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Managing Power in the Multinational Corporation: How Low-Power Actors Gain Influence

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This article provides a conceptual integration and synthesis of the literature on power and influence in multinational corporations (MNCs). To provide some focus to their synthesis, the authors concentrate on the situation facing, and the strategies pursued by, low-power actors within the MNC network, that is, actors who are currently positioned in relatively weak or low-status positions vis-à-vis other actors. Drawing inspiration from Ghoshal, the authors make a clear separation between ends and means: between the objectives pursued by low-power actors (their ends) and the strategies or tactics they pursue to achieve these objectives (their means). This approach allows the authors to pull together some strands of literature that had previously been entirely separate.

Keywords: *power; influence; parent-subsidiary relationships; multinational corporations; literature review*

Over the past 20 years, the multinational corporation (MNC) has come to be recognized as an important and intriguing phenomenon for organization theory. The distinctive feature of the MNC, as an entity that extends its control across national boundaries, makes it more complex than one existing in a single national jurisdiction and as such it makes it possible for researchers to extend and push the frontiers of their theorizing in useful ways. So although the early conceptions of the MNC in the 1970s focused primarily on transaction

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cost economics—the idea that MNCs were internalizing a "market failure" in transferring typically intangible assets overseas—from the 1980s onward, researchers began applying a wide variety of theoretical perspectives to their studies of MNCs, from institutional theory to social network theory, from organizational learning to the resource-based view.

One of the major themes emerging from this vast literature is the conceptualization of the MNC as an interorganizational network (Ghoshal & Bartlett, 1990). This approach draws explicitly from social network theory, but it also draws on other aspects of organization theory because it gives the subordinate entity within the MNC, the foreign subsidiary, a more prominent place, as a semiautonomous actor with its own distinctive environment and resources, capable of making its own strategic choices within certain constraints. And central to this perspective are notions of power, influence, and dependency. Subsidiary units are, by definition, dependent in a hierarchical sense on their corporate parents, but they have sources of influence and power themselves, and increasingly, there is evidence that they are willing and able to use this power to stimulate change, innovation, and growth within their corporate networks.

But although the interorganizational model and the importance of power in shaping MNC dynamics are now well established, there is still a remarkable diversity of theoretical perspectives in the literature. For example, some studies have focused on the embeddedness of subsidiaries in their local markets, some have concentrated on the initiative-taking efforts of subordinate actors, and others have made legitimacy a cornerstone of their theorizing. These and other approaches are all concerned with broad issues of power, influence, and persuasion, but with very different agendas and starting points. What is required, we believe, is some sort of overarching framework to help make sense of and integrate these diverse strands of research.

The purpose of this article is to provide a conceptual integration and synthesis of the literature on power and influence in MNCs. And to provide some focus to our synthesis, we concentrate on the situation facing, and the strategies pursued by, low-power actors within the MNC network, that is, actors who, for whatever reason, are currently in relatively weak or low-status positions vis-à-vis other actors. This means primarily subsidiary units, but our framework also provides references to other categories of actors that are not formally controlled by MNCs but interact with them anyway, such as nongovernmental organizations (NGOs) and low-influence national governments. Drawing inspiration from Ghoshal (1987), we begin by making a clear separation between ends and means: between the objectives pursued by low-power actors (their ends) and the strategies or tactics they pursue to achieve these objectives (their means). As will become clear, this approach allows us to pull together some strands of literature that had previously been entirely separate.

The article is intended to contribute to the literature in two ways. First, it represents a review and synthesis of a number of different strands of literature, which as discussed above can be a useful way of helping theory to advance. Second, it offers some interesting practical implications. Most of the international management literature takes a top-down approach to understanding how MNCs can exert their power, or it examines in a purely descriptive sense the way that power and influence are distributed across an interorganizational network. But such approaches underplay or ignore the important role of managerial agency on the part of the subsidiary unit, or other subordinate entity, in changing the power balance in the system. By focusing in this study on the strategies low-power actors can take to increase their degrees of freedom, we provide an important point of view on the dynamics of change in

Table 1
Managing Power in the Multinational Corporation

	Means of Influence	
Strategic Objective	Challenging the Status Quo	Entering Political Games
Achieving legitimacy	Bouquet and Birkinshaw (in press); Galunic and Eisenhardt (1996); Kostova and Zaheer (1999); Westney (1993); Zimmerman and Zietz (2002)	Delany (1998); Kristensen and Zeitlin (2005); Morgan and Kristensen (2006); Mueller (1996); Mueller and Purcell (1992); Tempel et al. (2006)
Controlling resources	Birkinshaw (1997, 2000); Mudambi and Navarra (2004); Rugman and Verbeke (2001); Taplin (2006); Verbeke et al. (2007)	Dorrenbacher and Gammelgaard (2006); Geppert and Williams (2006); Gupta et al. (1999)
Gaining centrality	Andersson et al. (2007); Andersson and Pahlberg (1997); Forsgren et al. (2005); Frost et al. (2002)	Kennedy (2007); Kristensen and Zeitlin (2005); Luo et al. (2006); Markides (2000)

MNCs. Indeed, although written in the context of the MNC, our framework also has much broader applicability as well for understanding how positions of power and influence may shift in large organizations.

Conceptual Framework

Table 1 presents the conceptual framework that we derived from an extensive review of the international management literature. The intention is to separate out two sets of factors. First, the objectives of low-power actors can be interpreted in terms of three categories. They can achieve legitimacy in the eyes of MNC top executives, they can control resources that are unique and valuable to the firm, and they can become central to the various types of strategic networks in which MNCs are embedded. Influence over MNC decisions appears to be ultimately gained by those actors who have been able to optimize their strengths on these three distinct and often conflicting set of goals. Second, low-power actors have two set of tools for achieving such influence. They can adopt creative strategies to effectively challenge the status quo in the MNC. Or they can enter political games to push their agendas through existing circuits of power. Of course, it is possible that the strategic imperative for actors with little power over MNC decisions may be to use aspects of both means of influence concurrently. The key to doing this successfully may be to understand the trade-offs involved in managing interactions between strategic objectives and means of influence, which may not always work in unison.

Conceptualizing power in this particular way can be helpful to both academics and low-power actors in a number of ways. For example, it can help academics better visualize how influence flows between actors belonging to the MNC system. Often, the literature in international management has presented MNCs as hierarchical organizations with rather established power structures and differentiated patterns of dependencies that do not change easily. Although we recognize that such structural inertia does indeed exist to shape the functioning of MNCs, our framework also presents a classification of mechanisms by which power dynamics take place. The strategies presented here reflect the categories of tools available to achieve a critical set of strategic objectives. Our framework can also help low-power actors better compare and contrast the options available to them as they seek to increase their influence with MNCs.

The rest of this article is organized in three parts. In the next two sections, we explain the framework in greater detail, by working through the core dimensions of strategic objectives and means of influence. In doing so, we highlight particular studies in international management literature that help visualize the important dynamics at play, as they fit the logic presented in our conceptual framework. We then conclude with some thoughts about the contributions of our study and the agenda for future research in the area.

Strategic Objectives: Gaining Influence Over MNC Decisions

Achieving Legitimacy

Drawing from the foundational work of Weber (1947), Parsons (1960), and institutional theorists (DiMaggio & Powell, 1983; Scott, 1987), a general premise in management literature is that power seldom flows to actors who have lost their legitimate standing in society or to those who are perceived to exert illegitimate claims on the parties they seek to influence (Suchman, 1995). Legitimacy has been defined as "a recognized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995: 574). Legitimacy can thus be seen as a form of social approval that facilitates the acquisition of power because it determines how social actors are understood and evaluated (Weber, 1947). As Meyer and Rowan observed, those that "lack acceptable legitimated accounts of their activities . . . are more vulnerable to claims that they are negligent, irrational or unnecessary" (1991: 50). Thus, the first objective of low-power actors, given this perspective, is to take actions that increase their legitimacy with parties important to their existence and mode of functioning. It is by achieving legitimacy with people in positions of authority that low-power actors can acquire some degree of salience, which can then be used to exert influence over corporate decisions (Mitchell, Agle, & Wood, 1997).

The field of international management gives substantial credence to this legitimacy perspective. The literature dealing with how MNCs manage their nonmarket environments (Boddewyn & Brewer, 1994; Hillman & Wan, 2005; Kindleberger, 1970; Lodge & Wilson, 2006) and more general frameworks proposed by Kostova and Zaheer (1999), Westney (1993), and Rosenzweig and Singh (1991) all share the underlying assumption that legitimacy is one of the many critical issues regulating the distribution of power in the global environments of MNCs.

In MNC literature, legitimacy objectives are particularly relevant to low power actors. Indeed, one critical factor explaining why certain entities (starting with host-country governments) have lost (or failed to ever develop) their capacity to influence MNC decisions is because the environments in which they are located are distant, complex, and fragmented

(Kogut, 1991; Sundaram & Black, 1992). They encompass multiple institutional domains that are not easily understood by MNCs or that seldom get evaluated in a positive light. For instance, Kostova and Zaheer (1999) discussed the case of Cargill, one of the largest private agricultural companies in the world, which has activities in over 65 countries, each with its own set of regulations, policies, norms, and infrastructure systems. Inevitably, the structure and composition of some institutions will not mesh easily with the aspirations and cognitive preferences of MNC top executives, thus making it difficult for the corresponding set of actors to count in the global circuits of power. In particular, some countries may exhibit levels of corruption that clash with norms of acceptable behavior in the larger MNC system (Alvaro, 2006; Doh, Rodriguez, Uhlenbruck, Collins, & Eden, 2003; Luo, 2006; Rodriguez, Uhlenbruck, & Eden, 2005; Uhlenbruck, Rodriguez, Doh, & Eden, 2006). Others may propose an investment climate that is unattractive to foreign investors (Kessing, Konrad, & Kotsogiannis, 2007). Issues such as these seriously damage the legitimacy of low-power actors and thus their capacity to exert influence on MNC decisions.

The same type of issues applies to particular subsidiaries within the firm system. Some may lack legitimacy because they operate at the periphery of the world economy (Harzing & Noorderhaven, 2006), where activities are misunderstood or perceived to be of little significance (Brown, 2004; Galunic & Eisenhardt, 1996; Prahalad, 2004). Others may be believed to do things that are inappropriate because their managers have little credibility in the eyes of corporate decision makers, perhaps because their operations are either too small or too young to demonstrate a proper track record (Birkinshaw, 1999).

More often, subsidiaries fail to secure the legitimacy they deserve because they are perceived to be only loosely committed to other subsidiaries within the firm or because their practices are believed to deviate from parent company objectives. Of course, subsidiaries are distinct national entities with their own sources of legitimacy. All models of the MNC (Forsgren, Holm, & Johanson, 2005; Ghoshal & Bartlett, 1990; Hedlund, 1986) are consistent with the idea that differing contextual rationalities exist to guide and constrain the practices of foreign subsidiaries (Geppert, 2002; Geppert, Williams, & Matten, 2003). Nevertheless, although subsidiaries (and low-power actors in general) must adapt to the kaleidoscope of institutional factors and national business systems that characterize the markets in which they operate (Geppert & Matten, 2006; Geppert & Williams, 2006; Rosenzweig & Nohria, 1994), they must also find ways to translate corporate ideals into a tangible set of local practices that effectively bridge the expectations of the head office, if they are to exert any influence on MNC decisions.

Managing this dual-legitimacy objective represents a crucial task for all actors interested in the pursuit of power, particularly when a high degree of institutional distance separates their activities from those attached to the broader MNC context (Kostova & Zaheer, 1999; Tempel, Edwards, Ferner, Muller-Camen, & Wachter, 2006; Westney, 1993). Without legitimacy, actors will be taken for granted by the MNC and sit at the periphery of the firm system with little influence on corporate decisions. But legitimacy is only part of the overall challenge. As recognized by many authors discussing issues of power in organizations, an equally important imperative is also to gain influence through the possession of critical resources (Pfeffer & Salancik, 1978). This leads to the second objective of low-power actors: that of controlling resources on which MNCs are dependent.

Controlling Critical Resources

Organizations are frequently described as open systems that must access resources to survive, function, and prosper (Scott, 1987). These resources can include financial capital, human talent, technological skills, and specific reputations that may be obtained from dealing with customers, suppliers, alliance partners, and the environment at large. Organizations initiate exchange relationships with other actors to obtain the resources on which they are dependent (Blau, 1964; Cook, 1977; Cropanzano & Mitchell, 2005; Emerson, 1962; Jacobs, 1974). And it is the asymmetry associated with the resulting set of dependencies that explains the relative distribution of power in society (Bacharach & Lawler, 1980; Pfeffer, 1981, 1992; Pfeffer & Salancik, 1978). As the common saying goes, "it is the person with the gold who makes the rules."

Thus, in this resource-dependence perspective, the critical objective of low-power actors is to find ways to control of resources that are heavily needed by the parties that they seek to influence, while also finding ways to reduce their dependence on others for resources.

In this regard, Pfeffer and Salancik (1978) determined that three factors were important to consider when evaluating what constitutes "critical" resources: The resources must be important or special to those from which power is being sought; they must be scarce, so that few alternative strategies exist to source them; and there should be a high degree of competition between organizations for control of that resource.

This resource-dependence perspective is quite central to international management literature. In particular, it has been used as a general guiding framework to explain the relationships that MNCs entertain with a myriad of actors external to the organizations, from global customers (Birkinshaw, Toulan, & Arnold, 2001), to host country governments (Blumentritt & Nigh, 2002; Wilts & Skippari, 2007), to actors from the civil society, for instance, pressure groups (Eden & Lenway, 2001), religious institutions, shareholder activists (Rehbein, Waddock, & Graves, 2004), and NGOs (Teegen, Doh, & Vachani, 2004). Within the organization, arguments consistent with resource-dependence theory have been used to examine power dynamics among headquarters (HQ) and geographically dispersed subsidiaries (Ambos & Schlegelmilch, 2007; Ghoshal & Nohria, 1989; Johnston & Menguc, 2007; Loveridge, 2002; Martinez & Ricks, 1989; Medcof, 2001; Mudambi & Navarra; 2004, Prahalad & Doz, 1981). Table 2 documents some of the relevant interdependencies that pertain to such power dynamics.

An important point to make with respect to this catalogue of critical resources is that they can quickly become obsolete. For instance, countries that are simply providing access to raw materials and customer markets find it increasingly difficult to exert much influence on MNCs, which are indeed increasingly dependent on strategic knowledge assets for their functioning (e.g., technologies and talent). Host-country governments that control such resources thus gain substantial leverage in MNC negotiations (Manea & Pearce, 2006). Similarly, although subsidiaries used to command respect and power from their ability to meet the targets and objectives of the parent company, recent models of the MNC emphasize that power and influence only emerge for subsidiaries that are able to provide more complex and tacit sets of services. These may consist of supplying specialized information on local developments that have strategic ramifications for the global firm as a whole or coming up with innovative ideas and practices that can be transferred to other parts of the firm (Birkinshaw, 2000; Rugman & Verbeke, 2001).

Table 2
Dynamic Interdependency of Resources and Actors

Actors Interacting With the MNC	What They Need From MNCs	The Critical Resources They Can Use as Leverage
Governments, in both the home and host countries	To attract or retain multinational investment (FDI), employment, and value-added activities such as R&D and world product mandates; ensure that MNCs create wealth for the nation state; minimize the negative spillovers associated with MNC practices	A variety of location-specific advantages, such as large customer markets, low-cost labor, employee talent, and basic infrastructure; also, a more dynamic set of policy instruments that can be used to impose conditions under which MNCs are allowed to perform activities in the country
Civil society, including pressure groups, shareholder activists and NGOs	To eliminate the "Janus side of globalization" and the occurrence of corporate wrongdoings; motivate MNCs to self-regulate their practices; subject them to codes of conduct that will enforce their responsiveness to social standards, particularly in terms of labor issues and environmental protection	Their capacity to influence, manipulate and sometimes distort public opinion and their capacity to mobilize political action; this is facilitated by the unique expertise they have on certain sets of issues and by their trusted position as nonofficial NGOs
Subsidiaries	To secure corporate "ownership" advantages from the MNC, which will help subsidiaries compensate for the cost of operating as foreign entities in local markets; such advantages explain why subsidiaries see value in maintaining their association to the MNC even when their influence is limited	The talent to deliver on corporate objectives and plans; the capacity to provide strategic information and knowledge on local competitive developments; the ability to come up with innovative sources of ideas and practices that can be leveraged to other parts of the global organization

Actors without access to such critical resources are typically unable to exert much influence on MNC decisions (Stuart & Sanjay, 2004). With respect to entities external to the MNC, countries are often ignored by MNCs when they have few location-specific advantages to promote (Dunning, 1981). Some may be located in relatively depressed industrial areas (Dawley, 2007), or they may be constrained by their relatively small market sizes, limited purchasing capacities, inadequate infrastructures, and rather unstable political conditions (Henisz, 2000). Specific studies conducted in the whole of Africa (Harbeson, 1995), Bangladesh (Islam, 2003) and Papua New Guinea (Mountjoy, 1984) offer prime examples of resource-poor countries that struggle to attract any sort of investments, let alone value-added activities, from multinationals. And although other countries are seen as viable places for foreign direct investment, their governments sometimes fail to obtain equitable terms of trade from MNCs because their economic, political, and social structures are poorly differentiated or because their countries lack the presence of fairly independent institutions, such as a free press (Boddewyn, 1988). Within the MNC, subsidiaries whose activities consist primarily of implementing corporate directives generally will not gain much weight in overall circuits of power.

It is perhaps tempting to believe that resource-poor actors are subject to strong inertial forces, which, much like a strategic curse, would indefinitely fix their positions. On one hand, power certainly breeds additional power: Those in positions of influence can often use the leverage they have to acquire even more power. However, the literature in international management also suggests that dynamic changes take place. In some instances, countries located in peripheral regions of the world have been able, through their investments in infrastructure, education, and other public goods, to attract disproportionate levels of foreign direct investment compared with their initial resource endowments (Tavares, 2002; Young, Hood, & Peters, 1994). Likewise, the literature on subsidiary evolution effectively demonstrates that subsidiary companies can gain influence over time, principally because they have been able to develop unique bundles of resources and capabilities that are particularly adapted to new sets of environmental contingencies (Birkinshaw & Hood, 1998), thus helping the MNC to better cope with the uncertainty that characterizes its environment (Hickson, Hinings, Lee, Schneck, & Pennings, 1971; Thompson, 1967). Those that fail to do so, on the other hand, are at risk for progressively losing significance in the MNC system.

Thus, controlling access to critical resources is of paramount importance to the pursuit of power, irrespective of legitimacy objectives. But as the next section suggests, resources can only achieve their full value if those that are in possession of them are also well connected to relevant circles of influence. This leads to the third strategic objective of low-power actors: that of gaining centrality within strategic networks.

Gaining Centrality Within Strategic Networks

Most perspectives dealing with issues of power in organizations emphasize the importance of understanding the networks of relationships that exist between social actors. For instance, the strategic contingencies theory of intraorganizational power developed by Hickson et al. (1971) argues that although power tends to flow to actors that are in control of critical resources, particularly those that may help others better cope with uncertainty, it is equally important to consider how well connected the actors are to other units within the firm system. In their framework, actors need to be interlinked to gain power, because it is their centrality that makes their resources valuable, not necessarily the possession of resources per se.

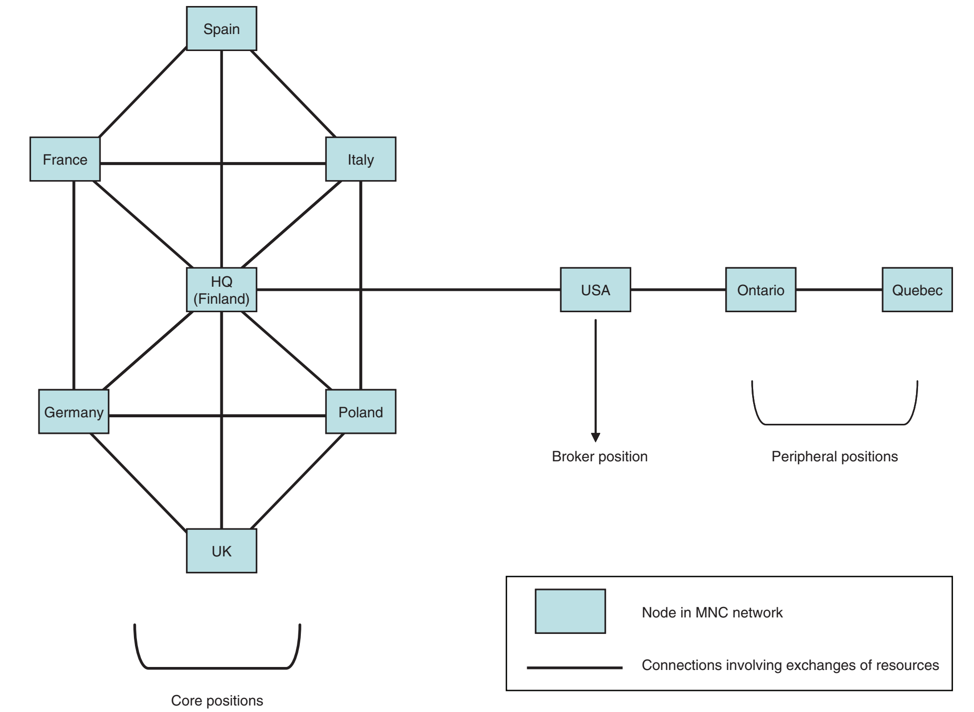
This idea, which constitutes the foundation of social network theory (Burt, 1992, 2000; Granovetter, 1973, 1985), has received considerable support in management literature (Astley & Sachdeva, 1984; Ibarra, 1993; Mizruchi & Bunting, 1981), even shedding new light on the influence that apparently less powerful participants can exert on organizational decisions (Boje & Whetten, 1981; Brass, 1984; Dubin, 1957; Mechanic, 1962). Actors that are centrally located within the firm system generally have better conduits at their disposal to control the flow of resources that may be needed by others (Freeman, 1979; Mizruchi &

Potts, 1998). Thus, in this social network perspective, the third critical objective of low-power actors is to find ways to gain centrality within categories of strategic networks in which the MNC are embedded.

The centrality perspective also permeates the entire field of international management research. In particular, the models developed by Hedlund (1986); Ghoshal and Nohria (1989); Ghoshal and Bartlett (1990); Doz, Santos and Williamson (2001); and Forsgren et al. (2005) all depict the MNC as an internally differentiated set of linkages among actors that are embedded in two types of networks: (a) the corporate network, which comprises all organizational participants, both at the corporate HQ and within the different national subsidiary companies, and (2) the external network, which encompasses the myriad of entities (e.g., customers, suppliers, alliance partners, governments, the media) that have some sort of relationships (whether business or friendship) with the firm. In both types of networks, resources are continuously exchanged in the course of particular interactions among actors. But it is impossible for anyone, including for corporate HQ, to know where the most critical resources actually reside within the system, given the multiplicity of actors involved. It is this situation of "sheer ignorance" (Kirzner, 1997) that highlights the importance of centrality as a prerequisite to achieving power and influence over MNC decisions. Indeed, the value of potentially critical resources is ultimately contingent on the continuous interactions that unite actors within both types of networks. A new technology can bring power to its inventor, but only to the extent that it can be brought to the attention of people who, through their direct and indirect connections, can facilitate its identification and deployment to other parts of the corporation (Andersson, Forsgren, & Holm, 2007; Andersson & Pahlberg, 1997).

Actors without centrality naturally experience great difficulty in their attempts to control resources that might grant them power and influence over MNC decisions. For the sake of illustration, consider Figure 1, which is an adaptation of Krackhardt's (1990) "kite network." It maps the various connections that exist between corporate HQ and actors located in other national countries. In this figure, two nodes are connected if they regularly exchange resources (in the form of capital, information, expertise, or technology) or interact in some way. In Canada, we can see that Ontario actors regularly interact with the United States and Quebec, but they do not have any direct connection to corporate HQ. Perhaps the Canadian province is too small or not strategic enough to warrant much attention from the MNC (Bouquet, 2005; Bouquet & Birkinshaw, in press; Prahalad & Doz, 1987), or the European-based MNC has chosen to operate primarily on a regional rather than a transcontinental basis (Rugman, 2001; Rugman & Verbeke, 2004). Distance may also be a factor that hinders communications (Ghemawat, 2001; Nachum & Zaheer, 2005). In any case, the influence of Canadian actors is mediated by the United States, which appears to act as a broker for the entire North American region. If Ontario actors were to diminish the extent of interactions they have with the United States, they would surely lose their ability to access and deploy resources to other parts of the company. This position naturally means a great degree of rigidity over which nodes they can access, and how quickly, in the network. Unlike Canada, U.S. actors hold a lot more power in this network because they act as intermediaries between two important constituencies: the core European countries and those at the periphery. Ghoshal and Bartlett (1990) provided an in-depth discussion of centrality concepts applied to the MNC.

Figure 1
The Centrality of Actors Within Strategic Networks

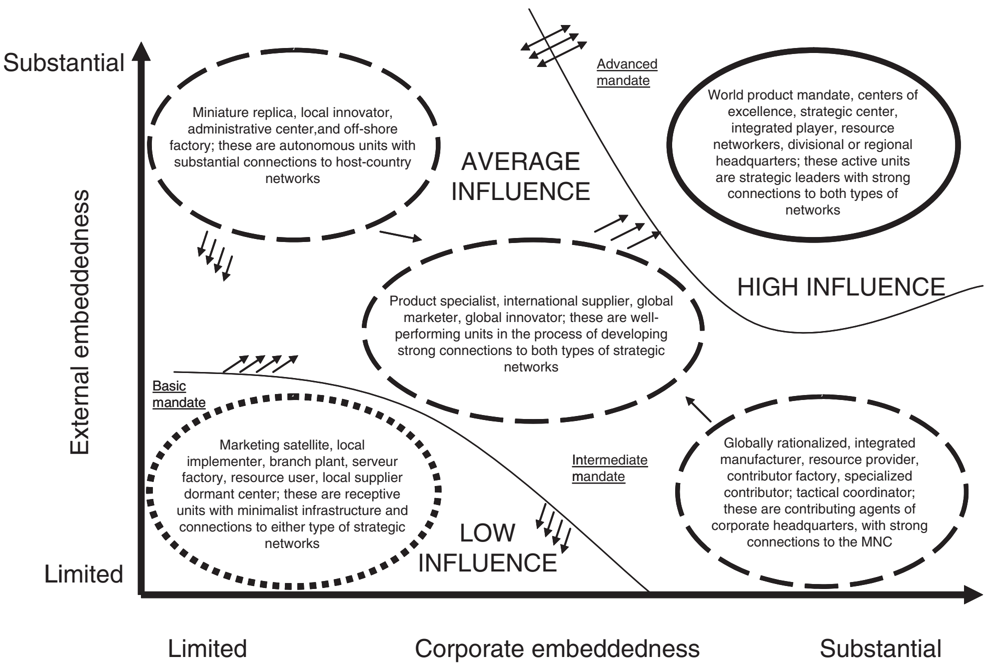


Note: HQ = headquarters; MNC = multinational corporation.

One way to bring clarity to these centrality concepts is to look at the positions that actors occupy in the firm system. To this end, scholars have developed several typologies to order the relative importance of markets in which the firm operates. Prahalad and Doz (1987) differentiated between countries that are fundamentally strategic and thus able to influence parent-company decisions and countries that are more tactical or peripheral in nature and thus often taken for granted by management. Benito, Grogaard, and Narula (2003) made a further distinction between peripheral countries according to their "outsider" or "insider" positions. Likewise, numerous typologies have been offered to characterize the roles assigned to subsidiary companies, which define the extent of their responsibilities and mandates within the MNC.

A common theme along this important stream of research is that all positions, regardless of how strong or how weak they are, evolve over time. Thus, centrality is not cast in stone; it is shaped as a result of how the interdependent parts of the MNC system interact with each other. To illustrate this, and following conceptualizations of the MNC as an interorganizational network encompassing both internal and external linkages (Forsgren et al., 2005;

Figure 2
Mapping Centrality Concepts in the Multinational Corporation: A Synthesis of Subsidiary Typologies



Ghoshal & Bartlett, 1990), we distinguished subsidiary actors according to two broad dimensions: (a) their corporate embeddedness, which assesses the importance of linkages they entertain with the corporate HQ and peer subsidiary units throughout the world, and (b) their external embeddedness, which identifies the density of their relations with outside stakeholders (e.g., suppliers, customers, governments). Figure 2 illustrates the different levels of influence associated with various combinations of corporate and external embeddedness.

As Figure 2 indicates, influence is primarily the result of who interacts with whom. Three spheres of influence can be delineated. The lowest sphere of influence comprises a group of subsidiaries labeled marketing satellites (White & Poynter, 1984), local implementers (Bartlett & Ghoshal, 1986; Birkinshaw & Morrison, 1995; Roth & Morrison, 1992), branch plants (D'Cruz, 1986), serveur factories (Ferdows, 1997), resource user (Randoy & Li, 1998), local suppliers (Forsgren & Petersen, 1998), and dormant centers (Surlemont, 1998). These are receptive units (Jarillo & Martinez, 1990) with a basic mandate (Delany, 1998) and limited infrastructure (Lim, Acito, & Rusetski, 2006) that have few opportunities to interact with internal and external stakeholders, so the amount of resources they can develop over time is constrained.

The next sphere of influence comprises three groups of subsidiaries at an intermediate stage of development (Delany, 1998). One group includes units that, like miniature replicas, are modeled to resemble the entire MNC but in a more narrow market (White & Poynter, 1984), as well as local innovators (Gupta & Govindarajan, 1991), administrative centers (Surlemont, 1998), and off-shore factories (Ferdows, 1997). All of these are largely autonomous subsidiaries (Jarillo & Martinez, 1990) with a great scope of activity and substantial connections to host-country networks. Another group in this second sphere of influence comprises subsidiaries that are sometimes said to be agents of corporate HQ (O'Donnell, 2000) because they have developed strong links to the corporate network but no real connections to outside business partners. These subsidiaries make important contributions to improving the efficiency of the MNC, as rationalized manufacturers (White & Poynter, 1984), contributing factories (Bartlett & Ghoshal, 1986), globally rationalized (D'Cruz, 1986), integrated units (Crookell, 1984, 1987), resource providers (Randoy & Li, 1998), specialized contributors (Birkinshaw & Morrison, 1995; Roth & Morrison, 1992), and/or tactical coordinators (Lim et al., 2006). The third category in this second sphere of influence includes well-performing subsidiaries that are in the process of developing strong connections to both types of strategic networks, such as product specialists (White & Poynter, 1984), international suppliers (Forsgren & Petersen, 1998), global innovators (Gupta & Govindarajan, 1991), and global marketers (Lim et al., 2006).

Finally, the third and upper sphere of influence includes subsidiaries that have acquired particularly advanced (Delany, 1998), or competence-creating (Cantwell & Mudambi, 2005) roles in the corporation. They may have world product mandates that give them full strategic responsibility for single product lines, including manufacturing, research and development, or marketing (Crookell, 1984, 1987; D'Cruz, 1986; Roth & Morrison, 1992), or they may have reached the status of centers of excellence in particular fields of expertise (Forsgren & Pedersen, 2000; Frost, Birkinshaw, & Ensign, 2002; Moore & Birkinshaw, 1998). Alternatively, they may function as strategic centers (Lorenzoni & Baden-Fuller, 1998), resource networkers (Randoy & Li, 1998), integrated players (Meyer, 2006), or full-scale divisional or regional HQ overseeing the work of several peer subsidiary units in other parts of the global corporation (Forsgren, Holm, & Johanson, 1995). In any case, these particularly active subsidiaries (Jarillo & Martinez, 1990) are strategic leaders for the corporation (Bartlett & Ghoshal, 1986) that make strong contributions to the development of firm-specific advantages (Rugman & Verbeke, 2001) and that largely participate in the prosperity of the particular nations in which they are embedded (Forsgren et al., 2005). The result is the creation of strong connections with all categories of influential actors, in both types of strategic networks.

The arrows shown in Figure 2 represent the dynamic shifts that are continuously taking place within the system. Some subsidiaries will find ways to upgrade their centrality so that their influence on MNC decisions is likely to increase. Others, on the contrary, will become complacent in the face of changing environmental contingencies, so their connections may tend to vanish over time. For some, the resulting loss in centrality means that they may start resembling the quiescent affiliates identified by Taggart (1998) and ultimately get divested (Benito, 1997, 2005; Benito & Welch, 1997; Dawley, 2007; Griffin, 2003).

Two conclusions result from this rather detailed discussion. The first is that low-power actors are not held hostage to their situations; provided the right strategies are put in place, they may be able to increase the influence they have over MNC decisions and, for example, move from undifferentiated entities to global product specialists (Meyer, 2006). The second conclusion is that three distinct domains of action can be tackled: they can increase their legitimacy, they can gain control of critical resources, and they can increase their centrality in important categories of strategic networks. Clearly, these three objectives are not independent. Resources can be seen as the fuel that is susceptible of bringing power and influence to those who do not have them. But actors without legitimacy or centrality will find it difficult to deploy resources in upper circles of influence. In the next section, we organize the literature in international management to link each of these three critical power objectives to specific means of influence.

Means of Influence: Building a Counterforce to the MNC HQ

Many studies in the international management literature have sought to identify the generic means of influence by which low-power actors are able to strengthen their place in the global circuits of power. We can identify two broad approaches to influencing the decisions of MNCs: challenging the status quo and entering political games.

Challenging The Status Quo

Not surprisingly, low-power actors have reasons to feel uncomfortable in the MNC. Some may feel intimidated by the pursuit of power and choose to remain silent until things get better or altogether cease their associations with the MNC. The case of American workers leaving the factory of a Japanese multinational because they were unsatisfied with the treatment that was continuously given to them illustrates this possibility (Elger & Smith, 1998). Others, however, continue to operate within the MNC and ultimately succeed in influencing its practices because they have found ways to challenge the status quo. They invest in the pursuit of activities that allow them to acquire new competencies and experiment in new, relatively untested markets. They work through internal channels of authority to build their profiles and enhance their reputations with power brokers at the head office. They are not held hostage by their current positions within the global hierarchy of power.

In international management literature, we can distinguish between three distinct approaches to challenging the status quo within the MNC. The first approach involves proactive initiative taking to build and develop the subsidiary, perhaps by developing new products or by bidding for new corporate investments. The second approach, profile building, consists of strategies aimed at building stronger relationships with other parts of the global company, with a view to enhancing the reputation of a subsidiary so that it can better develop in the future. The third approach, like the first, is the most radical in nature and involves low-power subsidiaries attempting to “break the rules of the game” (Markides, 2000).

Initiative taking. A burgeoning stream of literature has examined the entrepreneurial efforts of individuals and groups within the global organization (Birkinshaw, 2000; Verbeke & Yuan, 2007). In particular, Birkinshaw (1997) introduced the concept of *initiative* to explain the process by which subsidiaries are able to build specific advantages (Rugman & Verbeke, 2001) that actively revitalize their influence within the firm system (Birkinshaw, 1996, 1998, 1999; Birkinshaw & Fry, 1998; Birkinshaw & Hood, 1998; Birkinshaw, Hood,

& Jonsson, 1998). In this framework, initiatives correspond to discrete, proactive undertakings that advance a new way for the subsidiary company to comprehend and conduct its business. For example, subsidiaries can develop new products, penetrate new markets, or simply generate new ideas that have applications for other parts of the global organization. Initiatives are critical to the pursuit of power because important path dependencies affect the level of legitimacy, resources, and centrality that subsidiaries have effectively accumulated over time. These path dependencies reflect in part the idiosyncratic elements of the institutional context in which the subsidiary is located and also the past contributions of its local managers (Birkinshaw & Hood, 1997, 2001). For example, the legitimacy of certain units may be limited because the markets in which they operate contribute little to the strategic competitiveness of the MNC (Prahalad & Doz, 1987), and their resources may be constrained because subsidiary managers did things that were inappropriate in the past (Birkinshaw & Hood, 1998). Only those subsidiaries that can disrupt these important sources of rigidities can create opportunities to regain control over the trajectories that will dictate their future.

Hence, it is critical for peripheral actors to reinvent their approaches to doing business if they are to ever challenge the status quo and influence MNC strategic behavior. For instance, Sara Lee's Australian subsidiary became known within the company for its leadership on diversity issues, thus making Angela Laing, the diversity champion, a rising star. She soon became vice president of human resources for the company's worldwide household and body care division, and several others from Sara Lee Australia moved into senior positions elsewhere in the corporation (Birkinshaw, Bouquet, & Ambos, 2007). The diversity initiatives conferred significant legitimacy to Sara Lee Australia, improving its access to corporate resources and as a result its centrality within the multinational enterprise (MNE) network.

If initiatives such as these provide critical mechanisms for peripheral actors to effectively challenge the status quo in MNCs, they also tend to convey the impression that the pursuit of power involves a well-sequenced series of events: the identification and pursuit of new opportunities (Kirzner, 1997), the reorganization and creative deployment of available resources (Penrose, 1959), and potentially the acquisition and use of power (Kanter, 2004). But in reality, complex organizations such as MNCs involve a cacophony of competing initiative attempts, with actors at all levels pushing for issues of particular importance to their own strategic agendas (Ashford, Rothbard, Piderit, & Dutton, 1998; Dutton, 1988, 1997; Dutton & Ashford, 1993). For instance, subsidiary managers may use conferences, meetings, and other trade venues to increase awareness about business opportunities that exist in their home countries; to foster collaboration among themselves and other peer subsidiary units; or to showcase the specific advantages they believe they have developed over time. Likewise, subsidiary managers often travel to annual strategic forums with the view of publicizing their achievements, pushing initiatives, and soliciting resources that will bring them additional means of influence (Ling, Floyd, & Baldridge, 2005). Thus, challenging the status quo may require a complementary type of strategy, which we examine below.

Profile building. This refers to the categories of behaviors undertaken by actors to improve their images, credibility, and reputations within the MNC (Bouquet & Birkinshaw, in press; Zimmerman & Zeitz, 2002). If initiative taking is fundamentally about action taken in the external marketplace, profile building typically involves a complementary set of activities that are focused on the MNC network. To achieve legitimacy, resources and centrality objectives, low-power actors also have to work hard to shape the images and attributions that MNC construct about them and to build perceptions that their activities and solicitations are strategically important for the MNC and deserving of their scarce management attention. Bouquet and Birkinshaw (in press) identified three relevant dimensions to the concept of profile building: a strong track record of performance; a demonstration of commitment to the MNC's objectives, norms, and values; and impression management, which relates to the various communication techniques by which low-power actors may be able to control the images they actually convey to the MNC.

Although the concepts of initiative taking and profile building represent distinct approaches to challenging the status quo in the MNC, their respective modes of action are highly complementary in nature. Both approaches help the achievement of legitimacy objectives by projecting a positive "image" of the subsidiary: portraying it as a proactive entrepreneurial entity and as a reliable and committed citizen of the MNE family (Bouquet & Birkinshaw, in press; Galunic & Eisenhardt, 1996; Kostova & Zaheer, 1999; Westney, 1993). In doing so, initiatives and profile building also help the acquisition of critical resources, such as when they enable the subsidiary to pursue innovative sources of ideas and practices that become valuable to other parts of the global organization (Birkinshaw, 2000; Mudambi & Navarra, 2004; Rugman & Verbeke, 2001; Verbeke, Chrisman, & Yuan, 2007). Finally, both approaches serve the realization of centrality objectives (Andersson & Forsgren, 2000; Andersson, Forsgren, & Holm, 2001; Andersson et al., 2007; Forsgren et al., 2005; Frost et al., 2002). Unilever Indonesia partnered with the Indonesian ministry of the environment to create a "clear river program" that would substantially improve water quality in the country. Not only was this initiative entirely aligned with the core strategic objectives of the parent company, but it received an Energy Globe Award in 2005 that generated a lot of positive attention from diverse categories of influential people. In a related vein, Unilever South Africa was recently recognized by the United Nations for its comprehensive and compassionate HIV/AIDS program. Unique initiatives such as these, which directly support the maintenance of a good profile, represent important vehicles of action by which subsidiaries are able to effectively challenge the status quo within the MNE (Birkinshaw & Morrison, 1995).

Breaking the rules. The third approach to challenging the status quo is the most radical and involves the highest level of risk on the part of the subsidiary company. Unlike initiative taking and profile building, which involve working within the system to push a particular point of view, breaking the rules typically requires the subsidiary company to work around or outside the system, with a view to orchestrating a realignment of its power and position. For example, Birkinshaw (2003) described the case of Datakom's Swedish subsidiary, which in the early 1990s began to sell its competitor's hardware, along with a maintenance contract, rather than the hardware that its parent company was making. In retrospect, this turned out to be an astute change in strategy because value was migrating from hardware to services in the information technology industry, but at the time, this change was not fully understood, and the necessary changes at Datakom's HQ were not made. Another example is Dun & Bradstreet (D&B) Australia, whose managing director revisited the rules on how the Australian subsidiary's initiatives would be funded and concluded that it would make more sense to source funds from local venture capitalists than from the MNC itself. So rather than compete for corporate attention with other subsidiaries in the D&B system (Birkinshaw et al., 2007), she pushed for a new model whereby the MNC would compete with alternative forms of funding on the open financial market. This novel and risky approach required a change in perspective in terms of how the subsidiary conceived its association with the MNC network. On one hand, the brand name was a useful asset to keep, but on the other hand, the rigidities involved in operating within the current system were enormous, as corporate investments systematically appeared to flow toward major markets in Europe and the United States. The CEO of D&B Australia managed to resolve this dilemma through the organization of a well-conceived management buyout that resulted in a positive outcome both for the local affiliate and the parent company overall.

Although this type of unorthodox and high-risk behavior may not be unusual, there are relatively few examples documented in the academic literature, perhaps because it involves subsidiary managers pushing against the official norms of the MNC. Such behavior is often celebrated when the outcome is successful, but when it goes wrong, the individuals responsible are branded as loose cannons or empire builders who manipulate the rules to justify their self-serving actions (Taplin, 2006). Many peripheral actors in large global organizations could choose similar approaches, but often, they are reluctant to do so because the required change in perspective is too risky to contemplate. The safest approach always consists of finding better ways to compete within the existing system, but it can also result in missed opportunities and overlooked avenues to pursue power in the MNC. A more radical approach, similar to the one pursued by D&B Australia, consists of discarding the rules affecting the order of the old system and replacing it with a new one (Markides, 2000).

In terms of the three sets of objectives in Table 1, breaking the rules represents a way for the subsidiary to develop external legitimacy beyond the boundaries of the MNC, for example, with other actors in its local environment, and then to make use of that legitimacy as a means of enhancing its standing and reputation internally. Breaking the rules is a means of gaining access to additional resources that lie beyond the MNC's boundaries (Pfeffer & Salancik, 1978). It can also be a means of generating centrality for the subsidiary through external embeddedness (see Figure 2), though often at the expense of its embeddedness vis-à-vis other corporate actors.

Entering Political Games

Complex organizations such as MNCs are often recognized as resembling highly political arenas in which power games continuously take place (March, 1962; Mintzberg, 1985). This is because various factions, coalitions, and cliques are continuously trying to influence one another to advance the interests of their members (Aaker & Joachimsthaler, 1999; Allison, 1971; Ferris & King, 1991; Ibarra, 1993; Tichy, Tushman, & Fombrun, 1979). As a result, important decisions are likely to reflect political motives, rather than more objective considerations of all parameters involved (Pfeffer, 1992). For instance, Ferris and Judge (1991) suggested that managers often support the initiatives and strategic proposals of colleagues with whom they share similarities because doing so may help further strengthen the influence they have on the organization.

Hence, the pursuit of power resembles a political game that involves intentional acts of influence to enhance or protect the self-interest of individuals or groups. Research dedicated to analyzing this phenomenon in MNCs is relatively scarce, partly because the corresponding data are difficult to collect and also because their dynamics evoke images of dysfunctional behaviors that do not fit very well with existing traditions of MNC research (Dorrenbacher & Geppert, 2006). Nevertheless, power plays affect the structure of influence in MNCs (Doz & Prahalad, 1991). As Morgan and Kristensen recognized,

> the MNC as a totality may be seen as a highly complex configuration of ongoing micro-political power conflicts at different levels in which strategizing social actors/groups inside and outside the firm interact with each other and create temporary balances of power that shape how formal organizational relationships and processes actually work in practice. (2006: 1473)

Reflecting this point of view, Dorrrenbacher and Gammelgaard (2006) discussed the example of a subsidiary initiative that was met with resistance at corporate HQ, not because its economic underpinnings were ill founded but most likely because it had the potential to disrupt power hierarchies that were already in place within the firm. Lobbying efforts within the firm (and associated patterns of rivalry) led factions at HQ to argue that the subsidiary management was incapable and overly paternalistic in its mode of approach. The unit responsible for the initiative was shut down, and its responsibilities transferred to another peer unit. Birkinshaw (2000) used the imagery of a corporate immune system to explain incidents of this type.

Power games permeate MNC decisions. For instance, subsidiaries play games when they seek to be favored in budgeting and head-count decisions (Mueller, 1996; Mueller & Purcell, 1992) or during the allocation and reorganization of value-added mandates (Dorrenbacher & Gammelgaard, 2006; Galunic & Eisenhardt, 1996; Geppert & Williams, 2006). In particular, they can choose to behave in a "boy scout" way and implement all of the benchmarks and practices that the head office recommends or treat the MNC as just one, albeit important, arena in which to participate (Delany, 1998; Kristensen & Zeitlin, 2005) and evoke special circumstances inherent to their local contexts to interpret corporate directions in ways that best fit their interests (Ferner, 2000; Tempel et al., 2006). They can decide to involve HQ in the resolution of all ongoing problems or, alternatively, act as gatekeepers, filtering, summarizing, and representing information to create positive stories around their performance (Morgan & Kristensen, 2006).

To date, however, few efforts have been made to organize this literature in a way that helps visualize the alternative types of games in which low-power actors participate. Morgan and Kristensen (2006) discussed the micro-political dynamics that arise when particular head-office practices threaten the positions of subsidiaries in the firm system. They distinguished between two types of head-office practices and the variety of lobbying responses that emerge around them. These include information sharing and collective resistance through covert and overt mechanisms, drawing together managers, employees, and local institutions; aggressive bargaining for advantages using local institutional contexts; and unorganized or even ineffective resistance. Although this typology is useful, it is more directly focused on visualizing the short-term (temporary) lobbying efforts of actors who already command significant degrees of power in the organization. For these authors, the emphasis is on protecting established positions rather than acquiring them in the first place. In addition, studies discussing the concept of micro-politics in MNCs do not particularly illuminate the cost and benefits involved with alternative types of moves; so again, their usefulness for low-power actors is unclear.

Therefore, for the purpose of our synthesis, we propose a typology that can help remedy these limitations. We classify power games according to two dimensions. The first dimension reveals whether particular strategies involve *individual efforts or collective modes of action*. The second dimension assesses whether any particular move involves the *resolution of simple, complicated, or complex problems* (Westley, Patton, & Zimmerman, 2006). Although this classification is inevitably subjective, Figure 3 shows the specific power games obtained through combining each of the two dimensions.

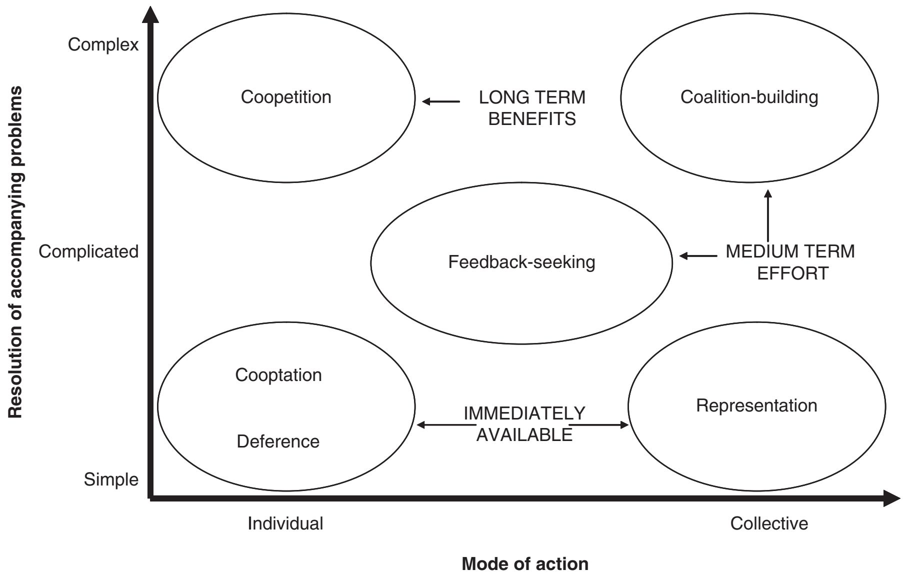
Deference. This type of game is immediately available to low-power actors. It consists of yielding to the opinion, judgment, and demands of higher status individuals. It can involve behaviors that range from silent respect, to simple demonstrations of esteem and regard, to the adoption of particularly submissive behaviors. An extensive literature in social psychology suggests that people in relatively low-power situations often decide to stay that way, despite the demeaning and unpleasant situations involved (Lipman-Blumen, 2005). As recognized by Pfeffer and Fong (2005), perhaps few alternatives exist to change the status quo. For many peripheral subsidiaries, being subject to the will and domination of MNCs constitutes a more enviable position than being entirely ignored. Another possible explanation for why low-power actors choose a strategy of deference involves the possibility of escalating commitment. Once particular sets of actors have chosen to accept their situations of dependence, they often tend to reconstruct or rationalize their situations as being not so bad (Salancik, 1977).

But notions of power games offer another perspective on the motivations that may underpin concepts of deference. The vast literature on subsidiary evolution indeed argues that one reason foreign affiliates often behave as boy scouts who strictly follow the demands of the head office regardless of all other circumstances is their belief that such deference will yield substantial positive outcomes, including greater legitimacy, improved access to corporate funds, less control, and more attractive career opportunities (Delany, 1998; Kristensen & Zeitlin, 2005; Morgan & Kristensen, 2006). As the literature on ingratiation also suggests, people find it difficult to dislike those who think highly of them (Jones, 1964; Westphal, Boivie, & Ching, 2006).

Theories of social exchange provide another reason why deference can ultimately yield some level of influence to low-power actors. For example, the norm of reciprocity suggests that when individuals are systematically obeyed by their subordinates, they feel flattered and socially obligated to consent them favors at some point, when opportunities present themselves. Indeed, this probably explains why organizational newcomers (who, like most categories of low-power actors, have little legitimacy and few resources at their disposal) typically show great deference to their superiors. Implicitly, they hope that their continuing demonstrations of respect will eventually bring them rewards and added influence that would have been difficult to achieve through other means (Vonk, 2002).

Although we do not deny the possibility that deference may at times create such positive momentum, this immediate type of game is naturally limited in two important ways. First, a

Figure 3
Mapping the Dynamic Games in Which Low-Power Actors Participate



situation of deference seriously complicates the possibility of effectively challenging the status quo in the MNC. Any initiative that low-power actors will take could be perceived as a sign of subversion that disrupts the established line of command. Moreover, once MNCs have gotten used to dominating particular sets of actors, they may be less inclined to see value in their contributions and innovative potential. Morgan and Kristensen (2006) discussed a second type of problem associated with the act of deference, which actually pushes actors to restructure their activities according to the particular set of demands that MNCs impose on them. To the extent that such demands are not idiosyncratic to each actor, the result is that low-power actors inevitably start to look like identical clones of one another, shedding further doubt on their real capacity to achieve any influence with MNCs. Surely, alternative types of power games must exist.

Cooptation. This game, which we interpret here as one of bringing influential outsiders into one's network of influence (Pfeffer, 1981; Pfeffer & Salancik, 1978), can also be implemented rapidly without significant expenditures of time and effort (Allen, 1974; Burt, 1983; Westphal, 1999). An example of cooptation is a subsidiary decision to make the exporting of talent a cornerstone of its power game strategy (Birkinshaw et al., 2007). Each year, the CEO of Yum Australia recommended three senior managers for key assignments outside the country; as these individuals started to excel in their new roles, the reputation of Australian executives began to grow, and so did the number of influential actors who became sympathetic to the initiatives of the local subsidiary. The Brazilian subsidiary of Unilever also views itself as a net provider of talent. In the last few years, it has exported 83 Brazilian managers to various parts of the global organization, while 70 managers from other countries have joined the local company. The cooptation of elites serves two major purposes in these cases: It facilitates the continuous exchange of information and expertise between the local subsidiary and the MNC, and it provides a stable connection to individuals in position of power. In this case cooptation essentially puts the spotlight on the subsidiary's achievements and contributions, so that new levels of influence can be achieved.

Representation. Another type of game that is quickly available to low-power actors consists of asking a collective of advocates to defend their views and interests on particular sets of issues. Using such representatives can confer many advantages to low-power actors, including greater scale and legitimacy, better resources, and improved access to important networks of influence. For instance, peripheral units in large organizations often ask unions and work council systems to represent their views in collective bargaining negotiations and hopefully secure more favorable conditions in the MNC (Butler, 2005; Gunnigle, Collings, & Morley, 2005; Looise & Drucker, 2002; Martinez Lucio & Weston, 1994). Outside the organization, NGOs can also assist low-power actors in many ways, as various studies suggest (Eden, 2004; Egels-Zandén & Hyllman, 2006; O'Rourke, 2005; Rondinelli, 2002; Teegen et al., 2004). An alternative and less obvious form of representation consists of using third parties (mentors or peer subsidiary units) to convey oneself and one's actions in a positive light (Inman, McDonald, & Ruch, 2004; Pfeffer & Fong, 2005; Pfeffer, Fong, Cialdini, & Portnoy, 2006; Yavas, Miceli, & Sirmans, 2001).

Sometimes, low-power actors are unable to achieve much influence on MNC decisions because they may be too modest about their qualities and thus reluctant to engage in games of self-promotion. Heine and Lehman (1997), for instance, showed that Japanese employees are often reluctant to convey the value of their achievements compared with employees based in other nations, such as Canada. And when low-power actors do in fact engage in games of self-promotion, it is always possible that such efforts will be perceived negatively by others (Wortman & Linsenmeier, 1977). Using intermediaries, on the other hand, can resolve this issue while providing more credible claims of competence (Pfeffer et al., 2006). Consistent with this point of view, Birkinshaw et al. (2007) discussed the case of an Australian subsidiary asking European colleagues to publicize its latest initiative before soliciting further sources of funding from corporate HQ. These games of representation reflect the earlier arguments made by Inman et al. (2004) that people who hear third-person descriptions of positive attributes ("These people are doing great things") rather than first-person accounts ("Look at all the great things I have done in the past") are more likely to believe in the type of competence that is being signaled.

Coalition building. Compared with representation, the game of coalition building involves the mobilization of a much more complex set of power influences. The game is played by many different categories of social actors that have decided to purse power as a collective entity, as with research and development consortia, industry alliances, trade associations, and formal political alliances (Barnett, Mischke, & Ocasio, 2000; Westley et al., 2006).

In MNCs, it is useful to distinguish between at least two types of coalition-building efforts (Money, 1998). The first type involves the formation of relationships for which a broad sense of purpose exists. For instance, political scientist Alison Brysk (2000) related how tribal villages within Ecuador, Brazil, Mexico, Nicaragua, and Bolivia united their force to revive their social identity, thus creating a "transnational Indian rights movement" that could more effectively counteract the initiatives of all-powerful MNCs. Likewise, Detomasi (2007) discussed how civil society groups align their strengths and interests with country governments and a representative set of interested MNCs to create global public policy networks that can promote the adoption of advanced practices in such areas as labor rights, environmental standards, and economic and social working conditions. The second type of coalition involves the formation of relationships that specialize on more narrow objectives. In this regard, numerous studies have documented how particular coalitions of workers, employers, public officials, and community groups were able to stop MNCs in their decisions to proceed with specific strategic acquisitions (Jonas, 1992). Berry (2003) also documented how members of a poor, minority community neighborhood in rural Louisiana formed coalitions with local, state, and national agents and organizations to defeat the strategic plans of a Japanese multinational company to build a hazardous $700 million chemical facility in the vicinity. A common feature among all these coalition stories is that low-power actors succeed through their ability to influence international public opinion, a process that is facilitated by the increasing availability of such communication technologies as cellular phones, e-mail, the Internet, and airplanes. Their capacity to form good interpersonal relationships is also critical to success, and thus so is their motivation to work with others in the pursuit of important collective goals, much like in a game of good guanxi (Chen, Chen, & Xin, 2004; Chung, 2006; Li, 2004).

Feedback seeking. Through the course of their strategic development, low-power actors may decide to engage in the "conscious devotion of effort toward determining the correctness and adequacy of behavior for attaining valued end states" (Ashford, 1986: 466). Perhaps the games they have played so far involved relatively few interactions with MNCs, so it is still relatively difficult to take actions that can effectively challenge the status quo. They may be unsure about the types of initiatives that could constitute valuable contributions for the MNC and even about the types of behaviors that underpin their assumptions of what constitutes a good profile.

Feedback-seeking strategies can reduce this uncertainty by improving the understanding of what areas truly need to be worked on (Gupta, Govindarajan, & Malhotra, 1999). Low-power actors have two distinct feedback strategies to contemplate (Ashford, Blatt, & VandeWalle, 2003; Ashford & Cummings, 1985). First, they can *monitor* the MNC environment to obtain cues that can be used as input to their initiative-taking and profile-building strategies. For example, subsidiaries may use internal corporate systems and benchmarking studies to understand how they rank in relation to their peer units and invest in the pursuit of activities that address a relatively new, untapped market. In this strategy, the pursuit of power is similar to a game of sense making that requires a fair deal of interpretation, inference, and vicarious learning (Ashford & Cummings, 1983: 382-383). Second, low-power actors can also use the interactions they have with MNC HQ to directly *inquire* about the kind of activities and contributions that would make the greatest impact on the MNE's operations. This strategy would correspond to a game of consultation in which low-power actors and MNCs jointly explore the possibility of mutually beneficial futures.

Although both approaches involve risks (e.g., the possibly of MNC HQ providing little actionable feedback or extremely negative views of what low-power actors are capable of doing), we believe that feedback seeking constitutes an important route to power that should not be neglected.

Coopetition. This constitutes the least available (and most complicated) type of game, which can be achieved only after low-power actors have developed some other way of leveraging their legitimacy, resources, and centrality in the MNC. It involves the simultaneous pursuit of cooperation and competition with other parts of the global firm (Luo, Slotegraaf, & Pan, 2006; Luo, 2005, 2007). Through cooperation, low-power actors find opportunities to work with the MNC on the achievement of mutually beneficial outcomes. The extent of cooperation may of course be limited at first and orientated toward fulfilling concrete strategic tasks and objectives. For instance, Kennedy (2007) described how local affiliates started to leverage particular sets of connections they had developed in their immediate vicinity to help the MNC influence the public policies of the host environment. Ultimately, cooperation may evolve toward more sophisticated partnerships that provide significant benefits to all parts involved. For example, von Hippel (1987) demonstrated that cooperation among units can improve each unit's profitability. Through competition, actors who used to be very weak, isolated, and dominated now find ways to compete with peer subsidiary units to advance their cause in the MNC (Birkinshaw & Lingblad, 2005; Galunic & Eisenhardt, 1996).

As a result of this discussion, we can conclude two things: First, the typology presented in Figure 3 is a powerful way of visualizing the micro-politics at play within the MNC. Any subsidiary hoping to gain legitimacy, resources, and centrality in the MNC must decide which games to join and what roles to play in them. That is not a straightforward challenge in itself. For instance, the games of deference and feedback seeking may support the pursuit of legitimacy objectives, but they also pose the risk of reinforcing established power structures and one's situation of dependence. The games of cooptation, representation, and coalition building are more consistent with resources and centrality objectives, but they create the possibility of creating antagonistic relationships within the MNC. The coopetition game potentially contributes to all three sets of objectives simultaneously (legitimacy, resources, and centrality), but it is also the most complicated to play.

Second, most likely, power games also constitute interdependent parts of a larger system. It is indeed naive to assume that pursuing any strategy in isolation will lead to significant and sustainable results over meaningful periods of time. For Westley et al. (2006), the redistribution of power is more adequately conceptualized as a larger game of "social innovation" that involves three overlapping and intertwined areas of action: developing connections, confrontation, and learning how to collaborate with powerful allies. More important, these authors demonstrated that success in each area requires excellence along several important dimensions, which include the ability for complex thinking, a process that involves embracing paradoxes and multiple perspectives when interacting with the world and oneself, the capacity to keep alive the vision and passion that motivated the desire to effectuate change, and the capacity to stand still in the middle of chaotic actions, a type of skill others call "resilience." In this perspective, entering political games involves a much more holistic enterprise than the discrete power tactics, be it lobbying or outright resistance, that are sometimes portrayed in MNC literature.

Discussion and Conclusions

In this article, we have pulled together a large and often fragmented body of literature into a single conceptual framework that separates out the objectives of low-power actors in the MNC networks (their ends) and the strategies or tactics they pursue to achieve those objectives (their means). Clearly, the framework presented in this article does not offer normative prescriptions that can help the formulation of power strategies. But it offers a systematic organization and synthesis of existing literature that facilitates the evaluation of available options. This framework has theoretical and practical implications and suggests some important angles for future research.

Implications for Theory

The primary value of our framework is organizational: By placing prior studies into specific categories, their strengths, as well as their biases and their limitations, become clearer. This approach allows us to see more clearly where the opportunities for further research lie, most notably the need for insights into the strategies used for breaking the rules as a means to depart from the status quo. It also shows important links between previously disconnected studies; for example, many of the studies addressing low-power host governments and NGOs have important commonalities with studies of foreign subsidiaries, and each side can potentially learn from the other.

Our conceptual framework has broader implications for organization theory as well. As we observed in the introduction, the MNC is an exciting context in which to conduct organizational research because it highlights the distinctions between subsidiary units and their corporate parents in ways that are often lost in more geographically concentrated or smaller organizations. But in essence, most of the issues described in this article are directly applicable to other research contexts that do not span national boundaries. Any branch office or operating unit has some degrees of freedom on the basis of its distinctive capabilities and/or its network position, and although they often lack the geographical separation, or the distinct legal form that foreign subsidiaries have, they can potentially follow the same strategies. We would therefore anticipate that our framework has useful implications for the corporate entrepreneurship literature, for studies of legitimacy in large multiunit organizations, and for social network-based models of organization.

The corporate entrepreneurship literature, for example, is mostly concerned with understanding the tactics individual entrepreneurs use to pursue their ideas and gain support from key stakeholders and to some extent with the aspects of the organization context that facilitate or hamper their efforts (Kanter, 1983; Pinchot, 1985). But it typically misses out on the bigger picture: the strategic implications of the initiative that the entrepreneur is pursuing or its political implications in terms of the shifting power bases in the company. The framework developed here reminds entrepreneurship scholars of the importance of this broader set of issues. In contrast, the academic literatures on legitimacy and social networks are often highly descriptive in nature and focus on the broad set of forces that shape social structures, with relatively little attention paid to the role of individual agency. Although there are signs that this is changing (e.g., DiMaggio, 1988), there is still a need for considerably more attention to be paid to the role of individual actors in shifting the power balance within complex networks. Also, characteristics of the particular contexts in which subsidiaries operate affect their ability to pursue power effectively. Cantwell and Mudambi, for example, found that subsidiary managers who are part of an acquired group experience greater difficulty in their attempt to influence the head office, compared with their colleagues in established subsidiaries, "whose ties and identification with the parent group go back longer" (2005: 1115). Future research can investigate what particular set of contingencies affect the relative effectiveness of the various approaches presented in our framework.

Implications for Practice

At an applied level, the implications of the framework should be fairly self-apparent. Many low-power subsidiary companies accept their status in the MNC network and make no significant efforts to change their situation. Others pursue specific initiatives from a narrow perspective, perhaps building on the tactics they have always pursued in the past. This framework shows just how diverse the opportunity set facing low-power actors can be: There is a range of specific options for challenging the status quo, and there is also a complex, multifaceted game that can be played out with HQ and with other actors that can help shift the subsidiary's power position over the long term. The framework also underlines the important point that for a low-power actor to increase its power, the process is long and takes place over multiple stages.

There are also important implications for HQ managers and the managers of subsidiaries with high levels of centrality and power. Attempts by low-power subsidiaries to increase their power are typically met with resistance, sometimes in a highly passive way (e.g., by disinterest or requests for additional information) and sometimes more decisively (e.g., by moving or dismissing the subsidiary manager). But because the channels of power in large MNCs are complex and multifaceted, there is often a way for a persistent subsidiary manager to find his or her way through the system. Moreover, there are also some enlightened HQ managers for whom such attempts at shifting the power base in the MNC are welcome. For example, in one company we are familiar with, the CEO made the conscious decision to reduce the power of the Amsterdam-based HQ and to create in its place a dual-core HQ split between Amsterdam and Beijing. Although this is a highly unusual move, there are other examples of MNCs whose executives have chosen to accept diminutions of their power bases in return for overall improvements in the effectiveness or efficiency of the MNCs as a whole.

Conclusion

In sum, the purpose of this article was to integrate and synthesize the literature on power and influence in MNCs, in particular to focus on the strategies pursued by low-power actors as they seek to increase their influence and status. By separating out the ends and means of such low-power actors, we were able to organize the literature in a novel and hopefully useful way. We were also able to show some important commonalities between different bodies of literature that, from their own vantage points, are actually addressing very similar issues.

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