

WHAT HAPPENS WHEN YOU GOT IT? On the Consequences of Disaggregating Value Chain and Subsidiary Strategic Activities

ABSTRACT

Today indeed fine slicing and disaggregating value chain are the common activities of the MNEs. Subsidiaries are mandated around the globe with MNE's core activities such as R&D. R&D Mandating a subsidiary not only presents the subsidiary with an ability to control a very important part of the value chain but it also creates an opportunity for the subsidiary to increase MNE dependency. With increased MNE dependency the subsidiary gains more bargaining power and thus the ability to influence strategic decisions within the MNE. In this study we investigate the effects of the activities performed by subsidiary managers' post R&D mandate on MNE strategy. To do that, first, we conceptualize the role of subsidiary property rights post mandate gain and its influence over dependencies in the MNE, and second, by drawing on middle management and the strategic activities of subsidiary managers we elucidate the moderating effect of strategic activities of subsidiary managers on the dependencies within the MNE. We then argue that the dependencies based on the managerial activities pursued by subsidiary managers on the intra and inter MNE linkages influence MNE strategy.