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Micro-political Games in the Multinational Corporation: The Case of Mandate Change**

Micro-political conflicts associated with corporate internationalization have been neglected by and large in the literature so far. Despite early consideration by the behavioral theory of internationalization, the specific strength of a micro-political approach, i.e. combining actors' idiosyncratic action with structural and institutional constraints, remained more or less unused in studies on corporate internationalization. Screening the relevant literature, discussing the strengths of micro-political approaches and proposing mandate changes in multinational corporations as an particularly interesting empirical field, the paper also outlines for some directions for further research into the micro-politics of multinational corporations.

Key words: **multinational corporations, micro-political processes, game playing, mandate changes**

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1. Introduction

Like all other forms of politics, micro-politics is an attempt to exert a formative influence on social structures and human relations. The aim of micro-politics is to secure options, to realize interests, and to achieve success through efforts that are often but not exclusively motivated by personal interests or individual career plans. Micro-political conflicts are thus everyday occurrences at large companies, which multinational corporations (MNCs) usually are. However, already the question of which actors are involved in micro-political conflicts in multinational corporations is still largely unclear. In the early 1960s, J.G. March devised a general list of relevant political actors in firms including investors, investment analysts, suppliers, customers, governmental agents, employees, trade associations, political parties and labour unions (March 1962: 672f.). Taking the perspective of a large and differentiated multinational corporation this list would seem to be an oversimplification which, in particular, does not do justice to management, with its different hierarchical, functional and organizational backgrounds, not to mention its national and cultural ties that are especially important here.

The large number of potential micro-political actors in multinational corporations as well as their heterogeneity indicates for one the specific significance of coalitions. According to March (ibid), negotiations between political coalitions determine the composition and goals of an organization. For two, the heterogeneity of the actors involved in the political processes at a business firm illustrates that micro-politics can have very different thematic reference points and ranges. Micro-politics can affect a multinational corporation as a whole, for example, when global business strategy is their concern. However, this can also apply to medium-range issues, e.g., when actors disagree on which subsidiaries and/or countries should be up- or downgraded. Finally, micro-political conflicts can also occur at the department level of any unit of a multinational corporation, e.g. about the development and maintenance of external relations with key stakeholders.

Following Tom Burns (1961/1962), who is credited as being the person who coined the sociological term micro-politics, micro-political processes create and change organizational structures. Thus, reorganization processes in private enterprises and public institutions used to be the focus of attention of earlier empirical studies of organizational micro-politics. However, the individual reorganization fields studied varied significantly. In addition to the question of technology diffusion, HRM issues as well as questions relating to strategic business planning, quality management and ecological management have been investigated. However, micro-political conflicts associated with corporate internationalization have been neglected by and large so far (Bélanger/Edwards 2006). To start addressing this gap is the main purpose of this paper. The paper thereby first provides a short discussion of relevant strands of literature, encompassing the behavioral theory of internationalization, neo-institutional approaches dealing with corporate internationalization as well as the literature on conflict management in multinational corporations (section 2). This is followed by a chapter that outlines the specific strengths of the micro-political approach in studying corporate internationalisation from an inside-out perspective (section 3). Next, the paper proposes charter or mandate changes as an interesting field to study micro-politics in multinational corporations (section 4) and takes a closer look at what drives the behaviour of specific actors in such conflicts (section 5). The paper concludes with some practical considerations on researching micro-politics in MNCs (section 6).

2. Theoretical starting points

The fact that multinational corporations – like other organizations – are rational actors only to a certain extent was already pointed out by the behavioral internationalization theory in the 1970ies. Compared to other internationalization theories that follow the rational choice paradigm (e.g., the eclectic theory of foreign direct investment, which is presumably the most widely received theory today), behaviorist studies have searched for explanations to internationalization processes that contradict with rationality expectations in the narrow sense. This is exemplified in the fact that many companies do not or only very hesitantly invest abroad although the expected earnings far outweigh the expected risks (Aharoni 1966; Johanson/Vahlne 1977); the fact that companies in oligopolistic markets do not pursue the most promising investment possibilities abroad, but practice a follow-the-leader strategy that may imitate the suboptimal investment strategies of their competitors is another example (Knickerbocker 1973; Graham 1974).

Like the behavioral theory of internationalization, more recent institutionalist research also portrays the actors in multinational organizations as actors who fail to follow a consistently rational path of economic efficiency (Morgan 2001). Unlike mainstream management theory, it places more emphasis on the social and institutional embeddeness of multinational corporations and their various stakeholders, including shareholders and owners. In the institution-based approach (as in the behavioral theory of internationalization), researchers tend to focus on the results dimension of cross-border business activities and primarily discuss convergence and divergence-related developments. The following core questions are raised by this stream of research: "What characterizes the internationalization of businesses?" and "What are the essential material influences?". Quite a few authors presume that country of origin is a dominant influence. Hu (1992), for example, defines multinational corporations as "national firms with international operations". Similarly, Sally (1995), Ruigrok and van Tulder (1995), and Whitley (2001, 2005) assume that multinational corporations are forced to make a more or less one-to-one transfer of organizational and production strategies that were effective in their country of origin to the situation abroad because of coherence requirements and sunk costs. This view, which is at heart against the existence of a 'one best way' , has meanwhile proved to be too undifferentiated. Until now, empirical research has mainly concentrated on the internationalization of human resource management practices (e.g. UNCTAD 1994; Edwards et al. 1999; Almond et al. 2005) and the cross-border transfer of production and organization models (e.g. Abo 1994; Clark/Soulsby 1999; Freyssenet et al. 2003). Depending on which aspects of internationalization are studied, one can identify universal factors, home country effects, host country effects, third-country effects and intra-organizational and extra-organizational effects.[1] As pointed out by proponents of institutional theory, these effects normally are not exerted smoothly, but rather, in processes charged with variable degrees of friction. However, a detailed analysis of these genuinely micro-political internationalization processes did not fit into their field of knowledge interest (at least up to now).

Advocates of the organization structure tradition more closely investigate the question of micro-political conflicts in multinational corporations. The literature focuses on headquarters-subsidiary relationships in multinational corporations. While almost all of the older works on this subject investigate this relationship from the parent company perspective, Hedlund's (Hedlund 1986) concept of MNCs as "heterarchies" (a company with more than one center of gravity) triggered a veritable flood of publications in which the viewpoints of MNC subsidiaries were more intensely examined. Their basic assumption is that subsidiaries of multinational corporations are by no means just executive organs of the headquarters, but develop their own distinct strategies and contextual rationalities and thus differ in their contributions to the overall competiveness of the corporation as a whole.[2] According to Birkinshaw et al. (1998), the level of importance a subsidiary can attain depends on three factors: (1) the subsidiary's socio-economic environment, (2) the headquarters attitude towards the subsidiary, and (3) the subsidiary management's ability to make the headquarters aware of its achievements and capabilities. The last two points are particularly important conflict zones in headquarters-subsidiary relationships. According to Sölvell/Zander (1998), the headquarters' desire to maintain control is always in latent opposition to the subsidiary's desire to become as autonomous as possible. According to Forsgren/Johanson (1992), the distribution of profits and decisions regarding the direction of development of the MNC in general or of the subsidiary in particular are further fundamental sources of conflict between headquarters and subsidiaries. These basic conflicts can take place in different forms that are often related or overlap, for example, investment conflicts, status or role conflicts of management (Johanson/Vahlne 1977; Hofstede 1997), or as knowledge transfer conflicts (see below).

Knowledge transfer conflicts in multinational corporations have been a particularly frequent focus of attention in recent years – from an institutional as well as an organizational perspective. This is due to the special importance of cross-border knowledge transfer processes in increasingly integrated multinational corporations controlled by global product divisions: cross-border transfers make it possible to use more complex firm-specific advantages that are too risky or impossible to transfer to

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1 See Westney (1993) on the coexistence of home and host country effects, Müller (1994), Dörrenbächer (2000) and Harzing and Sorge (2003) on the coexistence of universal, societal and organizational effects, and Dörrenbächer (2004) on the existence of third-country and extra-organizational effects.

2 Management theory perspective: cf. Ghoshal and Nohria (1989), Gupta and Govindarajan (1994), Taggert (1998), Birkinshaw (2000); organization sociology perspective: cf. Kristensen and Zeitlin (2001, 2005), Geppert et al. (2003), Becker-Ritterspach et al. (2002); economic perspective: cf. Birkenshaw and Hood 1997, Pearce (1999) and contributions in Jungnickel (2002).

other countries via market processes (Hymer 1960; Dunning 1979).[3] Furthermore, the impetus from foreign markets and subsidiaries can only be incorporated and valuated through such transfers (Hedlund 1986; Sölvell/Zander 1998).[4] Until now, empirical studies were mainly concerned with conflicts emanating from the transfer projects initiated by headquarters. According to Forsgren et al. (1995) and Edwards et al. (1999), the corresponding resistance within the foreign subsidiaries is essentially fueled by the so-called 'not-invented-here syndrome', i.e., by subsidiaries' seemingly illogical (from the headquarters' perspective) refusal to adopt certain knowledge, technologies or practices that originate from outside their own business unit (Katz /Allen 1982). Other studies have implicated the nonconformity of the transfer contents as a cause of transfer conflicts in subsidiaries (Jankowicz 2001; Michailova 2002), whereas others blame the affected subsidiary's lack of critical involvement (Hetrick 2002) or absorptive capacity (Cohen/Lewinthal 1990). However , quite a few authors (e.g., Sharpe 2001; Becker-Ritterspach et al. 2002; Fichter 2003) interpret the blockade, modification and avoidance strategies of subsidiaries as a necessary cultural, institutional or organizational politics-related way to 'fine-tune' overly standardized directives from the headquarters. This exemplifies that the effects of conflicts on organizations can be functional or dysfunctional, and is also an interesting starting point for research on conflict management in multinational corporations. According to the characterizations of Morgan (2001), Pries (2001) or Geppert/Clark (2003), multinational companies are pluri-local, intrinsically heterogeneous transnational social spaces, the internal dynamics of which calls for differentiated conflict management mechanisms. Four partially overlapping approaches to conflict management in multinational corporations have been established so far. First, approaches that rely on structural conflict management by strict adherence to procedural justice (e.g., Kim/Mauborgne 1993). Second, approaches that consider diversity management to be the daily job of management in multinational corporations (cf. Parkhe 1991). Third, normative integration approaches that assume a self-regulatory effect of superordinate corporate norms and values. In this case, these norms and values may be pre-set and achieved top down (as in the "transnational solution" described in Bartlett/Ghoshal 1989), or they may develop in the course of a broad bottom up process, which increases their legitimacy and enforceability (Steinmann/Scherer 1997). Fourth and finally, interactive and discourse-based ethical approaches in which conflict management is conceived as the joint task of all conflicting parties and is reliant on communicative action, which proceeds according to specific rules (e.g., Gilbert 1998; Friedmann/Berthoin Antal 2005).

3. Strengths of the micro-political approach

Various features distinguish the micro-political approach from the approaches described above and make it useful for the study of internationalization and multina-

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3 This permits better use of the available knowledge base. Benchmarking studies within individual businesses demonstrated that the efficiency potentials here are considerable (Szulanski 1997).

4 According to Birkinshaw and Hood (2001), the many geographically scattered business units of large multinational corporations generally have a much greater innovation potential than their headquarters.

tional corporations. One relatively obvious distinction is that the micro-political approach takes a more strongly analytical approach to problems than the sometimes prescriptive conflict management approaches. Additionally, its more differentiated view of actor relationships and the consideration of different interaction levels are further important advantages of the micro-political approach. This is especially important because "life is lively" in organizations (Ortmann 1988: 7), especially when individuals or groups of actors with different (sub-)organizational, national and cultural backgrounds compete. These important aspects are almost neglected by institutionalist researchers on multinational corporations.[5]

A dominant topic, especially in the early debate about the political conception of organization, is the focus on coalition building (see e.g. Narayanan/Fahey 1982). Thus, it is stressed that actors' develop political strategies due to limited resources, interdependent tasks, limited availability of information, differentiated but limited power and mutuality of interests (ibid: 27; see also Pfeffer/Salancik 1974). Crozier/Friedberg (1979) stress that actors in organizations play micro-political games because they need to cooperate to achieve both individual and organizational strategic goals. In MNCs, strategic goals are often set by or must be negotiated with the headquarters. There are also subsidiary specific sub-goals related to local requirements which require adaptation and bargaining. However, local subsidiary managers e.g. need to balance, when playing games, to meet both the headquarters strategic expectations as well as the expectations of local employees and stakeholders in order achieve their own individual goals and improve the subsidiaries position within the multinational group and/or upgrade its mandate (see also section 5).

Probably the clearest and therefore potentially most fertile difference between this approach and the others is that the micro-political approach conveys two major paradigms of social theory, namely, volunteerism and determinism (Neuberger 1998). The integrated structural and action perspective is realized by the concept of micro-political conflicts as games. These games, a large number of which are played both simultaneously and successively, characterize an organization. Crozier/Friedberg (1979) describe organizations as the sum total of interconnected games. When playing these games, the actors are bound by rules, restrictions and resources. However, these structural limitations also provide certain liberties (with actor-specific differences) that can be used to implement one's own tactics and strategies. Hence, there are limitations but also liberties. According to Mintzberg (1983), authority games, power building games, rivalry games and change games are of a special significance in organizations. Ortmann et al. (1990) distinguish between routine and innovative games. A rather functional list includes budget games, career games and reorganization games. Further investigation is required to more precisely determine whether there are one or more specific internationalization games and to identify their characteristic features.

Whatever kind of game actors in organizations play, they always need to accept certain rules of the game and to cooperate with other 'players' to achieve their goals of e.g. increasing the annual investment budget or improving their career prospects

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5 This contributes to the often seemingly anemic and construed argumentation of institutionalist contributions on the internationalization of businesses.

within the company. When playing actors try to control 'zones of uncertainty', depending on, however, how relevant the 'zone' is for other actors. This provides them with more or less power to bargain with them and achieve certain strategic goals (Crozier/Friedberg 1979). However, these 'zones' cannot be reduced to their structural nature, they only come into play as power resources when actors actually getting actively involved in playing games, e.g. to influence strategic decisions about allocation of the annual budget. As we will discuss in more detail later on (section 5), micro-political games are not just driven by organizational (e.g. resource-building) strategies, they are also shaped by individual interests of managers, which sometimes overlap but are not necessarily identical with the former.

Internationalization issues play a particularly important part in the games played within the MNC. In career games, for example, this is evident when one considers how important it was and still is to be assigned to and to successfully manage the right subsidiaries abroad to make the leap into the top management level of multinational corporations (Stahl et al. 2002). Budget games are another example. A German headquarters manager responsible for the company's East European subsidiaries summed up its experiences with micro-politics in cross-border budget negotiations as follows: "Now you have to slow down the Hungarians. They create lots of paperwork and know precisely where and what they are hiding. Another thing is also clear: We can't finance all the wishes of the head of production or make golden doorknobs. What we maintain with them is a sort of open relationship with a culture of friendly conflict" (German corporate manager in an interview with the authors).

However, there are also arguments in support of the assumption of genuine internationalization games. For example, the loyalty of foreign subsidiaries' general managers to the headquarters, on the one hand, and to the foreign subsidiary, on the other, is a situation that requires a great power of integration and a high tolerance of ambiguity (Black et al. 1992). However, it is also a situation that presents tactical and strategic options that would otherwise be unavailable within the national framework. In certain situations, subsidiary managers can weaken, modify or ward off disagreeable and unreasonable requests from the headquarters by citing the institutional structures in their country or the political power of local actors as the reason (for examples, see Tempel 2001; Becker-Ritterspach et al. 2002). They can either exploit existing differences, for example, in national labor law or they can capitalize uncertainty zones which are especially large at multinational corporations. For example, a French subsidiary of a German beverage manufacturer managed to pursue the foundation of a subsidiary in North America without the headquarters' knowledge for months. Only the need to register the new subsidiary in the commercial register ultimately made it unavoidable to inform the headquarters (German expatriate in France interviewed by the authors). Although such hidden drawer projects of subsidiaries rarely get so far, it is still undisputed that such activities that functionalize the peculiarities of the uncertainty zones in a multinational corporation take place at almost all foreign (and domestic) subsidiaries.

As stressed above, the extent to which such projects can proceed in secret, that is, the extent of assertive power of micro-political actors depends on the degree of their control over the uncertainty zone in question. In this case, the uncertainty zone within an organization usually has to do with the fact that potential antagonists, as individuals or groups, control areas or resources that one needs to achieve one's own aims. According to this hypothesis, the manner in which the individuals or groups are allowed to exert their influence across the geographical, political, socioeconomic, cultural and religious boundaries associated with internationalization is generally difficult to assess and even more difficult to control. At any rate, one can expect to find different communication and influence strategies than those seen in co-located nationally and culturally homogeneous settings. Moreover, the frequency and modes of interaction, each with their own intrinsic effects (effects arising from the type of interaction independent of the content-related object of interaction), are also variable (at least as far as their relative implications are concerned).

4. Mandate change as a new research field

Since multinational enterprises are organizations that cross national, cultural and religious borders, they have an especially high conflict potential. Competitive pressure to achieve strategic and functional integration generates interest-driven conflicts not only between the company's individual units, but usually also between the dissimilar individual and/or collective interests, norms and value systems (Kostova 1999). In this respect, mandate change in multinational corporations is a field of conflict analysis that has still received little attention in the literature. Mandates are time- and content-limited tasks assigned to a subsidiary by the headquarters, or acquired independently by the subsidiary, that define the internal division of labor within a multinational corporation (Birkinshaw 1996, 2001). Since mandates are usually associated with the control of resources or potential courses of action, mandates also define a business unit's level of 'clout' (Cyert/March 1963; Pfeffer/Salancik 1974; Birkinshaw/Ridderstråle 1999). Changes (gains or losses) in mandates therefore have a distinct, intrinsic conflict potential in multinational corporations, especially when they lead to (or could lead to) long-term up- or downgrading of a subsidiary.[6] Upgrading occurs when a subsidiary of a multinational corporation is assigned more demanding tasks or gains increasing economic significance within the company over the course of time while maintaining the same tasks. Inversely, downgrading is said to occur when a subsidiary is delegated less demanding tasks or loses its economic significance within the company over the course of time while maintaining the same tasks.

Naturally, mandate changes are also of great strategic importance to the various actors in multinational corporations as individuals. Careers, clout and jobs (at the headquarters as well as at subsidiaries at home and abroad) are influenced by the distribution of mandates among the different corporate units. Therefore, mandate assignments or changes are also greatly subject to the orientation-related motives of the individual actors involved. These orientation-related motives remain more or less latent since mandates are normally limited with respect to time and content. Furthermore, because of the internal and external dynamics of corporate changes, mandate

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6 This includes different mandate awarding situations (awarding of supplementary mandates, redistribution of existing mandates) and different mandate types (product, regional and functional mandates).

assignments can be challenged once they are implemented. It is therefore in the interest of the headquarters to at least occasionally have a more or less open competition (bids from inside and outside the company) for the assignment of existing or new mandates. (Birkenshaw/Lingblatt 2005). The rationale for this might be adaptation to changes on the market or economic situation, efforts to increase corporate or shareholder value and/or the desire to obtain greater control of a specific subsidiary. Simultaneously, the individual domestic and foreign subsidiaries strive to acquire new or expand existing mandates, either in response to changes on the market or economic situation, or to secure and improve their position and influence within the corporation.

When translating organization theory ideas on micro-politics (Crozier/Friedberg 1979; Ortmann 1988) into the context of the MNC, we assume that conflicts between headquarters and subsidiary managers of multinational corporations are often related to the problem of mandate change. Depending on the importance and content of the desired mandate change as well as on the size of the corporation, actors involved at the headquarters may include the board of directors, members of the strategic planning staff, and managers with regional or divisional (product-specific) responsibilities; below this level, managers with functional responsibilities (e.g. for personnel, production, marketing or R&D) are also involved. At the subsidiary level, the corresponding actors are normally the general managers (i.e., managing directors) and/or managers in areas of functional competence (e.g., personnel, production, marketing or R&D). Various other actors may also play an important part in the process of mandate change. Some of them – e.g., employee representatives who accept concessions to keep a subsidiary in their regional area while attempting to influence the headquarters' mandate assignment decisions – may be directly affiliated with the company. Some may be stockholders pushing to exploit international cost, service and regulatory advantages by changing the corporation's internal division of labor. Others, however, may be relatively company-independent stakeholders, such as investment-promoting government organizations exerting their influence to push the transfer of mandates to their region as well as non-government organizations attempting to block certain mandates they feel are associated with undesirable production or R&D activities. A common trait of these unaffiliated stakeholders is that they normally do not intervene directly into processes of mandate change. However, their interests and positions target the strategies of the managerial actors and have permissive or restrictive effects.

5. Micro-politics of mandate change

In the scope of this paper, the activities of the actors involved in mandate assignment-related conflicts, the significance of various institutional circumstances, corporation-wide practices and routines, as well as organizational (or sub-organizational) and individual interests can only be described cursorily, based on the example of one type of actor, namely, foreign subsidiary managers. Nevertheless, the ensuing accounts will go beyond the so far dominant approaches that attribute mandate change processes in multinational enterprises solely to structural or institutional environmental influences. In this context, it must first be noted that turning to an action theory perspective by no means negates the fact that the action patterns of actors within the corporation can only be understood in reference to the conditions of their structural constitution. However, on the other hand this does not mean that actors in organizations are entirely compliant executive instruments of structural and institutional constraints. The concept "... that every action in, for and in regard to organizations is always an action in consideration and in pursuit of the actor's own interests" appears to be more realistic (Küpper/Felsch 2000: 149, authors own translation). The questions of how structural and institutional circumstances and/or constraints and an actor's individual room to operate correlate with and influence each other are interesting yet still largely empirically unexplored issues, especially in the context of the MNC.

The basic structural and institutional forces that influence the potential and actual actions of subsidiary managers in conflicts surrounding mandate changes can be defined as host country factors, subsidiary factors and headquarters factors.

- *Host country factors* are essentially influenced by the national institutional structure, resources and foreign investment policies of the host nation. Host country factors have been sufficiently analyzed in the standard literature on the strategic management of multinational corporations (e.g., Ietto-Gillies 2005) as well as in the rapidly growing institutionalist literature on the internationalization of business (see section 2).
- *Subsidiary factors* that influence the potential courses of action or actions of subsidiary managers are mainly based on the resources and capabilities at a subsidiary's disposal (Mariotti/Piscitello 1999). These are primarily shaped by the functional role of the respective subsidiary, in other words, by the tasks assigned to the subsidiary. According to the resource dependence concept, these potential courses of action depend mainly on *discrete resources*, i.e., resources that bring added value and that are hard to imitate or replace (Barney 1991).
- Headquarters factors are the third and last group of relevant structural factors. The potential courses of action subsidiary managers can take within the process of mandate change also depend on MNC structure and headquarters policy regarding the assignment of mandates. The question of whether there are other competing subsidiaries within the MNC is particularly relevant. Additionally, the outsourcing of work to extra-organizational contractors has an important influence on the actions of subsidiary managers. In conflicts surrounding mandate changes in multinational enterprises, one can generally assume the presence of structural asymmetry between the headquarters and the subsidiaries involved in and/or affected by the change.[7] In spite of decentralization tendencies, decisions regarding mandate changes are some of the most strategically significant prerogatives of the headquarters that lay the foundations for unified corporate management.

The specific features and impact of host country, subsidiary and headquarters factors vary from one case to another; these factors lay the basic structural and institutional foundations for subsidiary managers' potential actions in mandate conflicts, but not determine the actual actions of these actors. Following the micro-political premise,

[7] Here, exceptions are the rule.

their individual interests also have a relevant impact on the actions they choose to take. This is especially obvious in cases where the subsidiary's rationale does not line up with that of their general managers.[8] For example, one cannot always safely assume that the subsidiary as a whole is always interested in fulfilling its mandate and/or maintaining its status quo within the company's internal division of labor. It is not unusual for a career-oriented subsidiary manager – especially for expatriates – to maximize her/his own individual gains by returning a mandate as smoothly as possible (if so directed by the headquarters) or to shut down a site if necessary (see also Flecker 2000). National loyalties and career motives are thus relevant *individual factors* that may also influence the actions of subsidiary managers in disputes over mandate changes (and will be therefore examined more closely below).

Foreign subsidiary managers are either citizens of the host country, the home country or a third country. The actions of home country nationals (expatriates), host country nationals and third-country nationals are thereby alleged to be guided by different loyalties (Harzing 1999). Home country nationals are assumed to be loyal to the headquarters. Expatriates presumably work to ensure sufficient control of the subsidiary and implement the central policies of the headquarters in a generally consistent fashion - that is, as long as they do not assimilate to the host country through marriage, change of religion, extended stays abroad, etc. home country nationals are presumably more concerned with local interests, i.e., the continued development of the subsidiary. Following Petersen et al. (1996, 2000), this assumption holds only as long as the inpatriate does not have international career plans (which depends on the MNC's career development policies and the abilities of the individual). Last but not least, third-country nationals are presumed to have a more balanced outlook on headquarters and subsidiary interests. Compared to the number of expatriates and host country nationals,, the total number of foreign subsidiary managers who are neither citizens of the home country nor the host country is extremely small. Likewise, few subsidiary managers have binational, bilingual or bicultural biographies.

As indicated above, the national loyalty-based actions of subsidiary managers are not unchanging, but appear to be influenced mainly by the subsidiary managers' career ambitions and orientations. While classical career models presumed for ages that career ambitions were relatively strongly age-dependent (Hall/Nougain 1968), the increasing de-standardization of professional biographies has now led to the opinion that that career ambitions are determined by the level of professional success one has achieved (Hall 2002). To what extent a subsidiary general manager will think s/he has arrived at his/her end career goal or will have further career ambitions depends on a number of personal factors, such as age, marital status, health, self-assessment, and assessment of one's current professional status. Organizational conditions – the multinational corporations' career, incentive, pay and professional support systems, etc. (Peltonen 1992; Stahl et al. 2002) – and situational conditions – e.g. geographic mobility and anticipated changes in work conditions and responsibilities (Kanter 1989; Schein 1990) – also play an important role in future career decisions. The weight of

8 However, the literature on mandate change in multinational enterprises consistently assumes that such a concurrence exists.

these factors and their connection to the respective general manager's nationality ultimately depends on whether the manager's career ambitions are hierarchically directed towards their climbing the ladder of success within the multinational corporation or towards further developing the economic and political status of the local subsidiary.

The three mini-cases presented below the focus on games played by subsidiary managers and serve to illustrate how the individual managerial strategies to initiate mandate changes are intertwined with wider organizational structural and institutional factors.[9] We will especially shed light on the question how individual career orientations are interconnected with organizational strategy building, both at the local and the MNC level.

Case 1: With his career at the headquarters in mind, a young manager of a German service company's French subsidiary exploited his subsidiary's mandate to operate on the French market to develop a detailed restructuring proposal with huge rationalization potentials for the overall corporation. The recent restructuring of an important French competitor gave the subsidiary manager the idea for this proposal. The manger carefully observed and analyzed this restructuring process with his career at the headquarters in mind. The game he played, however, was only indirectly focused on improving his career prospects. Game playing meant to a large extent to build coalitions with internal and external stakeholders of the MNC which in the end supported his strategic initiative and thus expanded his control of uncertainty zones, e.g. into the headquarters, improving his bargaining power in order to achieve his individual career prospects.

Case 2: This manager, whose career plans were strongly oriented towards entrepreneurial initiative (entrepreneurship), pursued the continuous expansion and upgrading of the activities of a Hungarian subsidiary of a German software company. The manager, a roughly 35-year-old Hungarian software engineer, first pushed the idea of transferring Hungarian market sales assignments originally assigned to Austrian companies to Budapest. In addition to taking over and continuously expanding these sales activities, the manager prevailed over major competitors from the MNC's home country and was authorized to establish a Hungarian call center for the software company's German-speaking clients, and he subsequently succeeded in expanding the activities of the call center. The manager also tried to get more and more of his Hungarian subsidiary's managers to work in international teams in order to improve the subsidiary's performance potentials. His long-term goal was to have a greater share in central product development in Germany. Compared to the former case game playing was more focused on enabling individual and organizational entrepreneurship at the subsidiary level. However, in order to do so local resource building strategies were not sufficient, but needed to be combined with developing closer social ties with company level strategic management teams. The control of uncertainty zones at the company and at headquarters levels proofed to be a precondition for subsidiary entrepreneur-

9 The cases we selected from a larger set of case studies prepared within the research project "Kompetenztransfers in Multinationalen Unternehmen" that was carried out by Christoph Dörrenbächer between 2004 and 2006 at the Social Science Research Center, Berlin (Wissenschaftszentrum für Sozialforschung, Berlin).

ship. Playing the political game of mandate change at various organizational levels increased compatibility of individual career ambitions with broader organizational strategies. This, however, was quite different in the next case.

Case 3: Professional-oriented career ambitions were the basic motivation for a soon-to-retire manager of German automotive supplier's French subsidiary to greatly expand the technical expertise of the subsidiary under his management. Without support from the headquarters, the manager, who had several years of experience as an engineer, and his staff succeeded in implementing significant modifications of production and organization processes. However, company headquarters blocked a proposed expansion of the subsidiary's mandate that would afford a better utilization of this knowledge base but would require the significant additional financial investment. In this case, the decisive factor was that the gains to be expected were rather medium to long-range and thus incompatible with the headquarters' growing goal of producing short-term increases in shareholder value. Game playing was primarily focused in local resource and coalition building. However, coalition building attempts and thus expanding the control of uncertainty zones at he headquarters level proofed to be difficult. In comparison to cases 1 and 2 strategic orientations of headquarters and subsidiary management proved to be incompatible, leading to an increased politization of the game. Alternatively, the local manager concentrated coalition building and resource building at the local level. The incompatibility of local and headquarters strategies turned the game played into a 'subversive' one, which can compare to 'hide and seek'. The headquarters 'seeking' to standardize its global operations in order to growing pressure from shareholders to measure and increase short-term economic performance, triggering local resource building strategies improve the long-term capacities and viability of the company. This led to the paradox that the local manager needed to 'hide' this approach in order to make it sustainable.

These three mini-cases illustrate how strongly personal career interests and orientations affect the way in which subsidiary managers played the games in order to develop their subsidiaries mandates. They also point out the importance of organizational and institutional factors and illustrate the interaction of personal interests and structural and/or institutional conditions for action. In the last case, the plans of the French subsidiary (and its manager) to expand the subsidiary's mandate ultimately failed because of the headquarters' increasing emphasis on shareholder value. In the case of the Hungarian software subsidiary, on the other hand, the availability of a large number of relatively inexpensive German-speaking workers in Budapest was a major reason why the subsidiary manager succeeded in convincing the headquarters to open a call center in the Hungarian capital. The first case was similar. Only after the restructuring of an important French competitor did the subsidiary manager come up with the idea to use his mandate to develop a comparable restructuring proposal for the MNC. The fact that his main concern was not developing the mandate of "his" subsidiary but promoting his own career contrasts with the other two cases. This difference demonstrates how a subsidiary manager's personal interests can overshadow structural and institutional conditions under certain conditions.

Concerning the previous results, which merely document the role and the importance of interest-driven actions by subsidiary managers in connection with mandate changes, one must ask whether different types of mandates (product, regional or functional mandates), different home and host country combinations and differences in the overall strategic weight of mandate changes and other factors result in differences in freedom for interest-driven action. The rationale and options of the other major actors involved in mandate changes in multinational corporations, including all of the relevant headquarters actors in particular, must also be considered. Finally, the process and level of interaction of micro-political conflicts surrounding mandate changes must also be taken into consideration as this may provide surprising revelations. All in all, the micro-politics of mandate change in multinational corporations is a broad and still largely unexplored field for future research. Many useful results can be expected, especially in regard to understanding how the functional requirements of performance and profit gain in businesses with complex structures interplay with individual and collective interests and to determining the extent to which centrally controlled changes (Thurow 1999) or emerging, micro-politically "negotiated" changes (Westney 1993) affect the process of mandate change.

6. Conclusions and directions for future research

Micro-politically oriented studies on multinational corporations promise to provide interesting insights. In this paper we have shown that the micro-political perspective revives some rather anemic assumptions of contingency theory and institutional approaches to the internationalization of business which usually neglect the role of actors for change and/or ignore internal contradictions and conflicts. Alternatively, we wanted to draw the attention to the role of agency, especially to micro-political strategizing and game playing in the context of the MNC.

A key interest of the authors is to emphasise that mainstream international business studies could benefit from moving beyond the analysis of organizational design strategies and external environmental pressures of multinational corporations and alternatively focus more on the micro-political underpinnings of these structural features. Up to now, empirical use of the micro-political approach has exclusively taken place in co-located, nationally and culturally homogeneous settings. The role of geographical, cultural or socio-economic managerial distance in micro-politically shaped organizational conflicts is still largely unexplored.

In the empirical discussion of this paper we have concentrated on the idea of micro-political games played within the MNC, focusing on the role subsidiary managers as key players in the process of mandate development. We especially draw attention how individual career interests of subsidiary managers influence their strategic approaches when negotiating mandate changes with the headquarters. Interest driven strategies led to the reallocation of power resources between headquarters and subsidiaries in two cases (case 1 and 2). Here upgrading of subsidiary mandates went hand in hand with the increase of the local management's control of uncertainty zones within the headquarters. However, only in case 2 individual career interests of the manager and organizational goals of the subsidiary reinforced each other, which supported, compared to case 1, a more long term oriented upgrade strategy. In comparison to the other two cases, however, the game played in case 3, was more 'subversive' (Morgan/Kristensen 2006). Escalating interest conflicts between the subsidiary and headquarter undermined the initially mainly internally focused mandate upgrading strategy. Instead of a continuation of the resource allocation battle between subsidiary and the headquarters we observed a change in the nature of the game. The micro-political game turned into a more 'subversive' one, focused for the most part locally on coalition and resource building. How far this approach, however, can be interpreted as a viable alternative for mandate development remains an open question.

An interesting new field of research is the idea to study the MNC as a 'contested terrain' (Edwards/Bélanger 2009) or 'contested space' (Morgan/Kristensen 2006). On the one hand and in line with classical micro-political research, it is stressed that the analysis of diverse interests and conflicting contextual rationalities is crucial for the study of international management. On the other hand, however, this debate goes beyond the common focus on the management of the MNC and draws our attention to the important role of employees. They are understood to be key stakeholders, especially for implementation of mandate changes, requiring the acceptance and involvement of lower level managers and employees. This is highly relevant for MNCs, e.g. when operating in societal contexts and industrial sectors with elaborated industrial relations systems, where the employees have the legal rights to be consulted and to get actively involved in mandate change processes. Especially in Germany local coalition building of managers and employees is seen as a powerful mechanism to influence and even resist headquarters imposed mandate changes (see e.g. Geppert/Williams 2006). However, further and more in-depth research is required on the questions of a) what are the specific games played in the context of the MNC, which go beyond the traditional focus on MNC management, and of b) what are the powerful actors and/or groups of actors within (besides e.g. managers and employees) and outside (besides e.g. shareholders) the MNC, that have a political stake in these micro-political games.

Finally, our paper draws attention to the study of micro-political conflicts emerging within and around MNCs (see also Dörrenbächer/Geppert 2006). We have shown that conflicts are driven by individual and organizational strategies of controlling the allocation of resources and zones of uncertainty within the MNC. Furthermore, we have argued that micro-political conflicts are interest driven and that particular attention needs to be paid to the career interests of subsidiary managers.

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