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**SUBSIDIARY CLASSIFICATION, AND CONFIGURATION WITH
A DEVELOPMENTAL CONTEXT: EVIDENCE FROM FOREIGN
MULTINATIONAL ENTERPRISES IN NEW ZEALAND**

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requirements for the degree of

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ABSTRACT

Research has produced a range of subsidiary classifications indicating various ways in which subsidiaries can be distinguished. There are, however, still concerns that many of the critical contingencies remain unexplored. It is, for example, argued that the existing subsidiary types are either multinational enterprise (MNE) strategy-based or process-based, rather than based on the subsidiary's own strategy. The frameworks are: two-dimensional (Enright & Subramanian, 2007; Morschett, Schramm-Klein, & Zentes, 2015); lack theoretical basis; and, their dimensions are arbitrary (Schmid, 2004; Schmid, Dzedek, & Lehrer, 2014). They are also disconnected to the previous frameworks (Hoffman, 1994). MNE management structure is one such contingency. Subsidiary studies mostly focus on the corporate headquarters (CHQ) as the subsidiary developmental driver, but ignore the varying developmental influences. Namely, the structures (i.e., lateral or formal) placed on subsidiaries. Most of the ignored contingencies are contextual (Enright & Subramanian, 2007; Meyer, Mudambi, & Narula, 2011). Little is known about how various subsidiaries configure with these contexts. Putting subsidiary development to the fore, these issues are integrated and two research objectives are set. One issue concerns developing a subsidiary classification, and the other concerns subsidiary and context configuration. This thesis's empirical context is foreign subsidiaries in New Zealand. Data from 429 subsidiaries are obtained. Cluster analysis and variance analysis are the key techniques used.

Grounded in the resource-based view, resource dependence theory, and network theory, an overarching subsidiary classification framework is produced. The framework follows a contingency approach and draws on critical dimensions from the various subsidiary literature streams. From this framework a new three-part subsidiary developmental classification (entrepreneurial, constrained autonomous, constrained) is

produced. By applying a configurational approach, various linkages are explored between the three subsidiary types and their developmental contexts. A number of developmental contingencies are identified; such as MNE management structures, expatriation, internationalisation motives, and internal isolation. Key findings include the lateral structure as the one under which subsidiaries develop the most, and the CHQ, the least. Individual developmental paths for the three subsidiary types are proposed. Theoretical implications are subsequently made, mainly identifying factors through which subsidiaries can develop resources and form internal resource dependencies. The novelty of the findings is discussed and subsidiary management and public policy implications are made.

Keywords: *MNE Strategy, Subsidiary Strategy, Subsidiary Development, Subsidiary Classification, Developmental Context, MNE Management Structure.*

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Yesterday I was clever, so I wanted to change the world. Today I am wise, so I am changing myself.
-----**RUMI**

TABLE OF CONTENTS

ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENTS.....	vii
LIST OF TABLES.....	xv
LIST OF FIGURES.....	xviii
LIST OF APPENDICES.....	xix
LIST OF ABBREVIATIONS.....	xxi
CHAPTER 1 - INTRODUCTION.....	01
Background of the research.....	01
Subsidiary strategy and management.....	02
The theoretical context.....	07
The empirical context.....	12
Empirical relevance.....	12
Theoretical relevance.....	14
The industry.....	14
Remoteness, small size and FDI.....	15
MNE strategy and structure.....	17
Subsidiary power.....	18
Research objectives, approach, and questions.....	19
Research objectives and the approach.....	20
Research objective 1.....	20
The approach.....	20
Research objective 2.....	21
The approach.....	21

Research Questions.....	22
Research question 1.....	22
Research question 2.....	22
Research methodology.....	22
Research contributions.....	25
Theoretical contribution.....	25
Subsidiary strategy and management.....	26
Empirical contributions and implications for policy and management.....	27
Structure of the thesis.....	28
CHAPTER 2 - LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT.....	30
Theoretical foundation.....	31
The resource-based view of the firm.....	31
The resource dependence theory.....	36
The network conceptualisation of the MNE.....	40
Conclusions (the theories).....	43
Subsidiary strategy and management	44
Subsidiary roles.....	44
The scope framework.....	46
The competence-strategic importance framework.....	50
The integration-responsiveness framework.....	53
The knowledge flows framework.....	56
A subsidiary typology by Birkinshaw and Morrison.....	59
The autonomy and procedural justice framework.....	62

An organizing framework by Enright and Subramanian.....	64
Conclusions (subsidiary roles).....	67
Evolution of subsidiary roles.....	69
Subsidiary evolution.....	70
Empirical evidence.....	73
Subsidiary evolution in context of the thesis’s research objectives.....	77
Subsidiary initiatives.....	79
Subsidiary autonomy.....	82
MNE management structures.....	87
External embeddedness.....	92
Contributory role.....	93
Subsidiary developmental context.....	95
Subsidiary strategy and manager.....	96
Communication.....	97
Internal networks and linkages.....	97
Subsidiary manager’s professional characteristics.....	97
MNE strategy, behaviour, and nationality.....	98
MNE-subsidiary transactions.....	100
Host country strategic importance.....	101
Subsidiary characteristics.....	101
Resources.....	102
Competence/Capability.....	102
Performance.....	102
Subsidiary isolation.....	103
Perceptions of autonomy.....	104

Conclusions (evolution of subsidiary roles).....	105
The conceptual development.....	106
Theoretical underpinnings.....	106
Towards an overarching subsidiary classification framework.....	111
Key concepts and their relationship to each other.....	111
Motives of developing a new framework.....	113
Concepts and their relevance to subsidiary roles and development.....	114
Geographical scope.....	115
Autonomy.....	115
Initiatives.....	116
Contributory role.....	116
External embeddedness.....	117
Management structures.....	117
The overarching subsidiary classification framework.....	117
Developed subsidiary.....	120
Moderately developed subsidiary.....	120
Under-developed subsidiary.....	121
In what ways is the framework different?.....	121
Research issues, objectives, and questions.....	123
Research issues 1 & 2.....	124
Research objective 1.....	124
The approach.....	124
Research question 1.....	125
Research issue 3.....	129
Research objective 2.....	129

The approach.....	129
Research question 2.....	131
Summary.....	131
CHAPTER 3 - RESEARCH METHODOLOGY.....	133
Research design.....	134
Sampling frame and sample size.....	140
Data collection.....	141
Questionnaire design.....	147
Research measurement.....	149
A 3-point scale.....	150
Subsidiary classification.....	152
Subsidiary configuration.....	155
Demographics and background.....	162
Data analysis techniques.....	163
Summary.....	168
CHAPTER 4 – DATA ANALYSIS, DISCUSSION, AND	
IMPLICATIONS.....	170
Survey responses.....	171
Data screening.....	173
Data screening.....	174
Surveys’ data analysis.....	179
Descriptive analysis.....	179
Demographics and background variables.....	179
Overarching subsidiary classification framework’s variables.....	180
MNE management structures.....	180

Geographical scope.....	182
Contributory role.....	183
Initiatives.....	184
Autonomy.....	185
External embeddedness.....	185
Subsidiary developmental context’s variables.....	186
Subsidiary strategy and manager.....	186
MNE strategy, behaviour, and nationality.....	190
MNE-subsidiary transactions.....	193
Host country strategic importance.....	194
Subsidiary characteristics.....	195
Inferential analysis.....	197
Demographics and background variables.....	197
Overarching subsidiary classification framework’s variables.....	200
Subsidiary developmental context’s variables.....	216
Implications for theory.....	245
Resource-based view.....	245
Resource dependence theory.....	247
Network conceptualisation of the MNE.....	248
Agency theory.....	249
Summary.....	249
CHAPTER 5 – SUBSIDIARY CLASSIFICATION AND	
CONFIGURATION.....	251
MNE management structures.....	254
Hierarchy versus heterarchy.....	254

Inter-hierarchical models' comparison.....	260
Subsidiary competence or the management structure?.....	262
Subsidiary classification.....	267
The overarching framework.....	270
A developmental classification.....	272
Entrepreneurial.....	275
Constrained autonomous.....	277
Constrained.....	279
Subsidiary developmental context.....	280
Subsidiary strategy and manager.....	280
MNE strategy, behaviour, and nationality.....	281
MNE-subsidiary transactions.....	281
Host country strategic importance.....	282
Subsidiary characteristics.....	282
Discussion.....	283
Classification and configuration.....	287
An alternate subsidiary typology.....	287
Alternate drivers of subsidiary development.....	289
Which dimensions are crucial?.....	290
Implications for theory.....	291
Summary.....	292
CHAPTER 6 – CONCLUSIONS.....	294
Research contributions.....	301
Research questions.....	301
Subsidiary strategy and management.....	306

MNE management structures.....	307
Subsidiary country manager.....	314
Implications for theory.....	317
Resource-based view.....	319
Resource dependence theory.....	321
Network conceptualisation of the MNE.....	323
Implications for management practice.....	324
Implications for policy.....	328
Limitations and future research.....	331
Summary.....	335
REFERENCES.....	337
APPENDICES.....	380

LIST OF TABLES

Table 2.1: Subsidiary Classification Frameworks.....	48
Table 2.2: Subsidiary Role Typologies (Birkinshaw and Morrison).....	60
Table 2.3: Examples of Different Types of Subsidiary Initiatives.....	80
Table 2.4: Delineation of the Concepts, Frameworks, a Prior Literature, Underpinning Theories and Links to Research Questions.....	126
Table 3.1: Overarching Classification Framework.....	152
Table 3.2: Subsidiary Developmental Context.....	156
Table 3.3: Demographics and Background.....	162
Table 4.1: Subsidiary Configuration Survey Sample Representativeness.....	172
Table 4.2: SSM and SC Survey Responses.....	173
Table 4.3: Managerial Experience Responses Representativeness.....	178
Table 4.4: MNE Management Structures.....	181
Table 4.5: Subsidiary Geographical Scope and Contributory Role.....	183
Table 4.6: Subsidiary Initiatives.....	184
Table 4.7: Subsidiary Autonomy.....	185
Table 4.8: External Embeddedness.....	185
Table 4.9: Subsidiary Credibility.....	187
Table 4.10: Subsidiary Product Scope and Communication with HQ.....	188
Table 4.11: Network and Relationship with HQ and the Subsidiary Track Record.....	189
Table 4.12: Scope-based Strategy across Various Markets.....	190
Table 4.13: MNE International Strategy.....	191
Table 4.14: Entrepreneurial Culture.....	191
Table 4.15: Openness towards Subsidiary Development.....	192

Table 4.16: Industry Dynamism, and Growth and Export Opportunities.....	195
Table 4.17: Perceptions of Autonomy.....	197
Table 4.18: Intercorrelations: Demographics and Background Variables.....	198
Table 4.19: Intercorrelations: Geographical Scope.....	202
Table 4.20: Intercorrelations: Contributory Role.....	204
Table 4.21: Intercorrelations: Autonomy.....	206
Table 4.22: Intercorrelations: Initiatives.....	209
Table 4.23: Intercorrelations: External Embeddedness.....	214
Table 4.24: Subsidiaries with Country Manager versus Subsidiaries without Country Manager.....	216
Table 4.25: Locally-based Subsidiary Manager versus Overseas-based Subsidiary Manager.....	217
Table 4.26: Intercorrelations: Country Manager’s Prior Managerial Experience.....	219
Table 4.27: Intercorrelations: Subsidiary Credibility.....	220
Table 4.28: Intercorrelations: Subsidiary Track Record.....	221
Table 4.29: Intercorrelations: Network and Relationship with HQ.....	223
Table 4.30: Intercorrelations: Expatriation.....	226
Table 4.31: Intercorrelations: Corporate Immune System.....	230
Table 4.32: Analysis of Variance: MNE Nationality.....	233
Table 4.33: Intercorrelations: Knowledge Outflows to HQ.....	234
Table 4.34: Intercorrelations: MNE Motives of Subsidiary Operations.....	237
Table 4.35: Intercorrelations: Industry Dynamism.....	238
Table 4.36: Intercorrelations: Export and Growth Opportunities.....	240
Table 4.37: Intercorrelations: Knowledge Flows and Capability	242

Table 5.1: Contributions: Hierarchy versus Heterarchy.....	266
Table 5.2: Contributions: Inter-hierarchical Models' Comparison.....	267
Table 5.3: Clusters' Summary.....	268
Table 5.4: Clusters' Capacity Ranked.....	269
Table 6.1: Micro Contributions.....	312

LIST OF FIGURES

Figure 2.1: An Organizing Subsidiary Role Framework by Enright and Subramanian.....	64
Figure 2.2: Contributory Role.....	94
Figure 2.3: Subsidiary Developmental Context.....	96
Figure 2.4: An Overarching Subsidiary Classification Framework.....	118
Figure 2.5: Configuration of Subsidiaries and Developmental Context.....	130
Figure 3.1: Thesis's Research Process.....	133
Figure 3.2: 4-Point Scale to Interpret Mean Scores.....	151
Figure 3.3: 5-Point Scale to Interpret Mean Scores.....	151
Figure 3.4: 7-Point Scale to Interpret Mean Scores.....	151
Figure 5.1: The Overarching Framework (Complete)	275
Figure 5.2: Subsidiary Configuration with a Developmental Context.....	284

LIST OF APPENDICES

APPENDIX A	380
Table A1: Initiatives.....	380
Table A2: Autonomy.....	380
Table A3: Constructs.....	381
APPENDIX B	382
Table B1: Parent Company Home Country.....	382
Table B2: Subsidiary Legal Status.....	382
Table B3: Entry Mode.....	383
Table B4: Subsidiary Age.....	383
Table B5: Subsidiary Size.....	383
APPENDIX C	384
Table C1: Management Offices' Locations.....	384
APPENDIX D	384
Table D1: Country Manager.....	384
Table D2: Country Manager's Employment Term.....	384
Table D3: Country Manager's Prior Managerial Experience.....	385
Table D4: HQ Control.....	385
Table D4a: Informal Control.....	385
Table D4b: Formal Control.....	386
Table D4c: Expatriation.....	386
Table D5: Subsidiary Initiatives' Resource Support.....	387
Table D6a: Knowledge Flows (Product Design).....	387
Table D6b: Knowledge Flows (Marketing).....	388
Table D6c: Knowledge Flows (Distribution).....	388

Table D6d: Knowledge Flows (Management Systems and Practices).....	388
Table D7a: Inter-organisational Product Inflows.....	389
Table D7b: Inter-organisational Product Outflows.....	389
Table D8a: Current Motives of Operations.....	390
Table D8b: Other Motives.....	390
Table D9: Subsidiary Resources.....	391
Table D10: Subsidiary Capability.....	392
Table D11: Subsidiary Performance.....	392
Table D12: Isolation from MNE.....	393
Table D13: Isolation and Subsidiary Performance, Resources, and Capability.....	393
APPENDIX E	394
Table E1: Analysis of Variance across Industry.....	394
Table E2: Analysis of Variance across Hierarchy and Heterarchy.....	395
Table E3: Analysis of Variance across Hierarchical Structures.....	395
Table E4: Subsidiary Configuration.....	396
APPENDIX F: Subsidiary Strategy and Management Survey	398
APPENDIX G: Subsidiary Configuration Survey	406
APPENDIX H: Subsidiary Strategy and Management Survey Results – Raw Data	415
APPENDIX I: Subsidiary Configuration Survey Results – Raw Data	474

LIST OF ABBREVIATIONS

A-PJ / APJ	-	Autonomy and Procedural Justice
CEO	-	Chief Executive Officer
CHQ	-	Corporate Headquarters
CIS	-	Corporate Immune System
CME	-	Coordinated Market Economy
DHQ	-	Divisional Headquarters
e.g.	-	Exempli Gratia (for example)
etc.	-	Et Cetara
EU	-	European Union
HQ	-	Headquarters
i.e.	-	Id Est (that is)
I-R / IR	-	Integration Responsiveness
IT	-	Information Technology
LME	-	Liberal Market Economy
MNC	-	Multinational Corporation
MNE	-	Multinational Enterprise
NAFTA	-	North American Free Trade Agreement
NZ	-	New Zealand
PCN	-	Parent Country National
R&D	-	Research and Development
RBV	-	Resource Based View
RDT	-	Resource Dependence Theory
RHQ	-	Regional Headquarters

RQ	-	Research Question
SC	-	Subsidiary Configuration
SSM	-	Subsidiary Strategy and Management
Stats	-	Statistics
TCN	-	Third Country National
U.S. / US	-	United States
UK	-	United Kingdom