



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

**THE GLOBAL BRAND AS A HEADQUARTER-
SUBSIDIARY DYNAMIC**

A SINGLE CASE STUDY ON THE DYNAMICS OF INFLUENCING A GLOBAL BRAND

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Abstract

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The topics of headquarter subsidiary relationships, global branding, and subsidiary charter and mandates all are widely studied fields. However, there seems to be a gap in bridging these fields of study. This, while increased globalization and the interconnectedness of the world economy, has made it more important for MNCs to manage their subsidiaries in a structured manner. This study aims to shed light on how MNCs structure and strategize their subsidiary's charters and mandates, allowing them to influence the existence of a global brand while attaining a level of specification adapted to the local environment. The paper aims to do this by taking on an abductive approach and developing existing theory by bridging the above-mentioned fields of study in a single case study. By combining theoretical aspects in a conceptual framework and empirical data from a case study, a new model could be developed explaining how MNC structures and strategizes its subsidiaries' charter and mandates to influence the existence of a global brand. The findings show that the use of an efficient, well-structured network of subsidiaries each working with their independent charter connected via global strategies adheres to influencing the global brand. While secondly, the standardization through the sharing and usage of branding resources among subsidiaries through subsidiary mandates acts as a more direct influence. In addition, charters influenced primarily by local markets can be used to meet local demands while levels of standardization using branding resources and guidelines can assert the corporate brand and influence the exitance of a global brand.

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List of Abbreviations

EFTA	European Free Trade Association
EU	European Union
HQ	Headquarters
IR	Integration Responsiveness
MNC	Multinational Corporation

List of Figures

2.1.	Capability to Charter Gap	28
2.2.	Charter Influence Matrix	30
2.3.	Charter Influence Matrix over Time	33
2.4.	Conceptual Framework	35
3.1.	Overview of Research Process	38
3.2.	Overview Primary and Secondary Data	44
5.1.	Conceptual Framework Revisited	87

Table of Content

1. INTRODUCTION.....	7
1.1. Background	7
1.1.1. Global Brands	8
1.1.2. Subsidiary Charter and Mandates	9
1.2. Problem Discussion	10
1.3. Purpose	12
1.4. Contributions	12
1.5. Research Outline	13
1.6. Delimitations.....	13
2. THEORETICAL FRAMEWORK.....	15
2.1. Headquarter Subsidiary Relationships.....	15
2.1.1. Integration Responsiveness Framework	15
2.1.2. Subsidiary Types.....	19
2.2. Global Branding	21
2.2.1. Global Brands	21
2.2.2. Corporate vs Product Branding	22
2.2.3. International Marketing Mix	24
2.3. Charter Mandates & Subsidiary Evolution	25
2.3.1. The Influential Forces on a Subsidiary's Charter	26
2.3.2. Subsidiary Capabilities.....	28
2.4. Conceptual Framework	29
2.4.1. Subsidiary Charter Influence Matrix.....	29
2.4.2. Conceptual Framework Model.....	33
3. METHODOLOGY.....	36
3.1. Research Approach	36
3.1.1. Abductive Approach	37
3.1.2. Research Process.....	37
3.2. Single Case Study	39
3.2.1. Case Company Selection	39

3.3. Data Collection	40
3.3.1. Primary Data.....	40
3.3.2. Secondary Data	43
3.3.3. Data for Literature Review	44
3.4. Data Analysis	45
3.4.1. Empirical Analysis.....	45
3.4.2. Theoretical Analysis.....	45
3.5. Research Quality	46
3.6. Ethical Considerations	48
3.7. Limitations	49
4. EMPIRICAL DATA	50
4.1. Case Company Description	50
4.2. Branding	51
4.2.1. Brand Image	51
4.2.2. Branding Activities.....	54
4.2.3. Multiple Brands	58
4.3. Relationship between Headquarters & Subsidiaries	60
4.3.1. Activities by the HQ.....	60
4.3.2. Activities by the Subsidiaries.....	61
4.4. Subsidiary Charters & Mandates	63
4.4.1. Existence and Changes of Subsidiary Charter and Mandates	63
4.4.2. Influential Factors of a Subsidiary’s Charter and Mandates.....	65
4.4.3. The Effect of Capabilities on a Charter and its Mandates	67
4.4.4. Secondary Data	70
5. ANALYSIS	72
5.1. Branding	72
5.1.1. Global Brands	72
5.1.2. Corporate vs. Product Branding	74
5.2. Headquarter Subsidiary Relationships	75
5.2.1. IR Framework	76
5.2.2. Subsidiary Types.....	77
5.3. Charter Mandates & Subsidiary Evolution	78

5.3.1. Subsidiary Charter and Mandate Structure.....	78
5.3.2. Subsidiary Charter and Mandate Strategy	80
5.4. Revisiting the Conceptual Framework	83
5.4.1. Exclusion of Product Branding.....	83
5.4.2. Corporate Branding Resources and Guidelines	84
5.4.3. Two forms of influence.....	84
5.4.4. Inclusion of Training	86
5.4.5. New Conceptual Framework	86
5.4.6. The Charter Influence Matrix Applied	87
6. CONCLUSION	89
6.1. Main Findings.....	89
6.2. Theoretical Contributions.....	92
6.3. Managerial Implications.....	92
6.4. Outlook.....	93
REFERENCES	95
APPENDICES	99
Appendix 1: Interview Guide Subsidiaries	99
Appendix 2: Interview Guide Headquarters	101

1. INTRODUCTION

The introduction chapter firstly presents a background on the topics of headquarter subsidiary relationships, global brands, and subsidiary charter and mandates. After which a problem discussion is followed. From this problem discussion, a purpose and research question are derived. Lastly, the introduction covers the papers' contributions, the research outline, and the delimitations of the study.

1.1. Background

Globalization has through the years led to an increase in multinational corporations (MNCs) and other types of business activities outside the home country (Dicken, 2015). However, with the increase in MNCs follows the issue of how to manage foreign operations efficiently. The topic of how an MNC manages its subsidiaries in foreign markets has been widely studied (Kostova, Marano, & Tallman, 2016, Rugman, 2005, Benito, 2005) and has many implications on both theory and practice. To reduce an MNCs' liability of foreignness, the MNC competes through economies of scale by operating with global offers (Johanson & Vahlne, 2009). However, another issue is that MNCs need to cope with certain cultural differences when operating in foreign markets, and to some extent need to adapt to these cultural differences (Björkman, Stahl, & Vaara, 2007). The problem between acting globally or adapting locally is closely related to the IR dilemma by Prahalad and Doz (1987), who see a dilemma for the subsidiary between adapting to the local environment and integrating with the headquarters (HQ). The notion of there being different types of integration into the local environment originates from Perlmutter's (1969) work defining three different types of HQ orientation toward its subsidiaries. The integration responsiveness (IR) framework is an important model when studying the relationships between an MNCs' HQ and its subsidiaries and will act as a central topic when studying the dynamics of branding in a global MNC.

Moreover, papers such as Bartlett and Ghosal (1986) and Rugman, Verbeke, and Yuan (2011) argue that there are several subsidiary types and that subsidiaries differ depending on what position each subsidiary has in the MNCs' value chain. Bartlett & Ghosal (1986) argue that the type and role of a subsidiary are dependent on the level of competence in the local organization

and the strategic importance of the local environment since these determine if the subsidiary acts in an important market and if they have the means to act strategically in that market. This is important to consider when discussing the implications of adapting to the local environment or integrating with the HQ since it to some extent can be explained by the subsidiary role/type and its external environment.

1.1.1. Global Brands

The notion of there being a difference in the adaptation to the local environment and integration with the headquarters has further implications on the area of branding. Özsomer (2012) distinguishes local and global brands, which in turn are adapted to the local market or integrated with the HQ. Global brands are referred to as multinationals that exist under the same name in multiple countries, they are also known to have headquarters and to be centrally coordinated with standardized strategies (Özsomer, 2012). Moreover, the rise of MNCs and their increasing international reach has made way for literature to address the effects of globalization on an international branding strategy (Van Raaij, 1997, Hatch & Schultz, 2008, Yu Xie & Boggs, 2006, Özsomer, 2012). Branding is defined as all activities that in some way affect the name, term, sign, or symbol that stakeholders perceive as the brand, as defined by Kotler and Armstrong (2020).

A growing notion in the literature exists that the increasing amount of globalization has led to standardization between cultures due to a phenomenon called interconnectedness (Pieterse, 1996, Ambirajan, 2000). As cultures become more interconnected, the inclusion of globalized media propels this culture hybridization to create one global culture (Ambirajan, 2000). The rapid changes in the way markets behave globally due to these phenomena have allowed MNCs to develop global brands (Van Raaij, 1997), and with global brands come global branding strategies. Given that branding strategies affect the stakeholder perception of the name, term, sign, or symbol of an MNC (Kotler & Armstrong, 2020). Global branding strategies will be referred to as the use of traditional theoretical branding strategies within the international setting of a global brand.

Hatch and Schultz (2008) distinguish two types of branding strategies: corporate branding and product branding. Firstly, product branding can be defined as a branding strategy where every product has its own brand (de Chernatony, 1996). In product branding, the aspects of the

product are central, and the brand identity is targeted mainly to customers (Hatch & Schultz, 2008). On the other hand, corporate branding is a branding strategy that relates to several products that fall under the same brand (de Chernatony, 1996). Further arguments state that corporate brands are embedded in every single unit of the company, meaning that in an MNC, the branding cannot be solely controlled by the headquarters (Hatch & Schultz, 2008). While product branding is established as a short-term strategy of individual campaigns and advertising for individual product identity, corporate branding involves a long-term aspect of branding that incorporates perceptions and portfolios of products and services within an MNC (Hatch & Schultz, 2008). These two types of branding make up the branding activities as a whole, meaning that the global brand is based on both corporate branding activities and product branding activities. However, due to the shifts in market behavior and the growing existence of globalization, greater emphasis has been given to long-term corporate branding strategies (Hatch & Schultz, 2008, Yu Xie & Boggs, 2006). Corporate branding strategies encompass the MNC as a whole, not only customers, but all stakeholders to the corporation. These include employees, customers, and investors, as well as external stakeholders such as governments and NGOs (Hatch & Schultz, 2008). The branding characterization being referred to throughout this paper lie within the values and heritage that the corporation must represent and includes a long-term horizon since it represents the lifespan of the whole corporation (Hatch & Schultz, 2008). These conceptualizations on branding and MNC strategy can better aid the understanding of the management of subsidiaries across different countries.

1.1.2. Subsidiary Charter and Mandates

Adding onto the above-mentioned research there is a more specific conceptualization of MNC strategy, one associated with subsidiary evolution and its overarching responsibilities as a functioning unit within an organization. This conceptualization of subsidiary direction or purpose has been defined as a subsidiary's Charter (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017, Birkinshaw & Hood, 1998, Cantwell & Mudambi, 2005). The study of subsidiary charters has been closely related to subsidiary evolution (Jakobsson, Lagerström, & Schweizer, 2020) and its importance to a subsidiary's scope of responsibility and individual strategy as part of a bigger network of subsidiaries. The literature on subsidiary charters has further evolved to include the concept of mandates, though the exact definitions of a mandate have differed over time, its relationship and importance to subsidiary charters and subsidiary

management have remained highly relevant (Jakobsson, Lagerström, & Schweizer, 2020). Older definitions refer to subsidiary mandates as synonymous with charters (Birkinshaw & Hood, 1998) however, more recent conceptualizations within the past decade have been defining it as specific activities within a subsidiary that align with its charter (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017).

Birkinshaw and Hood (1998) further extend subsidiary charter theory through the inclusion of three distinct factors that can influence the charter of a subsidiary. These three influences include *HQ Assignment*, *Subsidiary Choice*, and *Local Market Determinism* which combine at different levels to affect the strategic purpose of a subsidiary. This literature also builds upon subsidiary evolution literature through the scope of capabilities and resources perspective, whereby the specific capabilities of a subsidiary, such as market knowledge, can determine which of these three influential factors plays a bigger part in the strategic decisions behind a subsidiary's charter (Birkinshaw & Hood 1998, Andersson, Johanson, & Vahlne, 1997, Solberg, 2000).

It is important to consider these theoretical constructs when examining the importance of subsidiary charters and their respective mandates as a practice for efficiency in the management of a global brand. However, this paper will be analyzing the role of mandates through the more modern conceptualizations of Jakobsson, Lagerström, and Schweizer (2020) and Gilmore (2017), characterizing it as a set of activities within a subsidiary that aligns with its charter. This paper will also be associating a subsidiary's charter with its purpose and the business domain it is associated with in the region it operates (Galunic & Eisenhardt, 1996).

1.2. Problem Discussion

Though the recent increase in levels of interconnectedness and globalization has led to an increase in international reach for MNCs, its growth has created new problems in the management and operations of MNCs. More specifically, a problem arises when an MNC expands its reach across different international markets, managing a global brand across a network of subsidiaries that independently hold different characteristics and capabilities can become increasingly difficult (Hatch & Schultz, 2008). When MNCs internationalize, the dilemma between maintaining a global brand and adapting the brand to the local environment

is a complex issue. As seen in the background, there have been plenty of studies on the IR framework (Pralahad & Doz, 1987, Perlmutter, 1969, Rosenzweig & Singh, 1991, Dörrenbächer & Geppert, 2016). However, even though the IR framework is a widely studied subject, the implications for MNCs' global branding strategy remain complex given there is no right or wrong answer to the matter. Adding to this literature will hence not aim at answering this dilemma, rather it will give MNCs a new point of view on how to act more systematically on the IR framework with special regard to an MNCs' global branding strategy. Especially considering that there seems to be a lack of consensus regarding what 'think global act local' means (Medina & Duffy, 1998), which for an MNC with a global brand complicates strategic decisions on how to efficiently structure foreign subsidiaries.

As for corporate branding, Hatch and Schultz (2008) assert that corporate branding is partly embedded on the unit level, meaning that a corporate branding strategy to some extent has to be decentralized in the sense that the HQ cannot influence the full corporate brand. Incorporating this literature through a global perspective indicates that the different international units, in this case foreign subsidiaries, also have an influence over the corporate brand to some extent. Some of these subsidiaries operate in widely different environments, complicating the management of the corporate brand internationally even further. In other words, the HQ cannot fully influence the brand but needs to grant certain autonomy to the subsidiaries when it comes to the branding strategy. This is further complicated through the existence of product brands, which are more unit-based but still influence the overall global brand (Hatch & Schultz, 2008). An MNCs' ability to manage a corporate brand, and to some extent, a product brand, when extending its reach across different markets is an area of HQ subsidiary relationship theory that has not been addressed.

This leaves the problem for the MNC when it comes to making sure a subsidiary is acting toward the global brand with its given charter and mandates. Understanding how to efficiently structure a network of subsidiaries with their charters can be a complicated endeavor for an MNC. Furthermore, making sure that a foreign subsidiary works in line with the brand developed by the HQ becomes a difficult issue for the MNC. Thus, making way for the need for efficient strategies to cope with said issues. This needs to be addressed systematically since the risks are that subsidiaries negatively affect the global brand by not acting in line with it. For the subsidiary, the problem is to work toward the global brand while having limited

capabilities or knowledge on how to achieve this. For instance, the subsidiary could have limited time, resources, or knowledge on how to act toward the global brand within the MNC.

From a theoretical perspective, the growth of literature within the realm of subsidiary evolution and management has made way for the conceptualizations of charters and mandates. This has become a fruitful insight into efficiently strategizing a subsidiary as a single unit within a greater network of subsidiaries. Though these concepts have been researched in depth over the past decades (Jakobsson, Lagerström, & Schweizer, 2021, Friesl & Silberzahn, 2017) the current literature on subsidiary charters has not yet been introduced into branding and corporate branding theory, but instead maintained itself within the limits of clarifications and discussions on their definitions (Jakobsson, Lagerström, & Schweizer, 2021, Gilmore, 2017). A problem arises within the literature where global brands and their branding strategies have not been investigated through the scope of subsidiary charter and mandate theory.

1.3. Purpose

The purpose of this paper is to shed light on how MNCs structure and strategize their subsidiary's charters and mandates, allowing them to influence the existence of a global brand but at the same time attain a level of specification that is adapted to the local environment. This information could potentially open new doors in the research of global brand management and their branding practices and bridge the doors between subsidiary charter research and global branding research. The study will identify where branding activities are allocated within subsidiaries' operations and how they affect their charter and mandates. From this purpose, we derive the following research question:

How does an MNC structure and strategize its subsidiaries' charter and mandates to influence the existence of a global brand?

1.4. Contributions

This paper aims to contribute to the literature on headquarter subsidiary relationships, subsidiary charter and mandates, and global branding by tying the three areas of research together and examining how they are applicable to each other. By not only seeing branding as

a tool to gain a competitive advantage over competitors, but also as a form of interaction between an MNC's headquarters and its subsidiaries, we hope to further build on previous studies on corporate and product branding. Furthermore, the paper aims to create a better understanding among MNC managers on the dynamics of subsidiary charters and mandates with regard to keeping a brand intact across borders. The hope is that it will allow MNCs to act more systematically with its charter and mandates and show how subsidiaries can cooperate more with the headquarters to maintain a global brand.

1.5. Research Outline

The paper will be divided into six chapters including the introduction chapter. Following the introduction, a theoretical framework will be presented, which will focus on the three main areas of literature used in this paper: headquarter subsidiary relationships, global brands, and charter and mandates. In the third chapter, the methodology will be presented. The method used will be qualitative semi-structured interviews which will be conducted at a large MNC providing heavy lifting and transport services. Secondary data will also be used to strengthen the discussion. The fourth chapter will present the empirical findings of the paper, including the data and findings from the study. This will result in an analysis that connects the findings to the theoretical framework and discusses its implications. Lastly, there will be a conclusion summarizing the main findings and answering the research question, followed by a discussion about theoretical contributions and practical implications and how future research could build on this paper.

1.6. Delimitations

As with all studies, there are certain delimitations to consider in this paper. As mentioned earlier, within the literature of marketing, the paper scopes down on the topic of branding. Within this subtopic, the focus lies on the global brand, as well as corporate and product branding. In addition, given that this study is conducted on an MNC within the service industry, the individual characteristics and nature of a service provider may have different implications on the element of product branding than a traditional product-centric MNC. It is important to also note that even though branding literature describes the existence of global brands and local

brands (Özsomer, 2012), for the purpose of this study we will only focus on the study of global brands, and will as a result not take local brand practices or organizations into account.

Furthermore, since this is a qualitative single case study, there is only one case company. Within the analysis of the case company, we are not able to investigate every single subsidiary, instead, we will look at three different units spread across two different subsidiaries, all located in the same geographical area. This allows for comparisons between subsidiaries with similar regional characteristics. The region of interest is the Nordics and the subsidiaries that partake in the case study are operating in Sweden, Norway, and Finland. This approach allows us to see how subsidiaries differ without having to account for large cross-country and cultural differences. Furthermore, the HQ also partakes in the case study in order to find an answer to the research question.

The timeframe of the study lies mostly in the present since the interest lies in the differences of attaining a global brand in the present, and how they could be more systematic in the future. However, when looking at the charter and mandates, we also briefly cover past changes in the subsidiary's charter and mandates. There are, of course, additional limitations connected to the chosen method, which are further discussed in the methodology chapter.

2. THEORETICAL FRAMEWORK

The theoretical framework consists of a literature review which draws on the most relevant theory within the areas of headquarter subsidiary relationships in chapter 2.1, global branding in chapter 2.2, and subsidiary charter and mandates in chapter 2.3 to study how an MNC structures and strategizes its subsidiary's charter and mandates to influence the existence of a global brand. The literature on headquarter subsidiary relationship will more specifically be focused on the IR framework and subsidiary typologies, while the literature on subsidiary charter and mandates will also go deeper into capability management. The literature review will be followed by a conceptual framework in chapter 2.4 based on this literature, which will act as a central framework throughout the paper. The aim of the theoretical framework is to create a better understanding of the dynamics of influencing a global brand across subsidiaries.

2.1. Headquarter Subsidiary Relationships

Partly introduced by Perlmutter (1969), the study of headquarter subsidiary relationships has evolved from a large focus on management issues to more focus on subsidiary roles (Kostova, Marano, & Tallman, 2016). When looking at how an MNC structures and strategizes its subsidiary's charter and mandates to manage a global brand, it is important to understand that there are different pressures between adapting to the local environment and integrating with the headquarters, also known as the IR framework (Pralahad & Doz, 1987, Kostova & Roth, 2002, Rosenzweig & Singh, 1991). At the same time there also are different types of subsidiaries with their own characteristics and needs (Bartlett & Ghosal, 1986). This subchapter will clarify these two issues.

2.1.1. Integration Responsiveness Framework

Perlmutter's (1969) three types of headquarter orientation toward subsidiaries are still relevant today (Kostova, Marano, & Tallman, 2016). The ethnocentric, polycentric, and geocentric orientations cover if subsidiaries should be oriented on the home country of the MNC, the host

country of the subsidiary, or having a worldwide approach where neither the home nor host country environment is seen as superior (Perlmutter, 1969). Firstly, ethnocentric orientation focuses on the home country, and the subsidiaries should follow the same practice as in the home country. Secondly, polycentric-oriented MNCs acknowledge the local host country to be different, hence allowing different practices on the subsidiary level. And lastly, a geocentric orientation does not see any single country's practices as superior and allows for a worldwide approach to solving business issues.

Today, these three orientations are still studied albeit under newer theories. The IR framework by Prahalad and Doz (1987) is one of the most widely used adaptations of the three orientations, although mainly the geocentric approach. Both the IR framework and the three orientations by Perlmutter (1969) distinguish what practices are prioritized between the headquarters and the subsidiaries. In the IR framework, the dilemma between isomorphism with the headquarters or local adaptation also draws upon the discussion if the headquarters or the individual subsidiaries should control the practices. Integration refers to exploiting the MNCs' benefits across different borders, while responsiveness refers to the need to adapt to the local environment (Benito, 2005). This shows that the topic has a long history and is already a widely studied field of research.

Pressures for Integration and Responsiveness

Firstly, we need to understand what influences a subsidiary to adapt to the local environment or integrate with the headquarters. The existence of institutional duality in a subsidiary puts the foreign unit in a difficult position (Kostova & Roth, 2002). Institutional duality concerns the institutional profile of the host country and the context within the MNC to which the subsidiary must adapt. These pressures depend on the institutional and relational context of the subsidiary (Kostova & Roth, 2002). This means that the institutional profiles such as regulatory framework and normative institutional profiles, and relational aspects such as dependence and trust on the HQ all affect the institutional duality. The first pressure: the regulatory framework in the host country is argued to increase the local adaptation because the subsidiary has to comply with the legal framework of the host country (Kostova & Roth, 2002, Rosenzweig & Singh, 1991). Furthermore, if there is a perception that the subsidiary depends on the HQ, the subsidiary will be more compliant with mandates from the HQ. At the same time, the subsidiary

will comply more with its mandates from the HQ if the levels of trust are high (Kostova & Roth, 2002).

Other pressures for integration with the headquarters that are theorized include sharing of technology within the MNC and the number of home country expatriates in the foreign subsidiary (Rosenzweig & Singh, 1991). This is because shared technology enables the MNC to achieve the advantages of economies of scale, while expatriates are more knowledgeable about the home country than the host country. Other pressures for adaptation to the local environment that are theorized include the MNC operating in a multi-domestic industry and the subsidiary being acquired rather than greenfield (Rosenzweig & Singh, 1991). A multi-domestic industry allows for higher local adaptation since competition is mainly based on the local market, while acquired subsidiaries have already established themselves in relation to the local environment, thus, more local adaptation will occur.

The suggestions by Kostova and Roth (2002) and Rosenzweig and Singh (1991) are later built on by Meyer, Mudambi, and Narula (2010), who argue that the local environment is to be even more important than before, despite the ever-increasing globalization. Each subsidiary will develop unique capabilities to operate in its local environment, meaning that all subsidiaries have different means of integrating with the headquarters or adapting to the local environment (Meyer, Mudambi, & Narula, 2010). Meyer, Mudambi, and Narula (2010) also argue that it is difficult to transfer these capabilities between subsidiaries due to different incentives among subsidiary managers. This suggests that the pressures for each subsidiary differ widely between different countries or regions and that certain pressures are predetermined. In addition, this shows us that MNCs need to cope with certain external pressures when managing their subsidiaries.

Qu and Zhang (2014) argue that it is easier to meet the local market demands if integration with the headquarters is low and there is high pressure from the local environment to adapt. Lin and Hsieh (2010a) further argue that when a strategy requires a subsidiary's manager to implement ideas from the headquarters at the expense of the local subsidiary, cooperation between the headquarters and the subsidiary becomes more difficult. This builds upon the findings by Kostova and Roth (2002) and Qu and Zhang (2014) by showing that subsidiaries face difficulties with applying strategies from the HQ, especially if the pressures for local adaptation are high.

Global and Local Strategies in the IR Framework

There are different strategies on how to act on the pressures in the IR framework. The general idea in the IR framework is that integration with the headquarters is a global strategy i.e., using the same strategy around the world, and that responsiveness is local, i.e., adapting to the local environment (Dörrenbächer & Geppert, 2016, Morrison & Roth, 1992, Spender & Grevesen, 1999). However, an efficient strategy might lie in between the local and global environments (Morrison & Roth, 1992). Especially MNCs that adapt to several domestic strategies for each subsidiary could improve by taking on a more regional strategy. Morrison and Roth (1992) see regional as a selection of countries, where it becomes a compromise between a multi-domestic and global situation. When an industry globalizes, which often happens if MNCs are active within the industry, strictly multi-domestic strategies are not seen as an effective response, jeopardizing the advantages an MNC could offer by operating in more than one country (Morrison & Roth, 1992). Moreover, Rugman (2005) argues that regional strategies are the only possible option for a globally oriented firm, arguing that a truly global strategy is impossible due to pressures from the local environment. Rugman (2005) finds that only a small share of MNCs manage to offer a global offer and that by far most MNCs operate on a regional base. Part of the reason for this regionalization is that countries are more clustered than ever when it comes to culture and government regulations. For the IR framework, this implies that as Dörrenbächer and Geppert (2016) suggest, an MNC can neither go full integration with the headquarters nor be fully responsive to the local environment. This implies that, unlike what is most effective from a market orientation point of view, the easiest solution for the IR framework often lies in a combination of the two pressures. If we extend this argumentation to a global branding point of view, this means that the MNC to some extent needs to allow for local branding activities to occur since a fully global approach would not be possible.

The original paper on the IR framework by Prahalad and Doz (1987) also gave some insights into what kind of outcomes there are in the IR framework, defining three business types for the IR framework that in turn are closely related to their respective industries and hold similarities to the three orientations by Perlmutter (1969). Firstly, there are *global businesses* that act on a global scale, where pressures for local responsiveness are low and the main goal is to achieve economies of scale across borders. Secondly, there are *local businesses* that act on a more local scale. Here, the pressures for cross-border integration are low and the need to be responsive to the local environment is high. These types of MNCs have the need to operate in a decentralized

mode of operation. Lastly, there are *multifocal businesses* that have both the need for cross-border integration and local responsiveness. For instance, the product might have to be adjusted to the local environment, while for instance production could be done from a global operations perspective. Following the line of argument by Rugman (2005), Dörrenbächer and Geppert (2016), and Morrison and Roth (1992) that full cross-border integration nor full responsiveness with the local environment are possible, most MNCs would be multifocal businesses, again showing that the headquarters cannot control every aspect of the subsidiaries.

Limits of the IR Framework

There are however also critical sounds when it comes to the IR framework. Haugland (2009) argues that it has no specific theoretical domain and that there is no coherent way of measuring neither integration nor responsiveness. Furthermore, Haugland (2009) argues that since the IR framework is general, it limits the contributions of the theoretical progress. Lin and Hsieh (2010b) further agree that it is a model that is hard to develop, but that it still proves to be a useful model thanks to its widespread use among scholars. Moreover, the purpose of our paper is not to develop the IR framework, rather we see it as a fundamental part of the understanding of the dynamics between an MNCs headquarters and subsidiaries. When analyzing the subsidiaries in this study, it is crucial to have an understanding of the pressures of the IR framework and how it relates to other theories.

2.1.2. Subsidiary Types

In addition to the IR framework, there is another aspect to consider when it comes to the managing of an MNC, namely the different subsidiary types. Beyond the three business types as defined by Prahalad and Doz (1987), there are more studies suggesting that there are different types of subsidiaries. Bartlett and Goshal (1986) define four different types of subsidiaries. The four types are defined according to firstly the competence of the local organization, after all, the headquarters has limited knowledge on how to meet the markets' needs (Bartlett & Goshal, 1986, Rugman, Verbeke, & Yuan, 2011, Meyer, Mudambi, & Narula, 2011). And secondly, the strategic importance of the local environment (Bartlett & Goshal, 1986). Firstly, there are *strategic leaders*, which are organizations where both the

competence and the strategic importance of the local environment are high. Secondly, *contributors* are organizations with distinctive capabilities but operates in an insignificant market. *Implementers* are organizations where both the capabilities of the organization and its local environment are not important; companies invest limited funds in this type of subsidiary. Bartlett and Goshal (1986) argue that this is one of the most common types of subsidiaries and that the limited growth potentially results in them having a limited contribution to the strategic planning of the MNC. In other words, they are not significant enough to let the overall strategy be affected by them. However, this is the type of subsidiary where the MNC can create economies of scale and create a strategic advantage against competing MNCs. Lastly, there are *black holes*, which are organizations where the presence in an important market is achieved, but the subsidiary does not have the capabilities to compete and gain market share. Bartlett and Goshal (1986) mention that black holes are not desirable situations since the advantage of being in a strategically important environment is not being accessed properly. The goal with a black hole would be to move the organization to a strategic leader position, however, creating a strategic leader in a large and sophisticated market is a difficult task. One goal with black holes could also be to remain in the background and see the presence in the strategically important market as a learning opportunity to see trends and technological development, which in turn could be shared with the headquarters (Bartlett & Goshal, 1986). These subsidiary types help to understand the situation of a subsidiary and could affect how it acts with regard to the pressures in the IR framework.

Beyond the subsidiary types by Bartlett and Goshal (1986), there are several other subsidiary types to consider. There are arguments that there are differences between low-power subsidiaries and high-power subsidiaries (Bouquet & Birkinshaw, 2008), meaning that there are subsidiaries that have less power within the MNC vis-à-vis other subsidiaries. Moreover, Rugman, Verbeke, and Yuan (2011) build on the subsidiary types as defined by Bartlett and Goshal (1986) and argue that the types differ widely depending on the role of the subsidiary in the value chain. They distinguish between four different stages of the value chain: *innovation*, *production*, *sales*, and *administrative support*, suggesting that a single subsidiary has different roles in each stage of the value chain, also because the importance of the local market for each stage differs. A single subsidiary could for instance be a strategic leader for production in a specific country, but at the same time be a contributor or implementer for sales and innovation in that same market. This is important to consider since the MNC could have different aims with different types of subsidiaries, which in turn affects the understanding of the IR framework

since the pressures can differ depending on the type of subsidiary. There are, of course, more types than the ones presented here, however, the importance of this paper lies not in identifying all different subsidiary types, instead it is important to understand that there are different types and that this has implications for the management of an MNC.

2.2. Global Branding

Building on the headquarter subsidiary relationships literature, there are several similarities to be found with literature on branding. For instance, the notion of there being global and local brands (Özsomer, 2012) could be seen as a type of IR dilemma. Moreover, the use of corporate and product branding (Hatch & Schultz, 2008) also has implications on subsidiaries depending on how they are used. These topics will be discussed in more detail below.

2.2.1. Global Brands

Attention has been given to the development of branding literature at a global level by investigating the perception markets have of global brands versus local brands (Özsomer, 2012). Following on global branding strategy, MNCs have been narrowing their product ranges to keep hold of fewer global branding products over several localized products leading to a consensus in the literature that global brands can be perceived as having higher quality standards and aspirational value due to a perceived global demand (Özsomer, 2012). However, even though global brands have the propensity to perform better than local brands in emerging markets, advanced markets require a higher degree of local iconness, which is defined by Özsomer (2012) as a degree of symbolic power to values associated with the local market. This degree of local iconness that a global brand should attain can influence the strategic decisions of an MNC on how it can attain and retain a global brand strategy in advanced markets. However, there are limitations to the terminologies behind local iconness, given the extensive degree of globalization and the existence of *Global Cities* (Goerzen, Asmussen, & Nielsen, 2013), which are cities containing globalization attributes that limit the liabilities of foreignness upon establishing subsidiaries. Özsomer (2012) does not incorporate the possibility of international iconness, being a high degree of symbolic power to values associated with people over places.

Van Raaij (1997) incorporates the notion that globalization leads to global brands, increasing the level of standardization in international strategy, more specifically within marketing and media strategies. This level of standardization copes with the modern phenomena of growing interconnectedness (Pieterse, 1996, Ambirajan, 2000). As markets become more globalized, cultures and values can begin to become homogeneous to a certain extent between cultures. Due to several MNC efforts on creating global brands, found in several different parts of the world, the notion of a smaller world with more interconnectedness between cultures can create a hybridization of cultures (Pieterse, 1996). This paradigm of interconnectedness from a value and cultural standpoint can change the way literature views local iconness to adapt a global branding strategy to a global consumer. Though this theory does not neglect the need for a degree of local adaptation, it rather takes note of the existence of consumers that live in an ever-growing globalization of markets, which can lead to a globalization of values. Ambirajan (2000) includes the existence of the globalization of media as another influential mark on the globalization and interconnectedness of cultures and values to create a global culture. This literature is influential in understanding how MNCs can further adapt their international branding strategies to appeal to an also changing consumer base that lives in these *Global Cities*.

2.2.2. Corporate vs Product Branding

Beyond the global and local brands, the literature on branding also distinguishes between two main types of branding activities: corporate branding and product branding (Hatch & Schultz, 2008, Yu Xie & Boggs, 2006). Corporate branding refers to the strategy of branding a variety of products that fall under the same brand, while product branding refers to the strategy of branding where every product is its own brand (de Chernatony, 1996). Urde (2003) builds on this literature by stating that there are four branding strategies: *corporate branding*, *product branding*, *corporate and product branding*, and *product and corporate branding*, where the two last types are dominated by the first type of the two (i.e., corporate and product branding has more corporate than product branding). This distinguishes between strategies that use either corporate or product branding and strategies that use a combination of the two. In an MNC, operating with a corporate brand could be one of the most important strategic assets (Hatch & Schultz, 2008). This is because corporate branding includes positive aspects such as focus, simplicity, and efficiency. However, corporate branding also includes a few negative aspects

in the form of, among others, a lack of specificity and a blurred meaning (Brexendorf & Keller, 2017). Furthermore, the risk arises that a single product could damage the corporate brand, which is not the case in product branding (McDonald, de Chernatony, & Harris, 2001).

The Shift to Corporate Branding

During the early 2000s, the literature sees a shift from product branding to more corporate branding (Hatch & Schultz, 2008, Yu Xie & Boggs, 2006). This is partly explained by the fact that products are easier to imitate, hence, the advantages of a strong product brand are less sustainable than a strong corporate brand (Hatch & Schultz, 2008). On the other side, McDonald, de Chernatony, and Harris (2001) argue that the risk that one single brand damages the whole corporate brand is lower when the focus lies more on product branding. What further complicates the situation within corporate branding is the emotional value that is connected to it, which is something that could differ widely between countries (Hatch & Schultz, 2008). These cultural differences could potentially complicate brand consistency as different countries demand or view a brand in different ways. This forces the MNC to allow certain degrees of freedom when it comes to subsidiaries' branding activities, and there being slight differences in the branding activities between different subsidiaries. To what extent this degree of freedom is optimal is however not clear and would need to be investigated further.

Time Frame and Strategies

Another aspect to consider from corporate branding is that it differs in its time frame compared to product branding (Hatch & Schultz, 2008). Product branding is of short-term characteristics where a specific campaign (often through advertisements) aims at selling the product for a shorter time frame, while corporate branding is about long-term brand perceptions where the product portfolio changes constantly. The same authors further argue that corporate branding is a good tool to create a strategic vision and a corporate culture within the whole firm. When the strategic vision, organizational culture, and stakeholder values are well aligned, the stronger the brand will be, if these are not well aligned, the brand will not perform as well (Hatch & Schultz, 2008).

When working with corporate branding, a brand architecture strategy is an important aspect to consider and aims at creating a sense of purpose for the brands and tries to make the brands within the brand portfolio fit well together (Brexendorf & Keller, 2017). A good brand architecture strategy could help consumers better understand the products and services offered. Furthermore, training is argued to be a useful tool to spread a corporate brand among employees across the world (Foster, Punjaisri, & Cheng, 2010, Hoppe, 2018), indicating that training should be part of an effective corporate branding strategy.

Yu Xie and Boggs (2006) see the entry of an MNC into a new market as a dynamic between choosing a corporate branding strategy or a product branding strategy, however, most often a combination is used. This is dependent on the home and target market of the MNC. This in turn depends on factors such as stakeholder interests, marketing costs, the complexity of the target market, the size of the MNC, and the experience of the MNC both in the home market and internationally (Yu Xie & Boggs, 2006). Because the branding activities are either corporate branding or product branding, we can see the global branding (but also local branding) within an MNC as a combination of corporate branding and product branding strategies.

2.2.3. *International Marketing Mix*

A co-relationship between international strategic management and influencing a global brand has been made clear by (Hatch & Schultz, 2008). However, another vastly important pillar to the development of branding literature is international marketing. International marketing strategy in the context of branding and headquarters and subsidiary relationship is relevant in the context of this study. Solberg (2000) mentions the importance of marketing mix strategy and its adaptations to local markets in a discussion of standardization versus customization. This literature dives into other forms of influence on the level of standardization in international markets as opposed to the traditional culture and economies of scale forms of influence. Solberg (2000) mentions the existence of forces within the MNC organization that can influence the levels of marketing mix standardization in a market. Market knowledge is presented as an important factor of influence, the level of market knowledge held at the HQ of an organization can have an impact on leverage of strategic decisions on a subsidiary. If the HQ has low levels of market knowledge, the subsidiary is then the most influential party in marketing determination (Solberg, 2000). Bridging international marketing theory with

subsidiary charter theory, we can find a link between market knowledge as a unit that determines the levels of HQ decision versus subsidiary choice to determine a charter. Solberg (2000) further includes the use of advertising agents as an important factor, more importantly, a factor that can affect the power dynamics between the HQ and a subsidiary. The literature dives into the differences between using local advertising agencies vs standardized advertising agencies. What was found is that local advertising agencies can separate and cause distance between the HQ and the subsidiary, causing separate marketing strategies (Solberg, 2000).

2.3. Charter Mandates & Subsidiary Evolution

Subsidiary charter and mandates have been both jointly or separately a focal point of subsidiary evolution literature (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017, Birkinshaw & Hood, 1998, Cantwell & Mudambi, 2005). It has also been a topic of relevance for subsidiary strategy in a global MNC context (Roth & Morrison, 1992). However, the clear definitions of both mandates and charters differ within the literature (Jakobsson, Lagerström, & Schweizer, 2020), which can bring levels of confusion when addressing them within the context of subsidiaries and subsidiary evolution. When discussing subsidiary charters, the literature is clearer and more linear. Jakobsson, Lagerström, and Schweizer (2020) describe subsidiary charters as subsidiaries' overarching business responsibilities. This definition correlates with Birkinshaw and Hood (1998) whereby a clear association is made between a subsidiary's overarching scope of responsibilities agreed upon with the Headquarters and its charter.

The literature begins to be less consistent with the definition of subsidiary mandates with Birkinshaw (1996) describing subsidiary mandates as a business or an element of a business within a subsidiary. This can cause confusion as it holds similarities within previous descriptions of subsidiary charters (Birkinshaw & Hood, 1998). Further differences in mandate descriptions can be seen with Roth and Morrison (1992), describing subsidiary mandates in a global context, with the use of global responsibility and activity. The blurred lines between the singular terms *scope of responsibilities* and *element of a business* used as mentioned above within both subsidiary charter and subsidiary mandates definitions (Birkinshaw, 1996, Birkinshaw & Hood 1998, Roth & Morrison 1992), have created a new line of mandate literature that addresses the typology and specificity of the term (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017). This literature has created a new, more specific way of

addressing subsidiary charter & mandates. Gilmore (2017) analyzes the similarities of subsidiary charters and mandates, addressing the confusion it can create by clarifying that a charter is made up of several mandates that can be gained or lost. The literature further exemplified the distinction between the two terms which has been adopted in more modern subsidiary charter and mandate literature. Jakobsson, Lagerström, and Schweizer (2020), for example, also described charter and mandates as specific activities within the subsidiary that fall in line with a subsidiary's overarching charter and capabilities. Given this now divisive literature in terminology, we propose to continue with the modern distinctions made by Gilmore (2017) and Jakobsson, Lagerström, and Schweizer (2020), and define subsidiary mandates as the individual activities that align with a subsidiary's overarching charter for the purpose of this paper. We will also further continue the conceptualization of subsidiary charters as being the subsidiary's overarching business responsibilities, this time, however, with the inclusion of mandates as the activities behind said charter.

2.3.1. The Influential Forces on a Subsidiary's Charter

The modern literature regarding subsidiary mandates, however, does not seem to address the possible differences that can exist within mandates, more specifically the possible existence of differences between mandates being universal for all subsidiaries, brought down by the headquarters or mandates created by subsidiary decision or localization. Birkinshaw and Hood (1998) shed light on a tri-dimensional influence brought to a subsidiary's charter, including the influences of *HQ assignment*, *subsidiary choice*, and *local environment determinism*. However, this is not specified to mandates but to the role of a subsidiary and its charter. Naturally, if a subsidiary's charter is determined by that tri-dimensional influence and the subsidiary's capabilities (Birkinshaw & Hood, 1998), then the subsidiary's mandates or activities must also be influenced in the same way. However, there seems to be less studies on the literature on the modern conceptualizations of mandates in relation to HQ assignment, subsidiary choice, local environment determinism, and subsidiaries' capabilities.

Headquarter assignment, as a form of influence on charter direction was introduced into subsidiary charter literature by Birkinshaw and Hood (1998) stating that during the initial stages of a subsidiary, when capabilities are low, the headquarter assignment acts as a main source of influence for a subsidiary's charter. It builds on subsidiary evolution literature and

the internationalization process of an MNC, incorporating concepts of Vernon's (1966) Product life cycle (PLC) determining that a subsidiary has a subordinate role to the HQ. A deeper insight into the internationalization process of an MNC shows the existence of commitments when entering new markets (Andersson, Johanson, & Vahlne, 1997). During the initial stages of expansion into new countries, commitments must be made, and these commitments continuously increase over time, embedding resources and responsibilities into the country an MNC is entering (Andersson, Johanson, & Vahlne, 1997). Experiential knowledge and access to a firm's resources and activities are vital to cope with these commitments, especially in the early stages (Andersson, Johanson, & Vahlne, 1997). This adds to the theory that HQ assignment influence on subsidiary charter tends to be more influential at the early stages of a subsidiary's lifecycle. As a subsidiary grows and becomes more embedded into the local market, its charter can then change direction based on other influences that can arise.

As a subsidiary becomes more embedded into the local markets, the internationalization process expressed by Andersson, Johanson, and Vahlne (1997) states that reciprocal learning and readjustment of activities occur naturally to adapt to the local market conditions. These changes can increase the existence of environmental influence through cultural differences in practices, values, and beliefs which can increase the need for social integration (Björkman, Stahl, & Vaara, 2007). This reciprocal learning cycle can cause subsidiary choice influence and local environment influence to change the course of a subsidiary's charter. Changes in charters can happen at a fast pace, the notion of a gap between a subsidiary's charter and its capabilities was expressed by Jakobsson, Lagerström, and Schweizer (2020), this gap though, can also be represented not just as a gap in capabilities, but also a gap between influences on a charter. As subsidiaries evolve over time, influences on the subsidiary's charter can also change, though initial stages can be influenced mainly by the HQ, changes in the charter due to a need for social integration for example can shift that influence causing local restructuring of the subsidiary. This does not necessarily mean that the subsidiary needs to gain or lose capabilities, but rather that it needs to adjust its mandates in order to cope with the change in influence.

2.3.2. Subsidiary Capabilities

Subsidiary capabilities, as previously mentioned, have also been a focal point in subsidiary evolution and charter literature (Jakobsson, Lagerström, & Schweizer, 2020, Roth & Morrison, 1992, Birkinshaw, 1996, Birkinshaw & Morrison, 1995, Cantwell & Mudambi 2005). The notion exists within modern charter literature that subsidiaries' capabilities work to an extent in line with a subsidiary's charter, however, changes in a subsidiary's charter occur at a much faster speed than that of a subsidiary's capabilities, as capabilities take time to develop and change (Jakobsson, Lagerström, & Schweizer, 2020). When rapid changes in subsidiary charters occur due to shifts in, for example, global strategy, it can take time for the capabilities of said subsidiary to adapt, causing a gap between resources and charter (Jakobsson, Lagerström, & Schweizer, 2020), *Figure 2.1* visualizes this phenomenon. Birkinshaw (1996) shared a similar theoretical discourse, expressing the importance of a subsidiary's capabilities for its growth using effective mandates. However, for mandates to be effective in enabling subsidiary evolution, they must be in line with the subsidiary's respective capabilities. Though this theory is built with the older definitions of subsidiary mandates, we can assume that due to the overlapping nature of Birkinshaw's (1996) definitions, and our modern view of mandates being defined as activities pertaining to a subsidiary's overarching charter (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017), both a subsidiary's charter and its respective mandates should be in line with a subsidiary's capabilities for optimal growth.

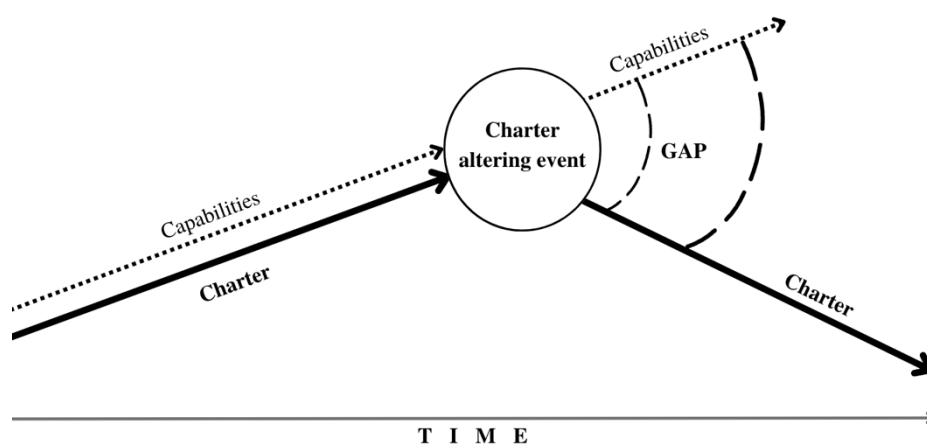


Figure 2.1. Capability to Charter Gap. Compiled by authors, based on the theoretical concepts from Jakobsson, Lagerström, & Schweizer, (2020).

There is a further notion in the literature regarding capabilities that expresses the roles of the Headquarters and the subsidiary as important factors when addressing these capabilities. Schleimer and Pedersen (2014) give a parental/teacher role as a perceptive scope on headquarters subsidiary relationships. This referred to the headquarters of an MNC as a parent to different subsidiaries, this parental role is also described as a capability-giving role that can aid subsidiaries in absorbing parent-initiated strategies (Schleimer & Pedersen, 2014). After discussing the capabilities perspective of subsidiaries and the different forms of influence on a subsidiary's charter, the parent/teacher role perspective offers an interesting addition to conceptualizing how mandates are created. It is further expressed that through authority, structure, and social control, a headquarters can optimize knowledge distribution in subsidiaries (Schleimer & Pedersen, 2014). The ability of a headquarters to assist in 'nurturing' practices to aid subsidiaries in knowledge or capability-attaining practices can be an interesting insight into how headquarters operate and strategize with different subsidiaries. Depending on their current level of capabilities, if a subsidiary's local capabilities are low, the parental role of the headquarters could aid in closing a possible gap between a subsidiary's charter and its capabilities.

2.4. Conceptual Framework

The conceptual framework summarizes the literature review above and ties it together into one framework. Firstly, the subsidiary charter influence matrix is described, which acts as a fundament to the main conceptual framework which will be described after the subsidiary charter influence matrix.

2.4.1. *Subsidiary Charter Influence Matrix*

Firstly, *Figure 2.3* is a conceptual matrix framework based on the tri-dimensional theoretical constructs depicted by Birkinshaw and Hood (1998) that builds on the IR framework related to standardizations vs local adaptation (Kostova, Marano, & Tallman, 2016, Prahalad & Doz, 1987). The matrix aims at compartmentalizing the different ways subsidiaries can have their

charter influenced. Birkinshaw and Hood (1998) express the existence of a tri-dimensional influence brought to a subsidiary's charter as discussed earlier, with the three influences being *HQ Assignment*, *Subsidiary Choice*, and *Local Market Determinism*. These dimensions, apart from having implications on the charter and mandates of a subsidiary, can also contribute to the assessment of a global brand through the development of how subsidiaries' charters and mandates are structured, and which strategies influence the existence of a global brand. The matrix further addresses the literature by Andersson, Johanson, and Vahlne (1997), and Solberg (2000) to give reason and contextual understanding of the elements of the matrix.

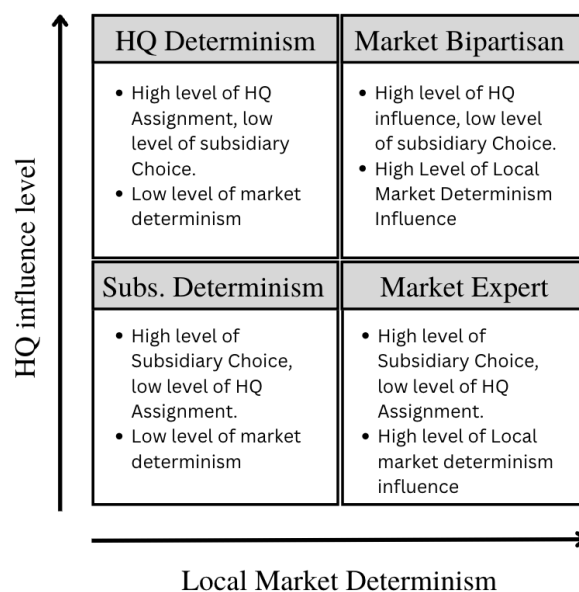


Figure 2.2. Charter Influence Matrix. Compiled by authors based on the literature by Birkinshaw & Hood (1998), Andersson, Johanson, & Vahlne (1997), and Solberg (2000).

The matrix, as previously explained, then utilizes the literature of Andersson, Johanson, and Vahlne (1997) and Solberg (2000) as a backbone for the theoretical rationalization and contextualization behind the typologies formed. For the development of this matrix, the three influences were categorized into two forces:

HQ Influence Level

The two influences expressed by Birkinshaw and Hood (1998) *HQ assignment* and *subsidiary choice* were categorized together due to the nature of both influences being internal to the organization. We assume that a subsidiary cannot have both high levels of *HQ assignment* and

high levels of *Subsidiary choice* as an influential factor in the charter of a subsidiary. We assume, instead, that if a subsidiary's charter is heavily influenced by the *HQ assignment*, the centralized form of influence would not allow for high levels of *subsidiary choice*. Furthermore, if a *subsidiary's choice* is heavily influenced its charter, the *HQ assignment* would have less of an influence on the charter. Thus, the development of a single force is sufficient to express both levels of internal influence in this matrix. Therefore, when the HQ influence level is high, this suggests that the *HQ assignment* influence is high, and *subsidiary choice* is low. Inversely, if the HQ Influence level is low, then the *subsidiary choice* is high, and *HQ assignment* influence is low. These influences are also linked to the pressures in the IR framework.

Local Market Determinism

The second force is directly related to Birkinshaw and Hood (1998), with *local market determinism* being the only external influence in the tri-dimensional conceptualization. Given the MNC's nature of standardization activities to local markets to operate successfully in foreign markets, we have this form of influence as its own independent force in our Matrix. The higher the level of local market determinism influence, the more the market characteristics influence the decision and change of a subsidiary's charter.

Figure 2.2 thus consists of two influential forces that drive the decisions regarding a subsidiary's charter, this gives us four typologies that can help identify the different influential combinations. These typologies can aid in simplifying the theory regarding different forms of subsidiary management regarding a subsidiary's charter. The four typologies are as follows:

HQ Determinism: The name given to subsidiaries whose charter is primarily determined by the HQ assignment; this could be due to higher levels of HQ control over the subsidiary's direction, or the lack of capabilities held by the subsidiary (Birkinshaw & Hood, 1998). Under this typology, the HQ also chooses its charter over what the local market determines, this could be due to a lack of knowledge of the local market (Andersson, Johanson, & Vahlne, 1997), or strategic decisions to centralise operations such as branding initiatives that the HQ wishes to retain globally (Solberg, 2000).

Subsidiary Determinism: The name given to subsidiaries whose charter is primarily influenced by the subsidiary itself. This can be due to the decentralization of subsidiaries that

have more autonomy over the direction they want to take with their charter (Birkinshaw & Hood, 1998). The charter is influenced in majority by the subsidiary itself even over their own local market.

Market Bipartisan: The name given to subsidiaries whose charter is influenced by the HQ assignment and the Market determinism over the subsidiary itself. If the HQ has more market knowledge than the subsidiary it can influence the charter in line with its HQ assignment (Solberg, 2000). This can also be influenced by a subsidiary having low capabilities to develop sufficient market knowledge for it to influence the charter (Andersson, Johanson, & Vahlne, 1997).

Market Expert: The name given to subsidiaries whose charter is influenced by the subsidiary and its knowledge of the market. The HQ has a lower amount of market knowledge than the subsidiary and lets the subsidiary choose its charter alongside market determinism. This could be due to the Subsidiary having more market knowledge than the HQ itself (Solberg, 2000), or due to time passing and experiential knowledge development of a subsidiary (Andersson, Johanson, & Vahlne, 1997).

Though the Charter Influence Matrix presented above in *Figure 2.2* provides a visual summarization of the literature expressed on the influential forces that affect the charter creation of a subsidiary, the literature also includes a very important element in the world of subsidiary charters, the element of time (Birkinshaw & Hood 1998, Solberg, 2000, Andersson, Johanson, & Vahlne, 1997). As was mentioned previously, specific reasons for what influences a subsidiary's charter can in part be due to market knowledge disparities between the subsidiary and the HQ where one may hold more market knowledge at different stages of the subsidiary's life (Solberg, 2000). Another instance is when the capabilities of a subsidiary affect the influence, such as during the initial stages of a subsidiary, signifying smaller levels of capabilities and resources which would require the HQ to take more of an influential role in the charter of said subsidiary (Andersson, Johanson, & Vahlne, 1997). With these concepts in mind, the creation of an additional third force was included into the matrix, the inclusion of time, as can be seen in *Figure 2.3*.

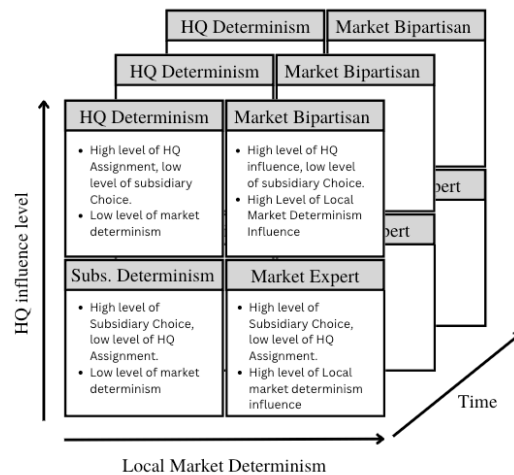


Figure 2.3. Charter Influence Matrix over Time. Compiled by authors based on the literature by Birkinshaw and Hood (1998), Andersson, Johanson, and Vahlne (1997), and Solberg (2000).

The representation of time as a fundamental element for the influences that affect a subsidiary's charter should be considered to provide a more realistic view of subsidiary evolution. The element of time represents how influences change over time due to the natural evolution of a subsidiary, and these evolutions can be caused by changes in capabilities (Andersson, Johanson, & Vahlne, 1997) or market knowledge (Solberg, 2000) which in turn affect the charter of a subsidiary.

2.4.2. Conceptual Framework Model

With the charter influence matrix in mind, a conceptual framework is presented in *Figure 2.4*. This framework covers all fields of study in the literature review: headquarter subsidiary relationships, global branding, and subsidiary charter and mandates. The charter influence matrix is in the conceptual framework represented as part of the different subsidiaries, that as the matrix suggests, change charter and capabilities over time.

As the literature suggests, global brands are defined to have a single brand across a multitude of countries, and managed by a headquarters (Özsomer, 2012). To put this concept into

perspective, the conceptual framework was modeled after a simple network of subsidiaries marked Subsidiary A, B, and C, and connected by a central headquarters. The subsidiaries are represented similarly to the subsidiary charter influence matrix due to the ever-changing nature of a subsidiary regarding its charter, mandates, and capabilities over time (Andersson, Johanson, & Vahlne, 1997, Solberg, 2000). The separation of the subsidiaries and the individual representation in the model addresses the notion that different types of subsidiaries exist (Bartlett & Ghosal, 1986), as well as the uniqueness of capabilities and ways to integrate with the headquarters (Mudambi, & Narula, 2010).

In addition, there are two main types of branding, corporate branding, and product branding, which in turn are the two categories the literature studied identifies as core to a branding strategy (Hatch & Schultz, 2008), together they make up the brand. Since we are looking at global branding, this means that the global brand is influenced by partly product branding activities and partly corporate branding activities. These activities are formed via communication between subsidiaries and the headquarters, represented by a communication line in *Figure 2.4*. Which is referring to the integration between themselves through communication lines that would address levels of standardization or localization of branding activities depending on the communication.

It should however be reminded that corporate branding is more fitted for a global brand than local brands (Özsomer, 2012), but that local brands still can affect the global brand to some extent. As both the IR framework (Morrison & Roth, 1992, Rugman, 2005, Dörrenbächer & Geppert, 2016) and branding literature (Hatch & Schultz, 2008), suggest, a headquarters cannot control the MNC nor brand fully, but a combination of influence comes from both the headquarters and its subsidiaries. Hence, as seen in *Figure 2.4*, the management of the corporate branding and product branding is based on a combination of influences from the headquarters and its different subsidiaries. The charter influence matrix determines where more influence lies, meaning that HQ influence, subsidiary choice, and market determinism are factors moderating how much influence lies in the HQ, and how much lies in the subsidiaries.

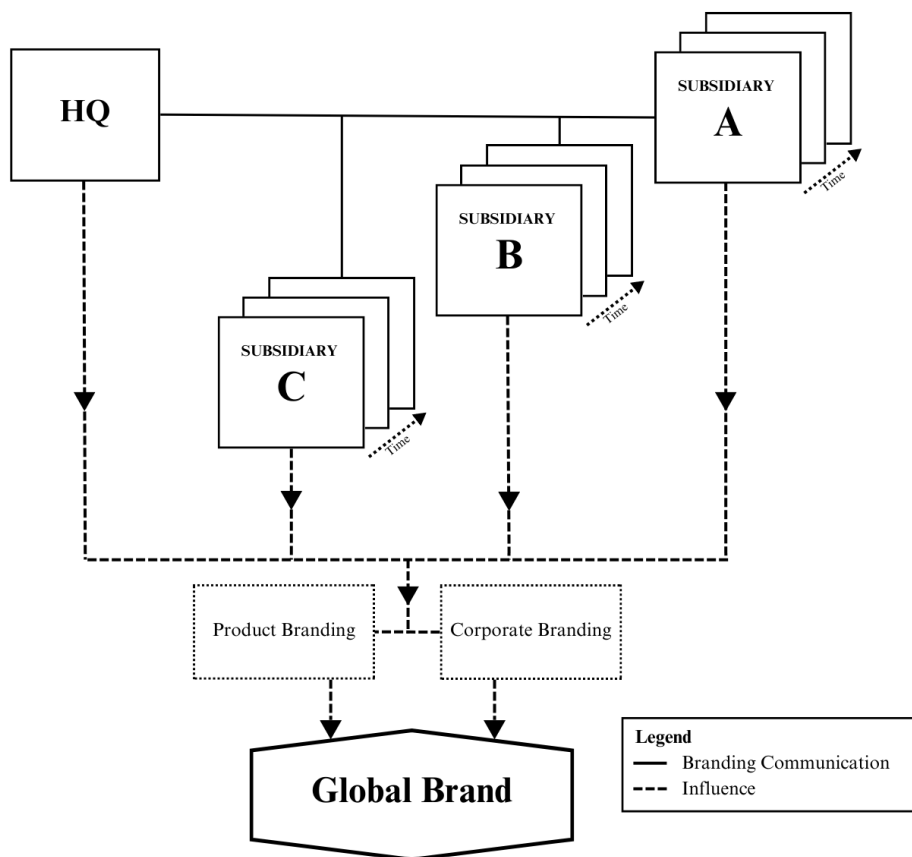


Figure 2.4. Conceptual Framework. Compiled by authors.

It is important to note, that as expressed in the theoretical study of subsidiary charters presented earlier, the inclusion of subsidiary mandates as individual activities conducted within a subsidiary that fall in line with its charter (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017) are also of importance to the theoretical conceptualization of this matrix. Though not represented within the matrix itself, it is important to understand its concept, as it can have implications for the branding activities performed by the subsidiaries.

3. METHODOLOGY

The next section of this paper discusses the chosen methodology and research process. This chapter goes into detail as to how the body of research is conducted as well as how data is collected and analyzed. It further addresses the considerations taken to ensure that this body of research is of high quality. The purpose of this chapter is therefore to provide assurance and validity to how this study is conducted and to reassure that the chosen approach is of sound nature.

3.1. Research Approach

The foundation of this study lies in the fields of headquarter subsidiary relationships and IR framework (Pralahad & Doz, 1987), subsidiary charter and mandates (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017), and global brands (Özsomer, 2012). The study is conducted with the intent of providing new insights into the influence on the existence of a global brand through the strategic and structural use of subsidiary charters and mandates across a highly international MNC. Bridging these three fields of study has not been widely studied while there is a need for MNCs to efficiently manage a global brand across a wide subsidiary structure. Since this topic has not been studied as such, a qualitative research approach is the most fitting (Merriam, 1998). This allows for a contextual understanding of the topic, which in later studies can be developed and tested quantitatively.

Due to the study seeking to understand complex structures and strategies within an MNC, a qualitative case study is suited due to its ability to open '*the black box of organizational processes*' (Doz, 2011, p. 583). A qualitative approach allows us to understand *how* the MNC structures and strategizes its charter and mandates, since qualitative studies are well suited for research topics involving *how*, *who*, and *why* (Doz, 2011). Given that this paper seeks to identify individual and collective synchronization of activities within the context of an MNC (Doz, 2011), the usage of a qualitative study is proposed as an adequate method.

3.1.1. Abductive Approach

Since this study bridges specific fields of study that have not been widely connected in the past, and in addition, connects these theories to empirical data in a case study, there is an existence of systematic combining as defined by Dubois and Gadde (2002). This systematic combining consists of four factors that, when combined, are useful for developing new theories. Since the combining of different fields of study aims to find new implications of theoretical concepts in a different setting, an abductive approach is fitting (Dubois & Gadde, 2002). This is because systematic combining is highly grounded in abductive reasoning (Dubois & Gadde, 2002). In addition, the abductive approach is mainly about new theory development, whereas deduction and induction are more concerned with testing and creating theory (Dubois & Gadde, 2002). The concept of systematic combining aids in the development of new theories by connecting *theory, frameworks, a case, and empirical findings* (Dubois & Gadde, 2002). In this study, the theory is represented by a literature review where all the above-mentioned fields of study are explored. The literature review acts as a fundament for the conceptual framework, which in turn acts as a base for the interview guide. By conducting interviews with the interview guide as a tool, empirical data is created. Lastly, the empirical data results in a case, which through the empirical data and interview guide is connected to the literature review and conceptual framework. In essence, this approach is about going back and forth between framework, data sources, and analysis, which in turn characterizes an abductive logic.

Bell, Bryman, and Harley (2019) describe abductive reasoning as making a phenomenon less puzzling through identifying the conditions that explain the phenomenon. In this paper, we try to create a better understanding of how an MNC manages its global brand, which we explain by using a subsidiary charter and mandates point of view, which in turn is related to headquarter subsidiary relationship literature. In addition, the abductive approach helps to explore the data more freely in contrast with a deductive approach, where the use of hypotheses limits the flexibility of the data and outcomes (Bell, Bryman, & Harley, 2019).

3.1.2. Research Process

The research process of this study started with a general exploration of the topics of headquarter subsidiary relationships and branding. From these, the IR framework and global brands are

identified as most interesting. After this, a research gap is formulated, and it was found that the field of subsidiary charters and mandates also was a central issue to our research gap. From the research gap, a purpose and research question were derived. After the purpose of the study was defined, a literature review was done. Once the literature review was finalized, two theoretical models were created from said literature to form a conceptual framework. Two interview guides were subsequently created based on the conceptual framework developed. Given that the interview process included respondents from both subsidiaries and the headquarters, two interview guides were developed, one for each. The interviews were conducted both physically and remotely.

After the interviews were done, the secondary data was then collected from the case company. The primary and secondary data were then presented in the empirical data chapter after which the empirical data was connected and analyzed with the conceptual framework in mind. The conceptual framework was revised to adapt it to the findings and the analysis. Lastly, a conclusion was written where the research question was answered and theoretical contributions, managerial implications, and outlook were presented. The research process is summarized below in *Figure 3.1*.

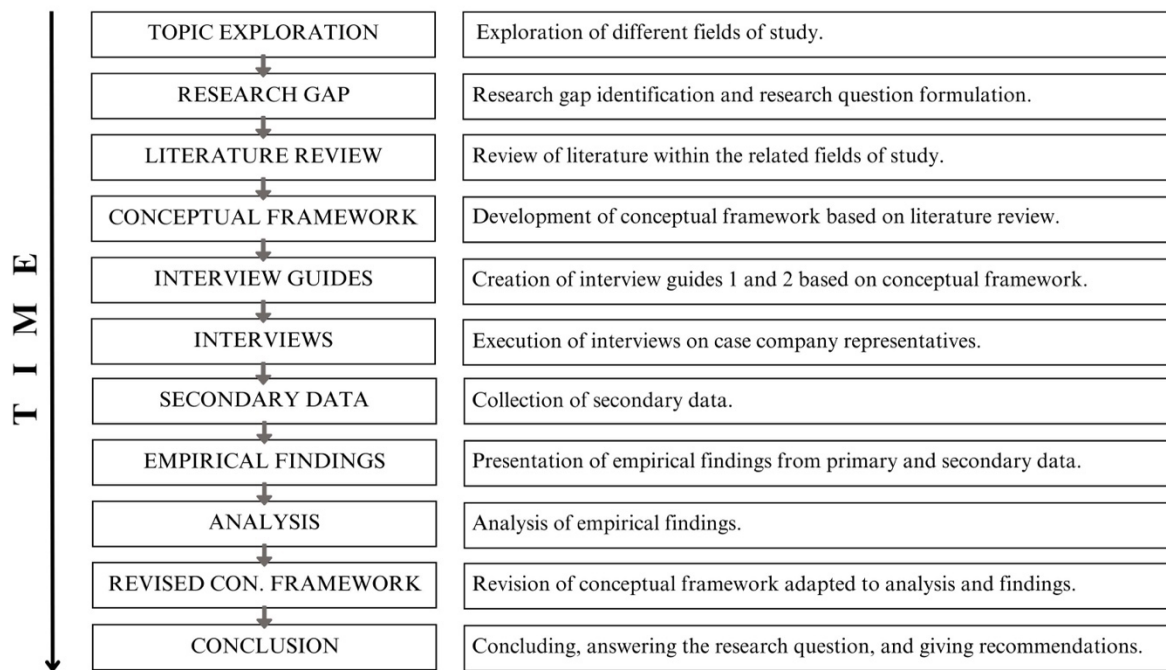


Figure 3.1. Overview of Research Process. Compiled by authors.

3.2. Single Case Study

Due to the qualitative research approach of this paper, and the fact that the research question aims to discover *how* an MNC structures and strategizes its charter and mandates, a single case study was deemed fitting where the subsidiaries act as the unit of analysis. Yin (2009) described how a case study fits well with studies where a phenomenon is studied using *how* and *why* in the research question. Furthermore, if there is a need for in-depth descriptions of a phenomenon, case studies are fitting (Yin, 2009). In this paper, there is a need for in-depth descriptions of the structure and strategy of an MNCs charter and mandates to answer the research question. The focus lies on one single MNC, meaning that the research design will consist of a single case study and that all the interviews are conducted in the same organization. A case study is a useful method when it comes to obtaining an in-depth understanding of an issue, especially if it has not been studied widely before (Crowe et al., 2011), which fits well with the aim of this study.

A case study is a widely used research design that generates a multi-faced understanding of a complex phenomenon in a real-life context (Crowe et al., 2011). Since the aim is to shed light on how an MNC structures and strategizes its subsidiary's charters and mandates, allowing them to influence the existence of a global brand, a single case study is the best method. The research problem firstly cannot be easily quantifiable and secondly is complex, meaning that there is a need for a real-life case.

In addition, a case study allows for several ways of collecting data, for instance, a combination of interviews and observations could be conducted. In this case study, representatives from the case company will be interviewed, while secondary data also will be used in the form of a company info session and presentation templates.

3.2.1. Case Company Selection

This study is an instrumental case study as defined by Crowe et al. (2011), meaning that the problem is not necessarily unique to one case and that the aim is to gain a broader understanding of an issue. This means that in the selection process of the case company, the requirements are not too specific. The only requirements that are in place concern that the case company is an internationally operating firm (an MNC) with several subsidiaries and that there is some kind

of brand that reaches more than one country. However, the requirements for the brand were not too strict as no requirements for specific branding activities were taken into consideration. After all, almost every company has a brand, and as long as it acts globally, it would be enough for the purpose of this study.

The case company was chosen through the network of the authors. Both authors have, prior to this paper, conducted a different project for the same company, and through this, contact was established with the case company. The prior contact with the company was an advantage since it resulted in a fast process. On the first point of contact, the first interviews were directly scheduled.

3.3. Data Collection

The empirical data consists of both primary and secondary data which fulfill two different purposes. Firstly, the primary data covers the interviews conducted at the case company, and secondly, the secondary data consists of a company info session and two templates. The primary data aims at testing the conceptual framework, while the secondary data aims to create a context while also acting as a practical example of what is being discussed in the interviews. This subchapter will further describe how the data is collected and what the interview process looks like.

3.3.1. Primary Data

Due to the nature of this qualitative study and the fact that the study covers relationships between different units, the need for data that includes participant observations with years of experience within the case company is required. In contrast to an ethnographic study where the researchers would observe the respondents over a period of time, interviews are a more time-efficient method (Bell, Bryman, & Harley, 2019), especially when the respondents are spread out over four different countries. Furthermore, relationships between units can be hard to observe without interviewing.

Because of this, qualitative interviews are chosen as the most adequate choice of data collection. As the study focuses on seeking information regarding several specific theoretical

topics within an already complex organization, some level of structure is needed to be able to attain a level of specificity within the data collection (Bell, Bryman, & Harley, 2019). As a result, two interview guides were created prior to the interviews (see Appendix 1 & 2). These guides cover the specific theoretical topics related to the study and were adapted to fit the nature of the respondents. One interview guide was created for respondents working in the subsidiaries and another for the respondent working in the HQ. Both guides followed a similar pattern regarding the sections of the interview, guiding the participant through three main parts: *branding questions*, *headquarter subsidiary relationship questions*, and finally *subsidiary charter and mandate questions*. This structure is chosen to first understand the brand itself, then the relationship between headquarters and subsidiaries, and lastly, it allows for a discussion regarding charter and mandates. Newer employees are also asked about branding in their training as part of their new employment.

The format of the interview chosen was of semi-structured nature to allow for open discussions and conversations to form. Furthermore, this semi-structured interview process would allow for new or follow-up questions to be asked if discussions or conversations born within the answer of a participant would require so to attain a more complete input of data (Bell, Bryman, & Harley, 2019).

Primary Data Sampling

The sampling of interview respondents was done through snowball sampling as defined by Emerson (2015). This means that the first point of contact at the case company contacted other employees for an interview. Through this sampling method, seven respondents were identified reaching four different countries, including the headquarters. The number of respondents was based on the principle of data saturation, meaning that enough data has been collected so that no new insights would occur by further data collection (Guest, Bunce, & Johnson, 2006). The seven respondents together almost made up the whole workforce in the Nordics, meaning that it was difficult to collect further data. Furthermore, since the last interviews did not give any significant new insights, but seemed to agree with the other interviews, data saturation is achieved in the Nordics, which as described in the delimitations is part of the scope in this paper.

Even though most of the respondents work from the home office of the first respondent, all respondents operate in several countries, adding to the international character of the respondents. Four of the respondents are based at the Swedish subsidiary. The Norwegian subsidiary and headquarters both are represented by one respondent respectively. Lastly, one respondent worked at the Finnish office, which officially is part of the Swedish subsidiary, but in a sense acts as an own entity with its own market. Operations of the respondents mainly concerned the Nordics, but occasionally, some respondents would work in the rest of Europe and sometimes even outside of it. All respondents are treated anonymously and are in this paper referred to by their home office and role (see *Figure 3.2* on page 44 for an overview).

Interview Process

The interviews were conducted both physically and remotely. Due to geographical limits, only the interviews at the Swedish subsidiary could be conducted physically. The interviews at the Norwegian and Finnish offices as well as at the HQ were conducted over the digital meeting platform *Zoom*. The interviews that were conducted with the Swedish subsidiary were divided into two sessions. The first session was on March 24th, 2023, at the University of Gothenburg in a private meeting room to avoid external disturbances. Conducting the interviews in a room with as little external disturbances as possible is important since every small detail can influence the answers given by the respondents (Bell, Bryman, & Harley, 2019). The first session consisted of two interviews which were conducted during the same timeframe due to time constraints. The second session was on April 3rd, 2023, in the case company's offices in Kungälv, Sweden. The second session also consisted of two interviews which were conducted individually. This session was held in the main meeting room at the case company's offices, again minimizing the external disturbances. Finally, when it came to the distant interviews with the Norwegian subsidiary and Finnish office as well as the headquarters, the interviews were conducted independently via *Zoom*. Each interview was scheduled to fit the needs of the respondent. The interview with the respondent from the headquarters was conducted on April 27th, 2023, followed by the interview with the Finnish office held on May 2nd, 2023. The last interview conducted was with the Norwegian subsidiary, which was held two days later on May 4th, 2023.

Transcribing of Data

Throughout the in-person interviews, a voice-to-text transcriber from Microsoft Word was used to create a direct form of transcripts from the interviews. At the same time, two audio recordings were created to record the interviews. This way there would be a full audio recording of all the interviews, including a backup and a written transcript created by the Microsoft Word software. For the distant interviews conducted, the audio-to-text transcriber was used as well as the recording of the Zoom interview. Once the interviews were conducted all written transcripts were processed and double-checked alongside the audio recordings to assure all written data was accurate. The inclusion of this transcription method aided the study in allowing the possibility for repeated occurrences of the respondent's answers for the analysis of the data as well as aid in solving the natural limitations of the ability to exactly remember the answers accurately (Bell, Bryman, & Harley, 2019).

3.3.2. Secondary Data

The secondary data aims at giving context to the case company and acts as a practical example of the topics discussed in the semi-structured interviews. These consist of one company info session, and two PowerPoint templates. The company info session was held in December 2022 as part of a course project at the University of Gothenburg, both authors attended this session. One of the PowerPoint templates in the secondary data was used at this session. This template was, together with notes from the session, a good summary of what was said during that session. The reason for the template being treated as an individual point of data is that it beyond the company info content mainly is used as a source of brand representation, i.e., how the brand is represented through logos and colors. The other PowerPoint template is used in the same way but was instead part of a guest lecture at the University of Gothenburg in February 2022. *Figure 3.2* below is an overview of all data used in this study, both primary and secondary data.

Primary Data (Interviews)

Respondent	Countries of Operation					
	SE	NO	DK	FI	EU	Worldwide
SE Sales						On occasion
SE Projects						
SE Engineer 1						
SE Engineer 2						
FI Engineer*						
NO Manager						On occasion
HQ Contracts						

*Finnish office is part of Swedish subsidiary

Secondary Data

Data	Description
Company Info Session	Company info session as part of the course <i>GM0121 - International Business Environment Analysis and Strategic Management</i> (Fall 2022) at the University of Gothenburg.
Template 1	PowerPoint template from the <i>Company Info Session</i> .
Template 2	PowerPoint template from a guest lecture as part of the course <i>GM0124 - Managing and Organizing the Multinational Corporation</i> (Spring 2022) at the University of Gothenburg.

Figure 3.2. Overview primary & secondary data. Compiled by authors.

3.3.3. Data for Literature Review

The papers for the literature review were collected after first developing a list of keywords which were then used to find relevant literature. These keywords consist of, among others, *IR framework, subsidiary types, product branding, corporate branding, subsidiary charter and mandates, global branding, and international branding*. The first approach to finding relevant literature was using literature reviews such as Kostova, Marano, and Tallman (2016) and Dörrenbächer and Geppert (2016). However, the majority of papers were found using keywords in search engines such as Google Scholar and the University of Gothenburg Library super search tool. The aim was to find high-quality papers, which were determined by mostly using peer-reviewed papers with many citations. To see which papers are the most influential in each field of study, a Microsoft Excel file was created where all the papers on the field of study were sorted from most cited to least cited. Moreover, all papers were uploaded on a

shared Microsoft OneDrive which allows for easy access between the authors. To make sure we did not miss any influential papers we also used the tool *connected papers* which builds graphs over a field of study and shows which papers are related to which papers, including the influence of each paper.

3.4. Data Analysis

The analysis process is built on partly analyzing empirical data from primary and secondary data in an empirical analysis, and partly connecting these findings to theory in a theoretical analysis. Together these form the main analysis which aims at creating a discussion to answer the research question.

3.4.1. Empirical Analysis

To avoid data beasts as described by Soulsby and Clark (2011) in the empirical analysis, the primary and secondary data were coded with colors in the different transcripts to find answers that are interconnected between different respondents. This categorization and coding process further allowed for a thematic form of analysis allowing for a more interpretative approach to understanding links and connections between categories and themes (Bell, Bryman, & Harley, 2019). Given the already compartmentalized structure of theory within this study, seeking interconnectivity between these theoretical categories provides a thematical form of analysis to be an ideal choice. The analysis structure mainly followed the fields of theory, however, the specific codes were built on themes discussed in the interviews. Examples of codes used include *safety and reliability*, *influence*, *templates and communication*, *clothing*, and many more.

3.4.2. Theoretical Analysis

Since the paper has an abductive approach and aims at theory development, the analysis had to be based on a theoretical framework for new theories to be developed. The theoretical analysis was an ongoing process during the full writing process. New theoretical contributions to the

fields of study relevant to this paper were constantly discovered and integrated into the theoretical framework. When analyzing the empirical data, theory plays an important role in the development of an answer to the research question. Furthermore, the theoretical framework acts as the base for the conceptual framework, which acts as the analysis model in this study. By first developing a conceptual framework from theory, and secondly revising it with the empirical findings in mind, the connection between the empirical data and the theory becomes clearer. This implies for this paper that theory on headquarter subsidiary relationships, global branding, and subsidiary charter and mandates are being combined in a conceptual framework which is then developed with empirical data from a case study in mind.

3.5. Research Quality

The quality of research is one of the most important aspects to consider when looking at a study (Bell, Bryman, & Harley, 2019). There are several ways of measuring the quality of a study and there seem to exist varying opinions on what measurements are the best (Bell, Bryman, & Harley, 2019). The most common measurements consist of reliability and validity, while Lincoln and Guba (1985) instead argue that trustworthiness and authenticity are better measurements, which to a large extent parallel reliability and validity, but takes on a more realist approach. Moreover, Bell, Bryman, and Harley (2019) argue that the terms reliability and validity work better for quantitative studies. For instance, reliability is the consistency of results, meaning that a study should give the same results if conducted under the same circumstances. However, to replicate a qualitative study under the exact same circumstances is close to impossible, hence it is not a good quality measure for qualitative studies. Instead, Bell, Bryman, and Harley (2019) suggest the four measurements that together make up trustworthiness as described by Lincoln and Guba (1985): *credibility*, *transferability*, *dependability*, and *confirmability*. In this paper, these will be the four measurements of quality.

Credibility

Firstly, credibility concerns if the interpretations of the authors are generally accepted by others, meaning that the interpretations reflect reality (Bell, Bryman, & Harley, 2019). This is firstly achieved by the authors acquainting themselves with the case company. Since the

authors already previously have done a project on the case company, the understanding of its services and products was already established. The use of secondary data in the empirical data further strengthened the knowledge about the case company. Secondly, the authors made sure that the respondents understand the idea and purpose of the study, which contributes to the quality of the answers since the respondents know what the aim of the interview is. Moreover, after having written the empirical data chapter, a draft was sent to the case company on which they could give comments if anything was out of line.

In addition, data triangulation as described by Merriam (1998) was achieved by using several types of data sources. The primary data is put in context using secondary data. Furthermore, the use of respondents from different units and subsidiaries acts as a form of data triangulation.

Transferability

Secondly, transferability concerns the creation of a thick description of the social phenomenon which due to its deep detail potentially could be transferred to similar social situations (Bell, Bryman, & Harley, 2019). For this study, the aim has not been to test any phenomenon, rather the aim was to develop new theory based on existing theory. This means that the results of this study can be transferred to future studies by testing the newly developed theory rather than using the findings as analytically generalized (Yin, 2009). To achieve transferability, the empirical findings should be rich in detail in order to create a thick description of the social situation, which then could be applied to future studies. By using a conceptual framework, the findings are less complex to transfer.

Dependability

Thirdly, dependability is similar to reliability in the sense that it covers the trustworthiness and replicability of the study (Bell, Bryman, & Harley, 2019). The term dependability is mainly about transparency and making sure that all records are kept during the whole study period and after. This also makes sure that other authors could replicate the study exactly like this one (Lincoln & Guba, 1985). To ensure that dependability is reached, all files including interview transcripts, drafts, secondary data, and Microsoft Excel files are being stored in a structured manner, allowing for external assessment if needed. Bell, Bryman, and Harley (2019) suggest

that external audits are a good way of increasing dependability, which is not something that is done in this paper. However, frequent meetings with both a supervisor and peers should offer an additional level of transparency and dependability.

Confirmability

Lastly, confirmability concerns that the authors do not allow for personal values to affect the findings (Bell, Bryman, & Harley, 2019). In other words, that the study is neutral. This will, similarly to dependability and credibility, be ensured through transparency and data triangulation. Partly through this methodology chapter, the aim is to give an as detailed description possible of the research process, and through that show the neutrality of the study. Furthermore, using both primary and secondary data puts the interview data in perspective which reduces the authors' bias. The confirmability is further strengthened by the continuous use of previous literature which acts as a fundament in the explanation of the data.

3.6. Ethical Considerations

Ethical considerations have been a core component throughout this research process, especially throughout the data collection. A universalist approach was taken to ensure no ethical precepts were broken to avoid damaging the quality of the data and research being conducted (Bell, Bryman, & Harley, 2019). Throughout communications with respondents prior to the interviews taking place, dates, times, and locations were always asked to be provided by the respondents to avoid any invasion of privacy issues. Furthermore, prior to the start of all interviews with the seven respondents, all were asked for consent to record and transcribe their answers (see Appendix), they were also informed with the option to remain anonymous and, if they wished, to be changed to anonymous at any point in time throughout the interview or the study. In the end, due to ethical reasons, we chose to keep the respondents anonymous through the paper which ensures that participating in this study will not end up harming the respondents (Bell, Bryman, & Harley, 2019). The respondents were also informed at the beginning of the interview that they had the option to avoid answering any questions if they chose not to, or the option to avoid giving sensitive information that is internal to the company throughout their answers. The respondents were further informed of the ability to have answers withdrawn if

the case of accidental spills of sensitive information throughout an answer occurred. However, no respondent chose to act on any of these options.

3.7. Limitations

Related to the empirical data collection, there are a few limitations to consider. Firstly, since the sampling is done through snowball sampling (Emerson, 2015), the representation of each unit is not evenly distributed, meaning that the results will be somewhat focused on the Swedish subsidiary. However, since the respondents partly operate in the other subsidiaries as well, part of this issue is mitigated. Furthermore, the sampling only allowed for one respondent from the headquarters, which is not the best representation possible. However, since the unit of analysis is focused on the subsidiaries, this does not become a problem.

In addition, all data is only regarding the Nordic region, which could make it difficult to say that the findings apply to the whole MNC. However, since this paper is a case study, and the MNC has a global reach, it would have been difficult to conduct a case study on the whole MNC without taking on a large sample, almost of quantitative size. Moreover, since the aim of this paper is theory development rather than theory testing, only the Nordic region acts as a good sample to develop the theory.

4. EMPIRICAL DATA

The empirical data chapter will present all the primary data collected through the semi-structured interviews. The chapter is divided into three parts: a case company description, the interview data, and lastly, the secondary data. The interview data subchapter is divided into the three different fields of study covered by this paper. The structure will follow the same line as the interview guides (see Appendix 1 & 2).

4.1. Case Company Description

In the first part of the empirical chapter, we will present what, according to the company informative session held with the sales director of the Swedish subsidiary, is the background of the case company being studied. With the nature of this study aiming to understand how an MNC structures and strategizes their subsidiary's charters and mandates, a suitable candidate must therefore be a large MNC with a network of subsidiaries across the world. Therefore, the case company chosen for the exploration of this research was Mammoet, a heavy-lifting conglomerate that operates and specializes in the planning and execution of heavy-lifting and transportation services around the world. Owned by one of the largest private Dutch family companies, SVH Holdings, Mammoet has become a world leader operating in 96 countries around the world and holding seven thousand employees (Company Info Session, 2022). What started out as a crane company has now developed into a multinational that operates heavy lifting services with several different industries including, but not limited to, civil infrastructure, offshore wind, nuclear, and mining.

Mammoet has been globally recognized as a modern market leading MNC in its field, with some of their more known projects being the displacement and reallocation of the Swedish city Kiruna and the transport and installation of the dome over Chernobyl. The company prides itself in the assurance of safety, sustainability and time efficiency with its head slogan being 'The biggest thing we move is time'. However, despite its global recognition in the field of large projects, the Dutch MNC also operates and facilitates smaller projects within the industries mentioned previously. The MNC is continuously expanding, with the Nordics region being a recent development in the reach of its large subsidiary network. Mammoet operates the

Nordic region via a head subsidiary based in Denmark and two further subsidiaries in Sweden and Norway with Finland currently being under development to be yet another subsidiary in the Nordic region. The Nordic region is still relatively new for Mammoet.

Operations within their services generally consist of sales representatives, project managers, and engineers with operations between the Nordic countries being fluid and cooperative between its subsidiaries. One of the determining success factors within Mammoet lies in the strategic and efficient transfer of resources between subsidiaries and depots around the globe. These transfers of resources include the movement of skilled labor to facilitate knowledge capabilities and the movement of physical equipment and cranes to facilitate the operations of more specific projects that can occur in different regions or countries. This capability transfer has allowed Mammoet to expand its available service range internationally and further allowed for smaller subsidiaries to be able to take part in specified projects.

In the remainder of this paper, Mammoet will be referred to as the *case company* or just the *company*.

4.2. Branding

In the second part of the empirical data chapter, the primary data that according to the respondents defines the case company's brand is presented, before we dig deeper into the dynamics between the subsidiaries and the HQ. The activities and brand image presented in this subchapter act as a foundation for the discussion regarding the interview questions about the headquarter subsidiary relationships and subsidiary charter and mandates.

4.2.1. Brand Image

Since the case company offers lifting and transportation solutions, most respondents were agreeing upon that the brand is somewhat hard to define compared to traditional product-centered businesses. This is explained by that the sales model for the case company differs from more traditional ways of sales. In this case, sales mostly follow the different job opportunities, meaning that once an opportunity arises, the case company needs to approach

the potential customer and try to win the job. This whole setup makes the branding of the case company different compared to what is seen as conventional branding.

Company Size

After most respondents discussed the difficulty of defining the brand compared to other types of industries, the discussions shifted to what defines the brand. A consensus seemed to emerge among all the respondents with the brand being defined by the sheer size of the company to a specific slogan and a specific corporate color. Being one of the largest companies in its industry, it has become apparent that the case company's size and reach have become a staple in how it has been represented globally. However, more specific answers also noted that the brand is associated with large-scale projects and how that has become a staple in what has defined the case company's brand over the years:

“In the business, companies are quite often saying if we have a problem from a scale of one to ten. If it's problem then ten is the most difficult that you can get, and one is the least difficult, they tend to ask us when it goes up to eight, nine, or ten, so we are seen as a problem-solving engineering company” – SE Sales

The representative from the HQ also agreed on that the company is associated with projects that are considered as *‘really difficult’*. He further explained that it is difficult for a large company like the case company to be competitive on the less difficult projects since the competition there is higher. As SE Sales explained, in the lower end, basically everyone with a crane can compete, it is however the large and complex projects where the company can create a competitive advantage. At the same time, these smaller projects are more common overall than large projects. Large projects usually are one-time, while smaller projects often go daily. For the case company, it could according to the SE Sales hence be of interest to have a brand where potential clients in the less complex project segments also see the case company as a potential supplier.

According to SE Sales, the company potentially misses out on certain clients with lower difficulties, because they suspect that the case company will not focus on their kind of projects.

Instead, the brand is defined by unique solutions and high levels of innovation. For instance, some of the cranes in the company's possession are unique in the world, and even though competitors sooner or later will be able to acquire similar cranes themselves, the innovative character of the case company remains. This is agreed upon by among others SE Projects and SE Engineer 1 who put emphasis on the importance of the equipment on the company's brand. The organization's ability to be at the forefront of modern cranes and equipment has developed as a core representation of the brand, one that makes it identifiable:

“Special equipment that you usually don't regularly see and that makes our equipment identifiable” – SE Projects

Furthermore, the large projects and specialized equipment also lead to a brand among non-clients. For instance, in Sweden, the case company is involved in the house moves in Kiruna, which acts as a form of branding even to individuals that are not clients. These projects are a large share of the outward brand of the case company. Even though some projects are more locally famous, such as the Kiruna house moves, they can still be used internationally for sales pitches and marketing material.

Safety & Reliability

Another topic being widely mentioned as having a strong link to the brand image is the safety aspect of the case company's operations. This is a topic mentioned by almost all respondents, however, for some respondents, it even was the main attribute to the company's brand. FI Engineer reasoned that the company could not focus on the large scale of the projects before the safety concerns have been mitigated. This means that safety has to be the number one attribute related to the case company's brand. By having a high and safety standard with experienced individuals, the brand image can be improved:

“With experience comes probably branding as well, if you're good at something then you can 'brag' about it” – FI Engineer

Connected to the safety standards related to the case company's brand, there also is reliability. This is partly reliability in terms of safety, i.e., that clients can feel ensured that the projects are executed in a safe and reliable matter, but also reliability in terms of the case company being able to perform a project. This was especially the case in Norway where reliability is seen as the main attribute to the Mammoet brand since their operations are more day based compared to other countries. In Norway, except for the large-scale projects, an offer could come in during the morning and the job is being executed in the afternoon. This makes it important for the operations in Norway to be reliable in the sense of offering its service on short notice.

In short, we can see that the case company has a brand that is defined by its safety, reliability, and ability to take on large-scale projects, which in turn make the brand stick out not only to potential clients, but also to non-clients.

4.2.2. Branding Activities

When looking at branding activities, we look at both general branding activities and day-to-day branding activities. General branding activities are branding activities that happen around the company that are not embedded in daily operations, such as marketing campaigns and sponsorships, while day-to-day branding activities are activities that are embedded in daily operations such as the use of templates or clothing.

4.2.2.1. General Branding Activities

As discussed above, since the case company is in the industrial services industry, some parts of the branding differ from conventional branding types. This especially applies to the general branding activities within the company. Since the types of clients require extensive sales work in order to get a project, the branding activities are mainly focused on being present where the potential clients are.

Equipment

As we have seen, a big part of the company's brand image is built on large projects and specialized equipment. Hence, most respondents agreed upon that having the logo and company name on the equipment is one of the most important activities in the creation of brand

awareness. Since the large projects generate some media attention, the brand will be visible in the news:

“I will say the equipment because that's really what they see from the far distance and is the first thing that catches their eye, that's why I haven't seen much equipment without red and black and the white logo” – SE Sales

Equipment is unlike clothing (which is branded in the same way) argued to be a general branding activity because equipment can also fulfill a branding purpose while being parked and out of service.

Sponsorships & Media

FI Engineer explains that the brand is further visualized by sponsorships around rally sport. The case company even has its own rally team for the Dakar rally. This rally team also has an online store with merchandise, which as mentioned by HQ contracts plays a central part in the branding activities. Moreover, the case company also acts as an official event supplier for the Formula 1 Grand Prix in Zandvoort, the Netherlands. However, as FI Engineer explains, only people that have some kind of interest in the brand will notice it:

“...but you also have to be interested, otherwise it's just another name on something (...) you have to know it to look for it” – FI Engineer

In addition to sponsorships, the case company also represents itself through the use of social media such as Facebook, LinkedIn, and Instagram. HQ Contracts explains that the company is considerate about what the company posts on social media channels so that the company is being represented in the right way. According to SE Engineer 2, there are biannual or quarterly reports on the performance of social media posts, mainly targeted at comparing social media presence with competitors. NO Management further mentions that there are explicit ways of acting when it comes to press releases and that the individuals in charge of the press releases need to partake in training on how to represent the company.

In short, we can see that general branding activities at the case company mainly consist of sponsorship campaigns and social media posts, while making the brand visible on the equipment also acts as general branding activities.

4.2.2.2. Day-to-Day Branding Activities

The second type of branding activities are based on a daily basis. In contrast to general branding activities, the day-to-day activities are more embedded in the case company since they, as the name suggests, are embedded in the daily operations of the case company.

Templates & Communication

A commonly mentioned activity that resembles the case company brand is the different templates and files stored in the internal server. These are used during meetings with clients or potential clients where for instance a sales pitch is presented. During these meetings, there are specific templates for specific types of errands. This also includes the usage of invoice templates. However, SE Sales mentions that this also creates a problem since some Swedish clients only pay invoices that are written in Swedish, and since the templates on the internal server are written in English, this creates the need to translate invoices, which can be expensive. Moreover, the way employees communicate with clients is not necessarily determined by rules, but training should ensure that employees act in line with the company's brand. SE Sales explains that on some occasions, the company uses expatriates from the home country that often have experience from working in the company before. This helps the company to easier communicate the brand since employees that already have experience, especially from the HQ, know the brand better and are suggested to be better at communicating the brand to clients.

Clothing

Another day-to-day activity is the usage of company clothing. This clothing is mainly used during projects and consists of mostly safety uniforms, such as helmets and reflective jackets. Mostly, the company tries to use the company color on the clothing, but sometimes, local regulations prohibit the company from this for safety reasons. For instance, in some countries, the employees working on a project need to wear a yellow reflective jacket due to better

visibility. Instructions on how to use the clothing (and other branding activities) can be found in the internal server just like the templates discussed above:

“...we have some pages on the internal website where there's a specific one for marketing and everyone has access to it (...) on clothing and stuff and then they have specific instructions about the exact color and scheme and everything which should be to represent the brand” – SE Engineer 2

The clothing is also extended to employees that work on a project from a third-party company. The case company tries to make sure that whoever is working on the project has to wear the company clothing, no matter if directly employed or not. HQ contracts further explains that many see the branded clothing as nice collector's items since the jobs they work on are often considered as cool and extreme, resulting in employees wanting something to remember from the job.

Safety

Some activities are more ambiguous when it comes to its relation to the brand. However, as mentioned above, the brand is heavily defined by its high safety standards. Hence, if the brand is defined by safety, then the activities enhancing this safety are viewed as branding activities. Several of the respondents agreed on that safety work is considered as one of the most important day-to-day activities that represent the brand.

Products

Lastly, the products themselves, i.e., offering a service, also act as important activities that in some sense act as branding activities. Since the company is involved in many large-scale projects, a lot of the branding goes through the media attention that comes with such large-scale projects:

“That's of course also the type of products that we do: let's say moving houses, this is something that is eye-catching and many times good on the media” – SE Sales

Since there is a fair amount of media attention on the projects, locals tend to get engaged in the project, sometimes leading to an audience when the project is being executed. This also creates brand awareness. Furthermore, this is also in line with how the respondents viewed the brand, where the size of the projects draws attention to the brand, and makes potential clients associate the large-scale projects with the company:

“You see there's a lot of working everywhere (...) and everybody's interested in what is going on” – HQ Contracts

Although, as mentioned in the brand image chapter above, this type of branding activity has negative sides as well. Firstly, it attracts individuals that might never become a client to the case company, and secondly, it establishes the brand as only focusing on very complex projects, hence eliminating certain opportunities in the lower complexity project segment.

Thus, while a large share of the day-to-day branding activities consists of the usage of clothing and presentation templates and ensuring high safety standards, a large share of the day-to-day branding activities are also based on the company working on projects, and through this being visible in the media.

4.2.3. Multiple Brands

During the interviews, some aspects of the brand that could differ between countries or units were discussed. The two types of differences are firstly differences between corporate and product branding, while the other difference is between different countries.

4.2.3.1. Corporate vs Product Branding

As seen in the literature review, there are both corporate and product brands. However, as mentioned earlier, the respondents seem to find that since the brand can be hard to define, this applies even further when trying to discover a different brand for a specific product. The fact that the case company offers a service also complicates this division. Most of the respondents did not seem to see a difference between the corporate and product brands of the case company. However, what is mentioned is the difference that can occur between branding activities and

the services that are actually offered. For instance, when the branding activities define the brand as focused on very complex projects only, and in reality, the company also does less complex projects, then the actual projects might differ from the perceived brand through branding activities.

A thing that is mentioned where a product has a significant brand of its own is when it comes to acquired firms. Since already acquired firms often have an established brand image to which their clients are connected, it is of interest to keep this brand image, even after the acquired firm has integrated with the case company:

“...we have been trying to brand them (the acquired firm) a little bit different and still have them with us (...) and try to use the big company to get the business to them as well” – SE Sales

What is also mentioned is that some projects of course have more emphasis on certain aspects, but none of the respondents really define these as own brands, but rather as extensions of the corporate brand. This suggests that even though there might be smaller branding differences between some services (products) offered and the corporate brand, these are not explicit activities beyond the corporate branding activities.

4.2.3.2. Different Brands in Different Markets

Something that is mentioned to differ more, however, are the case company's brands in different countries. Several of the respondents agreed upon that the case company's brand could differ slightly between the different countries. This is closely related to the different projects in each country. Each country has its strengths, which often makes the brand related to that specific strength. Furthermore, these differences are also built upon the projects that the company involves in. For instance, in Sweden, the company is partaking in the house moves in Kiruna, which in turn associates the brand in Sweden with that project:

“I think it's it all depends on what kind of projects we focus on (...) even if they don't know about us they know that that stuff is happening in Kiruna” – SE Engineer 2

What projects the company can engage in also differs between countries. This depends on a wide variety of factors, but a few mentioned are legal constraints and availability of equipment. Even though the equipment is shared relatively freely within the company, it sometimes becomes difficult to transport equipment for a certain project. Secondly, different labor regulations can make it difficult for some projects since labor laws don't allow certain engineers to work in that country, making the subsidiary in that country limited to a smaller range of services. This is however mainly a problem on the global level since equipment and labor are relatively easily shared within the EU which is a major market for the case company.

When it comes to different brand images within the case company, we can hence see that there are no specific strategies for different brands, but that they rather can differ due to the differences in countries and projects. At the same time, there seems to be an agreement among some respondents that the brand is similar everywhere, including countries and projects.

4.3. Relationship between Headquarters & Subsidiaries

In the third part of the empirical data chapter, the primary data that according to the respondents defines the relationships between the case company's headquarters and its subsidiaries is presented. This will be a central issue for the implications of the relationships on branding and branding activities. Firstly, what activities are decided by the headquarters are discussed, after which the activities where the subsidiaries have more freedom to decide themselves are discussed.

4.3.1. Activities by the HQ

When discussing who controls the specific activities in the case company, most seem to agree that there is always some kind of freedom in the subsidiaries to act as they want. However, the HQ does help the subsidiaries with the representation of the brand. For instance, the templates and clothing used in the case company come from the headquarters and are then available for the subsidiaries to use. When representatives from the HQ work with or at the subsidiaries, they are not there to act as controlling units enforcing the brand, rather they are there to share the ideas behind it with the aim to translate it to the foreign subsidiaries' way of working:

“I don't see it as my role to educate them but we bring our reason, it is the way we have been working for years and you try to translate and brand to your colleagues” – HQ Contracts

Since the brand is founded at the headquarters, it is difficult to spread the values and ethics to newly acquired firms. One of the main methods to share the brands' values and ethics with subsidiaries and newly acquired firms is through training programs. These training activities can consist of both online training or full training programs at the headquarters. One of the respondents at the Swedish subsidiary had a 13-week training program at the HQ before starting. However, this training is not necessarily targeted at the subsidiaries themselves, as HQ Contracts explains, he himself also had to partake in the same training, showing that it is more of a must for all employees to integrate with the company rather than a way to translate a brand to foreign subsidiaries. This of course does not exclude the effects of training on the adaptation of the brand at the foreign subsidiaries, but it is not its primary purpose.

A general topic that several of the respondents mentioned was that the headquarters send equipment, templates, and clothing that are branded, after which the subsidiaries have the freedom to work freely around them. For instance, the HQ offers the equipment, while the subsidiaries decide upon the projects.

In short, the headquarters sends out the brands' values and ethics through among others training, templates, equipment, and clothing, while the subsidiaries have a relatively large degree of freedom in their use of these branded resources.

4.3.2. Activities by the Subsidiaries

The freedom to use branded items freely in subsidiaries is mainly applied to the different projects. The respondents at the subsidiaries agreed on that the subsidiaries themselves know best what kind of projects to take on. There are no rules from either the HQ or subsidiaries themselves on how a sales pitch is done. Even though there are templates, slogans, and branding material, each sales pitch is unique and adapted to the client:

“If I go to a small workshop that needs help with moving a few tons of small machinery (...) I don't use my laptop and say our slogan or a big corporate video. Then I'm more likely going to show some pictures of single jobs we've done and do the pitch around the table instead, so I'm adopting a lot” – SE Sales

As mentioned earlier under day-to-day branding activities, sometimes the subsidiary needs to adjust the clothing to meet local requirements, which also requires there to be some freedom in how a subsidiary can adjust the clothing.

Another adaptation of the branding material comes to the templates, which to some extent are created by the HQ, but could then be adapted by the subsidiaries:

“When it comes to how a document is built and standards within that document, we can decide for ourselves” – SE Engineer 1

This is built upon by the NO Management, who argues that the templates and clothing exist, but that they are not pressured to use them. Instead, it is obvious that the company uses the branded resources. For instance, clothing is a must in many of the projects, and since the employees don't get their own clothing, it becomes obvious that the company clothing is used:

“That happens automatically as well because it's personal protective equipment, it's like overalls, hard hats: you cannot work without that and people don't really have that themselves so they get it from the company” – NO Management

This means that the company in most cases doesn't have to enforce the brand. By offering branded items such as templates and clothing, the subsidiaries will use these branded items automatically.

Moreover, when it comes to media attention around projects, the subsidiaries are most often free to choose their own people for the media representation, however, sometimes on really

large projects the HQ can intervene and send someone to meet the media. The general idea is that the local engineers on the project, who often belong to the local subsidiary, have better knowledge about the project and will be more suitable for meeting the media.

There is also a wide collaboration between the subsidiaries and the HQ in the sense that the subsidiaries can always ask for more branded material if they need to. If there for instance is a new potential project in Sweden that already has been done anywhere within the MNC, the HQ can share the templates used for that project so that the Swedish subsidiary doesn't have to make new templates from scratch. It is more often the case that subsidiaries ask for more branded material than that the HQ feels that the subsidiaries use too little of it, which can partially be explained by the fact that the use of branded resources goes automatically in the case company.

To conclude we can see that the dynamic between the headquarters and its subsidiaries is based on a large degree of freedom for the subsidiaries when it comes to the projects and local operations. But at the same time, the HQ has a large database with templates and uses many branded resources such as clothing and equipment to share the global brand. Since these branded resources are needed in the daily operations of the local subsidiaries, the HQ does not need to enforce the brand too much since the subsidiaries already use the branded items automatically.

4.4. Subsidiary Charters & Mandates

4.4.1. Existence and Changes of Subsidiary Charter and Mandates

The final chapter of the interview process regarded the existence and behavior of subsidiary charters and mandates within the Nordic subsidiaries. The majority of the respondents were able to identify the existence of these phenomena within their subsidiary, with the exception of one respondent that claimed due to his limited time within the company he had not noticed any particular existence or changes in subsidiary purpose or strategy. Among the respondents that acknowledged its existence all shared similar perspectives, the Swedish subsidiary having been only operational over the past seven to eight years, showed strong signs of charter existence and change. The initial charter of the Swedish subsidiary was set upon the need to fulfill market

opportunity in specific service segments that the case company operated in, this was also heavily influenced by the market perception held by upper management:

“...for many years Sweden has been quite high up on our main owners agenda with all with the nuclear decommissioning and with wind and so on but it took some time to get it down to the action.” – SE Sales

A clear correlation can be made between the respondent's perception of charter existence with the focus a subsidiary has on which service product it will operate in that market. All respondents associated the product mix of the subsidiary, meaning the combination of product segments it sells in the region, with its charter. As was expressed in the previous quote, nuclear decommissioning and wind seemed to be associated with the first charter of the Swedish subsidiary, this mix of target product segments provided the foundation of its purpose and activities. However, no respondent seems to find direct relationships between branding and its charter. When a subsidiary in the Nordics wishes to follow its given purpose by providing services in a specific product mix it incorporates activities within the sales and project management to facilitate that direction. Changes in charters have also been acknowledged by the respondents, with a clear change having been perceived within the last three years in the Swedish subsidiary, particularly regarding a change to a more civil infrastructure-orientated product mix. However, in Norway, there seems to be a particular service segment that provides itself as a long-term core purpose: offshore wind:

“We're just starting here like the whole world is actually just starting with offshore wind or offshore floating winds actually so I think for the next 10 years this will definitely, Norway particularly will be quite in the picture there I would say” – NO Management

To the contrary of the other Nordic subsidiaries, this particular industry that has provided the Norwegian subsidiary with its charter shows a much longer time span. It has created a very strong charter due to the nature of its early stages globally and provides the first sign of some evidence of underlying branding initiatives. This is due to the nature of the case company's core brand identity towards being at the frontier of heavy lifting and transport activities.

It seems to also be evident throughout all respondents that market knowledge plays a large factor in determining a subsidiary's charter throughout its initial stages. It also seems to be evident from the engineering perspective that a subsidiary's charter is in line with the temporal strategic planning of the subsidiary, with three-to-five-year strategic plans serving as the guidelines for its given purpose. SE Projects included the notion that the sales team seems to be the influential factor in the existence and change of a subsidiary's charter, over other departments:

"...it's up to the sales team to kind of figure out OK what do we actually what to focus on and what is best for us locally depending on what kind of staff we have" – SE Projects

Further discussions of this matter explain that this is due to the close relationship sales departments have with what projects are obtained. Therefore, in addition to shedding light on the existence of department-specific roles that can develop and change a subsidiary's charter, the importance of individual subsidiary capability and its development within charters and, as a consequence, mandates, are also introduced.

4.4.2. Influential Factors of a Subsidiary's Charter and Mandates

Local Market Determinism

Throughout the interview process, the most prominent defining factor to influence a subsidiary's charter observed was how the local market operated. Given the case company operates in the service industry it seems to be heavily dependent on what the local market needs. As previously discussed, it was observed that there was a strong relationship between the subsidiary's charter and the individual product mix it offers within that country, therefore the market provides a great indication towards which segments would provide the most benefit:

"We always look at the market, we can go in one direction but if the market is going in another, if you look at for example energy, we're not putting a lot of effort into oil and gas because that doesn't exist, but wind for example, is the bigger one so that's the direction we would take, and that's based on the market" – SE Engineer 1

There seems to also be a snowball effect when it comes to how a local market can influence the direction of a subsidiary. As the subsidiary begins to provide services based on the local market needs, it attains experience which can lead to specialization in the segments it routinely operates in. In the specific case of Norway for example, NO Management noted that when you become more specialized in a specific type of industry due to a subsidiary focus on that industry, you start to develop strong relationships with the clients. This client relationship development can lead to further projects, it also seems to be an influential factor in any changes in the subsidiary charter, as those new projects could be in other product segments that do not fall directly under the core subsidiary charter:

“We also want to help our clients, so if the clients are working in other industries then we’ll see if we can help them out there as well” – HQ Contracts

A further reason given for the importance of local market determinism in the development or change of subsidiary charter is the political and legislative factors that can heavily influence the subsidiary's operations. It seems that despite any other influence, whether that be from the HQ or from the subsidiary itself, it must be in line with political and legislative rulings in order for operations to be held.

Headquarter Assignment & Subsidiary Choice

After discussions with the respondents about how influential the local market is to its subsidiary, a recurring mention of the headquarters' inclusion in the decision-making process of a subsidiary's charter was found. In the early stages of a subsidiary, the headquarters seems to be insistent on which product segment a subsidiary should focus on based on their own perceptions and knowledge of that market.

Though the headquarters involvement seems to be quite significant within the early stages of a subsidiary's life, we have observed that this tends to change once the subsidiary has gathered enough knowledge of the market through preliminary sales activities in the area. The case with the Swedish subsidiary seemed to be a clear example of how charter influence changes based on which party owns the more significant market knowledge. Once sales activities in the area saw a growing emergence of civil projects it shifted its resources to attain that market. As mentioned earlier, it seems that within a subsidiary it falls under the responsibility of the sales

department to understand the market movements that would potentially shift the development of that subsidiary's charter. This brings us further into the dynamics between the HQ and the subsidiary when it comes to dialogues about where the subsidiary should focus its efforts. When the Swedish subsidiary grew in personnel, for example, a particular employee was hired due to a high level of experience and expertise in a specific segment of the case companies' product range. With this new hire, the Swedish subsidiary was motivated to work on more projects in that segment, however, the HQ was pushing for offshore wind instead. As a result, dialogues lead to Norway and Denmark taking more offshore wind operations instead, this being a good example of the nature of how the subsidiaries in the Nordic region cooperate simultaneously due to the nature and similarity of their markets. It also seems to be the case, based on some of the respondents, including NO Management, that after a while, when subsidiaries become more independent with growing market knowledge and operations, the HQ starts to develop a more passive role.

4.4.3. The Effect of Capabilities on a Charter and its Mandates

Throughout the conversations regarding factors affecting subsidiaries, all respondents concluded that capabilities are a significant determinant of the charter of a subsidiary. This in part is due to the nature of the identification of product mixes offered in a subsidiary being identified as the subsidiary's charter. It was observed throughout the interviews that for a subsidiary to efficiently conduct operations within a specific field, such as offshore wind, it must have the capabilities to do so. The two capabilities mentioned by the respondents were human capital and equipment. Given the nature and specificity of certain segments, highly skilled labor in the field is required to effectively produce the service. At the same time, specialized segments require specialized equipment, which if not available will not allow for projects to be conducted.

Human Capital

One of the two capabilities highlighted by most of the respondents was that of human capital and the requirement of skilled labor to conduct operations. As SE Sales mentioned, the direction is reliant on equipment, people and operations. Due to the nature of the case company's business model, the heavy lifting and transport of any industry, whether that is in offshore wind or civil infrastructure, a specialized team is needed in all stages of a project. It

was then explained that the hiring of a new employee with vast experience in a specific field can aid in shifting a subsidiary's charter to conducting operations more in line with the newly employed specialist:

“That's the guy we recruited with seven years of experience (...) we thought we're going to go this direction so it is interesting how that in one way of taking a decision of the people you're employing and then actually they want to steer it” – SE Sales

It was further discussed that the hiring of skilled labor can also help when having charter negotiations between the HQ and the subsidiary. A particular example being the HQ initially wanted to steer the Swedish subsidiary in an offshore direction, however, the skilled labor hired had vast experience in another segment, leading negotiations to shift offshore direction to other Nordic subsidiaries.

From the engineering perspective, it seems that prior to the acquisition of another company, human capital with a focus on engineering seemed to be quite scarce in the Nordics, limiting certain operations. However, after an increased presence of engineers after the acquisition, there seemed to be more flexibility on the projects that can be worked on:

“prior to buying (acquired company) there was no engineering presence in this region and then we built the department from the few individuals we had in (acquired company) where we would use to get their engineering” – SE Engineer 1

Equipment

The second influential factor noted was that of equipment. This is an important factor given that in order to operate in the industry the case company works in, you need a high degree of equipment specialization as equipment can vary depending on the projects. A further important aspect brought up throughout the interviews was the notion of cost implications from equipment capability management and how that can affect which projects are worked:

“It all depends on what kind of equipment we have so maybe we see wind power, everyone wants to focus on wind power, and that's a big message we get from our management the

Netherlands. But it's also a big investment through equipment so that's something for them to decide if how and to what extent should they focus on that” – SE Engineer 2

Another cost factor to be considered from the use of equipment is that of transport costs. It was explained that the transport of equipment can become very expensive, and the type of service being provided would have to be analyzed from an equipment transport cost. These costs can determine what kind of operations can be conducted in a subsidiary and therefore inherently affect the charter of a subsidiary.

The Interconnected Approach

Despite having most respondents acknowledge the limitations capabilities can have on the ability to produce activities within their charter, one of the more unique aspects of the case study and their business model is the way they effectively transport both human- and equipment resources between subsidiaries worldwide.

“We also build expertise elsewhere which then can also be deployed here, because we have this global pool of people and equipment that we actually utilize quite well, it's quite a clever business model if you ask me” – NO Management

It has been made evident that the case company holds several different types of subsidiaries with different levels of capabilities. The Norwegian subsidiary for example, is operated by an individual manager, which when compared to the larger Danish subsidiary holds less capabilities. However, the efficient ability for the case company to facilitate both skilled labor from the HQ and equipment from either the HQ or depots from other countries has allowed for the Norwegian subsidiary to flourish in its charter:

“Norway is not big enough to do it on its own, so even if we would build the expertise we will have to have more people with the expertise, and luckily we have that available from the headquarters or even from regional headquarters, and it's both people and equipment” – NO Management

It seems then, based on the observations from the interviews, that even though capabilities do pose a challenge to their charter if a gap emerges between what segments the market or the HQ

wishes that subsidiary to focus on, there are ways to prevent a large gap. An efficient business model that transfers resources to subsidiaries with lacking capabilities can be an appropriate way to tackle the capability gap that can occur in changing or emerging charters.

4.4.4. Secondary Data

Lastly, the secondary data concerning the two PowerPoint templates of separate introductory sessions held at the University of Gothenburg will be presented. The basis of these two presentations is to inform an audience of the brand, the organization, and the operations. Therefore, it can be used as an indicator of how the case company approaches the transfer of brand identity to a given audience.

Throughout these two templates, the immediate representation of the corporate color shows strong indications of the importance its color holds in the representation and communication of the brand. Furthermore, both presentations begin with the case company's slogan. This has been given a lot of attention, and in addition to the interviews held with the respondents, it can be deduced that despite the company being recognized as an organization that produces large-scale projects, its focus on time efficiency holds a primary role. The use of this slogan can hint towards efforts the company has made towards associating itself not only with large-scale projects but also with smaller projects as was mentioned by SE Sales and HQ Contracts.

The second most significant highlight of the two presentations is the importance given to the global reach of the case company. It has been expressed throughout the interviews that the international network of the company and its reach is part of its brand identity. This has also been apparent with the specific business model that allows for the transfer of resources across international subsidiaries and depots. Having observed this both from the primary data and now the secondary data shows the importance the international reach and network of the case company has on its brand identity. In addition, the inclusion of the diversity of equipment has also been highlighted throughout the presentations. In the info session in particular, it was mentioned that the case company is at the forefront of new equipment technology including, suggesting that part of the brand is to always be on the forefront of new equipment.

A lot of attention was further given to the importance of the clients and the need to be safe and time efficient. Safety, in particular, has also been observed to form part of the core of the case company brand, with safety being a primary source of brand recognition from the respondents,

especially the engineering respondents. Both presentations also finished with a slideshow of images taken from their projects. In these images, the corporate color could be seen on all the equipment being used with large, visible logos. There were also images showing the ground crew working on the projects equipped with branded clothing showing clear indications of the case company's efforts in expressing its brand identity throughout their projects.

5. ANALYSIS

The analysis chapter of the paper will consist of an analysis of the empirical findings, which are related to the literature review and conceptual framework in Chapter 2. The structure will follow the same as in the empirical data chapter. Firstly, the case company's brand from a theoretical perspective is discussed. Secondly, the relationships between the subsidiaries and the HQ with the headquarter subsidiary relationship literature are presented. Thirdly, the implications of the subsidiary charter and mandates literature on the case company are presented. Lastly, the conceptual framework will be revisited and adapted to the findings of this paper.

5.1. Branding

Firstly, the brand of the case company is discussed. The interest will lie on the literature distinguishing between global and local brands (Özsomer, 2012), and corporate vs product branding strategies (Hatch & Schultz, 2008). The aim is to first understand how the global brand works and operates, which later will be a central topic in the discussion about how the case company structures and strategizes its charter and mandates to influence this global brand.

5.1.1. Global Brands

As seen in the empirical findings, the case company's brand is defined by its large size and involvement in large projects. Some of these projects are of local importance, such as the Kiruna house moves, while others are of larger international importance. However, even the local projects are used abroad in sales pitches. This indicates that the case company acts on a global brand rather than a local brand as defined by Özsomer (2012). What further strengthens this argument is the fact that the services offered by the case company are of a high international standard. By sharing equipment across countries, the company has the ability to offer its services in any of its countries of operations. Being able to offer the same product across markets is one of the key attributes of a global brand (Özsomer, 2012, Van Raaij, 1997) since it is a better way to meet a global demand. Using a global brand further increases quality, which

is something the case company prioritizes on its brand, especially when it comes to safety. Özsomer (2012) further argues that global brands work better in emerging markets, where the subsidiaries in our sample arguably are operating. The countries are not emerging markets as by the common definition of a market transitioning to a developed economy (Investopedia, 2022), however, more in the sense that the industry in which the case company operates still is relatively new and emerging in the Nordic countries. It should though be said that due to the global characteristics of the brand such as globally shared equipment and large projects that at times are world famous, the global brand also works for markets where the industry in which the case company acts is already developed. However, in line with the suggestions by Özsomer (2012), the global brand should have a better performance in the less mature Nordic markets than in other markets that are more developed. This could explain the presence of a global brand in the Nordic subsidiaries of the case company. Because the markets are relatively new to the case company, higher levels of corporate branding resource usage within the mandates of the subsidiary could be expected. This could be a way to assert the presence of their global brand in the newer market.

Regarding branding activities, it can be seen that, except for the sharing of equipment, there is a global mindset when it comes to the use of templates and clothing. There is a central database with templates from sales pitches to company presentations to social media templates which all foreign subsidiaries can use, spreading the case company's brand globally. The same counts for clothing which should be the same everywhere with the exception being specific regulations. This type of sharing of resources acts as a type of interconnectedness (Pieterse, 1996, Ambirajan, 2000) since subsidiaries become interconnected with each other through the sharing of templates with each other. For this to work, the templates and clothing have to be accessible and adjusted for global reach, suggesting that they act as a channel for the global brand.

Something that further acts as a sign of there being a global brand in the case company is the way they do sponsorship campaigns. Since there are not that many of them, this is not the main argument for there being a global brand but is still a notable mention. The only large-scale marketing campaign in our empirical data concerns the rally team and Formula 1 sponsorship. Both these campaigns are targeted at highly international events marketing the brand on a global level. This is in line with the suggestions by Van Raaij (1997) that media strategies in global brands are internationally standardized. These sponsorship campaigns are further part

of the case company's standardized marketing mix as described by Solberg (2000). This means that on the few occasion that the company does a sponsorship campaign, they make sure it is at large international events where the global brand has more reach than at local events.

There are of course also a few signals of there being a local brand when the case company operates on local projects. The subsidiaries have some power in the choice and execution of projects and the use of templates and clothing, but the branding activities are mainly designed by the headquarters and used globally, leading to there being a global brand. After all, the subsidiaries have their own charter to follow, which at times means that the subsidiary has to deviate from the global brand.

5.1.2. Corporate vs. Product Branding

Now that the existence of the global brand is known, the discussion will now cover how much of this brand is made up of corporate branding strategies, and how much is made up of product branding strategies as presented by Hatch and Schultz (2008) and Yu Xie and Boggs (2006). Since argued in the theoretical framework that all branding activities are either corporate branding or product branding, the global brand will be made up of these two types of branding activities.

As seen in the empirical data chapter, there are no to little findings suggesting that the case company has a unique product brand that differs from the corporate brand. Which is suggested to depend on the case company operating in a service industry where products are harder to define. Since product branding is defined as every product having its own brand (de Chernatony, 1996), product branding becomes difficult in the case company since every project is unique. This implies that there is no structural product branding strategy, but that there still could be brands associated with the specific products. This is similar to local brands, which neither are part of an overall strategy. This also makes it difficult to use a brand architecture strategy as described by Brexendorf and Keller (2017), since the only brand that stays constant over longer time periods is the corporate brand.

Since the case company does only have a corporate branding strategy, there is a risk that a single project gone wrong could damage the whole corporate brand (McDonald, de Chernatony, & Harris, 2001), this further motivates the case company to work with high safety

standards since it is not only part of the brand image, but also crucial in the corporate branding strategy.

As Hatch and Schultz (2008) suggest, product branding is easier to imitate, hence more companies have switched to a corporate branding strategy. This also counts for the case company that acknowledges the fact that its superiority in equipment might disappear over time when competitors acquire similar equipment. Instead, the company focuses more on the corporate brand, which is more connected to emotions and feelings, and hence harder to imitate (Hatch & Schultz, 2008). The company does this by defining the brand in accordance with the large-scale projects they are involved in and the high safety standards. However, since these emotional values can differ between cultures, the case company leaves some degree of freedom for the foreign subsidiaries to use the branded material as they prefer, meaning that the subsidiaries can adjust the global branding to the local market, and by that its charter. It should though be mentioned that the branding activities that can be adjusted to the local market still are of corporate branding character, since as mentioned above, there is no clear strategy for product branding.

Using a corporate branding strategy also helps the case company achieve a long-term strategy (Hatch & Schultz, 2008) which fits well in line with the industry the company operates in, where certain projects that are planned today will not be executed until ten years later. This also shows how charter can change after these long projects are over, further stressing the importance of shared resources.

5.2. Headquarter Subsidiary Relationships

After having discussed the brand itself, the case company from a headquarter subsidiary relationships point of view will now be discussed. By looking at the IR framework by Pralahad and Doz (1987) and subsidiary types literature (Bartlett & Goshal, 1986), the aim is to better understand the different subsidiaries' adaptation to the local environment and integration with the headquarters before the subsidiaries' charter and mandates are discussed. The IR framework will be analyzed under the scope of branding activities and is closely related to the discussion about global branding in the sense that it distinguishes between global and local factors.

5.2.1. IR Framework

The case company operates with a highly global brand, meaning that the headquarters has relatively much power in contrast with a situation where the case company would use local brands instead. This would suggest that the branding in the case company is more integrated with the headquarters than adapted to the local environment. This can partly be explained by the finding by Kostova and Roth (2002) and the hypotheses by Rosenzweig and Singh (1991) who suggest that integration with the local environment is high when legal constraints are high. Since the subsidiaries in this study are all located within the European Union (EU) or European Free Trade Association (EFTA), the regulatory and legal constraints on doing business abroad are quite low. In addition, the legal systems in the EU and EFTA are quite similar to each other making it suitable for subsidiaries with high integration with the HQ. Although as mentioned in the empirical data chapter, there are some situations where, due to local regulations, the company needs to adapt locally with the use of uniforms, leading to situations where the case company cannot use its signature color in its uniforms in these markets. Rosenzweig and Singh (1991) further suggest that multi-domestic industries have subsidiaries with higher adaptation to the local environment. For the case company, this is not the case. Since many of the projects are internationally embedded, there is no sign of there being a multi-domestic industry. For instance, the projects might need expertise, manpower, and equipment from different countries, leading to a high degree of international sharing. This does not allow for many multi-domestic operations since all countries cooperate globally.

On the other hand, Rosenzweig and Singh (1991) suggest that pressures for integration with the HQ are high when technology is shared, and the company uses expatriates, which is a large part of the case company's strategy. The technology shared is mainly equipment and expert labor, while the shared database with templates also counts as technology sharing. Moreover, the case company also at times uses expatriates in foreign subsidiaries. This shows how that by sharing resources across countries, the subsidiaries do have to integrate with the HQ to take part of this international network.

As argued by Meyer, Mudambi, and Narula (2010), each subsidiary has its own set of capabilities and pressures for local adaptation and integration with the headquarters. Even though this paper does not aim at comparing the subsidiaries with each other, there are some differences between the subsidiaries. This mainly presented itself through the different markets of operation. Some subsidiaries had more capabilities in a certain type of service through its

charter, meaning that they needed less help from the HQ and other subsidiaries, and could hence operate more on a local scale. However, in general, the subsidiaries mainly act internationally with high levels of cooperation.

It should though be noted that even though there seems to be more integration with the headquarters than adaptation to the local environment, this does not mean that there is no adaptation to the local environment. After all, the subsidiaries adapt their work to the clients that most often are locally based. Furthermore, the branding resources (e.g., templates and clothing) are designed by the HQ, but the subsidiaries are free to adapt these to the needs of the local environment and meet its charter. This is in line with suggestions by Morrison & Roth (1992) saying that a company has pressures from both sides and that companies instead should take on regional strategies. Since the case company acts on a global scale, where pressures for local responsiveness are low and pressures for integration with the headquarters are high, the case company would still count as a *global business* using the definitions by Prahalad and Doz (1987). However, we argue that this is not entirely the case for the case company, since the case company uses a regional setup in the Nordics and the employees in one subsidiary most often work for projects in all of the Nordic countries. In addition, the case company also has a regional administrative setting where the Nordics count as one region. Meaning that it indeed is a global business, but with a regional setup.

5.2.2. *Subsidiary Types*

The literature review showed that there are different types of subsidiaries and that the relationship of each subsidiary with the HQ is dependent on the type of subsidiary (Bartlett & Goshal, 1986, Bouquet & Birkinshaw, 2008, Rugman, Verbeke, & Yuan, 2011). However, the empirical data showed little support for these types to be influential in the case company. The individual subsidiaries all acted toward the same goal: winning projects. Instead, the subsidiaries differ through their presence in different markets, which represents one of the two criteria in Bartlett and Goshal's (1986) framework. However, these differences are not significant enough to argue that the subsidiaries are of different types.

Furthermore, since the company offers a service, its value-chain activities are less clear. Instead, each subsidiary works intensively with sales. When the project is won, the subsidiary takes help from another subsidiary or the HQ to access the right people and equipment to

execute the project. In other situations, the subsidiary is instead asked for help from a different subsidiary. In other words, the subsidiaries are highly interconnected and do not have specific types. There are however roles of expertise, where certain subsidiaries are more known to be experts on a certain type of projects. Instead of subsidiary types, the subsidiaries take on distinctive roles through charters.

5.3. Charter Mandates & Subsidiary Evolution

As presented above, the case company works as a global brand and has high levels of integration with the headquarters. The next part of this chapter aims to analyze how the case company structures and strategizes its subsidiary's charters and mandates in order to influence this global brand. Its interest lies in the foundation of subsidiary charter and mandate literature (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017, Birkinshaw & Hood, 1998, Cantwell & Mudambi, 2005) and that of headquarters to subsidiary relationship literature (Pralahad & Doz, 1987, Kostova & Roth, 2002). This will act as a fundament for the answer to the research question in chapter six.

5.3.1. *Subsidiary Charter and Mandate Structure*

As was seen throughout the literature studied, a subsidiary's charter can be defined as the subsidiaries' overarching business responsibilities and direction as a part of a larger MNC (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017, Birkinshaw & Hood, 1998). As seen in the empirical findings, there is a clear existence of charters among the subsidiaries studied, more importantly, a clear representation was found as to what determines a charter for said MNC. The case company gave a clear indication that their subsidiary's overarching responsibilities lie within which product mix they offer at the current point in time of that subsidiary's life. The product mix is referred to as what services the case company provides in the market they operate in, such as civil infrastructure or offshore wind. The time dimension seems to be an important factor as these product mixes change throughout the life of the subsidiary depending on several factors that will be discussed further on. This becomes quite

significant because it forms the basis of how they structure the different charters of their network of subsidiaries.

It was observed throughout the data collection that high levels of communication and interconnectivity between the different subsidiaries within the Nordic region allowed for a structure of charters between them to align with the general strategy of the case company. It can be seen how certain subsidiaries like the Norwegian and the Danish subsidiaries operated more with a specialized product mix of offshore wind, whereas the Swedish subsidiary operated more specifically in the civil infrastructure segment. This correlates with Rosenzweig and Singh's (1991) concept where explicit forces can be unique to a country and thus can complicate the ability to standardize. High amounts of offshore wind farms, for example, can contribute to the Danish specialization on offshore projects, something that can differ from the Swedish subsidiary. In addition, the individual capabilities of each subsidiary seem to also affect the structure of subsidiary charters. As was observed in the empirical chapter, experience and market knowledge as capabilities affected the operational possibilities of the subsidiary. It seems to be evident then, that the development of unique capabilities when operating in their local environment affects the charter and mandates of the subsidiaries. If we take the literature by Meyer, Mudambi, and Narula (2010) into account, this would insinuate that the integration with the headquarters versus the local market is independent of each subsidiary, and can vary between them, something that has also been observed in the data collection process.

High levels of communication also allow for the Nordic region as a whole to operate jointly, tackling several different segments in the region with each individual subsidiary having its own role within that regional joint effort. Though the regional structure is highly present in the Nordics as mentioned, which falls in line with Rugman's (2005) regional approach to a global firm, the regional activity seems to be of more of a structural and cooperative nature and less of a strategical nature as argued by Rugman (2005). Responsibilities and operations are quite independent to each subsidiary and strategies seem to be more global than regional. In relation to branding operations, however, no significant indications of direct branding activities were found concerning how the case company structures its charter. It seems to be evident that the charter of the subsidiary is more closely related to the structural operations of the region over the transmission of branding activities. On the other hand, one could argue that holding an effective structure of independently chartered subsidiaries working under their designated regions can in fact influence the existence of a global brand through the more literal sense of

its definition. Whereby, operating under the same brand in several countries and regions efficiently influences the reality of the MNC being a global brand (Özsomer, 2012). For example, the strategy to tackle more offshore projects due to the recently growing industry can be attributed to the case company's core brand identity of being at the forefront of its industry in modern operations worldwide (Company Info Session, 2022). The reality of efficient international presence becomes important in reiterating the existence of a global brand.

Furthermore, within each of these subsidiaries, the existence of activities that align with the charter are found. These are referred to in the literature as mandates (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017). Within the scope of the case company, several different activities that can be represented as their mandates are identified. These activities were expressed as the activities of the employees attributed to tackling the product mix they offered in their market, including sales and engineering activities. These mandates have less structure than the subsidiary's charter, being more independent to each subsidiary and controlled by the subsidiaries themselves. This can be due to the nature of mandates following the line of their overarching independent charter of that subsidiary (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017) and the freedom that each subsidiary has been given by the headquarters. However, a higher level of branding activities within the subsidiary's mandates are found, with the inclusion of several branding resources, tools, and guidelines being used in the individual mandates. It also seems to be the case that these branding activities are available to all subsidiaries, such as the branded resources and guidelines. However, though they are available and encouraged to be used, it is up to the decision of the individual subsidiary to use them. What can be important to note, is that despite the branding resources being provided by the headquarters, and are to an extent optional to a subsidiary, it represents a level of standardization with the headquarters to solidify the image of one corporate brand to be represented globally (Özsomer, 2012).

5.3.2. Subsidiary Charter and Mandate Strategy

How Influence Affects Strategy

Throughout the data collection process, several similarities were seen with the literature studied. Instances are observed of headquarter assignment, subsidiary choice, and local market determinism influencing the different subsidiaries, described as a tridimensional influence by

Birkinshaw & Hood, 1998. The mix of these influences can play a significant role in the charter of the subsidiary, causing the charter to change over time depending on the changes in influence (Birkinshaw & Hood, 1998). The data collection process has shed light on the importance of these influences, and how the strategy behind these influences affects the subsidiary's charter and its mandates.

The case company has set local market determinism as the most important influential factor of the three when it comes to determining a subsidiary charter, this is due to the nature of the service being provided by the case company. The type of service, or product mix, being provided by a subsidiary in a market is heavily influenced by what is available in that market. As was expressed in the empirical data chapter, if there is a high degree of offshore wind production in a given market, the subsidiary will tailor its charter to fit that direction, as was the case with Norway. Rugman (2005) argues that to meet local demands it's easier when low levels of standardization with the headquarters are met. However, it has been observed that subsidiaries can have charters influenced primarily by local markets to meet local demands, but have levels of standardization through the use of standardized branding resources and guidelines to assert the corporate brand and influence the existence of a global brand.

When it comes to the internal influential factors and the relationship between the headquarters and the subsidiary, it seems that communication between the two throughout the life of the subsidiary was a crucial mandate that affected the charter of a subsidiary. When the example of a new hire that held vast experience in a given segment was given by the Swedish subsidiary, it was the dialogue between the subsidiary and upper management that dictated who had the most influence on the direction of that subsidiary. In addition to communication, it has been made apparent that the party that held the most market knowledge would have the higher amount of influence on the subsidiary's charter. This correlates with the literature by Andersson, Johanson, and Vahlne (1997) whereby the reciprocal learning and adjustment to a local market can aid in the market knowledge it holds, as well as the literature by Solberg, (2000) stating that the party that holds more market knowledge can influence the strategic decision of that independent subsidiary. In the case of the Swedish subsidiary and the new hire, this was made evident when the acquired experience and market knowledge of the Swedish subsidiary allowed it to adjust its charter over the original headquarters assignment of entering the offshore market.

The balance between influences held together through communication and what can be identified as trust between a subsidiary and the HQ seems to be a strategy that allows for a subsidiary's charter to be successful at achieving its corresponding goals. Though it has been observed that the headquarters does have a final say in the matter, its trust in the subsidiary and its ever-growing market knowledge over time has allowed for communication and dialogue to give more choice to the subsidiary and its sales department as it grows over time.

Resource Management as a Strategy

In addition to the tridimensional influential forces that affected the charter of a subsidiary and its mandates (Birkinshaw & Hood, 1998), the inclusion of capabilities as a determining factor for the efficiency of subsidiaries during capability changes has also been relevant (Jakobsson, Lagerström, & Schweizer, 2020). Whereby the change in charter can be faster than the change in capabilities required to fulfill that charter relevant (Jakobsson, Lagerström, & Schweizer, 2020).

In the case of the MNC being studied, there is a resource management strategy that helps mitigate this theoretical dilemma. Due to the consistent need for equipment that regularly needs to be tailored to each specific project, the case company has a resource management strategy in place whereby they continuously transfer human capital and equipment between subsidiaries in a region to aid with the projects being done. This entails that when a subsidiary is to change its responsibilities and start to focus on other segments, and lacks the necessary skilled workforce or equipment, it can be sent from a nearby depot or the headquarters to ensure the projects are done. This strategy has some resemblance to the 'nurturing' practices expressed by Schleimer and Pedersen (2014) where the headquarters can nurture its subsidiaries through the transfer of resources. Though each transfer of resources, especially the transfer of equipment needs to pass a cost analysis to determine if its financially viable to transport the equipment, general observations showed a highly successful strategy that has allowed subsidiaries to be very flexible when it comes to their ability to efficiently change their charter to meet changes in the market. In addition, this strategy brings to question the theoretical concept of global strategy from Rugman (2005), whereby it is described that a global strategy is impossible due to the pressures of the local environment, and thus regional strategies are better suited. In this case, the existence and use of regions for a structural purpose, yet

effectively using global strategies such as the resource sharing strategy that applies globally, acting as one that does not abide by the regional boundaries. Local adaptation is instead reached by the individual charters of the subsidiaries. This sheds light on the idea that local adaptation or pressure from the local environment does not have to exclude the ability to incorporate standardization, as it can be done through corporate branding activities.

Finally, as was observed through the data collection, the interconnectivity between resources and the case company's ability to have their subsidiaries adapt to changing charters runs deep in the core of the brand itself and is expressed as a significant identifier to the brand. The act of shifting resources can be interpreted as a mandate, though it is a company-wide strategy, the subsidiary itself issues the request for resources as a tool to aid in achieving its charter, therefore it can be interpreted as a mandate. Once again, it has been made evident that it is the mandates which hold the highest degree of corporate branding strategies.

5.4. Revisiting the Conceptual Framework

Lastly, the conceptual framework will be revisited and applied to the findings from the study. The framework will be adapted to the case company and is based on the discussion above. From the original conceptual framework, four main changes are identified, which will be discussed below.

5.4.1. Exclusion of Product Branding

The first change that was identified is the exclusion of product branding in the case company. The literature review suggested that an MNC uses both corporate branding and product branding strategies (Hatch & Schultz, 2008). These two are argued to make up the total branding activities, i.e., each branding activity is either part of a corporate branding strategy or a product branding strategy. This implies that a global brand within an MNC will be influenced partly by corporate branding activities, and partly by product branding activities. However, the empirical findings show that in the case company, there is no product branding strategy, instead, there is only a strategy for corporate branding. At times, smaller brands associated with the products occur, but these are not part of an overarching strategy.

The empirical findings also show that the corporate branding strategy is determined at the HQ, which is then sent through branded resources and guidelines to the subsidiaries (more on this below). For the conceptual framework, this means that the corporate branding strategy is moved in between the headquarters and subsidiaries as guidelines and training and that the two boxes of *product branding* and *corporate branding* will be removed.

5.4.2. Corporate Branding Resources and Guidelines

As mentioned above, the corporate branding strategy is moved in between the headquarters and the subsidiaries. In the original conceptual framework, branding communication is seen as the mechanism between the HQ and the subsidiaries. This was however a rather vague concept since there are no previous studies on this topic. This specific mechanism is one of the things this paper aims to get a better understanding of. With the empirical findings in mind, it was found that the main mechanism between the headquarters and subsidiaries from a global branding point of view instead are resource flows and corporate branding guidelines. The reason for it being guidelines and not orders is that the headquarters only offers guidelines on branding through templates, clothing, and equipment.

In the original framework, branding communication is seen as a two-way stream of communication, meaning that branding communication could both go from HQ to subsidiary and from subsidiary to HQ. However, the empirical findings show that the corporate branding guidelines are mainly being designed by the HQ, with the exception of certain templates that could come from projects in the subsidiaries.

5.4.3. Two forms of influence

Throughout the original theoretical conceptualizations studied that motivated the creation of the original framework, the understanding of charters and mandates was limited to its theoretical understanding. Initially, due to the close relationship between subsidiary charters and mandates shown in the literature (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017, Birkinshaw & Hood, 1998), it was understood that MNCs charter and mandates worked cohesively to jointly influence the global brand. Therefore, a single influence direction was originally depicted in the original framework. Though we have found this still to be the case,

we have discovered that the type of influence is not the same, and therefore must be represented separately. After learning more about the intricate details of the case company, new realizations were discovered that have led to the change in how corporate branding activities are utilized in a subsidiary.

It was understood, that in the case company's situation, the subsidiary's charter was set toward achieving an operational goal based on the segments and product mix it was to offer in the market. The product mix it offered, or segments it would operate in within a market was from an operational and strategical nature that adapted and worked cohesively with the region it operated in. The charters addressed held no direct corporate branding initiatives that could influence the global brand, instead, the charter allows the MNC to adapt to the local market needs while utilizing standardized corporate branding resources and guidelines within its mandates to help influence the existence of the global brand.

As described in the literature, a mandate represents the individual activities operated under the scope of the subsidiary's charter (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017). This was found to be evident throughout the case company. As mentioned above, the corporate branding initiatives were not offered through mutual dialogues between the subsidiary and headquarters, but instead sent unilaterally from the headquarters to the subsidiary in the form of resources and guidelines. This multilateral dialogue was instead observed to be present during subsidiary charter discussions. Further observations shed light on the subsidiary's free will to use corporate branding guidelines within its mandates, for example, the Swedish subsidiary's choice to use branded sales pitch templates. The sales pitch, being an activity that pertains to the overarching charter was identified as a mandate (Jakobsson, Lagerström, & Schweizer, 2020, Gilmore, 2017). This mandate utilized corporate branding guidelines sent from the headquarters accessible through their internal database. As a result, the choice from the subsidiary to utilize the guidelines send from the HQ within their mandates has produced an influence towards managing a global brand.

These developments within the study have caused a change in the conceptual framework to now display the representation of the utilization of corporate branding guidelines through a subsidiary's mandates. The use of corporate branding guidelines within a subsidiary's mandates is what was discovered to influence the global brand, the second form of influence was the efficient presence of an effective network of independent subsidiaries, each with its own independent charter. Meaning that the charter of a subsidiary does not independently

influence the existence of a global brand, but the collective structure of multiple subsidiaries and their independent charters do.

5.4.4. Inclusion of Training

During the data collection process, it was discovered that training programs to both incorporate new employees and the annual reviews included corporate branding elements. Though the training incorporates more than just corporate branding, the elements of branding and brand identity were existent and valued as important. The aspects of corporate branding within the training consisted of brand values and brand identity training that employees need to follow as representatives of the brand. However, these training processes are not intended solely for use in subsidiaries, but the headquarters itself was also subject to having their employees receive corporate branding training.

Due to the existence of valuable corporate branding initiatives within the training that were unaccounted for in the previous framework, the new conceptual framework includes this corporate branding in training as a way to demonstrate the influence on employees to utilize the corporate branding guidelines within their mandates.

5.4.5. New Conceptual Framework

The new conceptual framework is visualized in *Figure 5.1*, where the branding communication has been replaced with resource flow, a line that represents the transfer of both corporate branding resources and equipment and personnel. As can be seen, the headquarters makes available a multitude of branding resources, guidelines, equipment and personnel to the subsidiaries. We have identified this as resource management, a strategy that includes the share of resources between subsidiaries and the ability for subsidiaries to attain branding resources and guidelines to include in their mandates.

Parallel to the resource flow, there is corporate branding in training as described above. These act as an important tool for the MNC to spread brand values and ethics. The grey arrow pointing from the HQ back to the HQ visualizes that the same training counts for the headquarters and is not unique to the subsidiaries. The subsidiaries operate in the same way as in the original

framework, depicting subsidiaries as changing over time in charter and capabilities. However, in the new framework, the influence arrows go from the subsidiary's mandates directly to the global brand, instead of going from the subsidiary as a whole to corporate and product branding first. In addition, a new influence direction has been added, stemming from the international network which also influences the existence of a global brand.

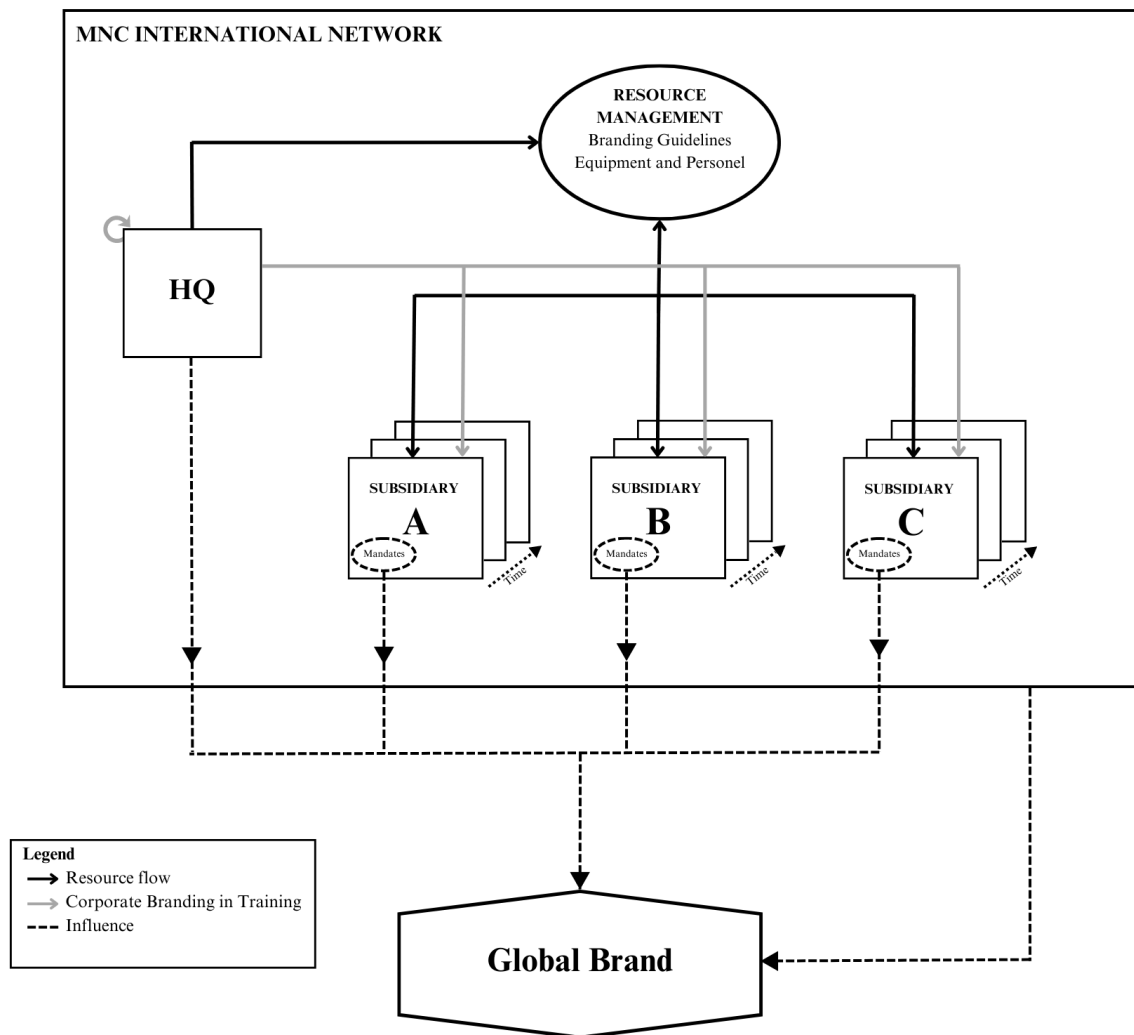


Figure 5.1. Conceptual Framework Revisited. Compiled by authors.

5.4.6. The Charter Influence Matrix Applied

The charter influence matrix presented in Chapter 2 under *Figure 2.2* was initially created for the purpose of summarizing the literature on subsidiary charter influence (Birkinshaw & Hood,

1998, Andersson, Johanson, & Vahlne, 1997, Solberg, 2000) and building on the IR framework (Prahalad & Doz, 1987, Kostova & Roth, 2002). This gave a deeper theoretical understanding that aided in the development of the interview guides, empirical chapter and analysis. Throughout the study, it was also seen that this matrix remains true to the literature and to the case company studied.

As was seen in the empirical data chapter, it seems that when subsidiaries are young, they are more susceptible to influential pressures from the headquarters since a lack of experience limits the input from subsidiary choice. Such is the case with the Norwegian subsidiary whereby a representative of the headquarters is under management of it. Though this would initially be considered according to the matrix as *Headquarter Determinism*, the interest and prioritization we have seen from the case company on the market needs suggest that in the case company, young subsidiaries act as a *Market Bipartisan*. We have then observed in the empirical data, that as the subsidiary grows in experience and market knowledge, the headquarters allow the subsidiaries to have a greater voice in the charter direction of the subsidiary, opening communication lines and entrusting the subsidiary in its decisions. This was seen in the Swedish subsidiary when dialogues and market knowledge from hired staff was enough to influence a change in charter. Despite these changes, however, the market seems to always be a primary focus, this would suggest that in the case of this MNC being studied, as subsidiaries grow, they develop from a *Market Bipartisan* to a *Market Expert*. These changes further solidify the argument of time within the matrix, showing evidence of changes in influence dynamics over the life of a subsidiary.

6. CONCLUSION

In this chapter, the research question presented in Chapter 1 will be answered and a discussion of the main findings from Chapter 5 will be presented. In addition, the theoretical and practical contributions will be outlined as well as suggestions for future research.

6.1. Main Findings

As was initially described, the purpose of this thesis was tailored to better understand how an MNC that operates with subsidiaries internationally, can structure and strategize their subsidiaries' charter and mandates to influence the existence of a global brand. To do so, this study aims at uncovering the existence and understanding of three main theoretical concepts within the MNC being studied. These concepts were the presence of subsidiary charters and mandates, the presence of a global brand, and the understanding of the relationship between the headquarters and subsidiaries. Once these theoretical concepts were acknowledged, the study then proceeded to the analysis of how these charters and mandates were structured and strategized to influence the existence of global brand. As a result of conducting the empirical analysis and reconceptualizing the framework, enough information has been developed to aid in answering the research question proposed. The main findings can be categorized into five observations:

Firstly, in order to accurately assess how an MNC uses subsidiaries' charters and mandates to influence a global brand, the existence of these concepts in the case company must first be addressed. Our findings concluded that the case company did in fact hold a strong global brand, one influenced by several corporate branding activities that are conducted by the different subsidiaries. It was also uncovered that these corporate branding activities performed by the subsidiaries originated from the HQ through a central database of resources and guidelines accessible to all the subsidiaries. These guidelines included templates, clothing, and equipment, as well as specifications for how branding tools must be used, portals to important information about ongoing occurrences, and other branded-related tools to be used by the subsidiary. It was also uncovered that these corporate branding resources and guidelines are to be used by the

subsidiary if they choose to do so. The identity of the presence and role of a subsidiary's charter, as well as the individual activities conducted to operate a subsidiary with that charter were also uncovered.

Secondly, in the case of the MNC studied, there was no significant presence of product branding strategies in place. Despite the theoretical descriptions including the existence of product branding as part of branding initiatives (Hatch & Schultz, 2008), it seems that, due to the nature of the MNC studied being in the service industry, the presence of a product branding strategy is not evident, instead the case company chooses to put its efforts solely into corporate branding initiatives.

Thirdly, regarding subsidiary charters, it was discovered that the charter, being associated with the product mix offered at the market, was of operational nature to the region it operated in. In the case of the Nordic subsidiaries studied, it was observed that the overarching responsibilities of a subsidiary did not directly correspond with influencing the global brand from a branding perspective but instead were more reliant on fulfilling the operational structure of the Nordic region. As such, all influential factors affecting a subsidiary's charter, and the communication activities between subsidiaries in a region and the headquarters regarding charters were operational and structural in intent.

Fourthly, as part of the case companies' strategy, the network of subsidiaries as well as the HQ partake in an efficient distribution of equipment and personnel. This acts as a way to mitigate any restrictions that lacking capabilities may bring to completing an operation within its charter. As such, this efficient strategy allows for subsidiaries to be highly flexible when adapting to changing charters.

Finally, one of the more significant findings was related to the subsidiary's mandates, more specifically, it was found that the mandates were the main drivers of influence to the existence of a global brand. Given that the corporate branding resources and guidelines are made available to the subsidiaries, and there to be used at their own free will, when they were used, it was during the mandates of a subsidiary. All branding tools described previously exist to be used within the day-to-day activities and or general activities conducted within the alignment of their charter. In addition, it was discovered that corporate branding initiatives within the training and annual revisions of the employees in the subsidiaries, educate the employees of

the values and importance of the global brand and its identity. This can increase the likelihood of corporate branding tools and guideline usage throughout their mandates.

Therefore, to answer the research question:

How does an MNC structure and strategize its subsidiaries' charter and mandates to influence the existence of a global brand?

It seems to be the case that this question has a two-sided answer. On one hand, an efficient structure of an international network of functioning subsidiaries, each pertaining to its independent charter, and working cohesively, does adhere to the traditional sense of a global brand. That being the efficient international representation of a single brand in different markets. While on the other hand, the availability and usage of corporate branding resources and guidelines by the subsidiaries directly influence the existence of a global brand through standardized corporate branding. This further entails that an MNC can utilize subsidiary charters to adhere to the local market demands, yet still attain a level of standardization through the use of corporate branding resources and guidelines in their mandates. It should also be noted that training the staff on the corporate brand and its identity aids in the willful usage of these tools and guidelines by the subsidiaries.

The case company studied held a structured network of subsidiaries within a region that operated independently under their own charter. This charter is influenced by a combination of market needs and a healthy relationship with the headquarters built on trust and maintained through communication. Though the charter of a subsidiary is not directly influenced by the need to influence a global brand, the mandates conducted within the scope of the charter do influence the existence of a global brand directly through branding. This is a solid structure that is maintained by a resource management strategy that includes ways to mitigate capability gaps during changes in a subsidiary's charter over time. This resource management strategy further enforces the interconnectivity between subsidiaries and the headquarters and acts as a way to represent the core identity of the brand, one of international experience and interconnectivity.

6.2. Theoretical Contributions

The theoretical contributions of this paper lie in the combining and applying of several fields of study and testing them on a real-life case. The field of headquarter subsidiary relationships, which is highly connected to the field of subsidiary charter and mandates, is applied to the field of branding, which in turn falls under the marketing theory. More specifically, this paper contributes to the literature by showing how an MNC can use its charter and mandates in order to influence the existence of a global brand. Previous literature has widely studied the dynamics between an MNC's headquarters and its subsidiaries, but the implications of these dynamics from a global brand point of view have been studied less. Within the field of subsidiary charter and mandates studies, the contribution comes from bridging subsidiary charter and mandates with the field of global branding.

The paper adds to the field of branding studies by taking on a view where branding is not studied as a tool to gain a competitive advantage over competitors, but instead as a dynamic between an MNC's headquarters and its subsidiaries. Another contribution within the field of branding is the finding that product branding strategies are not as widely used in service industries due to the definition of a product being somewhat vaguer. Since the case company offers a service rather than a product, the existence of a product brand is more difficult to define.

6.3. Managerial Implications

From the findings in this paper, there are also implications for MNC managers to consider. The findings show that if an MNC wants to influence the existence of a global brand, the managers should not only have an efficient network of subsidiaries, but also emphasize the development and implementation of effective resource transfer activities. An important implication is that the use of shared resources is one of the most useful tools for the management of a global brand. This allows the subsidiaries within an MNC to be more flexible and dynamic when changing charters and allows for these subsidiaries to integrate corporate branding guidelines into their respective mandates, both being important for the establishment of a global brand. Resources can be shared both as knowledge and expertise, and as equipment and other tangible assets to aid in charter operations, and then as branding resources and guidelines to be used by

the subsidiaries' mandates for corporate branding. This allows the MNC to have a brand that is more consistent between countries, which improves the overall brand. Furthermore, the sharing of capabilities also improves the operational strategy since the MNC can now offer more products in more markets.

The findings also suggested that the MNC does not have to force the brand too much. By creating resources and guidelines for the subsidiary to follow and leaving the subsidiary with some degree of freedom, it is shown to be enough to influence the existence of a global brand. It is important to note that a global brand cannot be fully influenced by the headquarters, but that some form of autonomy is needed among the subsidiaries.

Another implication for MNC managers is that the use of training is also helpful in the maintenance of a global brand. Many brand values and ethics can be shared through the use of training, not only for the subsidiaries but also for employees within the headquarters, which in turn also have an influence on the existence of a global brand.

6.4. Outlook

The findings of this study contribute to several fields of study. However, there are also some limitations to consider. Firstly, branding is a very wide topic, and studying the implications of headquarter subsidiary relationships from a branding point of view is, of course, a wide topic as such, and this study has only scraped the surface of this dynamic. For future research, it would therefore be interesting to further study branding from a headquarter subsidiary relationships point of view, but instead investigating other aspects than subsidiary charter and mandates. This paper has mainly focused on the dynamic between the headquarters and the subsidiaries, future studies could put more emphasis on the effect of local factors on the global brand in contrast with the pressures from the headquarters. Another example that could further contribute to the fields of branding and headquarter subsidiary relationships is a similar study where the global brand is quantitatively measured, which will show if this setup is effective or not. After all, this study has only presented one case out of many MNCs, meaning that there is plenty of room for studies to quantitatively assess this setup to see if it works efficiently. This could for instance be done by collecting performance measurements on global brands and connecting them to MNC practices.

Moreover, this study was done on a single case company that happened to operate in a services industry. For the results of this study, this has had some implications: mainly the absence of a product branding strategy has been of influence on the findings. This leaves room for a similar study on an MNC in a different industry, preferably an MNC that offers a product instead of a service. The findings of such a study would be of value in contrast to our study since the possibility to compare the two companies to each other will occur and the implications of the type of MNC can be discussed.

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Appendices

Appendix 1: Interview Guide Subsidiaries

Background:

- Is it ok with you if we record this meeting?
- Would you like to be kept anonymous?
 - If Not:
 - Name
 - Role in Mammoet
 - Years working at Mammoet
 - Countries of operation

Branding & Brand Identity:

- What according to you defines Mammoet's brand and its brand image?
- How would you describe the company's branding activities?
- Are there any core components that make up Mammoet's brand?
- Theory we have studied suggests that a company's product can have a brand image or identity of its own, do you see any difference between Mammoet's corporate brand and the brand your services provide?
- Are there any day-to-day activities or habits that resemble that of Mammoet's brand? i.e. the way you pitch to a client, presentation templates, the use of corporate colors, etc.
- Do you see a *country* Mammoet brand that differs from other countries' Mammoet brands?

Relationship with Headquarters:

- Are these activities and behaviours sent from the HQ or do you have the autonomy to decide how much branding you include in your day-to-day?
- Are there any standard practices within branding that you are aware of?

Charters & Mandates:

- Do you believe the *country* subsidiary has a particular direction/purpose to which its operations help achieve?
- Have you noticed a change in direction/purpose over the years of the existence of this subsidiary?
- What do you think influences the direction of this subsidiary?
 - Do you think the dynamics of the local market influence this?
- Has your input as a *role* of this subsidiary played a part in influencing the direction of this subsidiary?
- How much of an influence are the capabilities of the subsidiary?

Extra question:

- **If new employee:** Have you noticed any branding initiatives during your training as a new employee? If so, what do you recall?

Appendix 2: Interview Guide Headquarters

Background:

- Is it ok with you if we record this meeting?
- Would you like to be kept anonymous?
 - If Not:
 - Name
 - Role in Mammoet
 - Years working at Mammoet
 - Countries of operation

Branding & Brand Identity:

- What according to you defines Mammoet's brand and its brand image?
- How would you describe the company's branding activities?
- Are there any core components that make up Mammoet's brand?
- Theory we have studied suggests that a company's product can have a brand image or identity of its own, do you see any difference between Mammoet's corporate brand and the brand your services provide?
- As a representative of the HQ, when you work in Scandinavia or other subsidiaries what branding activities have you noticed in your day-to-day activities?
- Do you see different Mammoet brands in different countries? I.e., is there a difference between the different subsidiaries?

Relationship with Subsidiaries:

- From working closely with the Nordic subsidiaries, have you noticed any branding initiatives or activities that pass from the HQ to the subsidiaries?
- Are there any branding-related standard practices within your work that you have to take with you when working in other subsidiaries?

- We have found that when new subsidiaries open, sometimes the company will send someone from the HQ instead of a local hire, does this happen in Mammoet and if so, can you elaborate on why you think this happens?

Charters & Mandates:

- Do you believe the subsidiaries have a particular direction/purpose to which their operations help achieve?
- How much do you believe the HQ plays a part in the direction or purpose of any subsidiary?
- What do you think influences the direction of subsidiaries?
 - Do you think the dynamics of the local market influence this?
- How much of an influence are the capabilities of the subsidiary?