Exploring the strategic role of subsidiaries in competence-creation

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MNEs are becoming increasingly knowledge driven and growing cross-border competition has led them to seek and develop knowledge assets in a wide variety of locations. Increasingly, the traditional view that knowledge creation and competence building are MNE-level phenomenon has been called into question (Birkinshaw and Hood 2001, Andersson et al 2002, Rugman and Verbeke 2001, Cantwell and Mudambi 2005). Competences are increasingly developed at the subsidiary level, although the extent to which this occurs is dependent upon a variety of factors, such as the degree of the subsidiary’s embeddedness within the MNE’s internal network as well as its external environment (Meyer et al 2011). The subsidiary’s ability to play this dual role of tapping into local knowledge and engaging in knowledge exchange with other units is further influenced by the nature of its own mandate, the MNE’s corporate strategy and the aspect of the value chain the subsidiary is engaged in (Rugman et al 2011). Large MNEs consist of a network of subsidiaries that are spatially distributed and perform heterogeneous functions.

This special issue of Long Range Planning examines the role of subsidiaries in the creation of knowledge and competence in MNEs. We welcome papers from a variety of contexts that advance our theoretical and empirical understanding of the processes that shape and determine subsidiary and competence-creation strategies. Key questions that may be addressed include:

- As these networks grow increasingly complex, with the fine-slicing of value chains, the use of non-equity relationships and multiple headquarters, how should MNEs most efficiently manage the knowledge generated by subsidiaries so that they can derive optimal benefits from multinationality?

- Competence-creating subsidiaries require considerable resources. Does this limit their use to larger MNEs? Is the role of competence-creating subsidiaries more limited than suggested by the literature, or a broader phenomenon?
• How do competence-creating subsidiaries evolve into this role?

• Efficiently transferring newly created competences within the MNE’s internal network require specialised complementary organisational and managerial assets. What is the nature of these complementary assets?

• Do we need a new typology of MNE organisational structures?

• To what extent do foreign subsidiaries serve as sources of technological capabilities and contribute to the exchange of knowledge in the MNE?

• What are the sources and implications of MNE subsidiary development? Does the competence-creating subsidiary require new theoretical approaches?

• Does subsidiary entry mode influence subsidiary technological evolution? What are the interactions between host country advantages and subsidiary technological evolution?

• What is the relationship between the knowledge infrastructure of the host country, and the kinds of linkages subsidiaries establish? Are there differences between subsidiaries located in different types of host countries?

• How do MNEs balance knowledge-tapping opportunities and knowledge spill-over risks for subsidiaries?

All submissions are expected to develop strong theoretical foundations and implement rigorous methodologies. These include quantitative studies, qualitative and case studies, multi-country comparative studies, replication studies and studies of specific subsidiaries and MNEs.

Submissions

Submissions will be accepted from July 1, 2011 until the submission deadline of November 1, 2011. Manuscripts should be prepared according to LRP’s guidelines for authors, and will be reviewed in a double-blind review process. The review process adheres to a very ambitious schedule that aims at providing quick feedback to the authors and allows for two rounds of revisions on the manuscripts. Submission guidelines are available at

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Papers may be submitted online at http://ees.elsevier.com/lrp/ and should clearly indicate (both on the coversheet, as well as during the submission process) that they are to be considered for this special issue.

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