Strategizing at the periphery:

Subsidiary strategy as mastering mandate evolution

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Abstract

Although operating within the boundaries of MNC strategy, it is acknowledged that subsidiaries can influence the evolution of their mandate. Related research on subsidiary evolution and subsidiary strategy, however, has largely overlooked the details of these strategizing activities and how these shape subsidiary strategy. Using multiple case studies we examine the strategic activities subsidiaries engage in when their activities are under review or potentially subject to 'mandate churn', that is potential change in the distribution of subsidiary roles and mandates within the MNC. We uncover three key strategic activities: *drive for capability excellence*, *forming new opportunities* and *embedding site as location of choice* that shape subsidiary evolution and summarize our findings in a process model describing the *subsidiary strategy cycle*.

Keywords: MNC/MNE, strategy, subsidiary, subsidiary evolution, initiative

INTRODUCTION

Once regarded as units to be controlled by their headquarters (Doz & Prahalad, 1991: 782; Roth & Morrison, 1992), international business literature has long accepted the ability of subsidiary units within the federally structured MNC to contribute to their evolution (Birkinshaw & Hood, 1998; Birkinshaw & Lingblad, 2005; Delany, 2000; Garcia-Pont, Canales, & Noboa, 2009). While headquarters formulates overall MNC strategy and formally determines subsidiary mandates or roles, individual subsidiaries nevertheless engage in independent strategy development to build capabilities and extend their role (Dörrenbächer & Gammelgaard, 2006; Dörrenbächer & Geppert, 2009; Taggart, 1998). To varying degrees, subsidiaries enjoy the capacity to reconfigure resources and develop capabilities which drive development (Birkinshaw & Hood, 1998), improve performance (Subramaniam & Watson, 2006), build operational and strategic distinctiveness (Garcia-Pont et al., 2009) and influence the MNC as a whole (Andersson, Bjorkman, & Forsgren, 2005; Williams, 2009). However, surprisingly little is known about how subsidiaries engage in strategic activities to influence subsidiary evolution and the potential contribution of this activity for the broader MNC.

Studies to date acknowledge that the evolution of the subsidiary's role or mandate represents the combined influence of the parent's strategy for the MNC and the actions or responses of subsidiary management (Balogun, Jarzabkowski, & Vaara, 2011; Birkinshaw & Hood, 1998; Birkinshaw, Hood, & Young, 2005; Taggart, 1998). Subsidiary strategy making is largely viewed from the perspective of initiative development (Birkinshaw, Hood, & Jonsson, 1998; Williams, 2009), or the "independent strategic decisions of a subsidiary to expand or otherwise alter its role" (Verbeke, Chrisman, & Yuan, 2007: 286) in response to a specific market opportunity (Birkinshaw & Hood, 1998). Subsidiary initiatives are discrete events, which may include the expansion of subsidiary activities, markets or responsibilities and the development of resources and capabilities, often without the knowledge of headquarters (Birkinshaw & Hood, 1998; Cantwell & Mudambi, 2005; Holm & Sharma, 2006), and may lead to a formal mandate expansion (Birkinshaw & Hood, 1998). The complex independent /interdependent nature of the subsidiary -headquarters relationship (Balogun et al., 2011) implies a tension for subsidiary strategic activities: between those which are formally aligned with headquarters' strategic objectives and those which follow the subsidiary's 'own' interests (Garcia-Pont et al., 2009). We look beyond the initiative literature to seek a deeper understanding of the ongoing strategic activities of subsidiaries to develop their role and capabilities.

We particularly examine the strategic activities subsidiaries engage in when their activities are under review or potentially subject to 'mandate churn', that is potential change in the distribution of subsidiary roles and mandates within the MNC. For example, from a purely cost perspective it may now be in the MNC's interest to offshore or outsource activities which a subsidiary in a high cost location wishes to retain, possibly due to their linked capabilities, potential for adding value, or a certain level of self-interest to retain jobs at their site. Despite its importance however, the issue of how subsidiary strategic activities contribute to subsidiary evolution, through developing capabilities and extending subsidiary mandates has been largely overlooked. Considering the depth of subsidiary management research there are few clear insights to guide either researchers or subsidiary managers (Dörrenbächer & Geppert, 2009; Scott, Gibbons, & Coughlan, 2010). We address this research gap by exploring how subsidiary strategic activities link to subsidiary evolution.

We conducted multiple in-depth, qualitative case studies to unpack the strategizing activities of subsidiary managers in response to potential threats to the mandate(s) held by their operation. The selected subsidiaries either underwent a turnaround following the potential closure / relocation of their site or the subsidiary experienced considerable evolution reflected in shifting subsidiary roles or mandates. Reflecting the continued evolution of subsidiary structures from mini-replicas of their parent operations to diverse units hosting relatively narrow pieces of their parent's global value chains (Buckley, 2009, 2011), the subsidiaries inter-related tightly with sister operations and external partners. Our analysis identifies three key strategic activities triggered by potential mandate churn or threat to the subsidiary's existing charter: *drive for capability excellence*, *forming new opportunities* and *embedding site as location of choice* that can drive subsidiary mandate development. Based on this analysis we built a process model of the *subsidiary strategy cycle*, linking subsidiary strategizing to subsidiary mandate evolution by explaining the relationships between different subsidiary activities and how these interrelate to shape the transition of the focal subsidiary.

The overarching objective of this paper is to contribute to our understanding of how subsidiaries 'strategize' to extend their role, adding to existing work on charter development (Birkinshaw & Hood, 1998; Birkinshaw & Lingblad, 2005) and subsidiary strategy (Balogun et al., 2011; Delany, 2000; Garcia-Pont et al., 2009; Scott, Gibbons, & Coughlan, 2010). We identify the strategic activities subsidiary managers pursue to drive subsidiary evolution and protect from mandate loss and sustain their operations in the periodical churn of mandates. Most importantly, the cycle of subsidiary strategic activities uncovers the role of the subsidiary in both maintaining and developing capabilities, *and* in recognising and pursing new opportunities, often interdependently with influencing formal headquarters strategy for that unit. The second contribution of this paper is to provide insights into the integrated micro-level activities of subsidiary managers to proactively develop subsidiary strategy, activities which have been previously referred to but not investigated in detail.

CONCEPTUAL BACKGROUND: MNC STRATEGY AND SUBSIDIARY EVOLUTION

The literature traces the evolution of MNC structures from a formal hierarchy, centrally controlled to an inter-organisational network of federally managed entities, enjoying varying degrees of autonomy and decision making in developing their own resource and capability profile (Andersson, Forsgren, & Holm, 2002; 1999; Birkinshaw, 1997; Cantwell & Mudambi, 2005; Delany, 2000). Suggestions have recently emerged of a shift back to more central controlled ‘global factory’ structures, with headquarters actively managing fine-slicing of value chain activities across subsidiaries (Buckley, 2009, 2011). Similarly, the literature on subsidiary evolution can be traced from the original assumptions that foreign direct investment was a sequential process, controlled by headquarters, beginning with the MNC initial investment in a location and leading to typically higher quality investment over time (Chang, 1996, 1995; Kogut, 1983). Subsidiary decline or growth, involvement in a broader range of value chain activities or increased specialisation was initially perceived as being determined by organisational headquarters, with subsidiaries perceived as ‘ganglia’ for headquarters to manipulate (Taggart, 1998). Research now provides strong support for the ability of subsidiaries to instigate changes in their own roles within federal MNCs, not to be passive acceptors of their fate (Andersson et al., 2002; 1999; Birkinshaw, 1997; Cantwell & Mudambi, 2005; Delany, 2000).

Each subsidiary has a unique capability profile, reflecting its particular history, geographical setting and development to date, enabling involvement in current and planned activities. The process of ‘subsidiary development consists of capability enhancement and charter establishment; subsidiary decline consists of capability atrophy and charter loss’ (Birkinshaw & Hood, 1998: 783). A subsidiary’s mandate or charter, defined as its ‘markets served, products manufactured, technologies held, functional areas covered or any combination thereof’ (Birkinshaw & Hood, 1998: 782), relates to its business role *and* the underlying capabilities through which this role is implemented. A distinction is commonly made in the literature between the concepts of subsidiary mandate within the MNC and subsidiary strategy. A subsidiary’s mandate is assigned to it by the parent company, whereas subsidiary strategy suggests some level of choice or self -determination on the part of the subsidiary (Birkinshaw & Pedersen, 2009). The underlying premise of subsidiary strategy is that despite the constraints placed on subsidiary management by headquarters and the marketplace, the subsidiary still makes decisions of its own volition, not simply on behalf of HQ. Headquarters ultimately controls and coordinates all organisational activities, contexts and determines the overall MNC strategy - but within that overall strategy (that cascades down from MNC headquarters) subsidiaries enjoy varying degrees of latitude to develop specific strategies to respond to and exploit external local opportunities (Andersson et al., 2002; Birkinshaw et al., 2005), and as more recently recognised, to build internal embeddedness or ‘the set of social relations of a firm in its business network’ (see also Andersson et al., 2002; Garcia-Pont et al., 2009: 182). This latitude underpins subsidiary contribution to generating knowledge and initiatives at the MNC-level for diffusion and exploitation across the wider organisation (Teigland & Wasko, 2009; Tippmann, Sharkey Scott, & Mangematin, 2012).

To date, subsidiary strategy development has lacked formal and legitimate status, and been viewed as almost ‘subversive’ activity to deviate from legitimate headquarters assigned strategy (Balogun et al., 2011). Subsidiaries operate within two specific and complex contexts: the MNC, with its internal customers, suppliers and network relationships, and the subsidiaries’ own external business environments of customers, suppliers, networks and broader institutions (Birkinshaw et al., 2005; Verbeke et al., 2007), so that traditional models of strategy development are unlikely to apply. While subsidiary managers can potentially use their strategic discretion to respond to changing circumstances affecting their unit (Birkinshaw, 1997; White & Poynter, 1984), they must ‘balance’ subsidiary strategic initiatives or aims against headquarters objectives. In recent times some studies have also focused on the impact of micro issues, such as political negotiations between subsidiary managers and their headquarters (Balogun et al., 2011; Dörrenbächer & Gammelgaard, 2006; 2009; Dörrenbächer & Geppert, 2006), but our understanding of subsidiary managers’ strategic activities or the implications of those activities for their units’ contributions to MNCs remains limited. This is a problematic gap as MNCs rely on their international networks to supplement home country knowledge (Andersson et al., 2002; Teigland & Wasko, 2009).

Contrasting with previous studies which have linked mandate threat and the struggle for subsidiary survival to subsidiary initiative (Birkinshaw et al., 1998; Birkinshaw & Riddlerstrale, 1999), to achieving ‘distinctiveness’ within the MNC (Garcia-Pont et al., 2009), or to generating entrepreneurship (Birkinshaw, 1997), we focus on the subsidiary’s strategic activities in driving subsidiary evolution, embracing both charter and capability development/loss. The limited research on subsidiary strategic activities to date has adopted a narrower perspective, focusing on subsidiary response to a specific change programme (Balogun et al., 2011) or on a particular strategy of building internal embeddedness (Garcia-Pont et al., 2009). While valuable, it is also important to explore the actual strategic activities undertaken that lead to subsidiary mandate evolution and capability development.

METHOD

Research Design, Research Setting and Selection of Cases

Although the study is currently replicated in more subsidiaries to further substantiate and enrich the findings, we would like to report the methodology and findings of the initial fieldwork.

Strategizing in subsidiaries is a complex and interdependent phenomenon because it is simultaneously concerned with subsidiary and MNC level strategic considerations, internal and external threats and opportunities of local, regional and international scope as well as the management of interlocking structures, capabilities and relationships of different MNC units, in particular when operating disaggregated value chains. These complexities are exacerbated when studying strategizing in subsidiaries as subsidiary managers’ strategy engagements are often tied up in their daily interactions with different levels of the organisation (Wooldridge, Floyd, & Schmid, 2008). A case study research design (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Welch et al., 2010) was particularly suited to consider these complexities and to explore in detail how subsidiaries strategize in the light of all these interlocking aspects. The explorative nature of our research question is particularly suited for undertaking empirical work which is grounded in real-life situations to build theory that reflects subsidiary managers' strategizing activities.

The research setting was four subsidiaries from different MNCs located in the Republic of Ireland. Ireland is a very appropriate country to investigate subsidiary strategizing as it is an attractive location for FDIs, especially in the ICT and health care/pharmaceutical industries that we focused on. Following theoretical sampling (Ghauri 2004), we specifically chose dynamic industries as frequent changes in the internal and external environments require a heightened alertness of subsidiary managers to emerging strategic issues. We also selected mature and well established foreign subsidiaries. We expected that these more mature subsidiaries would have been exposed to changes in the corporate and global strategy of the MNC as part of normal corporate adaptation and shifts in the external environment. These changes may trigger subsidiary-led strategizing activities, giving us the opportunity to investigate the phenomenon of interest. As initial discussions with subsidiary top management revealed, all the chosen subsidiaries indeed underwent either a turn-around in that their site was under a real threat of closure/relocation but re-emerged as an integral part of the global organization, or considerable evolution reflected in a churn of subsidiary roles and mandates. Given the focus of this study, all our chosen subsidiaries hosted relatively fine-sliced operations – relatively narrow pieces of the global value chain, so intersecting tightly with operations located at other MNC units and/or external partners.

Despite these commonalities, the other sampling criteria had the objective to introduce constructive variation into our sample to strengthen the transferability of the emerging theory. First, we selected subsidiaries of different home-country (home-region) origins, including a mix of European and US MNCs as strategy development is influenced by national culture of the parent. Second, although all subsidiaries hosted fine-sliced mandates, they pursued different functions of the value chain, including R&D, design, manufacturing, marketing & sales, services and support (table 1 provides a summary of the case organisations).

Insert table 1 about here

The first case subsidiary, EquipCo, was originally established in the 1990s to undertake high-volume manufacturing. The subsidiary has successfully evolved to become a strategic research and services site for the entire MNC. At one stage it employed over 400 people in manufacturing which dropped to a near-closure number and then increased to just under 100 people who work in the following areas: services, design, quality, support, and marketing & sales. The second subsidiary, ProCo, was established in the 1980s, was later destined to be closed but re-emerged as an important part of ProCo's international operations and currently employs approximately 250 people mainly in manufacturing. The third case organization, HealthCo, was also set up in the 1990s as a small support unit. Due to its early successes, the facility doubled in size within a short time frame after set-up, and the subsidiary then underwent a successful transition to manage an increased work volume. The HealthCo subsidiary now employs in excess of 500 people. The fourth subsidiary, SupCo, was established in the 1960s to undertake manufacturing activities and since underwent significant transformations. It currently employs more than 500 people in Ireland in a range of functions, including high-end manufacturing, marketing & sales support, and services.

Data Collection

Archival sources. Initially, we reviewed company web sites, annual reports, and press releases to obtain a background understanding of the MNCs' strategy, objectives and structure of international operations. We also examined closely articles and reports in the Irish media about the sampled subsidiaries to gather information on the subsidiary's evolution and strategic priorities.

Interviews. Then semi-structured interviews of approximately one hour were organised with the Managing Director/General Manager and the key members of the subsidiary top management team. Three or four interviews were conducted within each subsidiary, totalling 14 interviews so far. The questions focused on gaining an understanding how the subsidiary managers engaged into various aspects of strategy development, both within their local site and as part of the wider MNC. The first questions of the interview related to how the subsidiary fitted into the overall MNC operations and the subsidiary top management's approach to interlinking with other parts of the organization. The main part of the interview then explored how subsidiary managers engaged into the strategy development process, the contribution of various actors and influence of the business environment. Realising that subsidiary management usually described strategy development in their subsidiary as 'informal', however described rich examples of their strategic activities, the interviews remained very open so that subsidiary managers could report on their strategizing activities. They were encouraged to recall specific examples, and prompts and probes were used when necessary to ensure that the accounts were very detailed. All interviews were recorded and transcribed verbatim.

Data Analysis

Being familiar with the subsidiary strategy and strategy development literature, inductive and deductive reasoning were part of our analysis (Locke, Golden-Biddle, & Feldman, 2008). Following the aim of this paper to build theory on subsidiary strategy by investigating how subsidiary managers strategize, the first-order coding followed an open-coding (in vivo) approach. In line with other analysis approaches that focused on subsidiary manager micro-level activities (Tippmann et al., 2012), we used the words of the respondents and coded all instances where the subsidiary managers referred to activities pursued as part of what they saw as being part of strategy and strategy development. As our understanding of the data progressed, we summarised recurrent and related strategizing activities into first-order concepts. This initial analysis of strategizing activities allowed us to ground the emergent insights close to the strategy practices actually pursued by subsidiary management. Using each case organisation as a discrete, natural experiment (Eisenhardt, 1989; Yin, 2003), these first-order codes reflect the variety of strategizing practices observed across the four organizations.

To theorize the first-order concepts and related data, we followed the typical cyclical approach of moving back and forth between theory and data (Miles & Huberman, 1994; Strauss & Corbin, 2008). Here existing concepts in the literature on strategy development, subsidiary evolution and global strategy were particularly related to certain first-order categories that emerged from the data. We used this relatedness between first-order codes and existing theory to build second-order themes. Increasing the level of abstraction, we further aggregated these into third-order, theoretical dimensions. The respondents, for example, described how their strategic activities are driven by a constant threat of closure, relocation or off-shoring of the subsidiary mandates to other units of the organization or external partners in often lower-cost economies. Building on the literature of subsidiary evolution (e.g. Balogun et al., 2011; Birkinshaw, 1996; Birkinshaw & Hood, 1998), we summarised these first order concepts under ‘threat of relocation’ which was then subsumed under the ‘mandate churn’ aggregate dimension. Another activity of subsidiary strategizing included respondents referring to how they formed alliances or relationships with global decision makers and tried to spend time with them. Guided by the literature on subsidiary embeddedness (e.g. Andersson et al., 2002), we summarised these activities under ‘relationship building’ which was then included under the aggregate dimension of ‘embedding site as location of choice’. The structure of our data and concepts is outlined in table 2.

Insert table 2 about here

To strengthen the validity of the within-case analysis, we triangulated the information given by each subsidiary manager and also analysed the archival sources. Table 3 shows that most second-order themes were substantiated with data from a few interviews. The archival data proved particularly valuable to triangulate the theoretical dimensions of 'mandate churn' and 'mandate attraction': we coded this data in relation to announcements of downsizing/lay off/closure (mandate churn) as well as announcements of investment/expansion/growth occurring at the subsidiary. The cross-case analysis was primarily concerned with building theory of subsidiary strategizing that retains the commonalities observed in all cases, so building knowledge that is more generalizable (Eisenhardt 1989). We used tables to facilitate cross-case comparison (Miles and Huberman 1994) and the cross-case comparison is summarised in table 3.

Insert table 3 about here

RESULTS

Insights emerged from our data that link subsidiary strategizing to subsidiary evolution by explaining the relationships between different subsidiary strategy activities and how these interrelate to shape the transition of the focal subsidiary. Table 4 offers illustrative evidence for each of the themes from all the case organizations and figure 1 summarizes our findings in a process model, which is now introduced in more detail.

Insert table 4 and figure 1 about here

Mandate Churn

In the case organizations that we studied, subsidiary strategy revolved around mandate churn, i.e. the frequent change in the distribution and allocation of roles and mandates within the MNC. In response to this MNC mandate churn, subsidiary strategy was concerned with dealing with this 'threat of replacement' and focused on attracting and retaining mandates.

Threat of replacement. Being an integral part of the global value chain of the MNC, the subsidiaries are directly affected by location choices made by global senior management. Fast moving environments, technology-life cycles, and cost considerations cause a context whereby subsidiary manager are acutely aware of the danger that the value chain functions currently performed at their subsidiary might be relocated or ceased: *"Always, even though things are grand and the company is going well, we would be conscious of our existence and our place and where we add value"* (EquipCo, manager 1), or: *"You can never say: well, it makes sense to have this here and just then walk away and come back in ten years' time. There's always going to be a churn."* (ProCo, manager 1). Dealing with this threat of replacement becomes a trigger for subsidiary strategizing.

Subsidiary strategy as mandate attraction/retention. As a consequence of the replacement danger, subsidiary strategy means to attract or retain mandates. One manager stated*: "Any strategy we have for the subsidiary basically is a strategy around retaining what we have, understanding what we think we can develop and trying to track that to make sure it happens."* (EquipCo, manager 3). From the perspective of the subsidiary, developing a strategic response to MNC mandate churn becomes the crux of their strategizing and sets in motion the subsidiary strategy cycle. This involved three core activities: drive for capability excellence, forming new opportunities, and embedding the site as location of choice.

Drive for Capability Excellence

Developing excellence in the capabilities required to execute the current mandates outstandingly well formed the foundation for further pro-active and legitimate engagement in strategizing activities on part of the subsidiary managers. This comprised developing performance excellence, enhancing of capabilities, and building relocation obstacles.

Develop performance excellence. Demonstrating excellent performance is a key concern of the subsidiary mangers. Indeed, the foremost strategic priority is to ensure outstanding subsidiary performance by executing the given mandate very well. One manager explained: *"Getting it done and then maybe deciding: Okay, do you know what? That's the strategy but we tweak it slightly and maybe put more of an Irish slant in it. We know that we're supposed to do this but we did this and we actually saved more."* (SupCo, manager 3). For the organizations that we studied, subsidiary strategy was not as much about strategic planning but about developing excellent performance as the core of their activities: *"My primary job is Director of Operations which is really driving the operational performance of the company: standard KPIs of quality productivity, output, all of those standard measures. ... But the way that you do that is that you relentlessly perform. ... There's not much point having a long-term strategic plan. So once you recognise that and you get over that then you forget about everything else and then you go relentlessly after your day-to-day execution. Once you day-to-day execute then other opportunities will identify themselves. ... Get in, you prove yourself and when you prove yourself another opportunity will pop up because something is going wrong somewhere else and then the senior management within that will say: 'you know what, the guys in Ireland will be able to help me.' And they give it to us."* (HealthCo, manager 3). Outstanding performance, especially in comparison to other MNC sites, becomes the precondition for mandate retention, growth and attraction.

Enhance capabilities. Pursuing capability excellence is also concerned with developing the subsidiary's current capabilities, which included enhancing human skills and expertise as well as accumulating experience embedded in the group of individuals employed at the subsidiary. One manager explained: *"develop that expertise and skill set here in Ireland … It [skillset] is really only as good as how good the teams are at the sites and how much focus they would put into continuously improving and adding capability to the site"* (ProCo, manager 3). The subsidiary-level enhancement of capabilities is also reflected in efforts to incrementally improve and innovate the current capabilities – an additional strategic effort to developing performance excellence: *"We will grow or we will stagnate based on our performance... There's more to it than that. If we just deliver against the targets we're probably just going to stagnate. We need to take it on to the next step which is bringing more business through this operation and showing more benefit. Deriving the value out of that but also looking at the actual operations we run and trying to find if there are different and better ways that we can do it"* (SupCo, manager 1).

Build relocation obstacles. By enhancing subsidiary capabilities, tacit knowledge, skills and expertise were developed locally that is sticky (Szulanski, 1996): if the activities were relocated to another location it would be difficult to transfer this tacit knowledge and hence certain mandates become anchored at the current location. A manager explained: *"You want to make yourself indispensable to some degree… there's compliance - that could be anywhere in the globe. There's a big team though of engineering. To move the engineers, you wouldn't get the same skillset as you would have here … I would say the engineers are sound as a pound. They're not going anywhere. They're probably the safest … The engineers have a particular skill I would say. They're probably the core, our core strength, our pillar."* (EquipCo, manager 2). Anther strategic activity is to strengthen the internal embeddedness of the subsidiary (Andersson et al., 2002); to build relocation obstacles by becoming more embedded or engrained within the wider corporation, so building relationships that seamlessly connect the MNC's value chain interfaces and would be resource and time consuming to be replicated at another location.

Driving for capability excellence is an essential aspect of subsidiary strategizing as it safeguards and even enhances the competitiveness of subsidiary operation, both vis-a-vis other internal sites and external suppliers that could potentially perform the same mandate. The constant pursuit of capability excellence conveyed some sense of 'security' in the value proposition of the current location and offered a platform from which to forward-think about forming new opportunities.

Forming New Opportunities

The subsidiary managers actively engaged in the shaping of internal opportunities; forming new opportunities comprises subsidiary management activities to recognize opportunities for the subsidiary within the wider internal and external environment of the MNC and to play the global strategy to influence and feed into global strategy development.

Recognize opportunities. A constantly changing internal and external environment means that opportunities emerge for the subsidiary to add value or develop its mandates. One manager explained an example: *"Recently we made a big acquisition… They've lots of assets in Europe which we're going to try to roll in here. So that's the current opportunity… That [spotting opportunities] is a lot of my job. I really don't see myself confined by the four walls of the plant anymore"* (ProCo, manager 1). Recognizing opportunities involved linking current and anticipated developments in the MNC's global strategy to possibilities for the subsidiary to apply and extend its current capabilities and so transition or secure additional mandates. Another manager described: "*I suppose the growth has been somewhat accidental, somewhat through performance and somewhat really through us seeking out the opportunities"* (HealthCo, manager 2).

Play the global strategy. Once opportunities are recognized the subsidiary managers try to influence or feed their ideas into the global strategy. As a starting point it is essential to manage the challenge of *"Trying to keep your hands around what's planned"* (HealthCo, manager 1); it then involved efforts to feed into global strategy. Another manager explained: *"We'd implement it [global strategy], but we'd also influence it… We're absolutely involved in that design stage"* (SupCo, manager 2). Importantly, the subsidiary manager approached this influencing activity from the perspective of the global strategy and then positioned their focal unit within this overall strategy: *"The Company wants to become an x billion dollar company. So it's: where do we fit in? … You're always trying to position yourself now because if we stay the way we are we're going to just become a smaller piece of a much bigger company. We really have to work out how can we grow as a subsidiary?"* (ProCo, manager 4). Playing the global strategy was less concerned with setting the overall direction of the global strategy, but with influencing important aspects of filling this corporate vision for its international operations with strategic decisions and strategic actions. Another manager described: *"We are probably part of an overall strategy… We're very much part of it because we drive a lot of it… I would call it a joint strategy… And it is like there's a train running: Do you want to get on it? … Are we part of strategy? Yes we are. Do you we develop it from here? We probably have thoughts and ideas that would form part of it… we're on board."* (SupCo, manager 3).

Embedding Site as Location of Choice

In order to capitalize on emerging opportunities for mandate attraction or mandate development, the subsidiary managers pursued four activities – covert selling, overt selling/pitching, relationship building, and comparative positioning - to anchor their site as main contender for mandate location among global decision makers.

Comparative positioning. Global strategy is concerned with finding the 'optimal' location for the MNC's value chain activities. Subsidiary managers thus positioned the location advantages of their subsidiary vis-à-vis those of other potential locations. This comparative positioning highlighted the key advantage of their location, as two manager recalled: *"We're not the cheapest place in the world... It's the quality of people, willingness to go the extra mile* *and put the effort in to be effective and be successful."* (HealthCo, manager 2); and: *"I mean there are barriers to going there [India] as well. The logistics of shipping out of India are horrendous apparently. But the logistics in Asia are pretty good for the sectors of our business"* (ProCo, manager 1). Critically assessing the advantages and disadvantages of the subsidiary location in relation to other sites equipped the subsidiary manager with information to 'sell' their subsidiary as location of choice.

Covert selling. This is concerned with the subsidiary managers promoting their own subsidiary by emphasizing the performance, strengths and achievements of the site to senior decision makers as well as other colleagues more broadly to raise the profile of the subsidiary: *"We see it as being a way of being able to present ourselves within the company as being a very efficient plant" (ProCo, manager 2).* Covert selling is an activity to capture a share of the limited attention of global decision makers (Bouquet & Birkinshaw, 2011), and then to highlight the achievements and value-added of the subsidiary. One manager explained: *"This week for example I am in the UK and I'll meet the President and his first line. We're doing a review of the activity that we do here and half of the review will be: 'Look guys, we're hitting all the metrics, we're doing a great job.' And the other half will be: 'Here are all the other things that we're doing in trying to add more value to the operations that we manage'... And then I've got a two hour review with the President on the next day where we'll go into deeper cases, look at some of the innovation's projects."* (SupCo, manager 1). Although promoting the focal unit, subsidiary managers are careful to maintain a cooperative and global perspective on the business and its strategy. *"With any of these strategies they're a little bit covert in their nature. If the group here in Ireland were seen to be overtly out there canvassing for extra strength for Ireland or extra jobs for Ireland it might not go down too well... we're low key in our attitude towards these things. We're quietly ambitious here locally and have been quite successful in bringing new activities into Ireland... but nearly in a way which is seen to be co-*

operative rather than out there; we'll say grabbing positions or grabbing jobs" (EquipCo, manager 3).

Overt selling/pitching. Another activity to 'sell' the subsidiary is more direct in the form of pitching for business. Here the subsidiary managers prepared a specific proposal or business case that is presented to senior decision makers and outlines the business benefits of locating certain activities at their subsidiary: *"It's a case of actually trying to run revenue through Ireland and that you're not just doing it for the sake of it, but that you can actually build a compelling case, a business case that says; look, this is the right thing to do because we have the people here, we have the knowledge here, we've done it before. … it's a case of: give us more, we can do more."* (SupCo, manager 3). The subsidiary managers are vigilant to put forward a business case that directly leverages the subsidiary's strengths and capabilities, sometimes looking for opportunities to apply them to another business unit, technology or intersecting value chain activity. Another manager described the strategic nature of their overt selling: *"We'll always pitch based on our abilities, on our expertise, on our track record and on our future plans"* (EquipCo, manager 3).

Relationship building. Relationships with senior decision makers at the headquarters or other senior managers who in turn had an influence over strategic decisions are critical for the subsidiary managers to engage in their influencing and selling activities: *We have really good contacts one level down from the top."* (HealthCo, manager 1). Similar to strengthening their internal embeddedness more broadly, the subsidiary managers developed 'strategic embeddedness', relationships to participate and influence the strategy of the MNC (Garcia-Pont et al., 2009). In the subsidiaries that we studied, this also included relationships with MNC colleagues to exchange on strategic issues. This strategic internal embeddedness is foundational for selling activities, but also for staying tuned in with ongoing strategic conversations at senior level. One manager described: *"I keep pushing the line managers here to develop relationships with their peers in the States. It's important that they build alliances* *and that they move well in the organisation in the States because that's the way you get to find out what's going on and what's important."* (ProCo, manager 1).

Mandate Development

In the subsidiaries that we studied, the strategizing activities accumulated in the development of mandates at the subsidiary. The mandates attracted are either new jobs created by the MNC, mandates moved from other locations, the incremental transition of the subsidiary mandate by adding certain roles, and organic growth.

Following mandate churn, the subsidiaries also 'lost' certain mandates as these were relocated (offshored) to lower-cost locations or outsourced to be performed by external providers. The duality between mandate churn and mandate development refreshed the activities performed by the subsidiary over time. Subsidiary strategy thus means continuously performing and mastering the subsidiary strategy cycle (see figure 1).

DISCUSSION

Contributions to Literature on Subsidiary Strategy and Subsidiary Evolution

This papers main contribution is to demonstrate how subsidiary strategic activities link to subsidiary evolution, mandate extension at the subsidiary level, and capability development across the MNC. We have identified a cycle of subsidiary strategy development that presents mandate churn as the key initiator of a range of dynamic subsidiary strategic activities to attract investment and achieve mandate development. We have also identified three key strategic activities: *drive for capability excellence*, *forming new opportunities* and *embedding site as location of choice* that can drive subsidiary mandate development. This contributes to the subsidiary strategy literature (Andresson et al, 2005: 2007; Birkinshaw and Hood, 1998; 2000; Garcia Pont et al, 2009; Taggart, 1999) by going beyond aspects of internal and external embeddedness and structural factors to identify the integrated micro-level activities of subsidiary managers to proactively develop subsidiary strategy.

Previous findings suggested that subsidiary strategy making is largely linked to entrepreneurial action, i.e. initiative development in response to a specific market opportunity (Birkinshaw & Hood, 1998; Birkinshaw et al., 1998; Williams, 2009). Although we also find that subsidiary strategizing included seeking opportunities, the main mechanism was not entrepreneurial action, but the formation of opportunities for mandate development. Although initially spotted by subsidiary management, these opportunities were constructed by subsidiary managers in interaction with global decision makers to mould an opportunity that suited both, the subsidiary interest and enhancement of the global strategy more broadly.

Similarly, we observed strategic pro-activity on part of the subsidiary managers, but not "independent strategic decisions of a subsidiary to expand or otherwise alter its role" (Verbeke et al., 2007: 286). Subsidiary strategy evolved largely interdependently with global strategy. Surprisingly, in contrast to earlier work emphasizing the importance of lateral relationships between subsidiaries (O'Donnell, 2000) and other units of the MNC (Garcia-Pont et al., 2009), the subsidiaries in our study were almost exclusively focused on their relationships with headquarters. While keen that headquarters should see the focal subsidiary as having a balanced view of the capabilities of the other MNC operations, we found that sister subsidiaries were seen primarily as competitors for mandates. As far as strategic embeddedness is concerned, subsidiary managers acted highly selective and focused to strengthen links with key decision makers globally.

Our findings also add to observation that subsidiaries 'sell' their strategic ideas to headquarters (Balogun et al., 2011). Specifically, we detail and differentiate two selling activities selectively performed by subsidiary management: covert and overt selling. This details two paths how subsidiary managers try to capture global strategy decision makers' attention (Bouquet & Birkinshaw, 2008).

Managerial Implications

Our study has three important managerial implications. Firstly, the cycle of subsidiary strategic activities shows the active role subsidiary managers take in attempting to integrate both, headquarters objectives and subsidiary interests. While headquarters objectives are of course dominant, through their capability building and opportunity seeking efforts subsidiary management add to the MNC capability base and open up new opportunities at an organisational level. The value added from this capability building should not be underestimated, and from a headquarters' perspective, the importance of these managers should not be overlooked. Headquarters must acknowledge and try to be receptive to suggestions originating from the subsidiary level, and avoid seeing such activities as primarily empire building. There is a need to actively manage their relationships with these managers and be open to interactions. Just because subsidiary strategic activities may be in the interest of the subsidiary does not negate their potential benefit to the organisation as a whole.

The importance of subsidiary strategic activities also raises interesting issues in terms of the level of autonomy available to subsidiaries when activities are fine-sliced across the MNC and subject to more 'hands on' headquarters management. As yet it is too early to understand the full implications of moves towards a global style of management for MNCs, as the benefits of greater integration may to some extent offset any erosion of subsidiary decision making latitude. Although subsidiaries operating in a global factory model may enjoy reduced autonomy, they have nevertheless adopted a strategizing approach that tightly links their strategic ideas with global strategy in a more integrated and interdependent fashion.

Secondly, the cycle of subsidiary strategy activities provides valuable guidance and direction for those subsidiaries whose mandates are under threat and offers possible courses of action. Considerable investment in building relationships with key headquarters personnel, not just at senior level but across multiple levels and in multiple functions is required if the subsidiary manager is to be able to engage in 'playing the global strategy'. While our model highlights many of the interactions between subsidiary managers and headquarters to promote their subsidiary, we noted surprisingly few strategy-focused interactions with sister subsidiaries, indeed, there was a marked presence of competition rather than co-operation between units. Subsidiary managers may, however, consider the potential of building alliances with sister subsidiaries which could lead to capability development opportunities.

Finally, policy makers may consider further the importance of location-bound advantages to enable subsidiaries build capabilities, identify opportunities that can be served from the focal location, and tightly embed the subsidiary within its location. Whether these location-bound advantages comprise leading edge industry clusters (Porter, 1990), access to educated labour or other resources, or sophisticated domestic markets able to able to act as tests beds or listening posts (Mudambi, 2002), policy makers must support the efforts of subsidiary managers in embedding foreign owned subsidiaries of MNCs. The relative success of these managers in enacting their roles can provide benefit to their own subsidiary unit, the global MNE, and the local economy in which they operate.

Limitations

While the first limitation relates to the usual caveats applying to case study research and conceptual generalisation through our proposed model, the second limitation of our study relates the examination of subsidiary strategy in a single country. However, we believe that Ireland shares important features with other developed countries, including a relatively high cost base and knowledge economy, which may make our findings applicable to other contexts. A further potential limitation of our study is that managers could freely choose examples of subsidiary strategizing which may lead to success bias. While steps were taken to mitigate this risk in terms of analysing archival data and triangulating interview data, we cannot fully eliminate this risk.

This research illustrates the potential value of subsidiary strategic activities to the MNC, particularly in terms of capability development and bringing opportunities to a wider audience. While the subsidiaries we analysed were experiencing increased fine-slicing of value chain activities, most enjoyed a certain degree of autonomy. While the level of latitude varied, subsidiary managers had some freedom to engage in capability development and opportunity formation. Future research could investigate subsidiary strategy in different MNC contexts, different levels of integration and autonomy. Greater integration could for example lead to more co-operation between subsidiary units and potentially collaborative capability development, and headquarters may be more open to subsidiary strategic activities originating from the combined efforts of their operations.

Conclusion

Our micro-perspective of subsidiary strategizing activities evidences the capacity of subsidiary operations to contribute to MNC competitive advantage through capability development. It also demonstrates the contribution of subsidiary managers in forming and relaying new opportunities that feed into and enhance global strategy. The traditional tension between strategy developed at the subsidiary level and headquarters strategy cascading from above cannot be eliminated, but our study represents a significant step towards understanding the value of strategizing at the periphery. While headquarters determined strategy will always ultimately determine the subsidiary’s role, the strategic objectives of both parties are at least intertwined and subsidiaries can find smart ways of strengthening their own position within the global strategy.

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Table 1 Overview of characteristics of sampled subsidiaries

Characteristic	EquipCo	ProCo	HealthCo	SupCo
Industry	ICT	ICT	Health/Pharmaceutical	ICT
Country/region of origin	Europe	US	US	US
Subsidiary establishment	1990s	1990s	1990s	1960s
Subsidiary mandate (originally)	Manufacturing (> 400 people)	Manufacturing (>300 people)	Support (<200 people)	Manufacturing
Subsidiary mandate (at time of study)	Shared services, design, quality, support, sales & marketing (<100 people)	Manufacturing (<300 people)	Support (>500 people)	Manufacturing, marketing & sales support, and services (>500 people)

Table 2 Progression of analysis

First-order (informant) concepts	Second-order themes	Aggregate (theoretical) dimension
Constant threat of closure, relocation, offshoring Change, restructuring	Threat of replacement	**Mandate churn**
Try to retain/ keep mandates/ roles/ functions Strategy/objective to attract/keep jobs/roles	Subsidiary strategy as mandate attraction/retention	
Anchor function that is hard to move, add more functions, more integrated subsidiary Cannot just be replaced somewhere else, become indispensable	Build relocation obstacles	**Drive for capability excellence**
Focus on results/ performance/ mandate implementation/ execution/ Day-to-day management, prove yourself Compete against sister sites, be better than sister sites/subsidiaries	Develop performance excellence	
Have/ built skills/ expertise/ knowledge/ talent of people Improve/ innovate, better procedures	Enhance capabilities	
Feed into/ give input into/ be involved with global strategy Fit into/ position subsidiary in corporate plan/ strategy Influence headquarters/ global strategy in small ways	Play the global strategy	**Forming new opportunities**
Spot/ look at/ develop opportunities What changes are coming?, anticipate, be pro-active, brainstorm, look ahead	Recognize opportunities	
Location weaknesses/ not so strong/ other countries better Location advantages/ better here / key factor	Comparative positioning	**Embedding site as location of choice**
Cooperative/ integrative/ global view Sell story of country, impress with Google/ Facebook Show site to senior people/ customers/ regulars to impress/ sell Tell/ sell the good news/ business/ performance, strengthen image	Covert selling	
Go after things you do well/ efficiently/ have skills/ capabilities Pitch/ sell idea to HQ/ corporate, fight for things Sell proposal/ business case	Overt selling/pitching	
Alliances/ relationships/ good interaction with senior management/ decision makers/ leadership team Spend time/ hang around with global decision makers	Relationship building	
Got investment/jobs/functions Moved from other site/ location	Attract investment	**Mandate attraction**
Added something/ jobs/ roles Grew organically, expanded	Transition	

Table 3 Summary of cross-case comparison

Second-order themes	Case organisations EquipCo	ProCo	HealthCo	SupCo
Mandate churn				
Threat of replacement	2/3	2/4	2/4	3/3
Subsidiary strategy as mandate attraction/retention	2/3	2/4	2/4	2/3
Drive for capability excellence				
Build relocation obstacles	3/3	1/4	1/4	1/3
Develop performance excellence	3/3	4/4	4/4	3/3
Enhance capabilities	2/3	4/4	2/4	2/3
Building new opportunities				
Play the global strategy	1/3	4/4	1/4	3/3
Recognize opportunities	3/3	4/4	4/4	1/3
Embedding site as location of choice				
Comparative positioning	3/3	4/4	4/4	3/3
Covert selling	3/3	4/4	4/4	3/3
Overt selling/pitching	3/3	4/4	3/4	1/3
Relationship building	2/3	1/4	2/4	1/3
Mandate development				
Attract investment	n.a.	2/4	2/4	1/3
Transition	3/3	n.a.	3/4	n.a.

The numbers in the cells indicate in how many of the interviews the particular second-order theme is evident.

Table 4 Illustrative evidence

Second-order themes	Case organisations EquipCo	ProCo	HealthCo	SupCo
Mandate churn				
Threat of replacement	"You will have to say to yourself longer term, you know, we might just be maybe two functions, you know. A service centre and an engineering function and all the rest might disappear by the wayside. You can't pretend that you can keep all existing functions even though you try to… It's a bit of a battle to keep all of them. The world changes and things move on." (manager 1)	"We're well established at this stage and I think we're a key component. … We are considered a cash cow …Obviously we've got to keep the cow alive as long as we can." (manager 1) "Can it be moved? I suppose like anything else; yes, everything can, and that's the threat you're always under." (manager 3)	"We could see straight away we were vulnerable… we can't rest on our laurels. We need to continually see what's out there because big organisations don't always work logically. Sometimes it's luck… Being a multinational subsidiary in Ireland, you're always almost up to five to twelve." (manager 4)	"Businesses go through cycles and they'll be a consolidation, cost saving, bringing stuff together, shipping it off somewhere where you can do it cheaper." (manager 1)
Subsidiary strategy as mandate attraction/ retention	"Trying to stay here. Trying to reinvent ourselves. Trying to stay extremely competitive. Trying to grow, trying to bring more jobs in, trying to increase our profile." (manager 3)	"On the whole strategic side with regard to myself working with the subsidiary General Manage and the team trying to develop and expand the subsidiary and the role it plays in the overall corporate position." (manager 3)	"Supporting the local business in terms of getting new business into the site … part of our remit is to make sure it [business] is working fine but also to attract new work." (manager 1)	"It's a constant battle to keep the competitive advantage of being here alive." (manager 2)
Drive for capability excellence				
Build relocation obstacles	"It's the mechanical engineering group that are our real anchor in the ground and it wouldn't be so easy to move those people or to outsource that as a work or to build up the expertise that those guys have acquired over the last ten to	"The more functions that you can provide from your site, the more embedded the site is in the organisation and the more difficult it is to shift." (manager 2)	"All the time we're getting further and further engrained into the company and we're not this peripheral entity in Ireland. I think that's been a big focus of ours to get deeper and deeper engrained into the company." (manager 2)	"It would actually cost to unwind a lot of the activity that's here and they'd lose a lot of knowledge, so therefore we won't do it. Because yes, you could, [but] there's a lot of other activity that you could put offshore." (manager 3)

	fifteen years. … Every operation has an anchor.” (manager 3)			
Develop performance excellence	“We’re on top of our game at all times … I would say people here typically work a little bit harder than the average EquipCo entity and have to be a little bit more mindful of the fact that Ireland is a little bit off the beaten track and if EquipCo were to look at closing or rationalising, we want to make damn sure that Ireland isn’t on their list of places to investigate... Our survival depends on us doing an extremely good job.” (manager 3)	“It [strategy] is mainly implementing your day-to-day responsibilities… I have an obligation as a function head, I have to ensure that all the day-to-day task get completed. Our obligation is set out, our responsibilities are all completed and expedited on a quarterly basis… And that’s just the way of multinational companies. You’re competing against a sister site in the US or in Europe or wherever for business. You’re as good as your manufacturing performance, quality statistics” (manager 3)	“This site is more about execution and my role is more about execution. In our environment you’ll be told that it’s execution, execution. That’s how we’ve grown really. It’s to do our job well today and that will prepare us for tomorrow… we’re one of the best performing sites across the company so our performance is noted by people and people will come to look at the performance.” (manager 2)	“It’s a people business but it’s with a very strongly understood process and set of metrics and delivering against that… we show ourselves as being a leading operation rather than a trailing operation against competition” (manager 1)
Enhance capabilities	“When senior people come here they have to see that there’s talent here. … I think it’s skillset really. It’s all down today now to having kind of like a strategic skillset. You have to make them feel that they have a superior knowledge now due to their previous ten, twenty years’ experience of being here. The same with the finance team that they understand all issues about financial standards in Europe and statutory accounting and internal audits and stock controls and the complications of VAT rates in Europe. They need to show that specialised skill. (manager 1)	“But you also have to have the expertise and the knowledge here, and we have people who have been here fifteen/ten, fifteen/twenty years certainly at department level. Particularly in engineering. We’ve a strong engineering group, so I suppose we have the knowledge, expertise and experience.” (manager 4) “We’ve hired some really good people in the last three years” (manager 1)	“And then you bring in a little bit of innovation to that work… And then it’s down to capability. You’ve better performance, you also have the skills to go and do it.” (manager 1)	“We’re hitting the targets and have been achieving the targets pretty regularly for a period of time. Now we need to look at and we’re working on at the moment, how do we add more competitive value to what we do so that we show ourselves as being a leading operation rather than a trailing operation against competition? … innovation projects are emerging: what will be the next things that we will drive forward?” (manager 1)

Forming new opportunities				
Play the global strategy	"It's pretty much all about [influencing headquarters] and you have to do it in small ways; small ways that can eventually turn into something solid. It might start with something very simple just seeing one little opportunity for one job and then eventually you get more than a job, you get a function" (manager 1)	"There's an opportunity for us to reorganise IT. So I sent a guy off here and said: 'Talk to everyone and come back to me with how you'd like IT organised globally'. … Because of acquisitions, we used to be at twenty per cent, now we're only fifteen per cent - we're a smaller piece. But nevertheless we want to be prepared when I go to corporate. I'm going to get it on the agenda: we need to talk about how IT is organised because we have global systems now. There's quite a bit of instruction and control coming from corporate as it needs to, but we didn't like how it was organised. So tell me how you want it organised and I'm trying to feed that in. That's a game of chess and sometimes it's blood sports" (manager 1)	"You get involved in meetings with the right people and the next time they come to look at outsourcing some work they may think okay NDA, but maybe let's not have all our eggs in one basket, maybe we should do a little bit of work in Ireland as well. … being involved in the development of the global strategy has allowed us to focus in so that not only are we servicing EMEA and servicing a little bit of Asia, we're also going to be servicing Canada and South America from here as well." (manager 1)	"There is strong influence that we can affect… we do a couple of planning sessions a year and out of that we'll pull up some key things that we want to try and influence into the European strategy plan and then I'll work with the European strategy generalist to build that in. It's an in-flight adjustment as opposed to real true strategy stuff." (manager 1) "There's a lot of interaction from a strategic perspective on new deals or new business or new services… The planned would come from corporate and would be around technology and systems but the emergent would come really from the people selling, the people doing." (manager 2)
Recognize opportunities	"You'd always look for opportunities… we would be very conscious of knowing any opportunities. So anytime there are changes in groups we would always discuss it and say, okay, is there anything that we could do out of that? Would that be any good for us? So that's for sure and I'd say if any headcount comes up we'd	"It [relationship building with the HQ] helps you find out where the opportunities are when they're drafting the strategy" (manager 1) "We often sit down and look at opportunities for new business and other opportunities to try and pull business into this operation here and again raise our profile	"We identified our opportunities and we just went after them relentlessly… once you day-to-day execute than other opportunities will identify themselves. You'll create a name for yourself and then you can pick and choose what you want to do… Go and identify other pieces of the business. It's a big chunk of business that we're	"We're constantly monitoring that and then looking at other opportunities." (manager 3)

	always say could we add here? We're not after heads but at the same time if there is a vacancy we'll say well could we add it here because obviously the more people you have, the more secure you are in many respects." (manager 2)	within the overall corporation… it's a key issue we're constantly looking at… At the quarterly meetings, management meetings: looking at opportunities from a strategic point of view." (manager 3)	looking to move to Ireland… Opportunities come up and you just go after them and you add to them relentlessly to give a mandate." (manager 3)	
Embedding site as location of choice				
Comparative positioning	"There was a time also like when we had a kind of a cost advantage… Ireland is a too expensive place for that now I mean so. I mean you can't expect to compete with India like or in China so we wouldn't even try that" (manager 1)	"We've set-up an operation in the Philippines and the Philippines government, at least the region we're in, had done a deal with us to give us zero per cent corporate tax, so it's hard to compete with that." (manager 1) "The advantages we always had are still there: we have a young educated workforce and good English." (manager 2)	"Time zone is very critical as well. I mean as my boss [located in US] said to me, she logged on about half an hour ago and whatever questions she had last Friday they're answered. And she's a very strong supporter of Ireland, one of the reasons being because of the time zone." (manager 4)	"Okay, it's not the cheapest place in the world. The costing has come down now… But there's just a lot going for it. Our population is sixty/forty nationals to non-nationals. The reality of it is that people are attracted to Ireland so you can get the right people to come in and they work with you." (manager 3)
Covert selling	"We constantly have to get the senior people in the company to come over here, to show them what people here do. So they get to feel that there's something special going on. They're far removed typically… the people that we have need to impress… They [senior people] have to see: Where would I get a person like this? … we get them into Ireland as often as we can because we always feel that if we can get them in here we'll impress them" (manager 1)	"That [capabilities of Irish site] is what we're trying to sell to the other divisions: 'This is what we do and this is what we do well. So how can we help you?' " (manager 4)	"[Selling] without going on a wholesale trip. We've never done that really where we've branded ourselves and gone around different offices looking for business. It's purely been word of mouth. Take whatever opportunities you could get. If you get in front of somebody important, then you make sure you let them know what you're at… It's constant selling but it's done not in a sales model type of view. It's purely based on performance." (manager 1)	"Our President for Europe is coming here soon, and we're putting together a slide pack and what we're going to do for the day. This is an opportunity to say to him almost in a corridor conversation: 'This is what we could do, you could save x. It's that kind of thing. That's where it will come about as opposed to having it in a diary for a day, you know." (manager 3)

Overt selling/pitching	"But we hung in there and we just kept pushing things… we fought for things to have things here… It's not as if they're going to come to us and say look add a new function there, add a new function there. That's not going to happen. You really have to fight to be heard and you have to all the running… And in some cases that function might be in Switzerland today. In some cases it might be in the US and we really have to be pretty ruthless in pursuing roles that we think could be performed here… we went to the CFO of the company and presented it." (manager 1)	"It's about making the pitch at the time of the annual planning obviously. The fiscal year cycle starts 1st October so anywhere from July onwards you're getting the annual plan bedded down and obviously you're looking for opportunities all over the place." (manager 1) "You wrap it all up and sell as that… We try and sell our strengths and try to make up for some of the cost disadvantages." (manager 3)	"I'm trying to land a couple of more jobs here at the moment. There's no reason they should be here other than I believe they will do well here but they'll actually be working for people in the States on the State side of the business… I'm trying to sell that agenda that we're capable, that I bite off what I can chew." (manager 4)	"Every other month I bang on the door of someone and say: 'we need to have a look again at the Irish position in terms of the tax strategy.' And a lot of that would be centred around the twelve-and-a-half per cent corporate tax rate. It's obviously less than other countries." (manager 3)
Relationship building	"It's key that we have a strong, positive interaction with people who make decisions." (manager 3)	"The important thing is that I spend an awful lot of time there [at headquarters in the US]. I spend probably twenty weeks of the year in the States and unfortunately most of the power now is there. It's quite a trip." (manager 1)	"We as [subsidiary] leadership spend an awful lot of our time meeting with senior business leaders in the US… we were at this conference and one of the leaders of another business at the conference asked me about doing something from the north of Ireland to serve the south of Ireland and I said "why would you want to do something from the north of Ireland to serve the south when you have an office in the south?" And he was like: "oh really". And as it turns out he thought we were in Northern Ireland or somewhere else and now we're talking." (manager 2)	"The link is better now or is probably stronger now. The CFO for Europe is an American guy… and that makes the link quite strong because obviously he's a direct line back to the States… that gives you the link into headquarters because you need that." (manager 3)
Mandate development				
Attract investment	n.a.	"We decided to bring everything here from x-town and actually that was the start of the decision	"The last two years we got a mandated growth of two hundred jobs." (manager 2)	"Over the years we've brought more and more work in… The only way that we've got actual

		to close x-town. We had six hundred people in x-town at that time; it's just closing this month … we scaled it really quickly." (manager 1)		operations here and we've got a business base is because of the additional stuff that we brought in from the other overseas operation." (manager 1)
Transition	"One of the activities of the subsidiary here to keep ourselves alive is that we're willing to take on any reasonable roles which come our way… what we notice over time is that one group maybe doesn't do well and it fades away but we manage to add something else which picks up that slack." (manager 3)	n.a.	"the last two or three years we've had eighty-four people move out of our business to other smaller parts of the company which means that those businesses then have a presence here. That's how it has grown, almost organically." (manager 2)	n.a.

Figure 1 Subsidiary strategy cycle