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**SELLING, RESISTANCE AND RECONCILIATION: A CRITICAL DISCURSIVE
APPROACH TO SUBSIDIARY ROLE EVOLUTION IN MNCs**

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SELLING, RESISTANCE AND RECONCILIATION: A CRITICAL DISCURSIVE APPROACH TO SUBSIDIARY ROLE EVOLUTION IN MNCs

Abstract

Studies of political dynamics between multinational corporation (MNC) parents and subsidiaries during subsidiary role evolution have largely focused on control and resistance. This paper adopts a critical discursive approach to enable an exploration of subtle dynamics in the way that both headquarter (HQ) and subsidiaries subjectively reconstruct their independent-interdependent relationships with each other during change. We draw from a real-time qualitative study of a revealing case of charter change in an important European subsidiary of an MNC attempting to build closer integration across European country operations. Our results illustrate the role of three discourses – selling, resistance and reconciliation –in the reconstruction of the subsidiary-parent relationship. From this analysis we develop a process framework that elucidates the important role of these three discourses in the reconstruction of subsidiary roles, showing how resistance is not simply subversive but an important part of integration. Our findings contribute to a better understanding of the micro-level political dynamics in subsidiary role evolution and how voice is exercised in MNCs. This study also provides a rare example of discourse-based analysis in an MNC context advancing our knowledge of how discursive methods can help to advance international business (IB) research more generally.

SELLING, RESISTANCE AND RECONCILIATION: A CRITICAL DISCURSIVE APPROACH TO SUBSIDIARY ROLE EVOLUTION IN MNCs

Subsidiary role evolution results from a combination of external forces, such as parent MNC strategy, and the way subsidiary managers choose to respond (Bouquet & Birkinshaw, 2008 a&b; Birkinshaw & Pedersen, 2009; Birkinshaw and Hood, 1998a; Birkinshaw, Young & Hood, 2005). Strategies designed to meet the challenges of an evolving global environment require new forms of organizing that depend on more MNC integration (Bartlett & Ghoshal, 1993; Nohria & Ghoshal, 1997). The resulting alteration to the degree of subsidiary autonomy disturbs the independence-interdependence balance of the MNC-subsidiary relationship and is likely to engender a range of micro-political behaviors (Andersson et al, 2007; Bousseba, 2009; Mudambi & Navarra, 2004; Tempel et al, 2006). Subsidiary managers' interests are not necessarily aligned with those of the MNC since headquarters–subsidiary relationships are a mixed-motive dyad (Ambos & Schlegelmilch, 2007; Boussebaa, 2009). However, little is known about the political negotiation processes between an MNC and its subsidiaries.

Studies that have addressed political dynamics have largely pursued a view of power in which the focus is on control and resistance, and the outcomes are perceived in terms of winning or losing (Clark & Geppert, forthcoming). We argue it is important to move beyond analysis of control and resistance to better comprehend the subtle and nuanced dynamics through which both HQ and subsidiaries reconstruct their independent-interdependent relationships during times of change. To address this research gap, we study subsidiary role evolution through a discursive perspective. We argue that a critical discursive approach (Fairclough, 2003; Phillips et al, 2008; Phillips & Hardy, 2002) allows us to focus on political negotiation processes and their implications that easily pass unnoticed in more conventional analysis. In particular, this approach enables us to better understand the complex ways in which discourse is used to socially construct the MNC and the role of the subsidiary, how specific rhetorical arguments are used, how discourse constructs subjectivities, and the organizational power implications of discourse use.

This study draws on a longitudinal, real-time case study of the implementation of a new strategy designed to take advantage of growing EU market harmonization within the European Sales

& Marketing Division of a Fast Moving Consumer Goods (FMCG) MNC. Our analysis focused on negotiations about the role of one of the important European subsidiaries at a time when the European division was undergoing transformation. Our analysis distinguishes and elaborates on three discourses that provided distinctive ways of making sense of and giving sense to the role of the subsidiary, and which enabled rebalancing of the interdependent-independence tension: selling discourse, resistance discourse, and reconciliation discourse.

Based on this analysis we develop a process framework that elucidates the role of discourses in making sense of the relationship between the MNC and subsidiaries. This framework makes three contributions: First, this research expands and develops what we know about subsidiary role development through a micro-political perspective. In particular, our analysis elucidates the importance of both resistance and reconciliation as mechanisms through which subsidiary roles are enacted. In this view, resistance is not simply subversive but is an important part of integration and reconciliation. Second, our analysis of the specific vocabularies, framings and arguments that shape subsidiary role extends our understanding of voice in subsidiaries. In particular, we show how voice is actually exercised and explain how specific discourses enable or constrain subsidiary voice. Third, in accordance with the focus of the special issue, this study provides a rare example of discourse-based analysis in an MNC context that shows the constitutive role of language in subsidiary role evolution.

A CRITICAL DISCOURSE APPROACH TO SUBSIDIARY EVOLUTION IN MNCs

Subsidiary roles in MNCs

A stream of research on international business has examined HQ-subsidiary relationships, but since the 1980s the focus has been more on subsidiary role and subsidiary development (Birkinshaw & Hood, 1998b). This stream of literature is concerned with the evolution of subsidiary roles over time and recognizes that subsidiary evolution can be driven from within by, for example, its managers, or from the outside by, for instance, the parent company, and that in reality subsidiary evolution is some combination of the two. External forces set the range of opportunities open to subsidiary managers, but it is up to those managers to choose how they respond to these opportunities (Bouquet & Birkinshaw, 2008b; Birkinshaw & Pedersen, 2009; Birkinshaw & Hood, 1998a; Birkinshaw, Young & Hood, 2005).

However, the work of Bartlett and Ghoshal (1993) shows that mature MNCs may face challenges of renewal as they have to adapt historically successful forms of organizing to an evolving global environment, which in turn requires a change to the HQ subsidiary relationship and therefore a shift in the direction of subsidiary role evolution. Case studies on well known MNCs such as Philips and Matsushita (Bartlett, 2006) demonstrate that renewal efforts meet significant resistance as they challenge traditional assumptions, beliefs and self-interest. In particular, it is argued that MNCs need to move away from traditional hierarchical hub-and-spoke forms of organizing, often based on the exploitation of local differences in autonomous country-based operating units, to more differentiated network forms which enables specialization where needed, but also greater integration where possible (Bartlett & Ghoshal, 1993; Nohria & Ghoshal, 1997).

Such forms of organizing suggest that MNCs have more pluralistic and dispersed power structures than previously acknowledged (Dörrenbächer & Geppert, 2006; Bouquet & Birkinshaw, 2008b; Andersson et al, 2007; Ferner & Edwards, 1995). Yet much research on the MNC has been conducted from a functionalist perspective (Dörrenbächer & Geppert, 2006) in which power is either a non-issue or is considered as largely vested with the MNC corporate managers. As such, scant attention has been paid to the power and political negotiations between the MNC and subsidiaries as structures change to meet the challenges of their evolving environment (Clark & Geppert, forthcoming).

There are, however, important efforts to address this neglect. The research on subsidiary roles and charter change reveals how managers seek to influence both the development path of their subsidiary and through these means the MNC overall (Bouquet & Birkinshaw, 2008a; Bouquet & Birkinshaw, 2008b; Birkinshaw & Hood, 1998a; Birkinshaw & Pedersen, 2009). In particular, Bouquet & Birkinshaw (2008a), use the concept of 'voice' to account for how subsidiary managers exercise influence on the development of the MNC. However, the motivations of the subsidiary managers are largely assumed to be in line with the interests of the MNC overall. Subsidiary choices are generally explored in the context of subsidiary charter expansion and focus has been on innovation, growth and capability development that supports the broader development of the MNC.

Other scholars have adopted a more explicit power perspective to explore subsidiary development. Within this stream of research studies show that subsidiaries are not only likely and able through their power bases to engage in autonomous behavior, but also possibly resistant or self-preservation seeking behavior (Andersson et al, 2007; Mudambi & Navarra, 2004; Tempel et al, 2006). For example, Ambos & Schlegelmilch (2007) predict the potential for autonomous (resistant) subsidiary behavior by conceiving of headquarters–subsidiary relationships as a mixed-motive dyad, in which members have interdependent as well as independent interests. Boussebaa (2009) similarly argues that there is a dialectical relationship between subsidiaries and headquarters, which encourages a range of micro political behaviors (Belanger et al, 1999; Boussebaa & Morgan, 2008) that constrain genuine integration around unitary HQ objectives.

Some of these studies have adopted an explicit critical angle as an alternative to the predominant functionalist perspective. In this view, not only have political dynamics been largely neglected in the IB literature, but also the actions of subsidiary managers and employees themselves. Hence, this stream of research has focused on how managers negotiate, accept or resist HQ intended strategies which impact on subsidiary development (see, for example, Taplin, 2006; Dörrenbächer & Gemmelgaard, 2006; Geppert & Williams, 2006; Clark & Geppert, forthcoming). Whether subsidiary role changes involve charter enlargement or reduction, micro-political negotiation processes are an integral part of the subsidiary development process (Dörrenbächer & Gemmelgaard, 2006; Taplin, 2006).

However, despite now frequent acknowledgements of the more pluralistic and distributed nature of power in MNCs and the value of exploring the micro-political negotiations involved in shaping MNC dynamics (see, for example, Bouquet & Birkinshaw's review, 2008b), few studies have explored how negotiation processes unfold between HQ managers and subsidiary managers at times of change. A number of factors have been found to affect these negotiations, such as embeddedness in local markets, external and internal legitimacy and initiative taking by the subsidiary, all of which can increase the relative power of the subsidiary. As a result, subsidiaries facing change that reduces their charter are likely to resist, particularly in the case of subsidiaries that have power arising from high performance and local market knowledge. However, we still know little about how the negotiations

and power plays that result are played out. Much research to date underplays the role of subsidiary agency in challenging the power balance in the system (for example, see Bouquet & Birkinshaw, 2008b; Dörrenbächer & Geppert, 2006). Detailed consideration of the negotiations that result from change, and other related aspects such as conflicts in the subjective and collective identities of key players is still rare. As Dörrenbächer & Geppert (2006: 252) conclude, “In short, what is missing in contemporary studies of the MNC is a systematic and in-depth discussion about the role of organizational power, politics, conflicts and resistance in MNCs, despite what Doz and Prahalad (1993, pp. 36–38) in their seminal article foresaw as the importance of these issues in outlining a new research paradigm”.

We would add that the largely simplistic view of power as control and resistance, which considers negotiations in terms of winners and losers, overlooks a fundamental aspect of MNCs; namely that within an MNC there must be a continuous tension between global and local. This is an ongoing tension that the MNC must continuously balance as an organizational form, manifested in structures where subsidiaries are both interdependent and independent. If we do not know how the dynamics of micro-political negotiations unfold at times of charter change, we cannot understand how tensions are either reconciled to enable a shift in the ongoing tension in the interdependent-independent balance, or alternately generate rifts that threaten MNC viability as a global entity. It is, therefore, important to move beyond predominant views of control and resistance to understanding those subtle and nuanced dynamics through which both HQ and subsidiaries subjectively reconstruct their independent-interdependent relationships with each other. For this purpose, it is particularly interesting to study subsidiaries where voice and political power is high, such as those that show the key influences indicated by Geppert & Williams (2006); specifically a strategic position and economic performance that render them important, alongside an institutional embeddedness in their local country that accords them greater independence of practices and authority that might exacerbate tension with the interdependent strategic approach of the multinational group. Such subsidiaries represent critical cases of MNC voice, political tensions between independence and interdependence, and their effects as they unfold during times of strategic integration. We study such a case in our paper.

We argue that the need for systematic and in-depth exploration of the role of organizational power, politics, conflicts and resistance in MNCs (Dörrenbächer & Geppert, 2006) points to the potential utility of a critical discourse approach. Such an approach provides us with a methodology through which to systematically analyze sensemaking and sensegiving with a focus on power, not just as control and resistance but as subjective reconstructions of a subsidiary's role by both the HQs and the subsidiary itself.

A critical discursive perspective

There are various types of discourse analytical approaches in social sciences in general and in management studies in particular (Alvesson & Kärreman, 2000; Boje et al., 2004; Grant et al., 2004; Phillips & Hardy 2002). Although discursive approaches have been relatively rare in IB research, there have been interesting openings in recent years. This is especially the case for interpretative approaches that seek to better understand how people socially construct reality in international settings. In particular, various kinds of narrative (Boje, 2007; Söderberg & Holden, 2002; Söderberg, 2006), sensemaking (Geppert, 2003), semiotic (Brannen, 2004) and framing (Fiss & Hirsch, 2005) analyses have highlighted the ways in which people make sense of internationalization and globalization. Recently, scholars have also started to apply explicitly critical discursive analyses to IB research, especially in the case of MNCs (Frenkel, 2008; Vaara & Tienari, 2004, 2008; Vaara & Monin, 2010). While this approach also focuses on social constructions, it aims to link these constructions to organizational or broader social power relationships and structures of domination. This is why Fairclough argues that critical discourse analysis is based on scientific realism rather than a more relativistic understanding of social construction (Fairclough, 2005).

More specifically, we draw from Critical Discourse Analysis that is an approach originally developed in applied linguistics to research important social phenomena from a critical lens (Fairclough, 2003; Wodak & Meyer, 2002). We follow the example of others who have used and developed this perspective to study organizational and managerial phenomena (Hardy et al., 2000; Phillips et al., 2008; Maguire & Hardy, 2006, 2009; Mantere & Vaara, 2008; Vaara & Monin, 2010). Accordingly, we adopt a broad conception of discourse as a linguistically-oriented way of making sense of a phenomena or an issue. This approach focuses on the central role of language, but also

emphasizes the interplay of discourses, other social practices, and material conditions in organizational analysis.

As critical discursive analysis focuses on the social construction of power relations, it is a particularly suitable methodology for an analysis of HQ-subsubsidiary relationships and voice in MNCs. More specifically, it allows us to examine how concepts, objects, and subjectivities are constructed in and through discourse (Hardy & Phillips, 2004; Phillips et al., 2008). Concepts are the vocabulary through which organizational actors make sense of phenomena such as subsidiary roles. Importantly, discourses also construct objects; that is, by adoption of specific discourses, actors create their organizational reality. Such social construction involves both reproductions of existing discourses as well as new discursive innovations. For example, new initiative-taking or profile-building may lead to the legitimation and naturalization of new subsidiary roles within an MNC. Discourses also construct subjectivities for social actors at organizational and individual levels. These subjectivities define the structure of rights for the actors involved; what they are expected, can, or cannot, do (e.g. Davies and Harré 1990). Such subjectivities are crucial for our analysis because they are intimately linked with subsidiary charters and the ability to exercise voice. That is, discourses about subsidiary roles tend to define what the subsidiaries and people representing these subsidiaries are expected to or allowed to do; for example, their relative degree of autonomy in decision-making or strategizing. Prevailing discourses about subsidiary roles enable and constrain the voice of subsidiaries, but exercising voice also often involves attempts to discursively redefine the role or charter of the subsidiary.

Importantly, one can often distinguish alternative discourses that provide very different means for making sense of and giving sense to subsidiary roles. In fact, these discourses can co-exist in a dialectical relation where more dominant discourses are challenged by alternative ones (Mumby 2004, 2005). Accordingly, headquarters' views on the limited strategic role of a specific subsidiary may be challenged by the local people arguing for more recognition and autonomy. Following the example of Mumby (2004, 2005), we adopt a 'discursive struggle' perspective. According to this view, discourse is linked to a dialectical battle between competing groups. This allows us to see how discourses define subsidiary roles, but also how the use of specific discourses is part of the battle over power and hegemony in the MNC context. These dialectics often involve a dynamic between control and

resistance. However, a dialectical approach should ideally go beyond the control/resistance dualism: “in contrast to this implicit dualism of control and resistance, a dialectical approach better captures the notion of resistance and control as mutually constitutive, and as a routine social production of daily organizational life” (Mumby, 2005). This insight forms the basis for our empirical analysis.

It is also important to emphasize intertextuality; that is the ways in which local discourses link with broader societal discourses (Fairclough & Thomas, 2004). In particular, discourses about subsidiary roles are intrinsically linked with broader discourses about globalization and localization, their legitimation and resistance. For example, arguments for increasing standardization, interdependence or centralization often link with globalization as a more general trend or phenomenon. In contrast, calls for more independence or autonomy frequently emphasize the need for local responsiveness and adaptation, and even the need to resist globalization.

Thus, we adopt a discursive perspective on the dynamics of the political negotiation processes between an MNC and its subsidiaries. This leads us to formulate our research questions as follows: 1) What kinds of discourses are used to make sense of and give sense to the MNC and the role of the subsidiary, 2) What are the implications on subjectivity and organizational power relations? 3) What are the dynamics of these discursive struggles?

METHODOLOGY

Research Design

Our case study site is the European Sales Division of Brandco, a large, multinational FMCG company. Our analysis concentrates on negotiations about the role of one of the important European subsidiaries at a time when the European division is undergoing transformation. We focus on the unfolding negotiations and the role of discourse in these processes. Working within the process and practice traditions in strategic management research (Langley, 1999; Jarzabkowski, Balogun & Seidl, 2007), we followed these negotiations real time, which arguably provides an ideal basis for such discursive analysis. A single site research design is appropriate as we are studying a rarely explored phenomenon (Balogun & Johnson, 2004; Eisenhardt & Graebner, 2007) with the aim of developing analytically generalizable findings.

Brandco historically had a country centric way of working. In the old model, each country-

based subsidiary had responsibility for developing their own strategies and marketing campaigns. This built in cost and encouraged a ‘not invented here’ mentality, slowing sharing of best practice and new product roll out. However, consumer trends and regulation in Europe were converging, making greater convergence in strategy and marketing more feasible. We tracked longitudinally the evolution of a new business model put in place by the new Head of Europe in 2004 to take advantage of this market convergence and enable greater integration across Europe.

This new business model was facilitated by the creation of European Marketing Teams (EMTs). There was one EMT for each major European brand. These teams were to take responsibility for developing new pan-European strategies and campaigns for their brand by working in conjunction with the individual country-based subsidiary brand teams. They were to achieve this by working through a “European Brand Network” composed of country team representatives, who were typically the marketing directors for the individual subsidiary brand teams. The brand teams were then to be responsible for implementing the strategies locally. This effectively meant that the brand teams lost their role in strategy formulation, and instead were asked to focus on improving implementation, changing the historical development path of subsidiary evolution. Each EMT was located in a different country-based subsidiary (e.g. one in the UK, one in Germany, one in France) with the president of that country then acting as the sponsor of that EMT. Each EMT was, however, deliberately staffed with individuals drawn from different European subsidiaries who relocated to whichever country their EMT was based in. The EMTs reported to the European Board which consisted of the Head of Europe and the Country Presidents. The new structure therefore involved a matrix in which the members of the European Board retained country based responsibilities, but also held collective responsibility across Europe through their roles as, for example, EMT sponsors.

We focus on the EMT and associated planning processes for Brand X. A central element of the new business model was a new annual strategic planning mechanism, which was the key means through which the EMT was to deliver both integration and localization in the strategy and marketing of Brand X. The EMT was located in the UK and sponsored by the UK Country President, since the market for Brand X was more developed in the UK than elsewhere. We focus on the UK brand team’s response to the new structure for several reasons. First, this is consistent with our research questions

which aim to understand how a shift in the parent MNC strategy affects subsidiary role evolution, and the how rebalancing occurs between the HQ and subsidiaries. Second, as we argue above, it is important to study subsidiaries whose voice and political power is traditionally high. For these subsidiaries, new strategies that alter the independence-interdependence HQ-subsidiary balance will most require reconciliation on both sides to resolve tensions. What makes this case particularly interesting is that the UK was a high performance subsidiary. This performance record, alongside an institutional embeddedness in their local country had accorded them relative independence, which was now challenged. In addition, it was the UK's planning process that provided the format for the new EU wide planning process that was being rolled out. Thus from the UK's perspective, the rest of the EU was coming closer to them.

As shown in Table 1, following the announcement of the new structure and associated business processes, the new planning process consisted of a series of activities that occurred at the level of the EMT, the country-based brand teams, the European Board, and the country-based senior management teams, providing a series of natural multi-level data collection points. We therefore tracked the evolution of the subsidiary role using a longitudinal qualitative case-based approach (Pettigrew, 1992) common in studies of strategic change, but less so in international business (Piekkari et al, 2009; Welch et al., 2011). Access was facilitated by the first author's previous research engagement with the organization dating back to 2000, and her existing acquaintance with some of the UK senior managers. This enabled us to engage in an intensive analysis because of existing levels of trust and knowledge of the organization's context, markets and products. A strength of this longitudinal approach is that it provided real-time data on the unfolding change process, including both its legitimation by those responsible for the implementation of the new business model and resistance from the recipients.

Insert Table 1 about here

Access for this research commenced in autumn 2003 when the first author was alerted to the forthcoming changes. Initial interviews were conducted as background with the UK strategy planning manager, to understand the prior UK practices, and the Change Director to understand how the change was to be rolled out. We then tracked the development of the new planning process during its first

year of operation from the perspective of both senior and middle EMT managers, the Brand Network members of the main, geographic subsidiaries (UK, Germany, France, Spain, Nordic, Central Europe) who were also the marketing directors of the country based Brand X teams, and the UK Brand X team. Additionally, we interviewed the UK senior managers involved in the change, specifically the UK President and the UK Sales Director responsible for the UK brand team. In addition to the Marketing Director of the UK Brand X team, we interviewed his senior marketing manager and 3 other members of the team. Since the EMTs were designed to be small core teams, our main EMT interviewee was the EMT Director, although we also interviewed 2 of the 4 EMT marketing managers. Access was facilitated by the fact that the team was based in the UK.

Data

We gathered extensive textual data and conducted a multi-faceted analysis of the discursive aspects of the negotiation processes. The empirical material comprised various kinds of documents, presentations, interviews of the key managers, and informal and formal discussions with these managers. Rather than one corpus, our analysis was based on several types of textual material. This kind of approach has been advocated recently as an alternative to the conventional focus on specific texts alone, and is particularly suitable for an analysis that examines resistance to specific texts. For example, Phillips et al (2008, p. 784) point out that a sole reliance on official texts is a problem for research projects taking a discourse approach as “they only pick up the effects of acceptance and can tell us little about resistance to the truth effects of discourse.” They also argue that it is only by refusing to restrict research solely to the realm of printed texts that it is possible to follow discursive struggles as they unfold. Gathering discursive data from multiple sources was crucial for our purposes; in particular, it helped to understand the significance of specific discursive acts and to place them in context (see, for example, Jarzabkowski & Sillince, 2007; Phillips et al., 2008; Vaara & Monin, 2010).

Data collection was carried out by the first two authors. First, we collected all available company documents and material that helped us to better understand the background to the negotiations. This included copies of pertinent presentations given to explain the change process,

presentations given by the EMT and the Brand Team, and templates that were both inputs to and outputs of the planning process, providing over 350 pages of documents for analysis. We focused on the presentations made by key managers, although there were few formal presentations beyond the initial presentation to launch the changes. Local brand teams largely learnt of the impact of the new strategy, structure and planning processes through their work with the EMTs.

Second, we interviewed our key individuals from March 2004 to January 2005, with dates coinciding to key events in the planning process as shown in Table 1. We used a narrative interview style (Czarniawska, 2004), encouraging participants to explain their experience of events in each stage of the process and how it affected their local strategizing as well as their responses to collective European strategizing activities. We used an overview of the planning process to encourage participants to reflect on where they were in the process. The first two authors consistently interviewed the same individuals to ensure follow through from one interview to the next, and also exchanged notes between interview rounds to capture reflections coming from some interviewees and not others so that these could be followed up with all individuals. We sought to collect the personal views of each individual. Thus we always opened the interviews with questions about where they were in the process and what they were currently working on. We then encouraged openness with simple questions such as what is going well and why, and what is going less well and why. As points were raised we probed for more detail. Thus we moved from more factual accounts to more personal ones. Knowledge of the setting was key. It was important to use and understand context-sensitive language when discussing both the planning process and the structure with the interviewees to create a conversation style and enable the interviewees to narrate their experiences without constantly interruption with questions about terms and mnemonics. Each interview lasted about an hour and all were audio-recorded and transcribed.

Third, we prepared a report on our findings for the Director of the Brand X EMT, and the UK Country President (also sponsor of the Brand X EMT). We held a one and a half hour meeting with these three individuals in 2005 to discuss our findings. Detailed notes including verbatim quotes were taken and typed up within 24 hours.

We took several steps to ensure the trustworthiness in our qualitative data (Lincoln and Guba, 1985). The first author had prolonged engagement with the research site, not only during this research project, but through previous research projects. The multiple sources of evidence allowed us to pursue a ‘triangulation’ strategy: to continuously compare the evidence coming from different sources. This triangulation was not merely about authenticating accounts (for example, Yin, 1994; Jick, 1979) typical in traditional international business research, but more about explicitly seeking to understand the different perspectives, experiences and meanings of different respondents allowing ‘multiple voices’ to be heard in the process (Piekkari et al., 2009). The contacts with key managers and the final report provided important feedback and means to validate our interpretations. In addition, our study is written up through a thick description of the findings to enable their transfer to other settings and mitigate issues of generalizability. However, we also acknowledge the limitations of single site case studies, recognizing interpretations of any findings can be subjective, and that the generalization of findings may need to be established through further research.

Analysis

As is usually the case with discourse analysis, our approach was ‘abductive’ in nature (Wodak 2004). That is, we proceeded in stages where specific theoretical ideas were developed alongside increasingly accurate mapping of this case. In simple terms, our analysis involved three stages: construction of a chronological narrative of the episodic events; general analysis of the development and use of alternative discourses in this context; and a more specific critical discursive analysis of selected texts.

First, we constructed a chronological narrative of the episodic events (Langley 1999; Pentland, 1999). This allowed us to develop an increasingly detailed understanding of how key managers made sense of and gave sense to the planned changes. At first, the first author – who focused on the members of the EMT, the UK senior managers and the Brand Network Members – and second author – focused on the UK brand team – constructed narratives incorporating both relevant documentary data and data from the interviews, to develop rich narratives of how various groups of people gave sense to and made sense of change over time. These narratives were then compared and complemented. Based on these rich descriptions, two competing high level themes (Miles and

Huberman 1994) were identified to do with “this is integration” for the EMT versus “this is centralization” for the brand team.

In the second phase, we then examined these negotiations from a discursive perspective by focusing on the ways in which the changes and their implications were represented in the organization over time. We iterated between the narratives and the interviews and documents to develop a deeper understanding of, and evidence base for, central themes such as remit of the EMTs and the brand teams, roles in the new structure, working relationships, interpretations of the new structure, and response to the new structure. This analysis led to us to identify and elaborate on key differences in the ways in which the managers holding different positions presented the changes and how all this changed over time. Through these means we identified three discourses about subsidiary roles, which we labeled ‘selling’, ‘resistance’ and ‘reconciliation’ discourses. It became evident that although the EMT were positioning the new structure and associated changes as “integration”, and the brand team were resisting this through a discourse of “centralization”, that over time a reconciliation developed that enabled a more collaborative way of working between the EMT and the brand team. Once we had identified these three discourses we went back to the documentary and interview data to examine these discourses in more detail. As we further analyzed the data extracts it became clear that we could identify distinctive ways in which these discourses 1) constructed a particular kind of image of the MNC organization and subsidiary role, 2) used particular rhetorical strategies to promote or resist changes, and 3) created different subject positions for the EMT and the brand team. This led us to recode the empirical material and focus on specific discursive features. Table 2 below provides typical examples of our coding.

Insert Table 2 about here

Finally, following the guidelines of critical discourse analysis (Vaara & Tienari 2004), we then focused on a more in-depth discursive analysis of specific instances of presentations or interview transcripts to capture typical and/or particularly influential speech acts in these negotiation processes. This included an increasingly detailed analysis of the use of various concepts, rhetorical arguments, metaphors, and modalities. Due to space limitations, we can only offer some examples of these micro-level findings in this paper. However, this micro-level analysis was essential. It enabled us to

exemplify and substantiate the ways in which these three discourses developed and changed over time.

FINDINGS

In this section we present in story form the three discourses identified in our analysis: selling discourse, resistance discourse, and reconciliation discourse. Table 3 below summarizes the key characteristics of these discourses, the way they were drawn upon and their implications for rebalancing the subsidiary-HQ relationship during strategic integration.

Insert Table 3 about here

The Selling Discourse: “This is Integration”

Starting from the initial presentation in 2004, the European Board and the EMT made significant efforts to explain and gain support for the European approach. This discourse drew on a generic discourse about the need for integration in companies in the way they do business in Europe as European and Global markets change and portrayed the group as a moving toward a truly integrated MNC. The selling efforts involved rhetorical strategies such as focus on the benefits of integration and keeping silent about “centralization”, and constructed the EMT as the strategists while the role of the UK subsidiary managers was to implement the strategies.

Construction of MNC: A truly European group

The selling discourse was closely linked to more general business discourse about appropriate responses to globalization. For example, the initial presentation in 2004 focused on a new business model in terms of the opportunities presented by the changing EU markets. In communications, Brandco was generally represented as a “true” MNC within which the sales division had to pursue appropriate strategies of integration. For example, one of the first presentations of the business model (January, 2004) argued for a “*need to adopt a more integrated European business model*” to preserve growth. This new model would then “*drive a European approach to key brands, core capabilities & a range of functional activities*”. The objectives included “*raising average performance by leveraging country-based expertise, faster adoption of quality brand strategy & campaigns, driving implementation of best practice, reduce duplication*”. Accordingly, EMTs were to “*develop superior European strategy*” and to “*work with markets to ensure that the output is truly European*” and “*also*

be responsible for campaign development although these can be customized locally”.

In particular, the selling discourse focused on “*European*” identity. For example, slides presented by the EMT at meetings in June 2004 that argued that the intent was for everyone to “*Think European – Culturally and commercially*”. In fact, European was presented as a new identity that could bring the country organizations together. For example, notions such as “*truly European*” refer to a need to identify with European values and act accordingly throughout the sales division. The crucial point is that this view of the organization implied a fundamental change to how the organization had been viewed in the past.

Rhetorical strategies: Arguing for a pan-European approach

The EMT discourse provided convincing rhetorical arguments for the new strategy. In the European managers’ argumentation, the purpose of the EMT business model was to support the growth of the biggest brands in Europe and give Europe a single voice within the global organization. These arguments were a key part of the plans and presentation material, as well as the discussions in the workshops. Rhetorical arguments focused on the benefits created by the coordination and integration of the activities conducted in various European markets. Justifications drew from appealing business jargon, including notions such as “*core capabilities*” and superlatives such as “*superior European strategy*”.

From early on in March 2004 when the new structure had only just been set up, the EMT Members were clear that their remit was to “*set the European strategy ... and includes the campaign*”, and that the new structure was about creating an integrative way of working to achieve this. For example, the presentation slides in June, 2004 argued that the new strategy would lead to “*a European Brand Team*” working with local brand teams who existed “*to realize the commercial potential of the portfolio by Delivering Pan-European Marketing (Strategy, Branding, campaign development and implementation), and Enabling local markets to focus on operational effectiveness.*”

In the selling discourse, arguments were frequently presented as fact-like statements. The discourse thus did not leave room for speculation, at least in the case of the benefits to be achieved by a joint strategy. At times, the discourse was normative, so that the new strategy was portrayed as a “*must*” and “*obligation*”. This was the case especially with the interviews. For example, a member of

the EMT argued that *“I mean it is harder and harder to generate growth out of the big markets ... growth must come through doing things better and driving growth in sales of existing products”*.

Once the initial strategy had been introduced and the brand teams had started to translate it into key issues for their local markets, the EMT turned their attention to the creation of a Pan-European marketing campaign, recognizing again that this changed the local roles, *“Their remit is very different now ... Therefore the way that they are going to go through the planning is more about how do I take what the EMT is putting out, and implement it brilliantly.”* The EMT remained clear that the new structure was about integration, *“We see our role as being a European brand team, so trying to look at Europe as a single market, understanding what’s common and what’s different, but focus on what is common, and tailor it to the differences.”*

Through such statements the EMT members argued for a need for European level control and standardization which would override any local concerns. In addition, they saw additional benefits, such as cost savings, *“So there’s one side which is there is a need for more European coordination, and internally and externally there is an opportunity to raise the overall standard. And there is also then that if you did that, and you did that well, it should also take costs out as well, so it is a win, win, win from that point of view.”* Furthermore, the benefits of best practices were emphasized in this discussion: *“I have got a broader view of what is going on in other markets, what might work, what might not have worked, where the aim is the same but the tactics are different.”*

Importantly, the EMT representatives were conscious of language as a way to create specific meanings about their control over the new strategic planning process. This was the case, for example, with the term *“challenge”* as explained by an EMT director:

“I think we are going to have to use words like challenge, because otherwise the importance of the meeting, kind of, you know, people do not actually step up to it unless you give a little bit of a sharp jerk in terms of the remit of us working on behalf of the European Board.”

From early on, the EMT members were conscious of the sensitivity around the term *“centralization”*. This led to a deliberate strategy to talk about *“integration, not centralization”* when arguing for and legitimating the new control system. This statement thus became a central part of the selling discourse as explained by an EMT director:

“Consultative, collaborative, integrated is actually the word, not centralized. An EMT is all about integration not centralization. So it’s about integrating Europe together and that we are actually a more powerful force ... “

This comment, like many others, focused on downplaying the top-down control with carefully chosen words and euphemisms. “Centralization” was seen as a ‘taboo’, and thus terms such as “consultative”, “collaborative”, and “integration” were frequently used in the EMT’s discourse. These can be seen as illustrations of ‘double-talk’ where a specific meaning is avoided by strongly emphasizing the opposite.

Implications on subjectivity: EMT as strategists, local teams as implementers

The EMT’s discourse reproduced their subjectivity as the key strategists in charge. The role given to the local managers was to participate, in a limited sense, in planning and, primarily, to implement the plans. The official discourse as manifested in documents and presentations was never explicit about this underlying idea of division of labor. However, the interviews included a great deal of transparent comments about this. For example, an EMT member put it as follows:

“We are taking away the strategy part, the branding part, but we are giving them the opportunity to focus a) on operational and implementation excellence, and b) to focus on things that are more specific to market ... things that they have not been doing so far because they were focusing more on the others things ... which seem to be more sexy and attractive, or they were the traditional job of the brand team, the brand manager.”

This comment reveals how the EMT wanted to define the role of local brand managers in the subsidiaries. It was to be operational (“operational and implementation excellence”) and traditional (“traditional job”) while the EMT would be responsible for the larger and more complex issues.

Central to this discourse was the construction of the EMT as the key strategists in charge of strategy, “We are there to set the European strategy which includes brand positioning and includes the key messages and includes the campaign what we are **not** saying is we have all of the strategies, we have the main core strategies ... We are not thinking about those, kind of, smaller tactical strategies, if you like, but the bigger helicopter core main strategies that drive everything.”

Note how the EMT team members also used specific vocabulary to make further distinctions. For example, ‘strategic’ is linked with important (e.g. “*core*”, “*main*”, and “*bigger*”) and is the EMT’s responsibility. In contrast, ‘tactical’ means less important (e.g. “*smaller*”) and is to be done by the local managers in subsidiaries. This comment as well as many others also included interesting metaphors used to make sense of the new division of labor (e.g. “*helicopter*” (view)).

Importantly, the selling discourse also included attempts to counter or at least alleviate the underlying fears of those losing independence or autonomy in the subsidiaries. For example, the members of the EMT picked up on the language used in the initial presentation. The EMT was to work through a “*network*”. The members of this brand network had been told that they were to be “*ambassadors within your own country for what the EMT is trying to achieve*”. This position was maintained with references to “*we are not a central function sitting in an ivory tower*”, and later references to the EMT as steering a “*flotilla*” of boats rather than putting people on a “*ferry*”. The language used was characteristically continuous ambiguous in, for example, the use of “*we*” to refer both to themselves and the local teams.

Power implications

This discourse had significant implications for the organizational power relations as it essentially legitimated a new control system and reduced the role of the local managers in subsidiaries. This was most evident in the way that the European board was invoked, for example, in presentations the board had “*endorsed the Brand X strategy*”. The EMT were clear that to enforce their position they could draw on the Head of Europe who would know what the EMT was expecting from each market and could “*challenge*” if it wasn’t delivered. It is thus no wonder that especially the managers of the UK subsidiary resisted these changes and argued against the new model in various fora – as explained in the following section.

The Resistance Discourse: “This Doesn’t Feel Like Integration”

The selling discourse triggered responses among UK managers, leading to increasingly clearly articulated resistance both at the local subsidiary and in negotiations with the EMT. In their discourse,

they repeatedly emphasized the special nature of UK, argued for uniqueness and consequent need for local adaptation, and strongly resisted the implied loss of autonomy in the new business model.

Construction of MNC: About under performers, not the UK

Initially, the UK managers did not know how to make sense of the new model and its implications. For example, when the UK brand team members were interviewed in July, their understanding of the purpose of the new structure and planning process, and the role of the EMT was still sketchy, “... *to reduce costs, improve quality across Europe ... The point is I do not know what the objective was. The fact that I am guessing it now is, it has not been communicated, it's not clear.*” The new structure was largely seen as a cost saving mechanism, “*I know already we are not going to be doing anymore market research, we are just going to cut a lot of that ... so it is a cost saving exercise, it is going to save us. I guess that's ultimately the main aim of it*”. They drew on a discourse that was about the need for ongoing local adaptation to question the new structure and planning process.

It was understood that the EMT was there to “*develop a unified, consistent strategy for that product area ... so that all the markets are actually on the same positioning of the brand*”. On the other hand, this had few implications for the UK as the European strategy devised by the EMT was largely the strategy that the UK was already following, “*And really the strategy fundamentally it is the UK strategy. It wasn't a huge change from our point of view. No huge surprises at all.*” Thus the strategy was for *other* less developed markets, not the UK, “*And that it would bring all the countries up that aren't doing so well up to a certain level. Anyone who is over performing or doing particularly well won't be brought down, they will be left and given a free rein to achieve what they are going to achieve.*”

Rhetorical strategies: Focus on uniqueness

As the campaign was issued in July, it became clear that the purpose was to develop consistency across all countries, not simply to improve the performance of smaller markets. This generated strong reactions: “*How do we make a campaign live with the sales force that we haven't been involved with at all?*” A particular issue for the UK was that the team felt that the EU campaign was a backward step for them. They had a more developed market than other countries and were

facing a particular competitive threat from a particular competitor. Although they didn't like the visual imagery of the campaign, they could accept that the imagery was the one that had tested best with consumers and were willing to use it, "*at the end of the day it was the one that tests the best. So if we were doing it solely for the UK then probably that would be slightly different ...but at the end of the day it has tested really well, so we sort of went with it.*" However, they felt strongly that they needed a stronger marketing message. Consequently, key UK managers started to explicitly emphasize that UK was a special case in their communications. This discourse drew from and reproduced the more general discourse about the need for local adaptation.

The representatives of the UK organization argued forcefully that UK differed in a number of ways. It was "*a top performing country*", for example, and therefore should not need to conform to a universalistic European campaign. This was also apparent in the frequent use of notions such as "*different*" and "*unique*". The following is a typical example:

"The UK is a very different market. And I guess where I see their message which is probably more of a market development type of message. I think of all the countries across Europe we are probably the only market that has heavily invested in market shaping and market development activities to date. And as a result of that I think we are in a very different place"

This resistance talk underscored the "*developed*" and "*successful*" nature of the UK operation. Thus, this discourse provided a business rationale for questioning the pan-European strategy as in the following comment:

"We do have 50% of the European business. So, you know, we are not doing it all wrong ... we welcome expertise and ideas, and some direction but actually the idea is to say, work with us to develop the best approach for our market. Rather than directives to say you will do this.

This argumentation often made a categorical distinction of "*we*" (the UK team) and "*them*" (the EMT) to underscore the special nature of the British case. This was very different from the ambiguous discourse of EMT members that often used "*we*" to refer to both top management and country representatives. The benefits of "*engagement*" and "*commitment*" were also brought up in the local managers' comments:

“The last campaign that we did, which was launched in sales in May. You know, we worked with a creative agency, we had our objectives, we had our key messages that we had developed. Loads of input from our sales force ... The end result being ... You end up with a campaign that the people in the field are championing, and sort of believe it is the right way to go ... They own it.”

Overall, this discourse emphasized the ability of the local managers to successfully plan and execute campaigns, as shown in the examples above. This was an important aspect of the arguments that provided the local actors with a subject position of capable agents. This is a theme that we will focus on in the next section.

Implications on subjectivity: Resistance to loss of autonomy

The UK brand team saw the new structure as leading to a loss of autonomy. Local managers’ experienced the new campaign as being “*given a car to drive*”. Most managers perceived that only their brand network member was involved and consulted but not the rest of the team. The essential point for brand teams was that the new strategy discourse implied a shift from autonomous strategic agents to implementers of strategies that were defined elsewhere. This was seen as problematic in terms of being able to effectively execute local campaigns, as explained by a brand manager:

“It has just been completely different (discussing the campaign) ... What we are now doing is we have been given something by the EMT and saying, almost just checking is this right for the UK ... there will be reduction from a creative point of view.”

At the same time, the loss of autonomy was seen as reducing their professional status, and even personally denigrating, as reflected in this parallel to cooking:

“So it’s like, I guess in a way, it’s kind of like, it’s like turning up at home and all the vegetables and all the meat has been prepared and all you have to do is put it in the oven rather than actually have to go to the shop and buy everything, find out what everyone wants, do all the preparation and then put it in the oven ... you are just doing the last stage of it.”

The suspicion was that the true purpose of was cost saving, “*And that makes me think it is more of a cost saving thing than simply improving marketing practice across Europe.*” The resistance

discourse also questioned the underlying motives of the EMT people. For example, “*centralization*” was seen as serving the interests of top management. The following is a typical example:

“And there is an underlying drive which I think is coming from the top ... to say we want complete consistency ... it is almost like going from a thousand flowers blooming to sort of like central control, central planning, central wisdom, in a single cycle.”

In contrast, the local managers emphasized their own capabilities and downplayed the benefits of the new pan-European strategy, using the following types of explanations:

“I think a lot of what we are doing in the UK is quite a lot ahead, for example we have a market development team that isn’t consistent throughout Europe ... Because we are already doing it, because we are quite a long way ahead, actually some of the work from the EMT is almost behind where we already are. So I think that there is a bit of, sort of, actually what is it that is going to really benefit our market and to be totally honest I have not seen anything new that has come out and we have said, wow, that’s great, and we must do that in our market. Most of it is actually below where we are at the moment.”

Note how the text repeatedly underscores the superior abilities of the local team by terms such as “*quite a lot ahead*”, “*quite a long way ahead*”, “*almost behind where we already are*”, and “*below where we are at the moment*”. The point was to emphasize the fact that the UK team was already very successful in the strategic planning and execution of campaigns, so it would not be a good idea to reduce their autonomy.

Power implications

This resistance discourse had implications as it challenged the legitimacy of the new business model in the UK subsidiary, but also to some extent more broadly in Europe. Comments in the interviews revealed that the UK felt they did not benefit from the input from the EMT given their own capabilities which they could have used to “*produce something higher quality*”. Thus, it became increasingly clear for the EMT and UK Brand Team that they were experiencing a conflict that could damage the successful operation of the group.

Reconciliation Discourse: “Important Centre, Important Subsidiary”

The people involved in the marketing campaign started to actively search for a reconciliation. This led to a new discourse that emphasized the need for integration but also respects local expertise, used exemplification and inclusiveness as rhetorical strategies, and allowed for both the EMT and the UK managers to save face.

Construction of MNC: Respects local expertise

Initially, the EMT saw the ongoing differences of opinion about the campaign as a challenge to their authority that threatened to bring down the new integrated strategy model; *“And it is not actually what is the best thing ... it’s the matter of how within the model do you account for that. Do you ... who’s responsibility ultimately is it to make that decision. And ... I guess the way it probably should work is the EMT should ultimately listen as much as possible, and seek to understand as much as possible, and ultimately make the decision and be responsible for it.”* As the EMT continued to push a consistent campaign, the UK brand team felt disenfranchised. They perceived that the dispute was not just about strategic integration but also about the EMT not wanting to give in their model of the MNC, *“because effectively we are saying the same thing we are just strengthening it, but ... if this happens in the UK it looks like the UK are going against European strategy so they feel like they (EMT) have been less successful and not got the complete consistency across Europe”*.

For resolution, key people such as the UK Sales VP and the EMT sponsor promoted a compromise that would build on the new model but emphasize local expertise and the need for adjustments when needed, *“The model is set up to raise the overall standard of Europe, it’s not to be ... it’s not set up to be ... to develop a better UK strategy and then implement that elsewhere. It’s to develop the best strategy for Europe as a whole, but to make sure that gets implemented as well as possible everywhere. So the UK may well come and say we are different because dot, dot, dot ... and actually because is because they are doing a lot better”*. This included recognition in the brand team of the need for a respect for local knowledge when developing global solutions, *“I don’t think it’s as tricky, because I think actually (our Directors) we heard them the other day saying at the Marketing excellence conference ... They understand that there has got to be a change of mindset and behavior with themselves, so like with the advert, etc, XXX would have been involved if it was a UK advertising ... And he’s learning that, and I am learning how to keep him involved, but also for information, but*

also like, what I can take back to influence.” This discourse was launched as a reconciliation that would both make business sense and to ensure the commitment of all key actors.

Rhetorical strategies: Important centre, important subsidiary

This discourse was built on specific decisions that were used as symbols exemplifying the new way of thinking. It started with a decision that the UK could do something different with one of the messages, “... *the EMT Director was really good, it is a business decision, we’ve agreed to do it because the UK is slightly ahead of other markets”* (Brand Team Member)

In addition, there were other modifications to the planning process. Particular activities were color coded according to the extent to which local brand teams could negotiate them with the EMT. These activities and their color coding were now agreed with the brand network members in terms of their local autonomy over input into the plans, rather than being imposed by the EMT. The UK manager’s practical experience in meetings now showed them that their views mattered within a more global approach to strategy and marketing development, “*there was much more dialogue ... going on one and it was just so different ... and that’s because I think ... it wasn’t just a presentation from the EMT ... there was involvement in stuff beforehand.*”

Another key rhetoric strategy was focus on inclusiveness. That is, the new discourse focused on “*involvement*” in a less ambiguous way than the selling discourse. This was also shown in the frequent use of ‘we’ and avoidance of ‘us’ versus ‘them’ constructions that characterized the resistance discourse (see also the next sub-section).

Implications on subjectivity. Saving face

The EMT was pleased to have their position as strategy formulators reinforced hierarchically; “*people should accept the fact that the reason why the Head of Europe set up the EMTs was to raise the average across Europe and have a consistent campaign and strategy for 80% of Europe or 90% of Europe. So even if we consciously accept that this might not be perfect for every market, still we should be doing that because we want all 40+ markets to perform well.*” At the same time, they had made a shift to allow for market differences in important markets, “*so it is not a question of .. coming up with an advert, which is just chucking it out, but you are trying to develop something with the markets together, to get buy-in.*”

The EMT modified the planning process in terms of opportunities for participation for the UK and other larger and more important markets such as France and Germany: *“the way things have been developed by us now, is by involving the market very, very early on in the process and actually, most of the things we are doing now we are starting with a clean sheet of paper and we are starting together with the markets ... So, we have got the form there to discuss it now, we cannot make a democracy, someone in the end needs to make a decision about things, and clearly the decision will not please everyone. But I think the process is there in place and the forum is there for people to challenge each other and make their arguments heard in that forum.”*

Note the shift in language with repeated references to “we” and the sense of doing things together allowing for the importance of local market knowledge. However, the EMT were careful to preserve their position as the key strategy formulators with the right to ultimately decide (*we cannot make a democracy, someone in the end needs to make a decision about things*). As such, the EMT modified their position: to be the key decision makers, but allow others to emerge as experts.

This bigger involvement of members of the brand network moved the relationship from one to do with strategists versus implementers, dominant versus subordinate, to one of more joint decision making. It no longer *“felt like a do unto”* by the EMT to the UK. The UK were able to acknowledge the need to get a solution that worked for Europe as long as their local market had been considered and the implications of the decision for their market was taken into account, *“to challenge for the UK perspective ... But at the same time making sure that you are getting something that has worked, not only for the UK but it works more for Europe, so that is a really, you know, Ok, we are going to let that go because it pulls back Europe.”* There was even a sense that because it was possible to influence in Europe this afforded the UK team a *“much more exciting role”*, *“I really enjoy being able to influence and have a bigger role within Europe. And one of the things we are trying to explain to the brand team at the moment is that you can influence, not only just, you know, have an influence on this market here but you are actually influencing the whole of Europe.”* In addition, the UK was willing to recognize that when there was dissent, that the EMT needed to make the final decision, *“You know, working across all the markets, everyone reinvents different campaigns etc, which is ridiculous, so I am there with that as long as we have the integration ... There does have to be a call,*

probably (the EMT Director) saying, right, we have heard that, we have got everybody's discussion, lets close it down now."

As the planning process developed the UK also perceived the opportunities afforded for sharing best practice as helpful, such as at the September and June meetings, *"No, No, it was really valuable ... the first time I sat there with other countries you have got similar issues to us, and maybe just got different ways to tackle them, so I certainly, we took a lot away from listening ... I guess if you think about it its odd in a way that we have always worked and such silos ..."*

Power implications

All this led to a new understanding of the new business model in which powerful subsidiaries felt that the EMT respected their expertise, *"They are not experts greater than anybody else, they are, their brains are no better than anybody else, what they develop is no better. Actually consultatively if it becomes a lot more consultation and involvement and they're coordinating it and making sure that best practice is shared. I think there is a great opportunity there."* Consequently, there was a greater acceptance of the EMT role, *"it is like they are expecting the milkman to bring the milk in the morning, they are only interested in the date they are going to receive it, they are not afraid that this is going to take something away from them."* On the other hand, there was also a recognition by those in the brand teams that their job roles had changed irrevocably, *"That's probably a given now, isn't it. So there's no point me getting sensitive about it. My job's changed, their job's new, people have moved from all sorts of functions to the EMT; I am sure there would be an opportunity to move to the EMT so, I suppose I am just thinking that that's a fact of life, get on with it."* This individual took a position in an EMT based in France. Similarly, senior UK country managers were evolving their behaviors as highlighted above, *"And he's learning that, and I am learning how to keep him involved."* Finally, the EMT were adjusting behaviors through actions, such as involving the brand network members more in projects, and taking on board local learning, such as running competitor games around the new competitor dynamics that the UK were facing.

Discussion

Although research on MNCs has been largely functionalist in orientation, recent studies have highlighted the importance of power and politics in subsidiary role evolution (Andersson et al, 2007;

Bouquet & Birkinshaw, 2008a & b; Clark & Geppert, forthcoming; Dörrenbächer & Geppert, 2006; Geppert & Williams, 2006; Tempel et al, 2006). The starting point of this paper has been to add to this research by using a critical discursive perspective to explore the MNC-subsidary political negotiation processes at times of change. The discourse perspective enables us to focus on the constitutive role of language in these negotiations. Our analysis shows how the negotiations revolve around specific vocabularies, framings and arguments, such as 'integration' and 'centralization', and rhetorical strategies, such as the benefits of integration versus localization, that are used to legitimate or resist the new subsidiary role. It would, however, be a mistake to see discourse as 'mere' words. The discourses were constitutive in the sense of constructing specific conceptions of the MNC and particular subjectivities for the actors involved. Furthermore, these discourses were closely linked and coupled with organizational action, and were not only 'official' or 'ceremonial' speeches or disparate comments made in particular circumstances.

Exploring these issues in Brand Co's European Sales and Marketing division led us to identify the three discourses of selling, resistance and reconciliation presented in the findings. This analysis not only uncovers the most obvious and expected conflicts between HQs and subsidiaries at times of role change, but allows us to deepen our understanding of the implications of the process through which discursive struggles unfold. A key explanation for why the reconciliation discourse enabled the reconstruction of subjective identities of both subsidiary and HQ actors can be found in the way it recognized the central role of both for the MNC. Modifications in the discourse provide important insights into how corporate and subsidiary actors reconstruct the ongoing independence-interdependence tensions that are at the heart of the MNC. Thus these discourses can be seen as essential parts of the dialectics of discursive struggles in the sense that the resistance discourse emerged as a local response to the selling discourse, and the reconciliation discourse was then offered as a solution to the struggle.

The identification of these three discourses is not in itself surprising. These three discourses could be considered to be typical of negotiations between implementers and recipients of many change interventions. However, our identification of *how* these discourses unfold enables us to conceptualize a process framework for the path of subsidiary evolution at times of charter reduction.

We find an effective reconciliation in which the rebalancing of global-local was accepted by both sides. Yet other outcomes were possible. The process of selling to resistance to reconciliation that we find may not always take place. It would, for example, be possible for resistance to foment without recognition, building tensions that subvert MNC efforts at integration through loss of local input and distinctiveness. Thus here we focus on three main features of our case that explain the particular process we found.

First, the planning process was important in both raising resistance and also enabling its reconciliation. The phased nature of the planning cycle, with its specific dates and imposed deadlines for planning meetings and brand campaigns (see Table 1), created spaces in which the key protagonists could come together to negotiate the tensions. Without spaces in which discourses can unfold in a dialogic process between the parties to a negotiation (Spee and Jarzabkowski, 2010), the MNC selling discourse may be seen as the legitimate voice, remaining separate from the subsidiary voice that is seen as a subversive and hence illegitimate discourse of resistance (Vaara and Tienari, 2008). However, a structured process for MNC integration, such as a dialogical strategic planning process, provides meeting spaces in which the two voices can each be heard. This enables the selling discourse to meet the resistance discourse, enabling dialogic negotiation to take place.

Second, our analysis shows how each party to the dialogic process of negotiation is able to achieve legitimacy for their discourse. In our case, the resistance discourse was accompanied by the relative power of the UK subsidiary, derived from their expertise in planning for Brand X in their high-revenue, more developed local market. This expertise was the source of their subjective experience of and resistance to the selling discourse. It also provided them with legitimacy in resistance. Rather than their discourses being illegitimate in the context of the MNC corporate discourse of integration, their resistance was consistent with maintaining MNC viability in larger, important local markets as part of integration. While the subjectivity of losing their roles as planners may have been seen as a normal outcome occasioning resistance, the more powerful argument that using the new European campaign without adaptation would harm the local success of the brand, gave legitimacy to the subsidiary discourse. Thus, when the selling discourse met the resistance discourse,

each had a power base, so that there was reason for negotiation to occur, rather than simply suppressing the subsidiary voice.

Third, we show the importance of reconciliation mechanisms in moving negotiations from resistance to consensus. When different voices are engaged in a dialogue, resolution is not necessarily the outcome (Bakhtin, 1981; Vaara and Tienari, forthcoming). However, our case featured recourse to both hierarchical and expertise power-based forms of reconciliation. The MD who arbitrated on the upward appeal could both appreciate and enforce the MNC corporate focus on integration given his role as EMT sponsor but also, with local knowledge of the UK market, respect the market-based appeals. Hence, he could support the rebalancing of MNC headquarter-subsidary interdependence-independence, enabling each to discursively renegotiate their subjectivity sufficiently to reach a discourse of reconciliation. As a result, the EMT was then able to move on to more collaborative processes that recognized the importance of capturing local expertise.

The three discourses can be seen as essential parts in a process of negotiations. We suggest that negotiations can deliver reconciliation when there are spaces for negotiation to occur, sufficient power bases, albeit from different sources for each discourse to have legitimacy for the viability of the MNC, and reconciliation mechanisms that can accord respect to each voice. When this occurs, discursive struggles can lead to a new legitimated balance of power. Thus the process we uncover is in itself a contribution to what we know about subsidiary role development through a micro-political perspective. It identifies features whose presence or absence could alter the path and pace of the selling, resistance and reconciliation discourses. Without one or more of these features, the process could be curtailed, or one phase, such as resistance could be protracted, or there might be a different outcome. Therefore, other studies might examine the extent to which the three phases we found are a typical and complete set of discourses, and under what circumstances they are more or less enabled or constrained. For example, we identify a particular reconciliation mechanism. What other processes and mechanisms would lead to effective reconciliation? Under what circumstances would these mechanisms instead obstruct? We have also shown how a discourse of resistance may achieve legitimacy. In what circumstances are there other discourses of resistance that are perceived as

legitimate or illegitimate? Furthermore, our study explores only one structural solution to the issue of integration across markets. What other paths and patterns result from other structural solutions?

However, it should be noted that the three discourses are not only phases in negotiations, but ways in which actors continuously make sense of and give sense to subsidiary roles and the interdependent-independent balance. Indeed, discourses such as selling, resistance and reconciliation may frequently co-exist in MNCs as alternative and competing ways of sensemaking (Vaara & Tienari, forthcoming). Thus, the discursive approach can help us to better understand the complexities, ambiguities and contradictions that often characterize HQ-subsidary relationships and thus move research in this area toward a more nuanced understanding of what goes on in contemporary MNCs.

Implications and Conclusion

Our analysis makes three contributions to IB research. First, our analysis of selling, resistance and reconciliation discourses contributes to research on subsidiary role evolution by enabling us to move beyond a simplistic model of headquarters control and subsidiary resistance. Prior research recognizes that subsidiary managers have the potential to take initiative, but these managers are usually seen as acting for the 'greater good' of the MNC or then expected to simply maximize the autonomy of the subsidiary (Andersson et al, 2007; Bouquet & Birkinshaw, 2008 a & b; Clark & Geppert, forthcoming; Dörrenbächer & Geppert, 2006). Alignment between centre-subsidary is considered 'good' and misalignment as 'dysfunctional' and something to be suppressed. Our findings challenge such a view by pointing out that negotiations often involve both resistance and attempts at reconciliation. Resistance from misalignment is, in fact, important in its own right. It may stem from the threat to subjectivity that a change such as charter reduction imposes on the people involved, but it may also have ramifications for some of the value-adding elements of local markets. It is thus important to recognize that negotiations may and should lead to compromise, rather than being seen as a threat to central authority and something to be avoided. Nor is such acceptance immediate. It can come about only through a negotiation process involving discursive struggles that allow both parties to reconstruct their subjectivities about the change and their new roles within the MNC. Instead of finding resistance to change to be illegitimate and subversive, as is typical in more functionalist

studies of change (Balogun et al, 2010; Ford et al, 2008; Thomas et al, 2011), our analysis helps to understand that resistance can at times be both legitimate and beneficial given the different knowledge bases of MNC and subsidiary managers.

Geppert & Williams (2006) and others (for example, Birkinshaw and Hood, 1998a; Clark & Geppert, forthcoming) indicate that subsidiary power is enhanced by certain host country factors, such as a strategic position and economic performance that render them important, alongside an institutional embeddedness in their local country that accords them greater independence of practices and authority. These influences might increase autonomy and independence, and hence exacerbate tension with the interdependent strategic approach of the MNC. We elaborate and extend this analysis by showing how these influences are not just grounded in perceptions of power and resistance but in the way that powerful subsidiaries discursively construct the local market and the degree of interdependence that they perceive as appropriate for the viability of their local market. They affect what MNCs and subsidiaries can and cannot do. The negotiations uncovered here were not just due to the fact that the UK could extract some degree of concessions given its economic importance, but also due to the fact that the team genuinely believed that there were differences in local market conditions and expertise in dealing with them. Without resistance, knowledge of benefit to the MNC would not be revealed, and accommodation could not take place. MNC executives need to make a judgment as to when opposition to change is self-interest based ‘resistance’ and when it is legitimate and in the best interests of the wider MNC. Thus MNC-subsidiary negotiations at times of charter change are likely to involve context-specific judgment calls, concessions, new initiatives, and other kinds of negotiation tactics, the importance of which has not yet been recognized in research in this area. Once we move beyond a rationalistic model for MNC-subsidiary relationships, there are many motivations for subsidiary managers’ actions that may have consequences for these relationships. Our discursive approach provides a way to unpack and explore alternative approaches to MNC-subsidiary relationships.

A second contribution is that our focus on subjectivity adds to research on ‘voice’ in subsidiaries. Bouquet & Birkinshaw (2008a) argue that voice is a bottom-up relational process that enables a subsidiary to emphasize existing or potential contributions, which they conceptualize in

terms of subsidiary initiative taking and profile building. Our analysis extends this perspective in three ways. First, it shows the concept of voice to be both a bottom-up and a top-down process at times of change, since levels of subsidiary voice (such as over their local strategy) need to be renegotiated. Second, our analysis shows how voice is actually exercised through particular kinds of rhetorical tactics and strategies. Third, by examining the construction of subjectivity through discourse, our analysis explains how specific discourses enable or constrain the exercise of voice. In our case, the EMT's selling discourse supported their authority position but reduced the subjectivity of the local managers. At the same time, the local managers needed to resist the imposed changes to protect their voice as locally autonomous actors. Hence, their alternative discourse drew from and emphasized their subject position as local experts. Thus, their voice was both a way to protect their position and reestablish their influence.

Third, our analysis demonstrates the usefulness of critical discursive analysis for IB research, especially in the case of research on MNCs. We believe that this approach can be applied to a range of issues because it has the potential to shed more light on the central role of language in internationalization and globalization, which is something that is still poorly understood. In particular, critical discursive analysis can elucidate the linkages between discursive and other social and material practices and thus place discourse in its context. Furthermore, because of its critical orientation, it can complement existing IB research that is characterized by rationalistic and managerialist analyses. Whilst such studies can focus on a detailed analysis of specific texts (Vaara & Tienari, 2004, 2008), we wish to speak for studies that examine the role of discourse as part of organizational change. Such studies are demanding because they require a combination of discourse analysis with processual organizational analysis, but they can lead to a more dynamic understanding of a range of issues in IB research. However, not all language-related analysis needs to be critical discursive analysis. For example, narrative (Søderberg, 2006) or semiotic (Brannen, 2004) analyses have proved to be very useful approaches for IB researchers. It should also be noted that critical discursive analysis involves important requirements that should be respected: a genuine critical orientation (e.g, interest in power or inequality), an in-depth analysis of textual material, and an ability to take the social context seriously.

The overarching objective of this study has been to deepen our understanding of subsidiary role evolution. Tensions between independence and interdependence are inherent in MNCs. Exploring how these tensions are negotiated at times of subsidiary charter change is a fundamental part of understanding subsidiary role evolution. We emphasize that these tensions do not have to be portrayed as 'either or' choices resulting in winners and losers, as typically presented in existing literature. Rather, they can lead to 'both and' solutions. Furthermore, resistance does not always have to be considered illegitimate, but can be regarded as a natural part of the unfolding negotiation of subsidiary roles. A critical discursive perspective can help us to pursue this broader perspective and unpack issues to do with power, politics, resistance and voice. In particular, it can be used to reveal a nuanced picture of the complex ways in which discourses socially construct the MNC and the role of the subsidiary, how specific rhetorical arguments are used in these discourses, how discourses construct subjectivities, and the organizational power implications that easily pass unnoticed with more conventional approaches.

Our empirical analysis has been theory-building in nature, but caution should be exercised when generalizing the results. In particular, the findings are restricted to situations of charter reduction following a shift in MNC strategy and how this affects important country-based subsidiaries. While this is likely to be a typical outcome for at least some subsidiaries in any MNC strategy aimed at greater integration, more research is required to establish how a discourse perspective can more generally inform what we know about the nature of the negotiations that result from subsidiary role development in different circumstances, and the outcomes achieved.

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Table 1: Timeline for Strategic Planning Process

Strategic Planning Events Campaign Development

Month	European Marketing Teams	Brand Teams	European Marketing Teams	Brand Teams
Jan-Mar	European Strategy Development			
March	Sign off (with European Board) & issue European Strategy			
Apr-May		Key Issue Development	European Campaign Development	
June	Key Issue review meeting	Key Issue review meeting		
July			Sign off (with European Board) & issue Campaign	
Jul-Sept		Market Plan Development		Campaign Translation & Implementation
Sept.		Sign off of market plans by country presidents		(Continued)
Sept.	Market Plan Review Meeting	Market Plan Review Meeting		(Continued)

Table 2: Examples of textual material

	Documents	Interviews
Social construction of MNC organization	<p>Selling discourse: X operates in a rapidly evolving, increasingly hostile and complex market place. Our existing business model is now constraining our ability to compete in this environment. In order to realize our business objectives and achieve our full potential X Europe needs to adopt a more integrated European Business Model. (Initial Presentation)</p>	<p>Selling discourse: So we are trying to make sure there is, for example, a single campaign across Europe, a single strategy across Europe, a single philosophy to this particular business area. And behave much more like a European brand team, rather than a central function. (EMT Member)</p> <p>Resistance discourse: My understanding of why it was introduced was about creating a sort of, sort of centre which was about identifying best practice and about saying well this is what we should be doing, this is best practice, actually bringing all markets up to an even level to make sure that good work was recognized in markets and translated across to other markets. (Brand Team Member)</p> <p>Reconciliation discourse: The markets still have a role to play in terms of knowing their customers better than anybody else, and actually delivering the overall direction of Europe in Germany, Greece, wherever. (EMT Member)</p>
Rhetorical strategies	<p>Selling discourse: What is in it for us?</p> <ul style="list-style-type: none"> • EMT and local brand teams working together to drive • Effective and efficient campaign development <ul style="list-style-type: none"> ○ Removes duplication of effort ○ Saves a lot of energy and time ○ Avoids inconsistency of message • Working together we can <ul style="list-style-type: none"> ○ Focus on operational excellence ○ Drive local initiatives to deliver revenues ○ More likely to create critical mass needed to achieve sales <p>(Presentations by EMT Members)</p>	<p>Selling discourse: Raising the average standard of strategy outputs, implementation, everything, within the market. (EMT Member)</p> <p>Resistance discourse: I would be very surprised, you know, it is the top performing country in terms of sales, so I would be surprised that, most of the stuff that we talk about is evidence based, I mean that we have got the data to prove that the message that they have proposed across Europe isn't really effective in the UK. (Brand Team Member)</p> <p>Reconciliation discourse: We are doing much more around it's the Brand Network that decides what's red, amber and green. So what are the things that we must go with ... We didn't do that in June. We didn't agree it, it was the EMT. Which is so much (better)...because you own it ... So we are all agreeing. (Brand Team Member)</p>

<p>Implications for subjectivity</p>	<p>Selling discourse: Slide on implications for local markets with headings “Campaign translation” and “Campaign implementation”:</p> <ul style="list-style-type: none"> • You now have responsibility to take the baton • And implement in your country <p>(Presentation by EMT Director)</p>	<p>Selling discourse: We’re talking about a group of people who are now part of a network, whose whole lives are now getting tied up with the EMT and part of what we said to them, when we had our first network meeting, was to say ... this is how the system is going to work ... you are going to be ambassadors within your own country for what the EMT is trying to achieve ... it is your job to go away from this meeting and argue why this is the right thing for Germany, or Spain, or Italy, to do. (EMT Member)</p> <p>Resistance discourse: It almost like if this was a car, they have been asked to scope out the strategic need for the vehicle, to design the vehicle and virtually to build the vehicle and deliver it to out door and hand us the keys. And we drive it. (Brand Team Member)</p> <p>Reconciliation discourse: But, at the same time we have got to get excellent at implementing. So for us the rolling out and making sure that the sales group really understand these key issues. And we are doing our best to help them translate that to how they actually work with the customer. So we have got to get closer if anything, to what our customers are about. Because that is the bit then that we can influence back into Europe. And that’s been a big thing of what I am trying to change the mind set with the team about. But it is one of those things that evolves (Brand Team Member)</p>
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Table 3: Characteristics of Selling, Resistance and Reconciliation Discourses

	Selling discourse	Resistance discourse	Reconciliation discourse
Grand Discourse drawn on	Globalization: The need for an integrated Europe as market changes occurs	Ongoing need for localization and local adaptation	Combination of global and local considerations in search for a context-specific model
Social Construction of MNC organization	An integrated MNC Division European identity	Raising the bar for less developed markets UK as a special case	MNC that respects local expertise (acknowledgement of both global and local)
Rhetorical strategies	Arguing for the benefits of integration (market opportunities, sharing of best practices, effectiveness & efficiency) Modality of necessity Unsaid/taboo (e.g., 'centralization')	Focus on uniqueness (developed and successful nature of UK) Benefits of engagement and commitment Distinction of 'us' and 'them'	Rhetoric of compromise Exemplification (using specific decisions as positive examples) Inclusiveness (emphasis on 'involvement')
Implications for subjectivity	New European strategists in charge of setting strategy Local people implement the strategy	Resistance to loss of autonomy and subjugation Focus on local expertise	Saving face Recognition of the important role of both centre and subsidiary
Organizational power implications	Legitimation of the new centralized strategic planning system Reduction of the role of the subsidiaries and local managers	Challenging the legitimacy of the new European-centric business model Relegitimation of the strategic role of subsidiary	A temporary solution to the discursive struggle Subjective recasting of power relations