</strong> What actions do you take with regards to influencing headquarters decisions regarding your initiatives to change scope?</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix C: Consistency Matrix

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Literature Review</th>
<th>Data Collection Tool</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RQ 2</strong>: What personal characteristics do subsidiary managers utilise to influence headquarters decisions regarding scope?</td>
<td><strong>T2: Personal Characteristics</strong>&lt;br&gt;(Leadership, Social and Political)&lt;br&gt;Sarabi et al. (2020)&lt;br&gt;Conroy et al. (2019)</td>
<td>Semi-structure interviews</td>
<td>Coding and finding themes regarding subsidiary manager's personal characteristics. Analysing themes and deriving conclusions.</td>
</tr>
<tr>
<td>Research Questions</td>
<td>Literature Review</td>
<td>Data Collection Tool</td>
<td>Analysis</td>
</tr>
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<tr>
<td>regarding the subsidiary scope?</td>
<td></td>
<td></td>
<td>themes and deriving conclusions.</td>
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Appendix D: Code Book

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<th>RQ: Theme: Code</th>
<th>Frequency Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RQ 1: Intrinsic Motivation: Seek Opportunity Learn and Grow</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>RQ 1: Intrinsic Motivation: Seeking new Challenges</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>RQ 1: Intrinsic Motivation: Sense of Responsibility</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>RQ 1: Subsidiary Context: Brand Recognition</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>RQ 1: Subsidiary Context: Competitors</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>RQ 1: Subsidiary Context: Compliance</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>RQ 1: Subsidiary Context: Customer Needs</td>
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</tr>
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<td>8</td>
<td>RQ 1: Subsidiary Context: Financial Support</td>
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<tr>
<td>9</td>
<td>RQ 1: Subsidiary Context: Follow Standard Business Model</td>
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<td>11</td>
<td>RQ 1: Subsidiary Context: Performance expectations</td>
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<td>12</td>
<td>RQ 1: Subsidiary Context: Processes</td>
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<td>RQ 1: Subsidiary Sustainability: Employee Well-being</td>
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<td>RQ 1: Intrinsic Motivation: Social Responsibility</td>
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<td>RQ 2: Soft Skills: Understand Needs of Others</td>
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<td>RQ 3: Build Trust in Subsidiary: Track-record</td>
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<td>RQ 3: Develop Working Relationships: Cultural Understanding</td>
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<td>RQ 3: Justify need for scope change: Alignment to MNE Strategy</td>
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<td>RQ 3: Build Trust in Subsidiary: Results</td>
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<td>RQ 3: Justify need for scope change: Establish Mutual Benefit to MNE</td>
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<td>RQ 3: Build Trust in Subsidiary: Communication</td>
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<td>RQ 3: Build Trust in Subsidiary: Seek Support</td>
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<td>RQ 3: Justify need for scope change: Diligent Preparation</td>
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<td>RQ 3: Build Trust in Subsidiary: Don't Over Commit</td>
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<td>RQ 3: Develop Working Relationships: Open to meet new people</td>
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<td>RQ 3: Develop Working Relationships: Understand the Audience</td>
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<td>RQ 3: Justify need for scope change: Establish Need</td>
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<td>RQ 3: Develop Working Relationships: Develop Friendships</td>
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<td>RQ 3: Develop Working Relationships: Identify Decision makers</td>
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<td>RQ 3: Build Trust in Subsidiary: Ask for advice/options</td>
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<td>RQ 3: Build Trust in Subsidiary: Collaborate</td>
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<td>RQ 3: Build Trust in Subsidiary: Consistency</td>
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<td>RQ 3: Build Trust in Subsidiary: Feedback</td>
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<td>RQ 3: Build Trust in Subsidiary: Know the buzz words</td>
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<td>RQ 3: Build Trust in Subsidiary: Realistic</td>
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<td>RQ 3: Build Trust in Subsidiary: Short Term Successes</td>
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<td>RQ 3: Develop Working Relationships: Inefficient Decision-Making</td>
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<td>RQ 3: Develop Working Relationships: Pick your fight</td>
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<td>RQ 3: Justify need for scope change: Ascerttain the relevance</td>
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<td>RQ 3: Justify need for scope change: Establish the Need</td>
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Appendix E: Ethical Clearance

Dear Clive Brooks,

Please be advised that your application for Ethical Clearance has been approved. You are therefore allowed to continue collecting your data. We wish you everything of the best for the rest of the project.

[Ethical Clearance Form]

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.
Appendix F: Letter of Informed consent

Dear Madam/Sir

My name is Clive Brooks. I am currently a student at the University of Pretoria’s Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA. I am conducting research on subsidiary managers and how they influence multinational enterprise headquarters decisions regarding proposed scope and mandate changes. My research project title is ‘Subsidiary influence of multinational enterprise headquarters scope requirements’. The purpose of the research is to analyse the behaviour of the subsidiary managers by understanding their motivation, personal characteristics and actions to apply upward influence multinational enterprise headquarters.

I would sincerely appreciate your time and willingness to participate in this study. The interview will be a semi-structured format with open-ended questions. The interview duration is expected to be between 45 and 60 minutes. With your permission, I request that the interview is recorded and transcribed to capture the content of the interview. The interview will be kept strictly confidential and no source, individual or organisation will be identified in the text of the final report. Your participation is voluntary, and you can withdraw at any time without penalty. With your permission, our interview will be transcribed for purposes of academic analysis. Please note that all data be used in the research report will be reported and stored without any identifiers to ensure the confidentiality of the participants. On request, a copy of the research findings will be made available to you. With your permission and by signing below, you give your consent to participate.

For any further questions or concerns, please feel free to contact the researcher or supervisor of the study. Contact details are provided below.

Signature of participant: ________________ Date: ________________

Signature of researcher: ________________ Date: ________________

**Researcher:**
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**Supervisor:**
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Email: colinrowley@vodacom.co.za