Key conceptualisations of the multinational corporation

Introduction

Viewing the MNC as some form of a network has gained popularity in international business research, not least because of sustained research efforts at Uppsala University. *The Embedded Multinational* (Forsgren, Holm and Johanson 2005) provides an overview of more than 20 years of research on the multinational from a business network perspective. Apart from presenting the results of a large scale multi-method study and a distinctive, coherent model of the MNC, the book can be read as an extended rejoinder to the mainstream, economistic view as exemplified by Bartlett and Ghoshal (1989) and Nohria and Ghoshal (1997).

In this paper, our starting point is the contrast that Forsgren et al. (2005) set up in their book between the mainstream and business network perspectives. However, while the Embedded Multinational is positioned as an alternative to the economistic perspective on the MNC, we go beyond this to contrast it with two other lenses on the MNC that have emerged in recent years: the institutional and critical. Our analysis of these alternative perspectives demonstrates they share certain commonalities with the business network view, but it also reveals some elements of MNCs that are not captured by the business network model. By contrasting the four perspectives, concentrating on the key works from each, we show that while all incorporate the concept of a network in their analysis, they do so in very different ways.

Four perspectives on the MNC

The first perspective on the MNC we have termed 'economistic', following Morgan and Kristensen (2006). It could also be thought of as the 'mainstream' (Dörrenbächer and Geppert 2006) or classical approach, in that it has been a, perhaps the, dominant approach since the 1970s. It is typically traced back to Stopford and Wells's (1972) book on the multinational enterprise and, more recently, influential works by Ghoshal and colleagues (e.g. Bartlett and Ghoshal 1989). The business network perspective expands the analysis beyond the MNC to incorporate external business networks, making operational and relational business exchanges the main concern. Forsgren et al. conceptualize the MNC as a network of units, which themselves are actors engaged in local business networks. The third perspective, which we have termed institutional, was pioneered by Ghoshal and Westney (1993, 2005) and Kostova (Kostova 1999: Kostova and Roth 2002). The fourth perspective, which we have labelled critical, demonstrates how individuals draw on multiple local contexts to fight power struggles within the MNC. In this approach, the focus is not so much on strategic planning or business networks, but rather on why these grand plans fail to be implemented in an environment characterized by enduring global, institutional and social forces.

Overall, these perspectives provide an interdisciplinary approach to the management of the MNC by incorporating research from fields such as economics, strategy, international business, industrial networks, sociology, organizational theory and anthropology. In this section, we compare and contrast each perspective (for a summary, see Table 1). In particular, we note that all four perspectives have incorporated the concepts of networks into their analysis, but that they conceptualize networks in very different ways.

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Economistic perspective

The economistic perspective views MNCs as ‘goal-directed, unified, rational actors embedded in market contexts where competitiveness determines survival’ (Morgan 2001, p. 5). This perspective follows contingency theory by emphasizing fit between corporate strategy, organizational design and the external environment. The organization is driven by top management’s concerns to enhance efficiency, minimize transaction costs and ensure optimal use of resources. This view presupposes that headquarters can and should exercise control over foreign subsidiaries, based on hierarchical and ownership ties. According to this approach headquarters assumes the role of ‘commander in chief’ (Forsgren et al., 2005, p. 185) who directs operations, assigns subsidiary roles and steers the organization. Therefore, the importance of corporate-level strategic planning and organizational design is emphasized. While barriers to these unified designs and strategies are recognized, such as the administrative heritage of the firm and the need for localization as well as standardization, ultimately these barriers can be overcome through managerial action.

A recent example of this ‘traditional’ approach can be found in a volume by Johnston (2005), who addresses the question of ‘how and why do MNCs manage their Australian subsidiaries in the manner they do?’ (p. 6). In Johnston’s model, the division of labour between headquarters and subsidiary is clear: the strategy of the headquarters is seen to determine subsidiary roles and the overall approach to subsidiary management. Thus, Johnston’s model works step-wise and presents a largely one-directional, top-down approach to managing foreign subsidiaries. Although subsidiary autonomy and influence are examined they are not seen to challenge the headquarters’ position. Despite emphasizing that ‘the perspective in this research is subsidiary-centric’ (p. 178), the model seems to be driven very much by headquarters. In the spirit of the economistic perspective, Johnston ‘decontextualizes’ the firm from its environment, which is assumed to be a fairly stable, external force to which the MNC responds and adjusts.

An older, but nevertheless central and still frequently cited contribution to this perspective is Nohria and Ghoshal (1997). Here, the MNC is seen as consisting of a highly diverse set of subsidiary organizations, but the focus is on differentiation between units internally within the MNC and on how this characteristic can be managed by the HQ for corporate success. For Nohria and Ghoshal, a key question is how the MNC should be organized to enhance its capacity for distributed innovation or value creation. They argue that there are two broad ways by which headquarters-subsidiary relations may be effectively managed – formal structure and shared values – both defined or orchestrated by HQ.

The relevance of individuals is acknowledged, in arguing for the desirability of corporate integration through interpersonal networks, but the perspective is clearly HQcentric, and one in which factors external to the MNC carry very little weight. In this form, Ghoshal's often-expressed belief in the power of individuals to make a difference (see e.g. Ghoshal 2005) appears to focus exclusively on HQ managers and selected expatriates.

Business network perspective

Rather than viewing the MNC as an army headed by a commander, Forsgren et al. (2005) conceptualize it as a strategic network of relationships evolving between its own units and other business actors. In essence, the MNC is a ‘heterogeneous, loosely coupled organization’ (Forsgren et al. 2005, p. 184) in which ‘bargaining and conflicts are natural ingredients’ (p. 99). Conflicts are inevitable because of the heterogeneous resources and interests of each individual unit. Subsidiary units of the MNC are each embedded in both internal (corporate) and external (network) relationships. The subsidiary not only acts as a ‘bridge’ between headquarters and the external network, but may also be subjected to their opposing influences. While subsidiary units may act rationally, in the sense of pursuing their perceived self interests, these interests differ substantially depending on their local embeddedness: thus, actors take action according to ‘local rationalities’ (Forsgren et al. 2005, p. 192).

In this way, the authors bring the environment into the MNC and give it a ‘face’ (Dörrenbächer and Geppert, 2006). Rather than the environment being composed of ‘anonymous forces’ (Forsgren et al. 2005, p. ix) with which MNC units conduct arms-length transactions, the business context can be seen as ‘comprising distinct actors’:

suppliers, customers, intermediaries, public agencies and other non-business actors. In the process of doing business, the units of MNCs form enduring linkages with these external actors, creating interdependencies of not just a resource, financial and legal nature, but encompassing technical, social and cognitive elements as well. Any particular organizational outcome needs to be understood within the path dependencies created by these relationships, rather than as the result of managerial decision-making alone. These business exchange relationships with external actors then have a profound effect on 'the MNC's interior life' (Forsgren et al. 2005, p. 190).

The business network model, then, rests on a different conceptualization of both the organization and the environment to that of the economistic perspective. Forsgren et al. (2005) crystallize the distinction between the mainstream and network-based views of the firm by arguing the former emphasizes ownership ties and production functions, while the latter views the MNC as engaging in business exchange. One might argue that already the mere emphasis on *exchange*, instead of cut-throat competition, is distinctive enough (see e.g. Ghoshal (2005) on the central role of competition in the mainstream view). However, in a major departure from mainstream international management research, Forsgren et al. go even further, proposing that it is business relationships rather than ownership ties that essentially shape MNCs' activities: thus, they argue the need to 'bring business back in' to the centre of analysis (Forsgren et al. 2005, p. 11). Once the MNC's boundaries are viewed in relational and operational, rather than administrative and ownership, terms, the division between external and internal becomes much less distinct.

The concept of the embedded multinational challenges the traditional view of headquarters by pointing to the critical resources that subsidiaries can develop through external networks. Ultimately, this network model rests on key assumptions from resource dependence theory, with power seen as derived from resource interdependencies. Since other subsidiaries often depend on these resources they become an alternative source of power to hierarchically-based power traditionally centered on the MNC headquarters. The empirical results of the study reported in Forsgren et al. (2005) suggest that the greater a subsidiary's involvement in the external network, the more difficult it is for headquarters to exert influence over that subsidiary. In accounting for the limits to headquarters power, the authors make a clear distinction between formal control and actual influence in this relationship.

The business relationships formed by individual units of the MNC also have implications for other potential sources of headquarters control posited by the economistic perspective: knowledge and shared values. Forsgren et al. (2005) question whether headquarters actually does take the main role in coordinating knowledge transfer within the MNC. Headquarters is constrained by the fact that it does not share the critical knowledge that a subsidiary has of its external business network. Nor is it able to devise shared values that are meaningful for the constituent units of the organization, given that values as well as interests follow from the business relationships maintained by each unit: 'business comes first, and shared values second' (Forsgren et al. 2005, p. 156). The authors go on to argue that the business network is a far more important explanatory variable for transfer of subsidiary knowledge within the MNC than 'shared values' between subsidiary and headquarters.

By shifting to an exchange-based perspective, business network researchers challenge not just the economistic view of organizational power and control, but also traditional assumptions about the sources of organizational capabilities (Holm and Pedersen, 2000; Ambos et al., 2006; Castellani and Zanfei, 2006). They argue that the distinct capabilities and resources of the organization are developed through relationships and connections. Subsidiary-specific advantages can be traced to their embeddedness in local business networks, thus challenging the classical view of the MNC as battling the liabilities of foreignness in host countries, armed only with corporate competencies. But Forsgren et al. (2005) acknowledge that taken to its extreme, a business network model does not recognize any country barriers to international expansion, only relational business barriers. They therefore offer a ‘combined approach’ (p. 69) which incorporates both the relational and country level of analysis. This ‘combined’ approach is borne out by their case findings. For example, international sourcing by Danke via sister subsidiary Aspi, provide an excellent case of how business networks can help overcome country-specific barriers. Danke avoided many barriers to entry to the foreign market by drawing on its relationship with Aspi. This does not render the traditional barriers irrelevant, but merely provides a mode by which to overcome or even circumvent them. Nevertheless, even the combined approach does not provide a holistic view of the MNC. The individual level of analysis is excluded, so the choices made and beliefs held by individuals in MNCs are not taken into account; and the external environment is reduced to a set of business exchange relationships, with wider social and institutional pressures not considered. These elements are, however, precisely the focus of the institutional and the critical perspectives.

Institutional perspective

The institutional perspective applies key tenets of the new institutionalism, originating in North American sociology. Recently, new institutionalism has been extended to the MNC, which when seen through this lens is “characterized by substantial heterogeneity and complexity” (Roth and Kostova 2003, p. 888). In their review of the MNC as a research context, Roth and Kostova identify three sources of heterogeneity: the external environment, intraorganisational complexity and individual variability. However, this perspective has largely focused on just two of these, namely the external and intra-organisational contexts. Like all organizations, MNCs are socially embedded, which means that organizational behaviour needs to be explained with reference to the social practices that surround the organization. Organizations adopt particular practices and structures not just due to technical or efficiency reasons but also because they are commonly accepted and followed ‘rules of the game’. This acceptance may be due to coercive factors (e.g. regulatory traditions), cognitive biases (taken for granted assumptions) and normative (guidelines for appropriate behaviour). Thus, institutional scholars “have generally shared skepticism toward rational choice and efficiency-based perspectives, and instead stressed that organizational practices are to be understood against the background of socially constructed views of appropriate organizational forms” (Björkman 2006, p. 464).

Institutional theory has until now been more concerned about the relationship between the organization and its environment rather than constructing a theory of the MNC per se. Perhaps the main contribution of the institutional perspective on the MNC is that it provides a powerful way of viewing the relationship between the MNC and the environment: “The environment is not only external to the organization; the environment *enters* the organization” (Westney 1993, p. 56). The beliefs and actions of individuals within the organization are influenced by the environment, while at the same time organizations are carriers of their national environments. Westney (1993) argues that the appropriate level of analysis for the environment is the ‘organizational field’ or inter-organisational network. A key argument in institutional theory is that organizations that operate in the same environment “are characterized by shared systems of meanings and tend to become ‘isomorphic’ with each other” (Björkman 2006, p. 464).

The MNC, however, is not a straightforward case of isomorphism because it simultaneously operates in a number of national jurisdictions and organizational fields (Westney, 1993). Rosenzweig and Singh (1991) argue that each subsidiary of the MNC faces tension between, on the one hand, isomorphic pressures to adapt to the institutional pressures of the host country in which it operates and, on the other hand, pressures for consistency with other parts of the MNC. Thus, the focus is on what Kostova and Roth (2002, p. 216) term “institutional duality”: the fact that “each foreign subsidiary is confronted with two distinct sets of isomorphic pressures”, emanating from host as well as home country. Thus, MNC units face the dilemma of simultaneously seeking ‘external legitimacy’ in the host environment and ‘internal legitimacy’ within their own organization (Kostova and Zaheer, 1999, p. 67).

In contrast to the economistic perspective, which portrays a rather harmonious view of the firm, the institutional perspective presupposes conflict – or at least a high potential for misunderstanding – between headquarters and subsidiaries due to the different institutional worlds they inhabit. Empirically, institutional theory has been tested in relation to the transfer of organizational practices within the MNC. As institutional theory would predict, headquarters ability to have organizational practices implemented in foreign subsidiaries has been questioned (Kostova and Roth 2002). While global practices may be transferred, they may not necessarily be adopted and internalized locally. This is explained by introducing structural and psychological motives for understanding individual "agents" in foreign subsidiaries. In structural terms, an efficient practice may actually be regarded locally as inefficient because it is perceived to be inappropriate given that particular external environment. Negative emotional reactions to the perceived imposition of a practice may also preclude successful transfer (Kostova and Roth 2002). Again, as with the business network perspective, a skeptical position is taken in relation to the actual influence of headquarters on organizational developments. Organizational unity is not assumed, and it is recognized that foreign subsidiaries may not share the organizational culture of their parent organization (Kostova 1999).

To sum up, the institutional perspective spans the macro-external environment and micro-organizational environment, in a way that the business network perspective does not. However, while the institutional analysis by Kostova and Roth (2002) largely focuses on the foreign subsidiary as the unit of analysis, they do acknowledge individual attitudes and self-identities as being crucial to successful inter-unit transfer of practices.

The concern for the individual is the focus of the next perspective, the critical one, which combines a form of European institutionalism with an actor-centered analysis.

Critical perspective

The critical perspective of the MNC is a sociological one, suggesting that MNCs "constitute a form of transnational social space" or community (Morgan 2001, p. 10). The MNC's social character is two-fold: first, it is socially embedded in national and transnational institutions, and second, MNCs are not just 'means to achieve certain economic goals' (Morgan 2001, p. 10) but are sites for social interaction. The concept of 'space' suggests a geographical terrain which is occupied and fought over by individual actors claiming to represent different MNC units. Thus, the MNC is not just a social space but is by its very nature a "contested" social space (Morgan and Kristensen 2006). Although the critical perspective is very much influenced by institutionalism, it goes beyond traditional institutional theory by arguing that institutions do not determine organizational outcomes, but rather provide resources for individuals to use in their contests taking place in the MNC.

Stemming from the 'European' or comparative-historical institutional tradition, the critical perspective is grounded in the framework of national business systems. This framework comprises a range of societal institutions, one of which is non-ownership coordination: the inter-firm relationships between members of the value chain, competitors and partners. The others are ownership coordination (i.e. the nature of firm entities) and patterns of work organization (for a summary, see Tempel, Wächter and Walgenbach 2006). An additional element in this framework is the macro-level societal institutions (the state, the financial system, the skill development system and conventions governing trust and authority relations) that then structure these patterns of coordination and organization. Compared to the business network perspective, however, inter-firm relationships and networks are only one component in this framework. Therefore, they have not been analysed to such depth and precision as within the business network perspective.

An analysis of organizational micro-politics occurring within national business systems can be found in Kristensen and Zeitlin (2005). As well as detailing the manoeuvrings of ‘local players’ in the internal ‘war games’ of the MNC, Kristensen and Zeitlin’s book situates these local players within their own local communities. This local embeddedness, Kristensen and Zeitlin argue, is key to understanding the evolution of individual corporate units within the MNC. A Danish subsidiary that manages to upgrade its strategic position in the MNC is notably the only one not to follow headquarters decrees. However, its ‘subversive strategies’ would not have succeeded were it not for its long-term collaborative relationships with local subcontractors which gave the plant considerable flexibility, its local managerial talent, who were able to mobilize its workforce to achieve productivity improvements in a way that exploited the advantages of the ‘Danish business system’s’ strengths in training and industrial relations. This contrasts with the American subsidiary, which as a vertically integrated organization did not have close alliances with local suppliers, which lacked strong local managers and whose workers were clinging on to what were becoming increasingly rare unionized, permanent positions.

There is also a recognition that as economies globalize, national business systems are colliding and interacting with emerging transnational systems such as global capital markets. While the business network perspective focuses almost exclusively on the local context of the foreign subsidiary, authors from the critical perspective note that these globalised capital markets constitute a critical “local” environment for headquarters. In this ‘City investment game’, gaining and maintaining the confidence of key institutional investors is the main objective. The embededdness of headquarters in this ‘game’ – which has been observed also by scholars taking other perspectives, e.g. Birkinshaw, Holm, Braunerhjelm and Terjesen (2006), who in their study of HQ relocations found that corporate HQ location choices tend to be influenced by a perceived need for proximity to the money markets – has profound consequences for inter-unit relationships within the MNC.

Kristensen and Zeitlin portray headquarters of the MNC they studied as being pitted against its foreign subsidiaries. Divorced from the operations of the firm, headquarters alienated subsidiaries by frequently changing direction, extracting extra profits from subsidiaries (e.g. by suddenly imposing royalty payments), starving them of investment funds, and implementing organisational reforms in such a way that only serves to undermine their technical and operational effectiveness.

The critical perspective thus views headquarters-subsidiary relationships as conflictual and potentially dysfunctional. The central argument is that headquarters is not in control. Rather, structures and strategies of the MNC are the result of micro-political contests with each actor following their own contextualized rationalities. Headquarters actions lack legitimacy as well as knowledge (according to local rationalities their decisions often simply appear ‘stupid and wrong’, Kristensen and Zeitlin 2001, p. 188), and corporate management is simply too far removed from the operational realities which dominate daily experiences at the subsidiary level. The role of headquarters is reduced to constructing plausible narratives for the consumption of institutional investors in the stock market. Ultimately, the metaphor Kristensen and Zeitlin (2005, p. 234) use for headquarters is of an ‘absentee’ landlord who is not only ignorant, but who destroys rather than creates value, pointing to a dysfunctional relationship between headquarters and subsidiaries. Criticizing the viability of ‘transnational’ solutions, the authors ‘cast doubt on whether the managerial apex of MNC headquarters is currently capable of deliberately organizing the construction of such a global web’ (Kristensen and Zeitlin 2005, p. 17). Researchers from the critical perspective therefore repudiate the notion of an MNC’s organizational structure being the ‘outcome of a deliberate HQ strategy’ (Kristensen and Zeitlin 2001, p. 189).

In such an organization, fragmentation is more likely than unitary action; a state of ‘warring fiefdoms’ is a more likely outcome than an ‘integrated network’ (Kristensen and Zeitlin 2005, p. 193). Corporate culture cannot bind the MNC and hold it together: “It is impossible to imagine how a common corporate culture could be formed across such diverse and relatively independent entities” (Morgan 2001, p. 13). Ultimately, given the transitory nature of the MNC, even a unit’s status as headquarters is tenuous, given the prevalence of mergers and acquisitions worldwide (and in fact, the headquarters features in Kristensen and Zeitlin 2005 is itself acquired). Thus, it is more appropriate to analyse the MNC as a temporary association of independent units, with constantly shifting organizational boundaries, rather than a single entity with a united destiny.

At the heart of the critical perspective is the desire to ‘bring back’ the actors, in other words the individuals operating within their local and organizational contexts. Ultimately, organizational processes are the result of micro-political strategizing by individuals, who are motivated not just by calculations of resource-dependency but also by personal career ambitions, altruistic ideals and personal identity constructions (Dörrenbächer and Geppert 2006). For example, subsidiary managers may follow two opposing strategies depending on how they perceive where their interests, identities and futures lie (Morgan and Kristensen 2006, p. 1477). The first course of action would be for managers to identify with corporate headquarters and regard their role as being to align the local unit with the global corporate strategy. For such managers the MNC offers the potential for a career which is not limited by their local subsidiary context. The second course would be to anchor one’s career in the local surroundings and strengthen the local position, both personally and in terms of the subsidiary unit. Thus, moving beyond the subsidiary as the unit of analysis we may gain additional explanations for subsidiary behaviour.

The critical perspective arguably adopts a more holistic approach to the MNC compared to the economistic or the business network perspectives. Thus, Kristensen and Zeitlin (2005) seek a multi-level explanation for the fortunes of each subsidiary in their narrative: its initial position upon entering the multinational, its ability to draw on resources from its local collaborations and ‘national business system’, its record in drawing on resources within the MNC and its success in building a sense of collective identity within its local site. Similarly, Moore’s (2005) study of the ‘lived experiences’ of employees in a multinational firm shows individual actions as being nested within the broader industry, social and institutional context. She argues that an analysis that assumes MNC units are monolithic actors overlooks internal divisions, cohorts and individual strategizing within units. Her empirical study identifies four subgroups or 'cohorts' within the London subsidiary of a German bank, all of whom relate to German and English cultures in different ways, adapt these cultural reference points in their own self-presentation, have different understandings of what the bank's organizational culture is, see themselves as having different interests and positions in the bank, and who reacted differently to an organizational restructure that occurred during the period under study. Thus, she argues it would be a misinterpretation just to view divisions in the bank as occurring along purely national lines. Her account therefore raises questions about theories of the MNC that conceptualize national cultures as unitary and fixed properties, use headquarters and subsidiaries as the focal units of analysis, or assume that expatriates are loyal to headquarters while local staff identify with subsidiary interests.

Conclusion

Our review of recent perspectives on the MNC shows, first of all, that the business network model of the 'embedded multinational' is not the only one to challenge the economistic view of the MNC. While our review has focused on distinctions and contrasts between the three alternative perspectives that have emerged (business network, institutional and critical), the commonalities they share should also be acknowledged. In particular, all three perspectives question the notion of the MNC as a unitary rational actor, masterminded by the grand organizational designs of headquarters. They all emphasise heterogeneity and local embeddedness as essential to understanding the organizational development of the MNC. They also, whether implicitly or explicitly, question the wisdom of providing simplistic managerial recipes for multinational management, which may end up being counterproductive or even destructive (see also Ghoshal 2005).

Moreover, all the perspectives discussed in this paper, including more recently the economistic, have all moved to incorporate networks into their analysis, perhaps attesting to Casson's (2007) comment that a network paradigm is gaining dominance in the social sciences. Caution needs to be exercised, however, because the conceptualisaton of networks differs substantially in each case. In the economistic perspective, a social network approach has been taken; thus networks are defined as flows of influences and resources that can be controlled by actors with powerful positions in the network structure. In the business network model, networks are formed through business-to-business relationships, creating resource interdependencies. In the institutional perspective, networks are largely interpreted as interorganisational linkages that are not just based on resource exchange, but also on normative and cognitive 'rules of the game'. In the critical perspective, networks within the MNC web as well as within the wider business system are based on social and political, not just economic relationships. Thus, it is important to clarify the understanding that individual perspectives have of networks both internal and external to the MNC. Put simply, whose definition of network are we (or should we be) using?

We would argue that a comparison of different perspectives on the MNC matters because what you see ultimately depends on the lens you are using, given that each perspective necessarily downplays some characteristics of the MNC while illuminating others. For example, while the business network model is able to ‘bring business back in to the center of analysis in management in MNCs’ (Forsgren et al. 1995, p. 11), in contrast to the economistic focus on corporate strategy at the top management level, it perhaps does so at the expense of the individual level of analysis. Thus, the focus is on analyzing the relationships, both internal and external, formed at the unit level. Moreover, in this model these relationships, in contrast to the institutional and critical perspectives, remain largely free from imprinting by national institutions and traditions, with the business network model on its own unable to account for country differences. Ultimately, then, the contribution of our comparative analysis is to clarify the assumptions and omissions of each perspective, as well as highlighting an emerging consensus that takes the field beyond rationalist and economistic explanations.

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Table 1. Comparison of the four perspectives on the MNC.

Key theme	*Economistic perspective*	*Business network perspective*	*Institutional perspective*	*Critical perspective*
Conceptualisation of the MNC	MNC as a homogeneous, rational actor	MNC a loosely coupled organization with heterogeneous resources and interests	MNC a heterogeneous, complex organization striving to satisfy competing legitimacy demands	MNC a transnational community or social space contested by a multiplicity of actors
Conceptualisation of the environment	The environment is faceless to which the MNC adjusts (contingency approach)	The environment understood as business exchange relationships	The environment is composed of rules of the game to which organizational actors conform	National business systems provide institutional resources for internal organizational power plays
Organisation-environment interface	Clear boundaries of MNC based on legal attributes i.e. ownership	MNC boundaries indistinct due enduring business relationships	Various national and field-level institutions imprint organizational structures and processes	MNC boundaries subject to constant change
Analytical focus	Corporate strategy driven by top management	"Bringing business in"	"Bringing the environment in"	"Bringing actors in"
Headquarters-subsidiary relationships	Clear division of labour with headquarters as the organizational "master mind"	Headquarters is in competition with subsidiaries for control	A basic conflict between headquarters and subsidiaries due to institutional duality	Headquarters not just ignorant, but also potentially destructive in its actions
Level of analysis	Inter-unit relationships	Local subsidiary business network (internal and external)	Binary relationships between headquarters and foreign subsidiaries	Holistic, multi-level analysis
Power and influence	Formal authority the source of power	Power derived from resource interdependencies	Institutional legitimacy an additional source of power	MNC a 'contested space' for negotiations, conflict and the power games of individuals
Knowledge	Information monopoly of headquarters	HQ ignorant of subsidiary business networks	Knowledge transfer inhibited by institutional distance	Information interpreted and reconstructed by individual actors rather than transferred
Time	Administrative heritage as a barrier to organizational change	Path dependency of business relationships and networks	'Rules of the game' reflect processes of of institutionalization	Influence of 'European' comparative historical institutionalism
Corporate culture	Shared values as a normative control mechanism	Business relationships come first, shared values follow from interaction	Subsidiary caught in between local and corporate value systems	Potentially divisive rather than integrative processes
Managerial implications	Tools for effecting	Focus on organizational	Policy as well as managerial	Questions the relevance and

	managerial decisions and organizational change	characteristics of the MNC rather than management of the MNC	implications	desirability of managerial implications
Key authors	Bartlett & Ghoshal 1989, Nohria & Ghoshal 1997	Forsgren, Holm & Johanson 2005	Kostova 1999, Kostova & Roth 2002, Westney 1993	Kristensen & Zeitlin 2005, Moore 2005