

Institutionally derived enablers, tactics and rationales of subsidiary influence on headquarter strategic initiatives

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Abstract: How do formal and informal institutions in host countries affect subsidiary strategic influence? Through an inductive study of ten headquarter-subsidary dyads across three multinational corporations (MNCs), I identify enablers of subsidiary influence in proposed strategies from headquarters, i.e. headquarter strategic initiatives. These enablers reside either in institutions themselves or in the different interfaces with the MNC. Furthermore, I show how such enablers are leveraged by subsidiaries to either avoid or get involved in headquarter strategic initiatives. This is done through distinct tactics that each target different organizational rationales related to the complex relationship between MNCs, subsidiaries and local institutions. Delineating the role of local institutions, as filtered through subsidiaries, in MNC strategy, this paper contributes to the literature on headquarter-subsidary relations and global strategy.