Colman, H. L., Grøgaard, B., & Stensaker, I. G. (2022). Organizational identity work in MNE subsidiaries: Managing dual embeddedness. Journal of International Business Studies, 53(9), 1997-2022.

Colman, H. L., Grøgaard, B., & Stensaker, I. G. (2022). Organizational identity work in MNE subsidiaries: Managing dual embeddedness. *Journal of International Business Studies*, *53*(9), 1997-2022.

Chicago

ORGANIZATIONAL IDENTITY WORK IN MNE SUBSIDIARIES: MANAGING DUAL EMBEDDEDNESS

Professor Helene Loe Colman

Department of Strategy and Entrepreneurship, BI Norwegian Business School

Nydalsvn. 37, 0442 Oslo, Norway

+47 46 41 04 62

Helene.l.colman@bi.no

Professor Birgitte Grøgaard

Department of Strategy and Entrepreneurship, BI Norwegian Business School

Nydalsvn. 37, 0442 Oslo, Norway

+47 46 41 05 35

Birgitte.Grogaard@bi.no

Professor Inger G. Stensaker

Department of Strategy and Management, NHH Norwegian School of Economics

Helleveien 30, 5045 Bergen, Norway

+47 99 79 21 27

inger.g.stensaker@nhh.no

ABSTRACT

This paper adopts an organizational identity work perspective to examine how MNE subsidiaries manage dual embeddedness to strategically position themselves in both their local context and in the global MNE. Prior research suggests that although dual embeddedness provides benefits, it also brings challenges, as subsidiaries must effectively balance external pressures and expectations with internal ones. Through a qualitative case study of organizational identity work in the subsidiaries of a Norwegian MNE we reveal the process through which subsidiary members manage dual embeddedness in their day-to-day work. We develop a model that conceptualizes organizational identity work in MNE subsidiaries as an ongoing process, one that enables the subsidiary to position itself as a legitimate actor across contexts, while reproducing the perceived tensions of dual embeddedness. This combination thus continually fuels organizational identity work. Our findings have both theoretical and managerial implications. We provide important theoretical insight into how MNE subsidiaries achieve flexibility to position themselves as globally and locally embedded. For managers, this implies that trying to remove the tensions of dual embeddedness—for instance, by privileging the global above the local—may hinder flexibility.

ORGANIZATIONAL IDENTITY WORK IN MNE SUBSIDIARIES: MANAGING DUAL EMBEDDEDNESS

Subsidiaries of multinational enterprises (MNEs) are embedded in dual contexts. On the one hand, MNE subsidiaries are embedded internally in the MNE and strive to accommodate expectations from headquarters (HQ), positioning the subsidiary as a legitimate and influential actor within the global MNE network (Narula, 2014). On the other hand, MNE subsidiaries are embedded externally in their local business community, where they need to engage actively to secure access to, and understanding of, local networks and resources (Rugman & Verbeke, 2001; Rugman, Verbeke, & Nguyen, 2011). MNE subsidiaries thus need to balance strong MNE interdependencies with the ability to foster local identity and domestic linkages (Edman, 2016; Meyer, Mudambi, & Narula, 2011; Ryan, Giblin, Andersson, & Clancy, 2018).

While the differing needs of subsidiaries' internal and external embeddedness can create tensions and conflicts in the subsidiary (Achcaoucaou, Miravitlles, & León-Darder, 2014; Ciabuschi, Holm, & Martín, 2014; Narula, 2014; Stendahl, Schriber, & Tippmann, 2021), dual embeddedness may also provide the subsidiary with opportunities to tap into unique local contexts to develop new knowledge (Ryan et al., 2018). As well, it enables the subsidiary to leverage firm-specific advantages (FSAs) across multiple markets (Rugman, Verbeke, & Yuan, 2011). Notably, the opportunities and challenges of embeddedness in multiple contexts have been extensively examined in the IB literature, particularly from an MNE perspective (Meyer et al., 2011; Narula, 2014). However, despite abundant research, we have limited insights into the ongoing dynamics of managing subsidiary dual embeddedness—that is, the processes through which subsidiaries manage and legitimize their position vis-á-vis the MNE and their local business environments (Ryan et al., 2018). Recently, scholars have called for more studies on micro-processes in MNE subsidiaries (Stendahl et al., 2021), in particular studies that take a specific subsidiary perspective and highlight the role of subsidiary agency (Meyer, Li, & Schotter, 2020). A better understanding of subsidiary micro-processes can enhance MNE subsidiary management by foregrounding how subsidiaries manage duality on a daily basis.

In this paper, we bring to the fore organizational identity work in MNE subsidiaries. Organizational identity work is defined as the creating, maintaining, sharing and/or changing of

organizational identity (Kreiner, Hollensbe, Sheep, Smith, & Kataria, 2015). This work enables organizational members to reconcile tensions (Giorgi & Palmisano, 2017) and deal with conflicting demands (Clegg, Rhodes, & Kornberger, 2007). Organizational identity work provides a fruitful lens to study how subsidiaries manage dual embeddedness as it allows for the exploration of the processes through which subsidiaries respond to needs and tensions arising from different contexts (Fortwengel, 2021, Pant & Ramachandran, 2017). While organizational identity work has gained increasing attention in the MNE literature, we have limited knowledge of organizational identity work as a distributed phenomenon at the subsidiary level. Building on the nascent literature on MNE organizational identity work, we focus here on the subsidiary-level processes to augment our understanding of how dual embeddedness plays out as subsidiaries manage perceived demands. We argue that this requires sensitivity to the socially constructed, distributed, and self-reflective processes involved in organizational identity work; it also demands an approach that captures the sensemaking processes involved at all levels of the subsidiary.

Through a qualitative field study, we ask: How do subsidiaries manage their dual embeddedness through organizational identity work? We draw on data from three subsidiaries within the same MNE and develop an emergent model depicting the micro-process[1] of subsidiary identity work. We find that subsidiary identity work involves continually shifting between rejecting and embracing the MNE identity, which allows the subsidiary flexibility to position itself both as a global and local entity. Moreover, through organizational identity work, perceptions of dual embeddedness are reproduced, which in turn triggers further organizational identity work.

Our findings make important contributions to the literature. First, we contribute to the MNE multiple embeddedness literature by theorizing organizational identity work as the process through which subsidiaries maintain both internal and external legitimacy, thus addressing the call for research on subsidiary level micro-processes (Meyer et al., 2020; Stendahl et al., 2021). Second, we challenge the conception that MNE subsidiaries strive to develop identities that are *either* global or local (Clark & Geppert, 2011), *either* dependent or independent of the MNE (Balogun, Jarzabkowski, & Vaara, 2011). We do this by recasting how subsidiaries manage dual embeddedness as continual and dynamic organizational identity work, rather than as maneuvering to align with changing institutional logics

4

through sequential shifts over time (Pant & Ramachandran, 2017). Third, we contribute to the growing literature on the dual embeddedness of MNE subsidiaries by conceptualizing it as socially constructed. Our social constructivist approach sheds new light on why different global and local demands may be perceived as tensions (Ambos, Fuchs, & Zimmermann, 2020) or as advantages and disadvantages of foreignness (Edman, 2016). Finally, we contribute to the growing literature on organizational identity work by theorizing the specific processes this work involves in complex and pluralistic organizations (Anteby & Molnár, 2012; Brown & Toyoki, 2013).

AN IDENTITY WORK PERSPECTIVE ON MANAGING MULTIPLE EMBEDDEDNESS

The Challenges and Opportunities of Dual Embeddedness

MNE subsidiary dual embeddedness has been extensively researched over the past decades (Kostova, Marano, & Tallman, 2016; Meyer et al., 2020; Stendahl et al., 2021). For an MNE subsidiary, external embeddedness in local business communities goes beyond the mere presence in the local context. Building local relationships and developing legitimacy to engage and interact successfully with local business communities often require independence from the MNE (Birkinshaw & Hood, 1998). Legitimacy in the local business community allows subsidiaries to tap into and exploit unique local resources, contributing to local knowledge creation that can result in FSAs that benefit the entire MNE (Andersson, Forsgren, & Holm, 2001; Narula, 2014; Rugman, Verbeke, & Nguyen, 2011; Ryan et al., 2018). While greater subsidiary autonomy gives the subsidiary flexibility to act on local opportunities (Birkinshaw & Hood, 1998), too much autonomy can alienate the subsidiary from the rest of the MNE and lead to extensive negotiations with HQ to secure sufficient resources (Dörrenbächer & Gammelgaard, 2010).

MNE subsidiaries are also internally embedded, relying on HQ and other subsidiaries within the global MNE for managerial support, knowledge, and resources (Ambos, Andersson, & Birkinshaw, 2010; Dörrenbächer & Gammelgaard, 2016). Subsidiaries that are not aligned with the rest of the MNE on goals and objectives also experience greater uncertainty and challenges related to the internal applicability and transferability of knowledge developed locally (Achcaoucaou et al., 2014; Isaac, Borini, Raziq, & Benito, 2019).

5

These potential tensions are not necessarily resolvable but nevertheless warrant attention on the processes that help subsidiaries embrace them (Ambos et al., 2020). While it is widely recognized that geographically dispersed subsidiaries are essential for knowledge that MNEs seek to develop and leverage across markets (Narula, 2014; Nell, Kappen, & Laamanen, 2017; Rugman, Verbeke, Nguyen, 2011), few studies have examined the subsidiary micro-processes that influence higher-level decisions (Meyer et al., 2020; Ryan et al., 2018). It is increasingly recognized that MNE subsidiaries are shaped by their assigned mandates and roles, but they also engage in micro-processes to gain influence over MNE-level decisions (Birkinshaw & Hood, 1998; Meyer et al., 2020; Stendahl et al., 2021). From the subsidiary perspective, internal interdependencies enhance the subsidiaries' abilities to leverage their locally developed knowledge within the MNE. This can take place through issue-selling and subsidiary initiative-taking (Birkinshaw, 2000; Dörrenbächer & Gammelgaard, 2016), or through other means to gain influence and resources, and strengthen their power vis-á-vis other MNE subsidiaries (Balogun, Fahy, & Vaara, 2019; Bouquet & Birkinshaw, 2008; Geppert, Becker-Ritterspach, & Mudambi, 2016). For instance, subsidiary managers can engage in political negotiating processes to construct their relationship to the MNE as independent or interdependent (Balogun et al., 2011).

Organizational Identity and Organizational Identity Work

Organizational identity is a "self-referential concept defined by the members of an organization to articulate who they are as an organization to themselves as well as outsiders" (Tracey & Phillips, 2016: 742). These articulations refer to the attributes that organizational members perceive to be central to the organization's character, relatively enduring over time and that make the organization distinct from other organizations (Albert & Whetten, 1985; Gioia, Patvardhan, Hamilton, & Corley, 2013). Organizations typically strive to develop an attractive identity, one that will position the organization in the social context as both similar to, and distinct from, relevant other organizations. Thus, organizational members often choose to focus on identity attributes they perceive to be particularly attractive (Elsbach & Kramer, 1996) or that are constantly accessible to them (Hsu & Elsbach, 2013). The dual embeddedness of MNE subsidiaries provides them with exposure to attributes that could be perceived as variously attractive or accessible. Additionally, MNE subsidiaries are presented with potentially conflicting demands—some

from the internal MNE context and others from the local external business environment—that challenge the development of one coherent organizational identity (Corley, 2004). This conflict is significant as developing shared organizational identity is considered important to providing direction and aligning action in organizations.

Creating and maintaining a shared sense of "who we are" as an organization involves organizational identity work (Fortwengel, 2021; Kreiner et al., 2015). In the broader management literature an increasing number of studies examine organizational identity work following disruptive events that result in identity crises or ambiguity. This includes topics such as: mergers and acquisitions (Drori, Wrzesniewski, & Ellis, 2013), changing markets and turnarounds (Schultz & Hernes, 2013), negative evaluations of the organization by its external stakeholders (Tracey & Phillips, 2016), the emergence of identity-challenging technology (Tripsas, 2009), and the appointment of controversial leaders (Kreiner et al., 2015). Such disruptive events trigger organizational members to engage in identity work to restore their self-concept and affirm the core purpose of their organization (Dutton & Dukerich, 1991).

However, for complex organizations such as MNEs, tensions are not only elicited by sudden events. MNEs and their subsidiaries are, by their very nature, exposed to potential tensions that arise from their multiple embeddedness (Meyer et al., 2011). In MNE subsidiaries, organizational identity work implies constructing self-perceptions that provide legitimacy and differentiation both within the internal MNE network and the external local business context (Pant & Ramachandran, 2017). Extant research has approached this duality by underscoring that subsidiaries seek to resolve tensions through an emphasis on the attributes derived from one context more than the other. For example, Vaara and Tienari (2011) suggest MNEs (and their subsidiaries) shape perceptions of either a global or a local identity to diffuse this tension. Clark and Geppert (2011) propose that subsidiaries have two distinct identities that determine how they relate to the MNE. First, the "local patriot" identity frames the subsidiary as rooted in the local context and distant from the MNE, with values reflecting self-reliance and the importance of strategic autonomy. Second, the "cosmopolitan player" stresses accepting the MNE's know-how and practices, values strategic cooperation with the MNE, and signals a willingness to commit to the MNE. Challenging the view of nested and cascading MNE identities, Fortwengel (2021)

7

examines how organizational members of MNE subsidiaries and HQ engage in organizational identity work to develop a shared MNE identity. Based on a longitudinal study of a German MNE, he asserts that MNEs develop meta-identities through interactions between HQ and subsidiaries. This meta-identity is broad enough to accommodate different local interpretations of the overarching MNE identity.

While multiple organizational identities typically are seen as problematic, providing the grounds for conflicts and inefficiencies (Glynn, 2000; Golden-Biddle & Rao, 1997), they may also give organizations flexibility to address complex and changing environments (Albert & Whetten, 1985). For instance, managers in MNEs may mobilize cultural stereotypes in identity work, thus enabling them to influence HQ–subsidiary relationships (Koveshnikov, Vaara, & Ehrnrooth, 2016). Alternatively, subsidiaries may leverage their foreign identity in the host-country market, accentuating attributes available to them from the MNE context, to gain advantages (Edman, 2016). Thus, the dual embeddedness of MNE subsidiaries may provide them with flexibility—they have a larger set of accessible attributes from which to construct their organizational identity.

Pant & Ramachandran (2017) found that organizational identity work sustains a dynamic balance between the needs of the local context and the MNE. They examined the speeches made over half a century by the chairmen of Hindustan Unilever to show that organizational identity work consisted of two modes: 1) interchangeably privileging one identity while subordinating the other for a certain time period, and 2) integrating contradictory identity claims while acknowledging their distinction. While their study provides unique insights into the evolution of official and projected organizational identity from the perspective of top managers, organizational identity that is developed at the upper echelons of the subsidiary may be at odds with the organizational identity constructed among employees (Anteby & Molnár, 2012; Corley, 2004). Indeed, organizational members may outright resist projected organizational identity as communicated by top managers (Clark, Gioia, Ketchen, & Thomas, 2010; Humphreys & Brown, 2002).

To sum up, we seek to better understand how subsidiaries manage dual embeddedness through organizational identity work. The identity work lens draws our attention to how subsidiary members construct the notion of "who we are", which is important as it influences their actions and thus potentially their relationships with, and legitimacy among, others in both external and internal contexts.

8

Existing research suggests that subsidiaries may handle dual embeddedness by privileging either the external or internal, or by attempting to bridge these—yet, the process enabling this remain unclear.

METHODS

We aim to build theory on how MNE subsidiaries manage dual demands through organizational identity work. To this end, we apply a grounded theory approach through the use of a qualitative case study (Eisenhardt & Graebner, 2007). Our research question requires access to fine-grained data and organizational members' accounts and interpretations. We seek to capture the ongoing and distributed organizational identity work of subsidiary members, thereby generating a rich contextual analysis of the phenomenon "from the perspective of those living it" (Corley, 2015; Maitlis & Sonenshein, 2010). Grounded approaches open up the discovery of relevant concepts to develop theory that is both rigorous and context-sensitive (Gioia, Corley, & Hamilton, 2013; Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). It is particularly appropriate for building and elaborating theory on multilayered, multifaceted, and dynamic social processes (Gligor, Esmark, & Gölgeci, 2016). By providing complex and non-linear explanations, grounded approaches are well suited to understanding dynamic social processes of IB phenomena (Welch & Paavilainen-Mäntymäki, 2014), such as the organizational identity work in the subsidiaries of MNEs.

Our choice of a case study is also germane to this focus, as it involves examining a contemporary phenomenon in its real-life context, drawing on multiple sources of data (Yin, 2003). This approach is in line with a growing body of IB research, as noted by Eriksson & Kovalainen (2008: 157): "Case studies can be used for different aims, not only for providing descriptions for testing theories, but also for generating theories. In this theory generation, grounded theory methodology can be useful".

Research Setting

Theory building research relies on revelatory contexts where the dynamics under scrutiny are particularly transparent (Patton, 1990). We conducted our field research in the international operations of a Norwegian MNE in the natural resource industry, hereafter referred to as EnergyCo. EnergyCo is listed on the Oslo and New York stock exchange and has approximately 24,000 employees and subsidiaries across 34 countries, on five continents. EnergyCo is a particularly relevant research setting for our study because the industry characteristics necessitate substantial FSA transfer across

organizational units in the MNE, reflecting high levels of internal embeddedness. At the same time, external challenges varies significantly across subsidiary locations, requiring significant local embeddedness. Thus, this context provides ample opportunities to observe micro-processes that enable the subsidairies to manage dual embeddedness.

We initially engaged in conversations with EnergyCo to explore how the MNE subsidiaries manage dual embeddedness. We negotiated access to three subsidiaries, and through ongoing conversations with the MNE HQ, we selected the Canadian, US, and UK subsidiaries of EnergyCo. Findings spanning across multiple subsidiary contexts generate more robust theory as it allows for more variation and mitigates concerns that our findings are idiosyncratic to one context. We consider these subsidiaries to offer particularly revealing contexts for several reasons. First, these were large and established local actors, with substantial local activity that thus provides ample opportunities for examining tensions of dual embeddedness. Second, through our initial contacts with the MNE we were able to negotiate unique access to key informants at multiple organizational levels in these subsidiaries, which allowed us to gather data that offers rich information. As such, our choice of subsidiaries is also a convenience sample (Miles, Huberman, & Saldana, 2020).

The Canadian subsidiary was established in 2007 through an acquisition of a local company. The local company was established in 2001 and had 100 employees when it was acquired by EnergyCo. Within the first three years, the Canadian subsidiary more than tripled in size. Demands on the Canadian subsidiary from HQ were strong, due to its strategic importance to the future growth of the MNE. The Canadian subsidiary also faced a challenging local context, with strong demands from different stakeholders. For example, the MNE lacked experience and knowledge of the environmental challenges and relationships with Indigenous populations that this subsidiary faced.

EnergyCo has had a presence in the US since the late 1980s; however, the upstream activities escalated after the 2000s, with approximately 300 employees in the US upstream subsidiary at the time we conducted our interviews. The US subsidiary was similar to the Canadian subsidiary in terms of some HQ demands, such as pressure for integration to ensure knowledge transfer. The US subsidiary also experienced strong pressures from the local business environment. For example, quick decision-making processes and steps needed to access complementary local assets were significantly different in

10

the US than in the HQ organization, putting pressures on this subsidiary to learn and embrace the local way of doing business.

The UK subsidiary had existed for several decades and was under growth. The UK office had approximately 200 employees when we conducted our interviews. Similar to the Canadian and US subsidiaries, the UK operations were strategically important to the future growth of EnergyCo, and had therefore received significant investments from HQ. The technical challenges of operations in the UK subsidiary largely mirror those of the home country, which resulted in HQ focusing on close integration.

Data Gathering

Following a grounded theory approach, there was a constant overlap in data gathering and data analysis (Gligor, et al., 2016), as such, data gathering and data analysis are closely related (Langley, 1999). In this manner, constructs and categories that emerged in the early interviews were refined and challenged as we continued interviewing. The study includes two broad categories of data: (1) in-depth interviews with employees and managers from different parts of the MNE, and (2) archival data (annual reports, internal newsletters, pressreleases, employee surveys, and other internal documents), (see table 1 for an overview of our data sources). In-depth interviews with 49 subsidiary members constituted our most important data source. These were conducted onsite in the subsidiary office, each lasting one to two hours.

We picked our informants through a snowball sampling technique, based on our initial contacts in the subsidiaries. We aimed for variation in viewpoints, and therefore chose informants from different functional areas and organizational levels. As a result, our informants included both subsidiary top- and mid-level managers and employees who held diverse functional responsibilities. Moreover, we chose informants with positions that would inherently represent different local and a global foci. For example, our informants included both individuals who were responsible for areas with local challenges and ties to local stakeholders, such as sustainability and corporate social responsibility, and informants working with global processes, such as geologists relying on global processes. We also interviewed locally hired personnel as well as expats, as they could be expected to vary in their embeddedness. In this manner, we chose informants based on our assumptions of their exposure to various levels of internal and external embeddedness; we were motivated by the importance of securing access to a variety of viewpoints in

our data.

We conducted initial interviews in the HQ organization of EnergyCo to gather information about its international operations and to gain an understanding of the HQ perception of the subsidiary context. We then collected data in the Canadian subsidiary. Following this, we approached the US subsidiary to explore if the organizational identity work dynamics we had observed in the Canadian context also featured in this subsidiary. To increase the robustness of our emerging theory, we then proceeded to study identity work in a third subsidiary, one situated in the UK. In each location, we interviewed until we achieved theoretical saturation (Charmaz, 2006)—that is, when each new interview provided limited new information about organizational identity work—thus securing the trustworthyness of the data.

All authors were active in data gathering. To assure similarity across interviews, we initially conducted some interviews together. We constructed our interview guide with open-ended questions to focus our topic, while allowing for exploration of new areas (Charmaz, 2006). Interviews were intentionally kept open, as we wanted informants to talk about their work life, and their perceptions of the subsidiary, the HQ, and the relationships between them. We started the interviews by asking the informants to tell us about the MNE and their subsidiary, describing the subsidiaries' business strategies relative to competitors, their organization, culture, and competencies. We probed the relationship between the HQ and the subsidiary, their interaction with other subsidiaries in the MNE, and their role within the MNE network. Through the interviews we accessed considerable information on the organization members' perceptions of the attributes of their subsidiary organization and of the MNE, and the relationship between the two in terms of decision-making, local adaptation, and transfers of knowledge and resources.

We approached organizational identity as a self-referential, socially constructed concept (Gioia, Schultz, & Corley, 2000) and focused on both the labels and meanings organizational members used to describe the core characteristics of their organization to themselves and others (Gioia et al., 2013). The stories people tell about their organization are conduits through which identity is negotiated; these stories both reflect and shape identity and are thus important vehicles for organizational identity work (Creed,

DeJordy, & Lok, 2010). We probed for informants' understandings and claims about "who we are" and what characterizes "us" as an organization (Corley, 2004; Ravasi & Canato, 2013). We further inquired into the relationships between the MNE and the subsidiary and the subsidiaries' relationships to competitiors and local stakeholders, to access narratives of "who we are" related to the MNE and the local context. We did not explicitly ask the informants to describe their organizational identity; rather, we let it emerge through their narrative accounts. With the informants' permission, we recorded and transcribed the interviews verbatim.

The archival data were used to develop a better understanding of the context in which organizational identity work was unfolding (Shah & Corley, 2006). Importantly, it allowed for an unobtrusive way for us to gather important background information on the MNE and its subsidiaries. In general, it was used to inform our data gathering (choice of informants and topics for interviews). Moreover, the employee surveys and observations in meetings, provided triangulation in terms of our findings (Knight, Chidlow & Minbaeva, 2022). The employee surveys included measures of identity constructs, while the observations provided important insights into how management perceived dual pressures. We organized our data (interview transcripts, field notes, and archival data) in Atlas.ti.

Data analysis

To generate rich insights into how subsidiaries perform identity work we followed grounded theory procedures for coding (Charmaz, 2006). While the approach taken was mainly inductive, it involved a highly iterative process (Gioia et al., 2013). We coded the data in several rounds, moving back and forth between the data and the literature to generate our final conceptual model. Figure 1 displays the structure of the data.

Insert Figure 1 about here

We first engaged in open coding, deriving first-order categories from the interviews (Charmaz, 2006; Gioia et al., 2013; Van Maanen, 1998). Our first-order categories consisted of the informants' core and recurrent expressions of the relationships between the MNE and the subsidiary, and the alignment and contradictions they perceived between MNE and subsidiary values, strategies, and

contexts. Like others, we grouped raw data that contained key expressions into first-order categories (Couper, Reuber, & Prashantham, 2020). We paid particular attention to informants' claims about "who we are" and what labels they used to characterize their organization (Corley, 2004). The use of collective pronouns (us, we, our) are important indicators of collective level identities (Brewer & Gardner, 1996; Hornsey, Blackwood, & O'Brien, 2005; Steffens & Haslam, 2013; Weinstein, Deci, & Ryan, 2011). However, invoking narratives of "us" and "them" signals division, and are central for understanding organizational identity work. Early in the process, we made little effort to distill the many informants' narratives; but, as the research progressed, we started to look for similarities and differences between the different concepts we identified.

Then, we engaged in axial coding, reducing, and synthesizing the first-order categories. We searched for relationships between the first-order categories and abstracted them into second-order themes (Strauss & Corbin, 1998). These themes provide the theoretical building blocks for our emergent theory (Gioia et al., 2013). For example, our first-order categories of "we are one company" and "we are a Norwegian firm" were abstracted into the second-order themes of "invoking MNE as a locus of identity." Similarly, first-order categories of "MNE values are embraced in the subsidiary" and "MNE values mirror values in the local context" were abstracted into the second-order theme of "emphasizing alignment."

The next step was to abstract these second-order themes into aggregate dimensions. For example, the second-order themes "invoking MNE as a locus of identity" and "emphasizing alignment" were abstracted into the aggregate dimension of " embracing MNE identity." Our analysis became more theory-driven with each abstraction and involved swinging back and forth between the empirical data, the MNE, and the organizational identity work literature. This process enables us to link our data to the literature, while seeing whether we had discovered new concepts. Finally, from our data structure, which represents a static picture of the dynamic phenomenon, we developed our inductive model that shows the relationship among the emergent concepts, while capturing our data in theoretical terms (Gioia et al., 2013). We then developed a conceptual model, grounded in our data, that accounts for the emergent concepts and explains the dynamic interrelationship between them, ultimately answering our research question.

14

FINDINGS

We found that managing dual embeddedness manifested as the micro-process of subsidiary identity work, particularly the iterative process of continually embracing and rejecting the MNE identity. This allowed the subsidiaries the flexibility to position themselves both as a global entity seeking closer internal integration with the MNE, and as a local entity seeking further external local embeddedness. To unpack our findings, we present our data, interspersed with our informants' narratives. Table 2 presents additional informant quotes, to add to the robustness of our findings.

Insert Table 2 about here

Embracing MNE Identity

We found that subsidiary members embraced the global MNE identity. Their narratives invoked the MNE as the locus of their organization's self-definition, evident in their focus on their subsidiary as an integral part of EnergyCo, and their assertions that they were "a Norwegian firm". Furthermore, our informants highlighted their alignment with the MNE through their descriptions of how MNE values were appreciated by subsidiary members and resonated with the local context of the subsidiary.

Invoking MNE locus of self-definition. In our informants' narratives of their organization, they stressed how their subsidiary and the MNE were one global firm. They used phrases such as "we in EnergyCo," and "we are one company," thus signaling their belonging to the MNE. Moreover, they focused on the unity of the MNE. For example, the phrase "one firm" was recurrent in our data.

When we probed about what characterized EnergyCo, our informants talked about stereotypical attributes based on EnergyCo as a "Norwegian company" that is shaped by "the Norwegian model." This encompasses egalitarian decision-making, social welfare, and a balance between work and family for employees. The Norwegian model was a term invoked by employees as they portrayed what distinguishes the EnergyCo from their competitors in their local context, as this informant pointed out:

> We are [EnergyCo]. We are a product of the Norwegian model, and it's important to remember that when we're marketing ourselves." (Informant 45).

Being "Norwegian" therefore distinguished their organization from organizations in their local context. Organizational members thus positioned EnergyCo as the locus of the organization's self-

definition, demarcating the boundaries of "who we are." Against this positioning of the MNE, organizational members defined "the others" as other firms in their local context or as their global competitors. From this perspective, the local context in which the subsidiary is embedded serves both as an audience and as a representative of external stakeholders.

Emphasizing alignment. We furthermore found that our informants embraced the MNE values. They affirmed how the values, norms, and ways of doing things were appreciated in the subsidiary and mirrored in the local context. Subsidiary members strongly maintained the attributes of the MNE they perceive to be attractive as key to what defined "who we are." Along the same lines, they juxtaposed EnergyCo's values and "ways of doing things"—such as their Norwegian "egalitarian" management style—with their competitors' "North American culture and values." They focused on how being a "Norwegian" company differentiated their organization from firms in their local environment, framing this characteristic as attractive and valued. For example, our informants appreciated what they perceived to be the Norwegian openness, work ethic, and focus on work-life balance. One respondent clarified this view:

> There's much more openness [in EnergyCo]. You can push back; you can have your voice, everybody's voice counts. Whereas in an American company, you know the pecking order. (Informant 39)

Another dominant theme in our interviews was how these "Norwegian" MNE values, attributes, and characteristics resonated with the demands from the local context. The "Norwegian management style" and "Norwegian values" were appreciated by local employees and supported the MNE's reputation as an appealing employer in the local context. These factors thus contributed to their perceptions of their organization as having a favorable reputation in the local context. Indeed, employees asserted that these organizational values were, in fact, a main reason why the MNE was seen as an attractive employer. As one respondent said,

> From a company point of view I think that the values—and maybe that's part of the culture—but the values of the company, you know it's a value-based company, that's for me, everything. It is a really important part of why I think most people stay. (Informant 36)

While they emphasized the MNE values as an integral part of what characterized the subsidiary, they also described instances where these values were not fully internalized during subsidiary-level

decisions, but rather the rational afterthought. In this manner, while they embraced the MNE identity, they also acknowledged the tensions and vocalized the misalignment that emerges because of the idiosyncrasies of the different national cultures. One manager describes how the "Norwegian value of not hiring and firing" was activated "after the fact" of a particular incident:

> Well, there's an episode in the US recently where we decided (…) to do all our IT centrally, and so our manager of Global Business there basically summarily fired two (…) IT people, without even telling the rest of the management group…Had him up in front of management saying [to him], "What the hell are you doing?" You know you're promoting this caring image, and then you just fire these people summarily without even trying to find them other jobs in the organization. So we backtracked on that, and did actually find other jobs in the organization, after they had been given their notice, because someone felt so strongly that we were being hypocritical, and we all know that we have to, every now and then you have to let people go. Economic necessity, and so on. We are a commercial organization, we understand that, but it was the fact that we hadn't tried to find them other jobs, that was the issue. So there are some small significant issues, and sometimes we get it wrong. But generally speaking, a lot of time, I think, we get it right. We Americans really appreciate it. (Informant 3)

Positioning as a Global Entity

Our informants also emphasized how they positioned their subsidiary as a global and integrated entity, since they were connected to the MNE through mutual dependencies. This perspective was manifested though our informants' expressions that legitimized the subsidiary's dependence on the MNE, and sought stronger internal MNE relationships, and different kinds of attention from the MNE.

Legitimizing dependence. Our informants voiced how they perceived that the MNE provided valuable guidelines and resources. This particularly related to the MNE's financial resources and project competencies, as well as its support of decision-making processes in the subsidiaries. As one subsidiary manager described,

> No that's always a challenge and capacity [issue]….They normally have a process where they try to prioritize and try to find out what are the most important things I guess for [the MNE]. So far, we've been successful in getting the resources we ask for but you can't just call them and say, "Can you do it?" They will say should we do this or that. (Informant 27)

Our informants also described their dependence on the resources and knowledge of other subsidiaries in the MNE for input on decisions and carrying out various activities in their subsidiary. The comment below illustrates the ways in which key personnel in other subsidiaries are involved in formalized decision meetings:

17

[There are] key people that are in Houston that should be involved in what we are doing [in the UK]—particular managers or people that are involved in the work there, that may affect that work here, or [who] can provide us with information. Those people would be in those meeting as well. And typically…discussions [are] about where we should go, and what we should be doing, and we try to get all of these things on to the plate and then Houston has to eat it and see what's good and what's bad, and then report back to us on what we should do, and where we should be going. So, giving us direction. (Informant 43)

As well, they described how tasks were generated in the MNE and at HQ in Norway. The MNE HQ was portrayed as the locus of the subsidiary's core activities, as tasks were allocated from HQ and moved through to the subsidiaries.

Seeking a stronger MNE relationship. Our informants stated the need to be "connected to" and develop stronger relationships with HQ in Norway. All the subsidiaries had strong links to the "Norwegian" part of the organization though interactions with the HQ organization, both on an organizational level and as individual managers as key personnel worked interchangeably at different locations. The sense of dependence on the HQ for management and initiation of activities was accompanied by a sense of being at the periphery, not getting enough attention, and needing to be closer to the source of decision-making and information, as this respondent pointed out:

The problem for us [in the UK] is working as a remote unit. We are not a part of the team over there, but we are doing all the work for them, so there is a sense of belonging sometimes, that isn't quite there, and people sometimes forget to tell us. They keep information [to themselves] because we aren't visible. (Informant 44)

Several functional areas were divided between Norway and the various subsidiaries, and several people in the subsidiaries described how their direct leader was located in Norway. In addition, numerous informants have worked in Norway, or would like to move to Norway, for both family and professional reasons. Having worked in Norway was perceived to be beneficial for career development in the subsidiaries.

Further, organizational members described how the subsidiary's resources and knowledge were valuable outside the subsidiary. They noted that the rest of the MNE depended on the subsidiary for resources and skills, but that the transfer of knowledge required a stronger relationship. For example, one respondent described how their personnel could be important contributors to the other subsidiaries:

I mean, our senior leadership team met yesterday and we're already looking at sending a couple of Canadians or expats to help with similar stuff in Venezuela and Africa. So I

mean, that's going to happen, but by and large, it's a focus on what we need to do here. (Informant 36)

Seeking other kinds of attention. In our informants' accounts, we heard the conundrum of MNE HQ attention to the subsidiary. On one hand, our informants perceived a need for more HQ attention and support. On the other hand, they lamented that HQ was too controlling and too eager to monitor the subsidiaries' operations. Our informants voiced the need for more support—for example, regarding key personnel and management competence. Furthermore, they requested more communication and information from HQ, which would allow the subsidiary to become more integrated into the MNE. This commentary unequivocally expressed a need for a different type of attention from the HQ organization. As one informant described,

> When you work in a foreign unit, you need more information to feel like you are part of the bigger system [MNE]. This is not the case when you work in the home country and feel part of the organization on a daily basis. I do not believe the top management understand this. We can manage, we don't have problems. In many ways, the remoteness is OK, but I think we could have worked even better by having more information about the company strategy, regional priorities, etc. Everything seems a bit detached. (Informant 5)

Even when MNE integration was valued, informants voiced concerns around situations where they described HQ as overly controlling and too focused on monitoring their operations, rather than attempting to better understand and support the subsidiary. One respondent said the following on this topic:

> They don't often come with the message that "I am here to help you achieve your goals and your deadlines to produce [energy] in a safe clean way at a profit for the benefit of the shareholders."…. But [instead] it is this: "I've come to check with my clipboard to see if you are doing it right." What do you mean you are coming to Canada to see if we are doing it right, when you don't even know what we are doing, you've never done what we are doing and we have been doing it for 150 years. (Informant 4)

This monitoring and controlling behavior from HQ resulted in time-consuming and unnecessary tasks, that took attention away from the daily work in subsidiaries, as this person noted:

> We spend a fair amount of our time, I would argue, a disproportionate amount of time compared to trying to do other activities on the approval process. Which means writing memos, preparing the actual PowerPoint and giving the presentations, getting on the agendas, going through the QC [quality control] process, which is very rigorous. All of that and even the QC processes, the QAs [quality assurance] and all that—all of those people are in Norway. All of them. We have no peer reviews here. All of that QC process is in Norway….We've generally been able to move quick when we needed to. Although it's not easy. And there's a degree of difficulty here to do our job, that

doesn't exist in other companies. (Informant 39)

Rejecting MNE Identity

While subsidiary members sometimes embraced the MNE identity, they simultaneously rejected the MNE identity. This rejection involved invoking a local locus of identity and calling attention to the misalignment with the MNE.

Invoking a local locus of self-definition. When invoking a local sense of self, our informants characterized their subsidiary as a local company, embedded in the external local context. In invoking a local locus of identity, the MNE was defined as a unit outside of the boundaries of "who we are." They referred to "us" as "us in Canada/UK/US" and "them" as the rest of the MNE. They focused on how "we in Canada" do things differently than "they do" in the MNE, how "we in London" are located too far from where "they are in the MNE," or how "we in the US" have different values than "they have" in the MNE. With the local subsidiary as the locus of identity, the MNE becomes an external stakeholder, which sends cues and provides images of "who we are supposed to be" to the subsidiary. The MNE and HQ function as external objects of comparison or stakeholders, as described by this respondent:

> They [the MNE HQ] chose Canada. Unlike a lot of other companies, research and technology is a huge piece of this company, and they've got a massive research center; the research they're doing just blows you away. But they've chosen [Canada] as sort of a research hub for [energy]. (Informant 36)

When the subsidiary members asserted their local identity, they juxtaposed the attributes of the subsidiary with those of the MNE; this move accentuated the local subsidiary, embedded in the local context, as "who we are" and the MNE as "they," making it into an external comparator.

Moreover, they emphasized that the MNE was distanced from the subsidiary and its needs. This could take the form of not understanding the unique challenges the subsidiary faced in its local context. A dominant theme in our informants' accounts was the perception that their local context is particularly challenging, with many different stakeholders, or complex technological and environmental challenges. They perceived HQ as having limited knowledge of these local challenges, which necessitates local decision-making to manage or resolve. Being part of an MNE with a HQ that lacks meaningful experience with their local context created challenges in addressing local stakeholder demands. As one subsidiary employee described,

20

> We [the Canadian subsidiary] face issues with environmental groups, we face issues with local Indigenous people, we're facing challenges with government and changing royalty regimes and regulatory regimes. And on top of all that, we face challenges with a central group [EnergyCo] that hasn't done that, hasn't been here, hasn't operated in a Canadian environment before. (Informant 11)

Emphasizing misalignment. Our informants also voiced that they did not find the MNE's values resonated with their local contexts. Even while appreciating the Norwegian character of EnergyCo, the informants pointed out how the subsidiary's characteristics, as embedded in the local context, differed from EnergyCo's characteristics. They described how the MNE cues were incompatible with the expectations and demands from local external stakeholders. Because of this, some of the labels and meanings associated with the MNE's attributes were perceived as unattractive when mirrored by external (local) stakeholders.

Our informants also focused on the cultural differences between the MNE and the local national culture. They often referred to the "Norwegian way" as representing a "different culture" and "different values." This comes across, as one informant describes the cultural differences:

> Norwegians are so used to assuming that, number one, you can take open conflict in front of a lot of people because you're very secure in your position. And Canadians are not. We're much, we sit more, much more insecurely in our chairs than a Norwegian does. (Informant 28)

In defining who they are as an organization, organizational members compared their local organization with other companies operating in the region. A dominant theme in our informants' accounts was the perception that the local environment required faster decision-making than that which characterized the "Norwegian way" of conducting business. The local business environment was described by the informants as tough, competitive, and extremely fast-paced, while the MNE was viewed as too consensus-oriented, with slow decision-making processes, and not sufficiently "cut-throat"—with its Norwegian and "caring" values. With such characterizations, they suggested the "Norwegian way" is inefficient and irrational, and not effective in the local context. They thereby distanced themselves from the attributes of the MNE to achieve distinctiveness and self-enhancement. The same "Norwegian model" and "Norwegian management style" that was emphasized as attractive at other points in the interviews was thus also considered inappropriate in the local subsidiary and contrary to the local culture. On respondent described the differences in these terms:

21

I think in the American culture people tend to expect the decision-maker to be able to make a decision quickly. They expect to come in and see a leader who can make decisions fast. But in Norway, people are very consensus driven and don't do it that way, and tend to involve a lot of people to make a decision. (Informant 40)

Positioning as Local Entity

We found that subsidiary members positioned their subsidiary as a local entity. A dominant theme in our informants' accounts of their relationships to the MNE was their expressed need for subsidiary autonomy made manifest by the subsidiary pushing back on HQ involvement, legitimizing self-sufficiency, and claiming superiority.

Pushing back on HQ involvement. We observed how subsidiary employees and managers perceived the HQ involvement to be illegitimate at times and expressed objections to what they perceived to be "unacceptable interference" in their business. They stressed how the MNE did not have the needed competency and resources to address local needs and sufficiently add to their subsidiary decision-making processes. For example, our informants in the US subsidiary argued that the global industry hub is situated in their local environment, making the activities initiated at HQ or in other parts of the MNE less relevant. HQ initiatives were described as an infringement on their autonomy, overly time-consuming, and an obstacle to getting things done in the fast-paced local environment in which they operate. As such, according to our informants, the subsidiaries were not sufficiently autonomous, as this person discussed:

If you don't grow a local competence and a knowledge management group, people [expats] come and by the time they are leaving—they're right up to speed but all the contacts and connections and the things that we have will be gone [when they depart]. If I look at operations, for example, we have a 12-year project that we have planned, we have people that are staying for three years, and then moving. So you might have three or four project managers before you get to the final phase. I'm not sure if that is great consistency. I worry about that. (Informant 11)

In this light, the involvement of HQ managers was often perceived as illegitimate due to a lack of concern for subsidiaries' local needs, as the following comment makes clear:

We encounter an attitude where these people have never drilled a [local typo of] well. They have never seen one and don't even know what the boreal forest looks like. Yet they will write memos and statements that they have the competence, the Canadians have the experience. They actually write these memos, which is enormously insulting to the Canadians. (Informant 4)

These comments exemplify the view that the subsidiaries perceived themselves as more competent and HQ as unfit to meddle in their business.

Legitimizing self-sufficiency. Our informants voiced concern about HQ's lack of attention to local market needs. They linked their efforts in the subsidiary to push back on HQ involvement to their self-sufficiency: specifically, they asserted that they had all the necessary resources, competencies, and knowledge required to make decisions and handle their local activities. Concomitantly, their lack of decision-making power was problematic, restricting their autonomy and disrupting alignment with the local needs, as this individual described:

> The [functional] area is managed by a Canadian…[but] he receives feedback that his employees' competencies are not recognized or valued by [the MNE]. Instead, there are "smart alecks" from Norway who think they know better. This is not good. (Informant 16)

Claiming superiority. When our informants emphasized their subsidiary as a local entity, they claimed to have superior performance compared to other subsidiaries. Based on this, they argued for their high status in the MNE system. This asserted superiority was thus often related to valuable knowledge. One respondent described this aspect in the following way:

> We are the best one in the world, and everybody over here thinks of people in Houston.…I think if America was a not very important office, we would have it much worse, but it is very clearly known, I think, that Houston is a big deal for [the MNE], so we get a lot of attention. (Informant 3)

AN EMERGENT MODEL: SUBSIDIARY IDENTITY WORK

In this section, we present our conceptual model of subsidiary identity work, as represented in Figure 2, grounded in the data that emerged from our study. Our model depicts the dynamic interrelationships between our second-order themes. The core of our model is the reinforcing relationship between organizational identity work and subsidiary positioning, and the ongoing cyclical nature of this identity work—which is repeatedly reproduced through renewed perceptions of local or global demands that reaffirm this iterative process. The model theorizes the organizational identity work unfolding in the subsidiaries and identifies perceptions of dual demands as the sustainable source of ongoing identity work, which allows subsidiaries the flexibility they need to achieve legitimacy both as a local player

and as an integral part of the MNE.

Identity Work: Embracing and Rejecting the MNE Identity

As our findings show, subsidiary members engage in identity work, seamlessly shifting between invoking local and global loci of identity and emphasizing alignment and misalignment with the MNE. The iterative shifts suggest that the boundaries of the organization and the scope of what constitutes the organizational self continually shifts. In our data, we observed this shift in our informants' accounts, sometimes within the same argument, made by the same person. For example, while describing themselves as an integral part of the MNE, thus invoking the MNE as the locus of identity, one respondent said, "Obviously our [MNE] values and our ethics are just not for sale and they are just non-negotiable." However, respondents also invoked the subsidiary as the locus of identity, and affirmed the characteristics of their unit as a local player, as another person noted:

> But…less process and more delivery. More focused on what we [the subsidiary] are doing here and more customer orientation, more flexibility, which translates into "Don't just come in with your [MNE] rules for "higgeldiggel fjord" boat acquisition and apply them for a [local] water truck." (Informant 4)

In the same vein, while informants reiterate that the subsidiary is a local autonomous unit and HQ involvement infringes on their autonomy, they also portray it as dependent and an integral part of the global MNE. By both including and excluding the MNE and the subsidiary as the loci of identity, subsidiary members can access local as well as global attributes; collectively, these grant them access to a broader and more varied "toolbox" of identity labels and meanings.

Moreover, their evaluation of the attractiveness of the characteristics they ascribed to their local unit and the MNE shifted. Subsidiary members described their belonging—through accounts of aligning with the MNE values and characteristics—as a positive aspect of their identity. However, they still acknowledged their distinctiveness as a "separate entity," linked to misaligned values between the MNE and their local environment. This represented another positive aspect of their identity.

Through such articulations, subsidiary members engage in organizational identity work that involves rejecting and embracing a global MNE identity. When various social comparators and relevant others shift, the set of available labels and meanings that subsidiary members can draw on expands,

according to the specific organizational self salient in a given context. Depending on the specific situational needs, subsidiary members thus shift seamlessly to include the MNE as an integral part of their organizational self.

Positioning the Subsidiary as a Local and Global Entity

Subsidiary members simultaenously reject and embrace a global MNE identity, enabling them to position the subsidiary as locally embedded and as integrated within the MNE. By rejecting a global identity, they position their subsidiary as a local entity. This positioning involves pushing back on HQ involvement, legitimizing self-sufficiency, and claiming superiority, which in turn reinforces the rejection of a global MNE identity: the narratives involved in this positioning bring to the fore the tensions between the subsidiary needs and the MNEs characteristics. By embracing a global MNE identity, subsidiary members also notably position their subsidiary as an integral part of the MNE and as a global unit. This rhetorical move involves legitimizing dependence on, and seeking other types of attention from, the MNE—and ultimately reinforcing the embrace of a global MNE identity.

Rather than dealing with the inherent tensions of dual embeddedness through trade-offs (Meyer et al., 2011), the subsidiary draws on various loci of identity to establish flexible positioning and self-preservation, both in the MNE and in the local context. Subsidiary members strategically position their subsidiary according to its needs in a given situation, enabled by the opportunities and flexibility afforded by the dual contexts in which it is embedded. Thus, the subsidiary can achieve legitimacy in dual contexts.

Identity Work and Perceptions of Dual Demands

While organizational identity work is triggered by the perceptions of dual demands, identity work also reproduces perceptions of dual demands. Through continual organizational identity work, various identity labels become constantly accessible to organizational members. As they evaluate the characteristics of their subsidiary, they do so embedded in dual contexts. This very process of continually invoking various identity claims and evaluating them subsequently activates and promotes the dual context and their inherent tensions.

25

Temporarily reconciling the tensions of this dual embeddedness provides legitimacy in the preferred context, but subsidiary identity work also reproduces and maintains existing conflicting demands and cues inherent arising from dual embeddedness. For example, labels and meanings encountered frequently during everyday activities are invoked in identity work; they, in turn, strongly shape perceptions of identity (Hsu & Elsbach, 2013). The perceptions of dual embeddedness allow organizational members to evaluate the appropriateness of the various identity labels and associated meanings.

Our model demonstrates how subsidiary members acknowledge perceived tensions yet treat subsidiary identity as malleable, mobilizing different associations at opportune moments. In this manner, dual embeddedness provides a sustaining source of organizational identity work: it is on ongoing endeavor, that in turn allows for continual flexible positioning of the subsidiary. Identity work thus generates a dynamic and malleable organizational identity, simultaneously encompassing the autonomous, powerful subsidiary embedded in the local context, and the subsidiary as an extended arm of its global MNE.

Insert Figure 2 about here

DISCUSSION AND CONCLUSION

We set out to explore how MNE subsidiaries manage dual embeddedness through organizational identity work. While scholars have documented that MNE subsidiaries seek benefits from dual embeddedness, the literature is rather silent on the underlying subsidiary processes. By conceptualizing the subsidiary identity work processes, we unpack the "black box" of ongoing complex social processes (Stendahl et al., 2021) and subsidiary agency (Meyer et al., 2020) that affect how subsidiaries manage dual embeddedness. Our emergent theoretical model thus extends the MNE literature by identifying the micro-processes that enable subsidiaries to position themselves as legitimate actors both internally and externally (Ambos et al., 2020; Foss & Pedersen, 2019; Kostova et al., 2016; Meyer et al., 2011, 2020). The novelty of our findings lies in identifying the organizational identity work processes in MNE subsidiaries, allowing us to shed new light on the contingencies for subsidiary agency and subsidiary

identity construction. In doing so, the study makes several important contributions to the literatures on MNE embeddedness and organizational identity.

Contributions to the MNE Literature

First, we contribute to the MNE literature on dual embeddedness by showing how organizational identity work micro-processes enable the subsidiary members to position their subsidiary as a legitimate internal and external actor. Extant research has provided important insights into how MNE subsidiaries actively work to position themselves to gain access to local resources and networks to develop knowledge (Ryan et al., 2018), while also accessing MNE resources and managerial support (Ambos et al., 2010). However, challenges have been identified related to subsidiary struggles to gain legitimacy (Brenner & Ambos, 2013), power (Dörrenbächer & Gammelgaard, 2010), and attention (Bouquet & Birkinshaw, 2008).

By empirically illustrating subsidiary identity work processes, we provide important insights into the precursors of subsidiary agency and positioning. Scholars have previously noted that organizations strategically apply different identity labels and meanings to satisfy different stakeholders (Sillince & Brown, 2009) and that identity work is a means to pursue political interests and gain power in HQ–subsidiary relationships (Koveshnikov et al., 2016). We build on this insight by theorizing identity work as a micro-process of managing dual embeddedness in MNE subsidiaries, showing the dynamics that play out as subsidiaries push back, legitimize self-sufficiency, and claim superiority, while simultaneously seeking stronger MNE relationships and attention.

Second, we conceptualize organizational identity work in MNE subsidiaries as continually rejecting and embracing the MNE identity. By exploring organizational identity work as a self-reflective sensemaking process carried out by subsidiary members, we recast the management of dual embeddedness as continual and dynamic identity work micro-processes. This is in contrast to framing these activities as the process of maneuvering to align with changing institutional logics through sequential shifts over time (Pant & Ramachandran, 2017). Our theoretical model thus challenges the conception that MNE subsidiaries strive to develop identities that are *either* global or local (Clark & Geppert, 2011), *either* dependent or independent of the MNE (Balogun et al., 2011).

Compatible with the conceptualization of organizational identity as a dynamic and relative process (Gioia et al., 2013), our model thus suggests that subsidiary identity work involves not only responding to different cues from different stakeholders, but also includes an ability to shift seamlessly between different loci of self-reference and multiple sets of relevant others. We thereby illustrate the continuity of identity claims and fluidity of subsidiary self-perceptions. As such, we assert that organizational identity work in MNE subsidiaries is not a monolithic negotiation process that results in the resolution of tensions (Edman, 2016) nor the development of one coherent, albeit broad, shared identity (Fortwengel, 2021). Rather, MNE subsidiary identity work comprises several ongoing, intertwined processes, where multiple "selves" and multiple social comparators facilitate an ability to develop complementarity from the otherwise contrasting pressures of the local business context and global MNE network. This provides organizational members in the MNE subsidiaries with a broader "toolkit" (Pant & Ramachandran, 2017) to legitimize and embed themselves across contexts. In line with available identity research showing how organizational members distance themselves from illegitimate others and embed their identity in accepted traditions (Giorgi & Palmisano, 2017), our findings show how MNE subsidiaries achieve self-enhancement. In particular, they draw on the attractive attributes attached to the MNE, while rejecting less attractive attributes, or attributes that are do not comply with perceived local demands. Distinctiveness is also achieved as the subsidiary differentiates itself from its local competitors.

Third, we contribute to the growing literature on the dual embeddedness of MNE subsidiaries by approaching the concept as socially constructed. This helps explain why different global and local demands may be perceived as tensions (Ambos et al., 2020), or as advantages and disadvantages of foreignness (Edman, 2016). For instance, while the literature implicitly assumes inherent tensions (Meyer et al., 2011), we frame them as socially constructed—and thus not pre-determined by institutional and cultural distances *per se*. Significantly, we shed light on the process through which tensions arising from perceived local and global demands are temporarily reconciled, reproduced, and maintained. While organizational identity work creates opportunities that allow the subsidiary to temporarily resolve potential tensions, it also sustains the identity duality. Thus, dual embeddedness drives a continuous need for identity work, which ultimately allows the subsidiaries to strategically

position themselves in a flexible manner. Our findings thus also contribute to the ongoing discussion of measuring "distances" in IB research (Beugelsdijk, Ambos, & Nell, 2018), by emphasizing the difficulties of approaching them as pre-conceived objective tensions.

Fourth, theorizing how organizational identity work unfolds in complex and pluralistic organizations, such as MNE subsidiaries, contributes to the organizational identity literature. Scholars have lamented the lack of generalized conceptualizations of the specific processes involved in identity work (Anteby & Molnár, 2012; Brown & Toyoki, 2013). Brown and Toyoki (2013) noted that scholars have either loosely specified the processes through which identity work takes place or specified tactics that are not generalizable. Previous studies have highlighted that multiplicity, pluralism, and conflict are preconditions of identity work (Clegg et al., 2007; Kreiner et al., 2015). Our findings demonstrate how multiplicity and pluralism are not only about diverse actors constructing identity in different ways; rather, organizational members "elastically" invoke different targets, both and including and excluding various referents of organizational identity. Others have noted that being exposed to and being responsive to different demands is an issue of multiple identities (Golant, Sillince, Harvey, & Maclean, 2015). We argue that researchers must distinguish between the various sets of 'relevant others' an actor needs to be responsive to, and the different targets invoked at a given time. Organizational identity work in complex organizations involves shifting between adherence to the demands of different stakeholders, but also between different loci of identity with diverse and separate claims and demands.

Limitations, Boundary Conditions and Suggestions for Future Studies

When considering the implications of our research, the transferability to other contexts is critical (Lincoln & Guba, 1985). We explored our research question in MNE subsidiaries, where the complexities of dual embeddedness would be particularly salient and transparent (Doz, 2011; Pettigrew, 1990). Our setting therefore provided ample opportunities for uncovering the dynamics and processes of organizational identity work. At the same time, in-depth examination within one specific MNE carries the inherent risk that our findings are idiosyncratic. However, similar processes of organizational identity work across three subsidiaries suggests that our findings and model are robust. Furthermore, there appears to be something generic in the micro-process of organizational identity work that we

29

uncovered. Thus, we believe that the core findings of our study are broadly transferable to other contexts and have implications beyond our case. However, there are four important boundary conditions that must be considered. These also provide fertile ground for future studies.

First, the subsidiaries in our study were exposed to pressures from HQ and from the local context. Indeed, this was an important selection criterion. However, subsidiaries in MNEs that follow more stringent global or multidomestic strategies (Bartlett & Ghoshal, 1989) may experience different kinds of identity work processes if the salience of global or local demands is skewed to one side or the other. Future studies could investigate how subsidiary identity work unfolds in MNEs that follow a strategy which clearly privileges either the internal or external stakeholders. It would also be valuable to compare identity work processes across subsidiaries in MNEs pursuing different international strategies, to examine if these processes are particularly prevalent in transnational MNEs.

Second, our study is set in the natural resource industry. This industry is increasingly confronted with particular legitimacy issues tied to environmental concerns and complex stakeholders. Given this, we can expect subsidiary members to be exposed to pressures from the local context, making both dual embeddedness and organizational identity work particularly salient. While this makes our case particularly suitable to examine our research question, the expectations from local stakeholders might be less salient in other industries. Thus, future studies can explore MNE subsidiary identity work in other industries. Studying other industries will also allow researchers to explore potential differences across firms with different internationalization motives. For example, market-seeking firms selling electronic goods may perceive less demands from local stakeholders, while strategic asset-seeking firms may perceive stronger demands from their local contexts

Third, our case is set in the context of a Norwegian MNE, with subsidiaries located in North America and the UK. This limited our ability to tease our differences across cultural contexts with greater distances. We expect that larger cultural distances may create even greater tensions between the internal (MNE) and external (local) contexts. Future studies could examine subsidiary identity work in MNEs with greater distances and heterogeneity among home and host-country locations.

The findings reported here importantly shed light on the core concern of the global–local tensions in the IB literature and provide important insights into the foundational micro-processes of

subsidiary agency and integration. While our study focuses on the foreign subsidiaries of an MNE, similar organizational identity work processes may occur in other complex organizations, such as multidivisional firms. The specific expectations and pressures would differ, but divisions and strategic business units are liable to also experience potentially conflicting pressures from the local market, on the one hand, and the corporate HQ on the other. Thus, our model of organizational identity work processes may be transferrable beyond the MNE.

Managerial Implications

Although the potential challenges of dual subsidiary dual embeddedness have been studied extensively, we have limited insights into their managerial implications. Our study illustrates that independently of mandates or roles, the subsidiaries create the needed flexibility to expand and contract its identity to legitimize itself as embedded internally (in the global MNE) or externally (in the local business environment). A key managerial implication of this, is the importance of enabling flexibility in the organization. In organizations that value synergies and rely on formal mechanism that integrate the subsidiary more closely to the MNE, such as large process-driven organizations in capital intensive industries, MNE managers must allow for the subsidiary to engage in identity work micro-processes. This suggests that managers may not benefit from trying to resolve and remove tensions from dual embeddedness by emphasizing either a global or local identity through managerial tools such as the development of a shared global MNE identity. Instead, the subsidiaries must have the flexibility to position themselves as both local and global to legitimize and tap into advantages of dual embeddedness. In contexts with strong and unique local stakeholder groups, this continuous shifting between local and global may be particularly important. For example, in our specific case, the local Canadian organization emphasized their local identity to highlight their experience with Indigenous populations, but also gained legitimacy by drawing on the 'caring' MNE identity. If managers focus on maintaining specific elements of the organizational identity, this may limit the organization's ability to act on opportunities and increase resistance among key stakeholders.

Our study also has implications for the concept of social integration in MNEs. What specifically does social integration entail when subsidiaries leverage their dual embeddedness? Many initiatives to

strenghten social integration are centered around creating shared values and arenas to communicate across organizational units to better align activities, resources, and goals. It poses the question if too much emphasis on internal MNE socialization (to foster global integration) may hinder the subsidiary´s ability to develop legitimacy as an embedded actor in the local business environment. Meanwhile our findings point to the relatively unproblematic existence of both loci of organizational identity, alluding to the need to allow for both coherence and variation across the MNE and the local context. Social integration initiatives should therefore encourage variation in the enactment of shared values and organizational culture.

TABLE 1: DATA SOURCES

Data source	Type of data	Use in analysis
Interviews	Semi-structured interviews subsidiaries (49) (approx. 1000 pages in-vivo transcriptions)	Understand the informants' perceptions of the characteristics of the firm and the subsidiary, salient identity issues, and identity tensions
Archival data	Internal newsletters, press releases, and annual reports over the three-year study period	To gain insight into the MNE demands and pressures Contextualize our findings
	Employee survey	Support and triangulate evidence from interviews
Observations	Meetings with the management team	Triangulate evidence from the interviews Validate our interpretations Clarify uncertainties or misunderstandings Provide insights into ongoing events that could be further probed for in interviews
	Informal conversations with managers and employees	Gain trust of informants Become familiar with the organizational context Observe situational cues that foster the development or maintenance of subsidiary identity

TABLE 2: AGGREGATE DIMENSIONS, SECOND-ORDER THEMES, AND ILLUSTRATIVE QUOTES

Aggregate dimension	Second-order theme	Illustrative quotes from interviews
Embracing MNE identity	Invoking MNE locus of self-definition	There is something embedded in the Norwegian way of cooperating, way of behaving. We are less hierarchical; we have a model very geared towards cooperating. (Informant 43) I hear from our local hires that come from other companies (in the local context), yes we [EnergyCo] are different. (Informant 43)
	Emphasizing alignment	I feel these security elements of it, the flexible working; you are working from home… kind of [a] family focus. Even though I don't have a family, I feel it's nice to know that you can be supported, especially for the future. Those things I compare to other people I know in British companies here. I think companies are changing and they are getting more like that now, but I think [EnergyCo] stands out in that area. (Informant 46) I can do my best without going around shouting about it, I can just do it and get recognized, and I don't have to feel guilty if I have a sick child and can't get to work. Then in return I feel that I have to, not reward the company, but be loyal to the company because of that, because it works both ways.…When I was with other companies, it was "hush, hush, don't mention a child." And that [family feeling] I didn't see in [the former employer], and I don't see it in [competitors], and places like that. (Informant 45)
Positioning as a global entity	Legitimizing dependence	Yes, the similarities are there [and] therefore the value system… that is there; therefore, it's easy to do the right thing, so and there is similarities with Norway. I worked in the Arctic, I worked on the East Coast, I've worked in the United States, I've worked in a lot of different jurisdictions. Sort of all through my career I've had a common thread of working with Aboriginal people, so there is a very common thread. Similar problems, similar issues, similar challenges. (Informant 36) I'm in charge of all exploration for North America. North America in this case is defined as the Gulf of Mexico with also a bit of Mexico, offshore Canada, and Alaska. I got exploration going on in all those areas. By exploration of course, I mean finding new [energy] prospects, finding perspective acreage, and working things up to the drilling level, working things up to the discovery level—when we actually have a discovery and we've decided that it is commercial, and that it can go forward. Then we will pass [it] on to the local country office that then will handle the development from then [on]. (Informant 3) In a sense we have a very strong financial backbone from our parent corporation. In return we obviously need

		accountability and processes around business planning and budgeting. (Informant 12)
	Seeking a stronger MNE relationship	I want to go back to Norway. I think in terms of opportunities as well, it's good to be involved with sort of the mother ship, rather than being a satellite. (Informant 53) [There are] key people that are in Houston that should be involved in what we [in the UK] are doing, particular managers or people that are involved in the work there, that may affect that work here, or can provide us with information. Those people would be in those meetings as well. And typically…discussions about where we should go, and what we should be doing, and we try to get all of these things onto the plate and then Houston has to (…) see what's good and what's bad, and then report back to us on what we should do, and where we should be going, so giving us direction. (Informant 46) He [the CEO] really does try to deliver the message that we really need to internationalize the organization. He uses the phrase "change the DNA of the organization." In his view, becoming an international company does not mean sending Norwegians around the world to show people the Norwegian way of doing things—but, in fact, sending Norwegians around the world to learn new ways of doing things and bringing non-Norwegians into the organization back in Norway and around the world and being a truly international company. (Informant 23)
	Seeking other kinds of attention from MNE	I think it is important to have expat management to a large degree because you can't escape the reality that you need those strong personal connections to argue your case to get the funding and the priority access to resources. So, it is enormously helpful to have somebody as well respected as [subs manager], for example, running our business unit, to be able to mobilize the resources you need from head office and to be able to get the attention we need. If I was in [subsidiary manager's] job, I would be handicapped for sure. So that, for the most part, you could say to almost any position. (Informant 23) [Our] strength is that we have a decision process that involves most people. Possibly, hopefully getting the best solutions in decision-making that way. Not all Americans are used to this. They're mostly used to the authoritarian guy who decides everything for them. So that's probably a little different. (Informant 15) The consequence is there is an enormous drain on your time. I believe passionately in quality control, and consistency, but I don't believe it should dominate....I think that in some way quality control is safer, checking up on things, and making sure they are done properly. It is a safer thing than actually being there at the cutting edge and having to take risks…with [a] chance of being badly wrong. We need much more balance towards the doers, and less towards the checkers right, now. That balance is not correct, and I'm 99% confidence that most of my colleagues would agree with me….I'm glad to be working for this company, and I like working for this company, but it does frustrate people. They feel they're checked up on too much, and you have to ask the question, "What value is it to any [one]?" Maybe it's preventing us from losing a value, but perhaps it is also an alternative for the company that they would rather work from

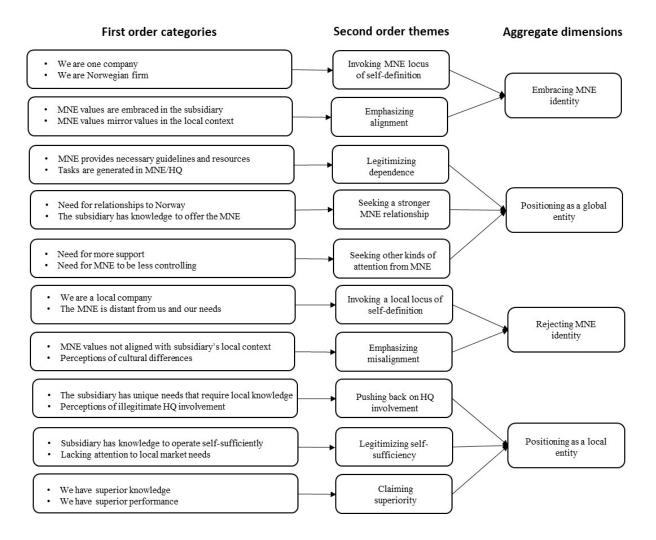|		
		a cook book, set up rules and procedures, than get out there in the frontline.…it's a worrying amount of people coming in and out of Houston. … the quality control is done by centralized bodies, that also deal with… sort of Asia, [the] Middle East, and for that matter Norway, so they are centralized bodies. (Informant 3)
		[MNE] have some governing documents that highly skilled people have worked on for years and years. The challenge is when they are merely photocopied to international units, and we are told "Thou shalt implement." The focus is on rules, regulations, and punishment for non-compliance. This becomes very challenging as Canadians in the local unit are not aware of the need for learning. Headquarters would benefit a lot from emphasizing the need for learning prior to pushing the existing governing documents down our throats. This also relates to the decision-making and the wall between Canadian ways and HQ. The matrix organization can be very good, but we need more insight locally in[to] how things work. (Informant 24)
		I think strategically you need a central strategic decision… How we execute that though, I think that's where we have our biggest issues and challenges. There is a lot of discussion about what we are going to bring from our experiences around the world into this operation, and it's really easy to be dismissive of local knowledge, to say, "This is the way we've done it on the Norwegian Continental Shelf, this is the way we've done it in Angola, and the North Sea," for example. People will say "well that's great, but it's not the way we do it here." (Informant 11)
Rejecting MNE identity	Invoking a local locus of self-definition	We [the US subsidiary] seem to get really good results at the moment, and actually [our business area] was at the top end of [the International Division] and certainly North America was on the top end of [our business area]. They [HQ] seem to be a happy bunch. I'm not claiming credit for that, I'm just saying they are. (Informant 47)
		We [in the UK] are influenced a bit more by the British culture, so things are a bit more high paced here [as compared with the MNE]. (Informant 43)
		We had to get a decision on something last fall and I laughed at how much energy the Norwegians spent on what we were calling [the] decision. (…) And we're sitting here—guys, we need a decision. I don't care what you call it. (Informant 39)
		We [the Canadian subsidiary] face issues with environmental groups, we face issues with local Indigenous people, we're facing challenges with government and changing royalty regimes and regulatory regimes. And on top of all that, we face challenges with a central group [EnergyCo] that hasn't done that, hasn't been here, hasn't operated in a Canadian environment before. (Informant 11)
	Emphasizing misalignment	Well, they are not building ice roads anywhere else in the world. It's what's up there. And also [local] industry practices. Things like ethics, for example. Here, it is absolutely normal for firms to invite their client companies to their box at [local team] hockey games. But if you were to apply the strict rules in [Norway], then you can't do that. But we've said,

		as a bunch of executives, that this is the practice here. If we were to not allow employees to accept these invitations, we would look silly and we would be seen to not adapt to the local environment. People here are not going to be bought off, they are not going to be compromised, their integrity is not going to be sullied by accepting a stupid ticket to a stupid hockey game. (Informant 4)
		And the Canadian feels like they're being threatened, confronted. Again, the Norwegian mode of communication is very direct; it can sound quite arrogant and aggressive to Canadian ears. It's not wrapped up, there's no polite things around it at all, it's like: "You must…"; "You do…". Very, very direct, often [in] passive form, which is also quite … sounds quite arrogant to Canadian ears. (Informant 28)
		My final message is don't—from my point of view from the States—is don't underestimate culture. Culture is all, and you need to realize that the Americans are in a very different society than Norway. (Informant 3)
		Because I think it would be a fair statement to say that the pace here is like warp ten compared to what it is in Norway and its constantly changing. And the company has been very good about trying to adapt. (Informant 41)
		When I say this to the Norwegians, that this is actually extremely offensive to a Canadian, especially to a senior professional or an executive to be told, as a starting point, that you are not allowed to do anything anymore—"nothing." It's offensive, it's undermining, and you have just shut them down. They are not going to learn after you have said that. I hear [comments like], "Well that's nonsense, they've got to understand that we have processes we've got to adhere to and why would they think they could sign, on behalf of [EnergyCo]." It's a complete bypass of communications. It is very interesting. It is my little anthropological experiment to sit here and observe them all… then you stop learning. Then you stop communicating. Then change stops and it undermines trust. That is the other thing. Trust is so fundamental to people buying into and moving with something. You don't get change if you don't have trust. (Informant 12)
		[We] can't generalize people—we are all different, but there are cultural differences….This is one great thing about Norwegian culture…you can challenge your boss. I can say to [the CEO], "No…, I think you're wrong, and you don't get fired." Americans are not used to that. They are generally used to situations where [the] boss is god, and you can't contradict him, so respect for authority is much greater in America. Norwegians, we, the boss is just as good as you are, and in fact you can tell him what you think, which I think is great, by the way. I like that system better, by the way. I much prefer to have a boss that I can challenge, and I much more prefer that people can challenge me (Informant 3)
Positioning as a local entity	Pushing back on HQ involvement	In so many ways, it's just understanding how business is done and getting really comfortable with the networks. Networks in what we are doing in [the subsidiary] is not that important, but understanding the regulatory regime, understanding what it means with First Nations, what it means with environmental issues, understanding how to deal

with people who are in the field [is important], just the cultural differences. People who are coming into a Canadian operation in Northern Alberta, you don't come in the same way you would come in [to] London. (Informant 11)

To go offshore in the Gulf of Mexico is a totally different game than the Norwegian Continental Shelf. They have international suppliers and say, "It's the same thing because we have the same suppliers, this is basically all the same." But it is not. People do things differently and the local knowledge of how to get through some of that needs to be utilized. (Informant 11)

And they are a very special group in [Houston], that only really exist in the United States… they are there to deal with the extreme, complex sections on individual [parcels] of land in the US. There's a degree of complexity in dealing with acreage there, that doesn't exist in other places. (Informant 3)

When the Norwegian training material that's come across—that the Norwegian expats are training everyone on this organization on—the very first slide, and this is used in Norway as well, says "What can I sign for in [MNE]?" And then the next slide is "Absolutely nothing!" Well, you can see an SVP [Senior Vice President] who is used to signing multimillion dollar contracts go, "Well, F—you. I can certainly sign; I have done it for years and years and I know what I am doing, and what do you mean, I can't." Now the message is very simple, that you separate the procurement process from the approval process, and that's a fundamental concept of financial control. But the communication around it is straight in your face. I've had people walk out and say, "Screw this, I don't need to be told, I don't need to be patronized." (Informant 12)

We had a recent example where a decision came to the senior leadership team. They were actually recommending that they employ a Norwegian company to do a survey on something—wind power in Alberta....Sure they want to build their knowledge of Canada but there are Canadian companies who can provide that, and in fact, I can get this information off the web. I was once involved in a wind power project in Alberta. But they don't come to me and say, "We are going to do this, what do you think?" They just go off on their own and do it. (Informant 4)

I don't think people are frustrated because they can't get a decision. What I think we'll see that is somewhat problematic, is that people [locals] that get into some kind of authority have worked hard for twenty years to get into these positions and then feel they should have some responsibility for decision-making. What then happens is that they [HQ] say, "This is the way it is." And all the peers and groups say, "Now it's time to talk about it." They sit with their arms down and say, "Am I supposed to do my job or I am supposed to make sure I write reports to make sure everybody is onside with it"? By the time the decision gets made, you end up with the lowest common denominator decision, and that's like a flimsy paper, because what you end up is with a decision that is made up of the last person's consensus. It funnels down to a decision that is risk averse, normally. What I worry about is people becoming complacent, thinking, "I

		am not going to be held accountable." From the other side, I think people respect that if you have a manager who is more of a consensus manager, which is more consistent with European culture, I think people are getting used to that and it is not such a big thing. I don't think people don't believe decisions can't be made, but I think we tend to think that decisions take a long time and tend to be watered down when they are made. (Informant 11)
	Legitimizing self-sufficiency	It becomes very easy to come over to Canada and "do your time," and then have another promotion somewhere else. But that means a local person isn't going to take that position. I think long-term, to be sustainable and build a reputation, we need to grow locally. I don't think anyone will argue with this—that we really need to show a dedication to the local people and to allow them a career opportunity and growth at this level locally. (Informant 11)

We have to behave according to corporate rules and procedures, compliance, ethics, that actually prevent us from operating efficiently in some countries where these things don't apply… We should not assume that necessarily [the MNE's] way of doing things is the best way, and that all countries will see that immediately. We have always assumed that if we just go and tell people that, "No, this is that [MNE] way of doing things, this is the way we are doing things in [our home country]," they'll say, "Oh, yes, that's good, we'll do things like that from now on." You see, other people see things differently. (Informant 3)

We cannot always apply the stringent rules for design that we have from Norway. We have to make deviations. If we were to follow the Norwegian design requirements we couldn't drill here in the Gulf of Mexico. (Informant 15)

Consensus building and networking is how you get at a decision. With Canadian eyes, that is seen as very indecisive, much too collaborative, not just getting a decision, and moving forward. Not empowering enough. Too many meetings. Too many arenas…way too many people involved from headquarters. And spending all your time entertaining big delegations from Norway who want to review everything that you've done, which is seen as patronizing and distrustful and all …with Canadian eyes. (Informant 12)

Most of the American companies in the Gulf of Mexico will be, apart from the majors, will be used to rather fast decision-making. The decision will essentially be within Houston. You have a certain amount of money to spend, you decide what you want to decide, and you go for it, and you don't have many steps to consult, you have very little in the way for quality control. Like it or not, within [MNE], there is a massive quality control culture…We have the arena, we have many people that want to conduct verification work on what we're doing, and I actually believe in quality control, but I might think it has got a little out of hand. Well, you can imagine how that feels to an American….They probably can't believe what they are seeing. (Informant 3) |
| | Claiming superiority | I have argued that the management for this should not be at HQ, this position should be in Canada …, so that this is a center of excellence for [energy]. Yes, so that this is the place for research and development for [energy] for the entire |

| | | MNE, not just for Canada, but for Venezuela and the other [energy] assets that we have. (Informant 13)

Can a strategic direction be set accurately from someone sitting in Houston or [Norway] or London, when locally you know and understand what the opportunities are [in Canada]? I think the division of "big picture" macro strategy, again from an organization outside of here, causes some challenges locally because there is no real ownership then... I think people who develop it on a local level are owners of it and I think you have a much stronger initiative to carry it out. (Informant 11)

We will try to negotiate win-win solutions, and we often will succeed. (…) You have no choice but to behave according to that set of rules, and it is a very commercial set of rules. They're different than anything that [the MNE] has experienced before, I'm pretty confident. I think that has been good for the company, because that sort of competitor tough edge can be brought back and used in other places. (Informant 47)

In fact, I think we're quite lucky in USA, in North America, because we are pretty successful, so there isn't that much misalignment in [MNE] objectives, and the USA's objectives, but in some areas there are. For example, if a country manager, area manager wants to build, you know off course, his instinct will be to develop, and to make his empire the most successful one in [the MNE] (…) but what if those exploration opportunities aren't good enough to compete with other ones globally, and we have to tell them that. That's not something that they want to hear particularly (…) so there is potentially a conflict between Global Exploration and the region, that isn't such a great conflict in my area, because it's an area that [the MNE] has taken a huge bet on. They have invested a lot of money, and it has to support both Global Exploration and of the region. (Informant 3) |
|---|---|---|

FIGURE 1 DATA STRUCTURE

First order categories	Second order themes	Aggregate dimensions
• We are one company • We are Norwegian firm	Invoking MNE locus of self-definition	Embracing MNE identity
• MNE values are embraced in the subsidiary • MNE values mirror values in the local context	Emphasizing alignment	
• MNE provides necessary guidelines and resources • Tasks are generated in MNE/HQ	Legitimizing dependence	Positioning as a global entity
• Need for relationships to Norway • The subsidiary has knowledge to offer the MNE	Seeking a stronger MNE relationship	
• Need for more support • Need for MNE to be less controlling	Seeking other kinds of attention from MNE	
• We are a local company • The MNE is distant from us and our needs	Invoking a local locus of self-definition	Rejecting MNE identity
• MNE values not aligned with subsidiary's local context • Perceptions of cultural differences	Emphasizing misalignment	
• The subsidiary has unique needs that require local knowledge • Perceptions of illegitimate HQ involvement	Pushing back on HQ involvement	Positioning as a local entity
• Subsidiary has knowledge to operate self-sufficiently • Lacking attention to local market needs	Legitimizing self-sufficiency	
• We have superior knowledge • We have superior performance	Claiming superiority	

41

FIGURE 2: THE PROCESS OF SUBSIDIARY IDENTITY WORK

Triggering identity work   Triggering identity work

Enables   Enables

Positioning as a local entity   *Positioning as a global entity*

Pushing back on HQ involvement   Legitimizing dependence

Legitimizing self-sufficiency   Seeking stronger MNE relationships

Claiming superiority   Seeking other kinds of attention from MNE

IDENTITY WORK

Invoking local locus of self-definition   Invoking MNE locus of self-definition

Rejecting MNE identity   *Embracing MNE identity*

Emphasizing misalignment   Emphasizing alignment

Perceived local demands   Perceived global demands

Reinforces   Reinforces

Reproducing demands   Reproducing demands

42

NOTES

[1] In line with Foss and Pedersen (2019) and Stendahl et al. 2021, we argue that micro-processes "explain the 'cogs and wheels' of macro-management outcomes" (Stendahl, 2021: 410). In our case, the macro-management outcomes are managing dual embeddedness. We are thus primarily interested in theorizing the underlying processes that enable the subsidiaries to manage their dual embeddedness. Hence, we refer to organizational identity work as a key micro-process, as illustrated in Figure 2.

REFERENCES

Achcaoucaou, F., Miravitlles, P., & León-Darder, F. 2014. Knowledge sharing and subsidiary R&D mandate development: A matter of dual embeddedness. *International Business Review*, 23(1): 76–90.

Albert, S. & Whetten, D. A. 1985. Organizational identity. *Research in Organizational Behavior*, 7: 263–95.

Ambos, T. C., Andersson, U., & Birkinshaw, J. 2010. What are the consequences of initiative-taking in multinational subsidiaries? *Journal of international business studies*, 41(7): 1099–118.

Ambos, T. C., Fuchs, S. H., & Zimmermann, A. 2020. Managing interrelated tensions in headquarters–subsidiary relationships: The case of a multinational hybrid organization. *Journal of International Business Studies*, 51(6): 906–32.

Andersson, U., Forsgren, M., & Holm, U. 2001. Subsidiary embeddedness and competencedevelopment in MNCs: Multi-level analysis. *Organization Studies*, 22(6): 1013.

Anteby, M., & Molnár, V. 2012. Collective memory meets organizational identity: Remembering to forget in a firm's rhetorical history. *Academy of Management Journal*, 55(3): 515–40.

Balogun, J., Fahy, K., & Vaara, E. 2019. The interplay between HQ legitimation and subsidiary legitimacy judgments in HQ relocation: A social psychological approach. *Journal of International Business Studies*, 50(2): 223–49.

Balogun, J., Jarzabkowski, P., & Vaara, E. 2011. Selling, resistance and reconciliation: A critical discursive approach to subsidiary role evolution in MNEs. *Journal of International Business Studies*, 42(6): 765–86.

Bartlett, C. A. & Ghoshal, S. 1989. *Managing Across Borders: The Transnational Solution*. Boston, MA: Harvard Business School Press.

Beugelsdijk, S., Ambos, B., & Nell, P. C. 2018. Conceptualizing and measuring distance in international business research: Recurring questions and best practice guidelines. Journal of International Business Studies, 49(9): 1113-37.

Birkinshaw, J. 2000. Entrepreneurship in the global firm: Enterprise and renewal. Thousand Oaks, CA: Sage.

44

Birkinshaw, J., & Hood, N. 1998. Multinational subsidiary evolution: Capability and charter change in foreign-owned subsidiary companies. *Academy of Management Review*, 23(4): 773–95.

Bouquet, C., & Birkinshaw, J. 2008. Weight versus voice: How foreign subsidiaries gain attention from corporate headquarters. *Academy of Management journal*, 51(3): 577–601.

Brenner, B. & Ambos, B. 2013. A Question of Legitimacy? A Dynamic Perspective on Multinational Firm Control. *Organization Science*, 24(3): 773-795.

Brewer, M. B. & Gardner, W. 1996. Who is this "We"? Levels of collective identity and self representations. *Journal of Personality and Social Psychology*, 71(1): 83.

Brown, A. D. & Toyoki, S. 2013. Identity work and legitimacy. *Organization Studies (01708406)*, 34(7): 875–96.

Charmaz, K. 2006. Constructing grounded theory: A practical guide through qualitative analysis. London, UK: SAGE.

Ciabuschi, F., Holm, U., & Martín, O. M. 2014. Dual embeddedness, influence and performance of innovating subsidiaries in the multinational corporation. *International Business Review*, 23(5): 897–909.

Clark, E., & Geppert, M. 2011. Subsidiary integration as identity construction and institution building: A political sensemaking approach. *Journal of Management Studies*, 48(2): 395–416.

Clark, S. M., Gioia, D. A., Ketchen, J. D. J., & Thomas, J. B. 2010. Transitional identity as a facilitator of organizational identity change during a merger. *Administrative Science Quarterly*, 55: 397–438.

Clegg, S. R., Rhodes, C., & Kornberger, M. 2007. Desperately seeking legitimacy: Organizational identity and emerging industries. *Organization Studies (01708406)*, 28(4): 495–513.

Corley, K. G. 2004. Defined by our strategy or our culture? Hierarchical differences in perceptions of organizational identity and change. *Human relations*, 57(9): 1145–77.

Corley, K. G. 2015. A commentary on "what grounded theory is…". *Organizational Research Methods*, 18(4): 600–05.

Couper, C., Reuber, A. R., & Prashantham, S. 2020. Lost that lovin' feeling: The erosion of trust between small, high-distance partners. *Journal of International Business Studies*, 51(3): 326–52.

45

Creed, W. D., DeJordy, R., & Lok, J. 2010. Being the change: Resolving institutional contradiction through identity work. *Academy of management journal*, 53(6): 1336–64.

Dörrenbächer, C., & Gammelgaard, J. 2010. Multinational corporations, inter-organizational networks and subsidiary charter removals. *Journal of World Business*, 45(3): 206–16.

Dörrenbächer, C., & Gammelgaard, J. 2016. Subsidiary initiative taking in multinational corporations: The relationship between power and issue selling. *Organization Studies*, 37(9): 1249–70.

Doz, Y. 2011. Qualitative research for international business. *Journal of International Business Studies*, 42(5): 582–90.

Drori, I., Wrzesniewski, A., & Ellis, S. 2013. One out of many? Boundary negotiation and identity formation in postmerger integration. *Organization Science*, 24(6): 1717–41.

Dutton, J. E., & Dukerich, J. M. 1991. Keeping an eye on the mirror: Image and identity in organizational adaptation. *Academy of Management Journal*, 34(3): 517–54.

Edman, J. 2016. Cultivating foreignness: How organizations maintain and leverage minority identities. *Journal of Management Studies*, 53(1): 55–127.

Eisenhardt, K. M., & Graebner, M. E. 2007. Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1): 25–32.

Elsbach, K. D., & Kramer, R. M. 1996. Members' responses to organizational identity threats: Encountering and countering the Business Week rankings. *Administrative Science Quarterly*, 442–76.

Eriksson, P., & Kovalainen, A. 2008. Case study research. *Qualitative Methods in Business Research*. Sage London.

Fortwengel, J. 2021. The formation of an MNE identity over the course of internationalization. *Journal of International Business Studies*: 1–27.

Foss, N. J., & Pedersen, T. 2019. Microfoundations in international management research: The case of knowledge sharing in multinational corporations. *Journal of International Business Studies,* 50: 1594–1621.

Geppert, M., Becker-Ritterspach, F., & Mudambi, R. 2016. Politics and power in multinational companies: Integrating the international business and organization studies perspectives.

Organization Studies, 37(9): 1209–25.

Gioia, D. A., Corley, K. G., & Hamilton, A. L. 2013. Seeking qualitative rigor in inductive research: Notes on the gioia methodology. *Organizational Research Methods*, 16(1): 15–31.

Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K. G. 2013. Organizational identity formation and change. *Academy of Management Annals*, 7(1): 123–93.

Gioia, D. A., Schultz, M., & Corley, K. G. 2000. Organizational identity, image, and adaptive instability. *Academy of Management Review*, 25(1): 63–81.

Giorgi, S., & Palmisano, S. 2017. Sober intoxication: Institutional contradictions and identity work in the everyday life of four religious communities in Italy. *Organization Studies*, 38(6): 795–819.

Gligor, D. M., Esmark, C. L., & Gölgeci, I. 2016. Building international business theory: A grounded theory approach. *Journal of International Business Studies*, 47(1): 93–111.

Glynn, M. A. 2000. When cymbals become symbols: Conflict over organizational identity within a symphony orchestra. *Organization Science*, 11(3): 285–98.

Golant, B. D., Sillince, J. A. A., Harvey, C., & Maclean, M. 2015. Rhetoric of stability and change: The organizational identity work of institutional leadership. *Human Relations*, 68(4): 607–31.

Golden-Biddle, K., & Rao, H. 1997. Breaches in the boardroom: Organizational identity and conflicts of commitment in a nonprofit organization. *Organization Science*, 8(6): 593–611.

Hornsey, M. J., Blackwood, L., & O'brien, A. 2005. Speaking for others: The pros and cons of group advocates using collective language. *Group Processes & Intergroup Relations*, 8(3): 245–57.

Hsu, G., & Elsbach, K. D. 2013. Explaining variation in organizational identity categorization. *Organization Science*, 24(4): 996–1013.

Humphreys, M. & Brown, A. D. 2002. Narratives of organizational identity and identification: A case study of hegemony and resistance. *Organization Studies,* 23(3): 421.

Isaac, V. R., Borini, F. M., Raziq, M. M., & Benito, G. R. 2019. From local to global innovation: The role of subsidiaries' external relational embeddedness in an emerging market. *International Business Review*, 28(4): 638–46.

Knight, G., Chidlow A. & Minbaeva, D. 2022. Methodological fit for empirical research in international business: A contingency framework. *Journal of International Business Studies*, 53 (1):39-52.

Kostova, T., Marano, V., & Tallman, S. 2016. Headquarters–subsidiary relationships in MNCs: Fifty years of evolving research. *Journal of World Business*, 51(1): 176–84.

Koveshnikov, A., Vaara, E., & Ehrnrooth, M. 2016. Stereotype-based managerial identity work in multinational corporations. *Organization Studies (01708406)*, 37(9): 1353–79.

Kreiner, G. E., Hollensbe, E., Sheep, M. L., Smith, B. R., & Kataria, N. 2015. Elasticity and the dialectic tensions of organizational identity: How can we hold together while we are pulling apart? *Academy of Management Journal*, 58(4): 981–1011.

Langley, A. 1999. Strategies for theorizing from process data. *Academy of Management review*, 24(4): 691–710.

Lincoln, Y. S., & Guba, E. G. 1985. *Naturalistic inquiry*. Thousand Oaks, CA:Sage.

Maitlis, S. & Sonenshein, S. 2010. Sensemaking in crisis and change: Inspiration and insights from Weick (1988). *Journal of Management Studies*, 47(3): 551–80.

Meyer, K. E., Li, C., & Schotter, A. P. J. 2020. Managing the MNE subsidiary: Advancing a multi-level and dynamic research agenda. *Journal of International Business Studies*, 51(4): 538–76.

Meyer, K. E., Mudambi, R., & Narula, R. 2011. Multinational enterprises and local contexts: The opportunities and challenges of multiple embeddedness. *Journal of Management Studies*, 48(2): 235–52.

Miles, M. B., Huberman, A. M., & Saldana, J. 2020. *Qualitative data analysis: A methods sourcebook*: Thousand Oaks, CA: Sage.

Narula, R. 2014. Exploring the paradox of competence-creating subsidiaries: Balancing bandwidth and dispersion in MNEs. *Long Range Planning*, 47(1/2): 4–15.

Nell, P. C., Kappen, P., & Laamanen, T. 2017. Reconceptualising hierarchies: The disaggregation and dispersion of headquarters in multinational corporations. *Journal of Management Studies*, 54(8): 1121–43.

Pant, A., & Ramachandran, J. 2017. Navigating identity duality in multinational subsidiaries: A paradox lens on identity claims at Hindustan Unilever 1959–2015. *Journal of International Business Studies*, 48(6): 664–92.

Patton, M. Q. 1990. *Qualitative evaluation and research methods*. Beverly Hills, CA: Sage.

Pettigrew, A. M. 1990. Longitudinal field research on change: Theory and practice. *Organization Science*, 1(3): 267–92.

Ravasi, D., & Canato, A. 2013. How do I know who you think you are? A review of research methods on organizational identity. *International Journal of Management Reviews*, 15(2): 185–204.

Rugman, A. M., Verbeke, A., & Yuan, W. 2011. Re-conceptualizing Bartlett and Ghoshal's classification of national subsidiary roles in the multinational enterprise. *Journal of Management Studies*, 48(2): 253–77.

Rugman, A. M., & Verbeke, A. 2001. Subsidiary-specific advantages in multinational enterprises. *Strategic Management Journal*, 22(3): 237–50.

Rugman, A. M., Verbeke, A., & Nguyen, Q. T. 2011. Fifty years of international business theory and beyond. *Management International Review*, 51(6): 755–86.

Ryan, P., Giblin, M., Andersson, U., & Clancy, J. 2018. Subsidiary knowledge creation in co-evolving contexts. *International Business Review*, 27(5): 915–32.

Schultz, M., & Hernes, T. 2013. A temporal perspective on organizational identity. *Organization Science*, 24(1): 1–21.

Shah, S. K. & Corley, K. G. 2006. Building better theory by bridging the quantitative–qualitative divide. *Journal of Management Studies*, 43(8): 1821–35.

Sillince, J. A. A., & Brown, A. D. 2009. Multiple organizational identities and legitimacy: The rhetoric of police websites. *Human Relations*, 62(12): 1829–56.

Steffens, N. K., & Haslam, S. A. 2013. Power through 'us': Leaders' use of we-referencing language predicts election victory. *PloS one*, 8(10): e77952.

Stendahl, E., Schriber, S., & Tippmann, E. 2021. Control changes in multinational corporations: Adjusting control approaches in practice. *Journal of International Business Studies*, 52(3): 409–431.

Strauss, A., & Corbin, J. 1998. *Basics of qualitative research techniques*. Thousand Oaks, CA: Sage.

Tracey, P., & Phillips, N. 2016. Managing the consequences of organizational stigmatization: Identity work in the social enterprise. *Academy of Management Journal*, 59(3): 740–65.

Tripsas, M. 2009. Technology, identity, and inertia through the lens of "The Digital Photography

Company". *Organization Science*, 20(2): 441–60.

Vaara, E., & Tienari, J. 2011. On the narrative construction of multinational corporations: An antenarrative analysis of legitimation and resistance in a cross-border merger. *Organization Science*, 22(2): 370–90.

Van Maanen, J. 1998. *Qualitative studies of organizations*. Thousand Oaks, CA: Sage.

Weinstein, N., Deci, E. L., & Ryan, R. M. 2011. Motivational determinants of integrating positive and negative past identities. *Journal of Personality & Social Psychology*, 100(3): 527–44.

Welch, C., & Paavilainen-Mäntymäki, E. 2014. Putting process (back) in: Research on the internationalization process of the firm. *International Journal of Management Reviews*, 16(1): 2–23.

Welch, C., Piekkari, R., Plakoyiannaki, E., & Paavilainen-Mäntymäki, E. 2011. Theorizing from case studies: Towards a pluralist future for international business research. *Journal of International Business Studies*, 42(5): 740–62.

Yin, R. K. 2003. *'Case study research: Designs and Methods.* Third edition, Applied Social Research Method series Vol. 5 Sage publications, Thousand Oaks, California.

AUTHOR BIO

Helene L. Colman is a Professor in Strategic Management at the Department of Strategy and Entrepreneurship at BI Norwegian Business School in Oslo, Norway. Her research interests include mergers and acquisitions, international strategy implementation and organizational identity. Helene's research is currently focused on strategic change in the context of the energy transition.

Birgitte Grøgaard is a Professor in the Department of Strategy and Entrepreneurship at BI Norwegian Business School in Oslo, Norway. Her research interests include strategies of multinational enterprises, headquarter-subsidiary relationships, and foreign direct investments. Birgitte's research is currently focused on the energy transition. Prior to pursuing her PhD, Birgitte worked for a multinational oil and gas company.

Inger G. Stensaker is Professor in Strategic Change at NHH Norwegian School of Economics. Her research interest is within the area of strategy implementation, strategic change processes, and organizational change capacity. Stensaker collaborates closely with firms to explore change processes in real time with an emphasis on the dynamics across organizational levels and over time.