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**ANTICIPATED TRAJECTORIES OF  
DEVELOPMENT IN GLOBAL  
INDUSTRIES AND THE EVOLUTION OF  
CORPORATE PARENTING STYLES OF  
MULTINATIONAL CORPORATIONS**

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## **ANTICIPATED TRAJECTORIES OF DEVELOPMENT IN GLOBAL INDUSTRIES AND THE EVOLUTION OF CORPORATE PARENTING STYLES OF MULTINATIONAL CORPORATIONS**

World Investment Report 2020 by UNCTAD identified several possible trajectories of development for many industries, namely re-shoring, regionalization, diversification, and replication. We argue that those trajectories of development may result in changes to prevailing corporate parenting styles and may also lead to the emergence of less common parenting styles. We present a typology of corporate parenting styles and outline likely changes to these styles arising from the different developmental trajectories and the major actors of the changes in corporate parenting styles. Although many of the anticipated changes may be pursued by corporate headquarters, a combination of powerful subsidiaries putting bottom-up pressure on corporate headquarters, along with powerful owners, capable of imposing requirements on top management teams and generating top-down pressure, may enact new corporate parenting styles.

**Keywords:** headquarter-subsidary relations, corporate parenting styles, multinational corporations, trajectories of development of global industries, foresight, organizational change

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## 1. Introduction

The mid-2010s saw a renewed wave of scholarly contributions aimed at re-evaluating the relations between corporate headquarters (CHQs) and subsidiaries of multinational corporations (MNCs) (see Van Tulder *et al.*, 2015; Kostova *et al.*, 2016). Evolving circumstances dictated both the requirement to document the key changes occurring in headquarters-subsidiary relations, and to advance a new multi-level and dynamic research agenda capable of generating relevant insights from the field. Several factors, not least de-globalization and digitalization, were seen to be bringing about changes in the context in which MNCs were operating. De-globalization (see Globerman, 2017; Kobrin, 2017; Meyer, 2017; Witt, 2019; Petricevic and Teece, 2019; Peretz and Morley, 2021) affected many individual MNCs and several sectors as it threatened the existence of the “global factory” (see Buckley, 2011) by creating additional barriers to the movement of capital, goods, knowledge, and talent between countries. Moreover, as such barriers were (and are) highly asymmetric, this has increased the “anisotropy” of the internal space of MNCs yielding a range of possibilities regarding the transferring different types of value in different directions (see Gurkov, 2019). Digitalization affected the control mechanisms of MNCs (see Singh *et al.*, 2016), leading to greater involvement of CHQs in the activities of their subsidiaries (see Schmitt *et al.*, 2019). It has also altered the ways that CHQs might create value (see Kunisch *et al.*, 2020) and generated an impetus for the relocation of MNCs’ activities, depending on the knowledge intensity and tangibility of inputs and outputs (see Autio *et al.*, 2021).

The COVID-19 pandemic further increased de-globalization (see Antras, 2020), creating additional barriers for international talent movement, and greatly increased digitalization, including a massive shift to teleworking (see Eurofund, 2020). The pandemic necessitated CHQs arranging timely responses to business disruptions, including swift reactions to subsidiary initiatives (see Verbeke and Yan, 2021), managing massive resource

redeployment, and, in situations of very high uncertainty, assisting subsidiaries in dealing with “stretch goals” that, according to Sitkin et al., (2011), differ from ordinary challenging goals in two important respects: *extreme difficulty* and *extreme novelty*.

Moving into a pandemic recovery phase, the systems governing MNC HQ-subsidary relations must be ready to explore and exploit both short- and medium-term opportunities which will likely diverge across sectors and industries (see International Monetary Fund, 2021) and thereby impose further demands on MNCs’ overall level of “agility” (see Schams et al., 2021). In addition, MNCs must be prepared to cope with anticipated long-term fundamental developmental trajectories that are likely to characterize particular industries (UNCTAD, 2020). At the same time, the existing studies of HQ-subsidary relations are not always suited to depict radical changes in the whole system of relationships between CHQs and subsidiaries. Many studies on the topic, regardless of their theoretical perspective (e.g. agency perspective, subsidiary entrepreneurship perspective, resource-dependence perspective, network-based perspectives, and institutional perspectives) (see Meyer et al., 2020 for an extensive overview of the literature), present HQ-subsidary relations either as a static (studies from agency and institutional perspectives for example) or as a slow, or sometimes “tortuous” evolution (studies from subsidiary entrepreneurship, resource-dependence, and network-based perspectives for example). Behavioral theory is better suited to depict radical changes in HQ-subsidary relations, but currently many of the studies within this tradition focus on the role of organizations and individuals in shaping knowledge flows and innovation (see Meyer et al., 2020), something which yields a very important, though only particular segment, of the bigger picture of HQ-subsidary relations.

In this paper, we highlight how it is possible to draw on an established research construct (namely, corporate parenting styles [CPSs]) to *depict* the many different facets of HQ-subsidary relations (the intensity of value addition and value expropriation, the setting of subsidiary performance targets, the structure of control mechanisms, and the psychological

aspects of relationships between corporate executives and subsidiary managers), and to then postulate possible future fundamental changes in HQ-subsidary relations. In what follows we start by introducing the concept of CPSs and we outline key styles pursued by MNCs. Following this we landscape some of the anticipated trajectories of development of particular industries. We then turn our attention to likely changes in parenting styles that may occur because of the altered international business circumstances faced by MNCs and we identify likely proponents and opponents of changes in CPSs. Finally, we set down a number of possible avenues for further research.

## **2. Corporate Parenting Styles**

CPS is a ‘composite’ idea which is based not on a single theoretical approach but rather on a synthesis of several approaches to studying headquarters-subsidary relations, including aspects of the resource-based perspective, behavior theory of the firm, agency thinking and focuses on unearthing the preferred manner by which an MNC performs its duties as a corporate parent in configuring, coordinating and managing its multimarket activities (Collis and Montgomery, 1998) and arranges the adding and extracting of value from corporate units (see Kunisch *et al.*, 2020). Critical among the suite of activities engaged in by the corporate parent in this respect are the assembling of sets of assets to manage and develop the portfolio of the MNC, the planning of the activities of corporate units, and the adding to and/or extracting of different types of value (financial resources, knowledge, talent) from corporate units (see Gurkov, 2015a). While the CPS literature has early roots in Parkinson’s book “*In-laws and Out Laws*” in which he characterizes the ‘male’ and the ‘female’ organization (Parkinson, 1962), it developed a particular research trajectory over the past 30 years or so. Important contributions in particular in the corporate strategy and organizational design literatures in particular, and also in the international business literature have emerged (Goold and Campbell, 1987; Goold *et al.*, 1994; Goold and Luchs, 1996; Goold *et al.*, 1998).

The initial theory of CPSs positioned itself as a framework around which the role of the corporate center of the MNC in performing parenting functions towards subsidiaries could be fully explicated and accounted for. This has been followed by several attempts to generate a rigorous conceptual model of CPS (Nilsson, 2000; Kruehler and Pidun, 2011; Kruehler et al., 2011). Gurkov (2015a) suggests that a combination of value-adding and value-extracting activities is the key to describing a CPS and offers a five-fold typology of CPS ranging from charitable style (with high value-adding and low value value-extracting activities) to exploitive and predatory styles with low value-adding and high or extremely high value-extracting activities. Building on this contribution, Gurkov and Morley (2017a) further refined that typology combining exploitative and predatory styles into a single style and highlighting the importance of the manner by which the corporate center executes its functions. They identified four parenting styles labelled after the Greek gods *Cronus*, *Rhea*, *Zeus* and *Athena*.

*Cronus*, after the Greek Titan who devoured his children, is described as a CPS in which the dominant intention of the corporate parent is to extract value from the subsidiary, typically in the form of profits and revenues. This requires very tight control of the financial flows of a subsidiary, while affording greater discretion to subsidiary managers on some other issues (for example, on human resource management policies and practices).

*Rhea*, who was known as the mother of gods, represents a contrasting CPS. Here, most of the action of the parent is devoted to adding value to the subsidiary by, for example, equity injections, credits from the parent or from partnering banks at lower interest rates, capacities transfers, knowledge transfers or the relocating of talented employees from HQ or from sister-subsidiaries. Rhea CPS can, they suggest, be found more commonly at the early stages of subsidiary development, especially in manufacturing subsidiaries established through relocation, separation and installation, but also in some instances following acquisitions of previously independent companies where injections of capital, technologies

and teams of managers are essential to bring the newly acquired company closer to the corporate standards of operations and performance. At the same time, Rhea CPS presumes tight control on most strategic and operational issues in order to ensure that the value adding transfers are absorbed effectively.

The third CPS is depicted as *Zeus* after the Greek god and father of many heroes. If the essence of Cronus CPS is *extracting value* and that of Rhea revolving around the exhibition of a duty of care, the essence of Zeus style, they suggest, may best be thought of as *heroism*. Here the parent inspires the subsidiary towards great achievements encompassing, for example, capturing a bigger share in relevant markets, attaining unique levels of technical efficiency, mastering novel products using leading edge technologies, and active participation in breakthrough corporate projects. In this scenario the subsidiary absorbs higher amounts of financial support from the parent in exchange for the revenues to be received in the future and the development of unique knowledge which eventually becomes transferred to and absorbed by other corporate units (see Gurkov, 2015b). Gurkov and Morley (2017a) also argue that the very network of mechanisms of value exchange themselves may change over time with historical exclusively bilateral parent-subsidiary relations becoming augmented with, and on occasion, supplanted by, active cooperation between sister-subsidiaries around the MNC. In general, under Zeus style, the parent often purposely and meaningfully increases the autonomy of the subsidiary beyond subsidiary managers' expectations and, in the process, creates additional, value adding challenges for subsidiary management.

The final CPS identified by Gurkov and Morley (2017a) is labeled *Athena*, the daughter of Zeus, who appeared from his head as an adult and was equipped for immediate action. The essence of Athena's style is *wisdom* – the ability to think and act using knowledge, experience, understanding, common sense, and insight. Gurkov and Morley suggest that there are at least two routes to instituting an Athena CPS. It may

become the preferred approach through the subsidiary extending its mandate and becoming a strategic partner of the parent by, for example, taking regional or global responsibility for particular activities or functions within the corporation. An alternative route to establishing an Athena style may be through the acquisition of a large previously independent company with the suite of well-developed corporate functions (R&D, marketing, manufacturing, PR, finance). In such a situation, the acquired company, on being formally incorporated as a subsidiary in the MNCs network of operations, may also become a junior partner in a specific “internal strategic alliance”. In this way, they suggest that the definitional emphasis in CPS given to either adding or extracting value begins to lose its centrality as a contestation because the balance of value added by the parent and value extracted from the subsidiary offset each other. In addition, under Athena CPS the process of “capital round-tripping” becomes a mechanism for financing subsidiary development. The subsidiary may report negligible taxable income for a period as its profits, and a significant part of its total revenues, are channeled through royalties into the corporate treasury. Concomitantly, subsidiary managers receive assurances from HQ that all their claims for investments will receive full consideration and in most cases will be supported.

Gurkov and Morley (2017a) also call attention to how different trust dynamics between corporate headquarters and subsidiaries accompany the preferred CPSs. In the case of Cronus CPS, low trust is often exhibited by corporate headquarters towards subsidiary managers with headquarters striving to establish tight control over the actions and performance of subsidiaries either directly or through intermediate management units (regional headquarters, product groups). In the case of Rhea CPS the level of trust exhibited is typically higher, but the corporate headquarters continue to control subsidiary activities tightly. For Zeus, and especially for Athena style, the level of trust is high, resulting in higher degree of autonomy being afforded subsidiaries in operational and (for Athena style) in strategic areas. This often results in a decrease in the need for ‘subsidiary initiatives’ as



requests for permissions to amend subsidiary practices or to launch small and medium-scale projects are less necessary because they are financed by earnings retained by the subsidiary or by loans from local banks in the host country taken out by the subsidiary.

In addition to the four styles identified above and the trust dynamics between headquarters and subsidiaries accompanying them, an additional style may also be postulated. *Hypnos*, referring to the Greek god of oblivion, as a parenting style is characterized by the minimal exchange of value between subsidiaries and their respective headquarters or indeed with sister-subsidiaries within the MNC. This may happen in the “corporate periphery” when there are objective obstacles of extracting financial resources from a subsidiary (mostly due to strong limitations imposed by the host country regarding the repatriation of profits or revenues), while the divestment of subsidiary may be either undesirable for political reasons or simply very costly due to ongoing contractual obligations by the subsidiary towards, among others, employees, local suppliers, the authorities of the host country which offered preferential tax provisions to a subsidiary in exchange of continuation of operations etc. In such situations the corporate parent may simply keep broad strategic control over the subsidiary’s affairs and perform periodical assessments of the subsidiary’s tangible and intangible assets. At the same time, the managers of such subsidiaries often enjoy high autonomy in so far as they do not bother headquarters with “subsidiary initiative taking” or do not attract too much attention regarding the overall performance of the subsidiary. A summary of these different styles is presented in Table 1.

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It should be emphasized that large MNCs may enact different CPSs towards their subsidiaries simultaneously. *Domestic subsidiaries* (operating in the country of origin of the corporate parent) often enjoy Athena style. The dominant CPSs among MNCs enacted

towards *overseas* subsidiaries are more commonly soft forms of Cronus and Zeus. The use of Hypnos CPS is also not that uncommon. Rhea style is often invoked for those subsidiaries established through the initiatives of CEOs (or the initiatives of managing owners of private or family-owned corporations) who consider such subsidiaries as “cherished children” and are actively personally involved in both negative (like legal disputes with the authorities of the host countries) and positive events (like opening ceremonies for new facilities) in such subsidiaries. The use of Athena style for overseas subsidiaries is appears rather rare. Where it does occur, it often is confined to the headquarters and very large subsidiaries of public firms (the threshold here being when a subsidiary generates more than 20% of the global revenues of the corporate parent) (see Gurkov, 2016), or among subsidiaries in family-owned and family-run companies in which subsidiaries are headed by family members (see Chung *et al.*, 2021).

Several attempts have been made to identify important factors that seem to affect the emergence and maintenance of a particular CPS beyond contingency factors relating to the way the subsidiary was established and the personal attitudes of the top executives in the headquarters. Gurkov (2015a) has identified, among other factors, the composition, size, and processing capabilities of the CHQ. Adding and extracting values are labor-intensive activities (see Kunisch *et al.*, 2014; Menz *et al.*, 2013). Therefore, the bigger the CHQ, the more efforts can be made to add and extract value, meaning there might be higher chances to establish Zeus or Athena CPSs. Benoy and Morley (2020, p. 4) presented a comprehensive list of external and internal factors that affect CPS, including the strategic power of a subsidiary, its embeddedness into local and international business networks and co-opetition of a subsidiary with other subsidiaries of the corporate parent.

However, it is important to identify the factors that affect 1) the intensity of value appropriation, 2) the amount of value addition, 3) the tightness of subsidiaries’ performance

targets, 4) the intensity of control over subsidiaries' activities, and 5) the level of trust between the CHQs (or some top corporate executives) and subsidiary managers; these are the five major elements that combine to constitute a particular CPS.

The first important factor (not always examined in academic studies on HQ-subsidiary relations) relates to the position of the corporate parent regarding the availability of financial resources required to implement corporate-wide projects and to pay shareholders. It is worth noting, for example, that in 2020, despite the pandemic, many public U.S. corporations distributed to shareholders dividends and share repurchases exceeding the amount of their annual free cash flow (Gurkov and Shchetinin, 2021). The quest for financial resources pushes the corporate parents toward setting demanding performance targets for subsidiaries and toward exercising intensive, sometimes excessive, appropriation of financial value from subsidiaries. This leaves little room for the Rhea and Hypnos CPSs.

The second important factor is the speed of technological change in the main industries in which the corporate parent is involved, and the intensity of technology-based competition in those industries. Under conditions of rapid technological change and fierce technology-based competition, an intensive exchange of knowledge between CHQs and subsidiaries becomes necessary (see, among others, Tseng, 2015; Jeong *et al.*, 2017; Phookan and Sharma, 2021). This increases the probability of the use of Rhea, Zeus, and, in some cases, Cronus CPSs (intensive reverse transfer of a subsidiary's unique knowledge to the CHQ and to sister subsidiaries and, on occasion, significant brain drain from subsidiaries).

The third important factor is the institutional distance between the CHQs and subsidiaries. Low institutional distance decreases the costs of control over subsidiary activities and performance and allows wider subsidiary autonomy (see Peng, 2012; Alharbi *et al.*, 2016; Matolcsy and Wakefield, 2017; Kochalski and Łuczak-Trapczyńska, 2017) thereby facilitating the use of Zeus and Athena styles.

Following Gurkov (2016) and Benoy and Morley (2020), the size and power of a subsidiary emerges as a fourth important factor, conducive to the pursuit of Zeus and Athena CPSs.

Finally, following Gurkov and Morley (2017a, b), low psychic distance between corporate executives and subsidiary managers may be considered as a prerequisite for establishing mutual trust between CHQs and subsidiaries and, therefore, for enacting a Zeus or Athena CPS.

### **3. The Anticipated Trajectories of Development Among Global Industries**

The World Investment Report 2020 “International Production Beyond the Pandemic” (UNCTAD, 2020) presents a comprehensive analysis of the likely effects on international production of technology, policy, and sustainability trends for the decade ahead. The study does not predict exactly the destiny of a particular group of industries but indicates for some groups of activities the issue as “highly relevant”, “moderately relevant” or “not relevant”. In manufacturing for industries with high technology intensity (automotive, machinery and equipment, electronics) *re-shoring* is presented as the ‘highly relevant’ trend. Re-shoring will lead to shorter, less fragmented value chains and a higher geographical concentration of value added. The implications of this trajectory include increased divestment, and a shrinking pool of efficiency-seeking FDI. Another competing trend for those industries with significant relevance is *regionalization*. In that scenario the geographical distribution of value added will likely increase. It will entail a shift from global efficiency-seeking investment to regional market-seeking investments and from investment in vertical global value chain (GVC) segments to broader industrial bases and clusters. The scenario of regionalization corresponds to the prediction from Autio et al. (2021) relating to MNCs high-knowledge activities with tangible output (high-tech manufacturing). They have argued that digital communication

technologies strengthen centrifugal forces by facilitating geographically dispersed high knowledge activities.

UNCTAD also points to regionalization as a “highly relevant” issue for some processing industries (food and beverage, chemicals) and even for extractive industries and agro-business. Of relevance also to processing industries, but also for hub-and-spoke industries (like pharmaceuticals) is the pursuit of *replication*. This trajectory implies a shift from investment in large-scale industrial activity to distributed manufacturing, which relies on lean physical and quality digital infrastructure. It will lead to more geographically distributed activities, but more concentrated value added. For services, the most relevant trend appears to be *diversification*. This trajectory will cause global value chains in services to be more loosely governed, platform-based and asset-light, and value capture in host countries will become more difficult. Diversification holds the prospect of leading to a wider distribution of economic activities.

In general, it is anticipated that most types of manufacturing and service activities will experience profound changes in the composition of activities and in the leading motives of functioning i.e., global efficiency or local responsiveness. This will require the drastic revision of the existing portfolios of businesses for most MNCs including simultaneous divestments and the creation of new operating units in new locations, resulting in significant resource redeployment within corporations (see Folta et al., 2016). The anticipated changes will also require proactive modification to the operating models and the subsidiary mandates of existing operating units and the increased flow of both pro-active and reactive corporate-wide and subsidiary initiatives with high risks or substantial uncertainty attaching to the outcomes.

Meanwhile, the experience of strategic actions during the COVID-19 pandemic demonstrated the low preparedness of many corporations, especially public corporations with dispersed ownership, to make rapid efficient decisions under uncertainty (Merendino and

Sarens, 2020), or to alter business models to cope with the changes in consumer demands (Shchetinin and Lapshin, forthcoming). There was also the problem of how CHQs during the COVID-19 pandemic dealt with the growing number of subsidiary initiatives under rapidly changing conditions in overseas markets (Verbeke and Yuan, 2021). These challenges, coupled with the current problems of strategic inertia of many MNCs, require profound changes in the sets of corporate parenting styles pursued by MNCs.

#### **4. The Impact of Different Industry Trajectories on Preferred Corporate Parenting Styles**

The range of developmental trajectories outlined above are likely to engender changes in the sets of CPSs enacted by corporate headquarters of MNCs, or by intermediary management units.

*Re-shoring* will require a wider range of simultaneously employed CPSs used by corporations among the different subsidiaries in their portfolios. First, as re-shoring envisages massive divestments, Cronus CPS will be widely used for subsidiaries considered as candidates for divestment. Second, re-shoring itself can be executed through either of two paths – through greenfield investments in home countries, or through acquisitions of previously independent firms in home countries. In the former situation there may be necessity to use Rhea style to ensure the effective functioning of re-shored facilities. In the latter case involving the acquisition of large domestic firms, there is both a necessity and possibility of the use of Athena style, which is predicated on high degrees of trust between the CHQs and managers of subsidiaries. Indeed, in both cases the cultural and psychic distances (see Dikova, 2009) between corporate headquarters and subsidiaries become significantly bridged or indeed eliminated whereby headquarters and subsidiaries work in the same institutional context (see Harzing and Pudelko, 2016). This can have the effect of increasing trust between headquarters and newly created or acquired (domestic) subsidiaries.

*Regionalization* as a developmental trajectory is likely to engender a shift towards a more full-fledged Zeus style, with a particular emphasis on the achievement of technical, market, and subsequent financial performance. Indeed, assigning to foreign subsidiaries the express goal of engaging in local or regional market-seeking (i.e. swift achievement of new market opportunities, along with building on and further expanding the considerable market share already held) implies high strategic agility (see Weber and Tarba, 2014). This includes, *inter alia*, pro-active marketing decisions, the “tuning” of products to the specific needs of local customers, deepening process innovations in order to quickly adjust operations to the peculiarities of the local business and physical environment, the generating of efficient solutions regarding the commonplace “make-or-buy” problem (the use of fully-own manufacturing facilities and/or the services of contractors), and the amendment of corporate-wide business models. The achieving of such strategic agility requires higher subsidiary autonomy over operating issues, including the ability to execute small and medium-size projects quickly. This is possible when a greater share of revenues or net profits of a subsidiary is used at the discretion of subsidiary management and where no prior approval of expenses by headquarters or by intermediary corporate management units is required. In addition, as regionalization may concomitantly affect many foreign corporations establishing their subsidiaries in the same region (country), a great deal of heroism will be required on the part of market-seeking foreign subsidiaries in order to compete not only with ‘indigenous’ firms, but also with subsidiaries of global competitors.

*Replication* as a trajectory, along with *diversification* present fewer clear-cut cases with respect to the most appropriate CPSs. For replication a light touch Zeus style will likely be more applicable where the joint efforts of the corporate centers and subsidiaries are required in designing and mastering new forms of organizing manufacturing activities (especially decreasing the size of manufacturing facilities). Diversification may require a

Cronus style whereby a particular emphasis is placed on capturing value in activities based on networks and platforms.

Finally, as all of the trajectories demand additional financial resources from corporate parents for the relocation of facilities, acquisitions of large domestic and foreign firms, etc., MNCs cannot afford to keep a large number of “sleepers” in their portfolios – subsidiaries which neither contribute value to their corporate parents or their sister-subsidiaries, nor receive value from the parents and/or sister-subsidiaries under a Hypnos CPS.

On the whole, the shifts towards Cronus and, to a lesser extent, Rhea styles that are predicated on lower levels of subsidiary autonomy, are generally in keeping with trends evident in the scholarly literature focused on HQ-subsidiary relations, as evidenced by the titles of the papers devoted to documenting subsidiary innovations and subsidiary initiatives. While in the early 2000s publications elements of the discourse zeroed in on the development of foreign subsidiaries through imitative-taking (see Delany, 2000), more laterally, aspects of the conversation have focused attention on subsidiary innovations becoming “a phenomenon under threat” (see Reilly and Scott, 2013) or being met with “sheer ignorance” (see Ciabuschi *et al.*, 2012). Such initiatives often had to fight the “headquarters knows best” syndrome (see Bouquet *et al.*, 2016), were met with “attention dissonance” (Haq *et al.*, 2017) and needed to attain legitimacy by balancing positive and negative attention from corporate headquarters (Conroy and Collings, 2016). From a temporal perspective, it may be that greater digitalization as a development equipped corporate headquarters with new ways of providing CHQ managers with more timely information and, as a result, attendant opportunities to become more involved in activities of operating units (see Schmitt *et al.*, 2019).

## **5. Proponents and Opponents of Changes of Corporate Parenting Styles**



For each direction of a change of CPSs, there will likely be proponents and opponents of the change. The change of Hypnos style to Cronus style may meet with opposition from subsidiary managers who have enjoyed the autonomy afforded to them heretofore. Such changes will also require additional efforts on the part of CHQs, but the mechanisms of imposing stricter control over subsidiary's activities and strengthening the value appropriation are reasonably well rehearsed with the result that CHQs have the devices at their disposal (see Singh *et al.*, 2016). The move towards Rhea style involving a significant injection of value into a subsidiary is also an established pattern of corporate actions and will be welcomed by subsidiary managers.

At the same time, the moves towards Zeus, and especially Athena, CPSs, which presume higher subsidiary autonomy and the uninterrupted flows of subsidiary initiatives, partially financed by retained earnings of subsidiaries, generally contradicts the current trends characterizing HQ-subsidiary relations. Therefore, the major question here is who the initiators of such changes will be? One possible group is likely to be large domestic companies acquired by MNCs instigating re-shoring. Using their weight to strengthen their voice (see Bouquet and Birkinshaw, 2008), they may force CHQs to facilitate their retention of higher autonomy on both certain operating and strategic issues in exchange for the delivering of high performance results. However, pressure from powerful subsidiaries may push the CHQs towards Zeus CPS but may be insufficient to implement Athena style.

The most powerful actors who may initiate and deliver the shift towards Zeus, and especially Athena CPSs, are "competent owners". Ownership competences have recently been called attention to by Foss *et al.* (2021) and comprise competence about *what* to own (matching competence), competence about *how* to own (governance competence), and competence about *when* to own (timing competence). They argue (p. 310) that the "how to own" competence includes the skill to set the appropriate incentives for maximizing value creation. As argued earlier, in some trajectories of development, especially in the case of re-

shoring, maintaining or introducing Athena style will be necessary to create the conditions which allow maximization of value creation, and “competent owners” will likely set the appropriate incentives (positive or negative) for CHQs to move towards Athena CPS. Here we are entering “the terra incognita” of contemporary management studies. While some elements of the relationship between top management teams (TMT) and owners are well studied, especially in Western and to a lesser extent in Asian corporations (CEOs turnover, the composition and the performance of corporate boards), the real mechanics of how owners’ actions can force CHQs to use specific parenting styles for particular subsidiaries (or groups of subsidiaries) need much further research across a range of different settings. In all likelihood, the capacity of owners to direct CHQs towards the use of particular CPSs will differ between, for example, public corporations with dispersed ownership, public corporations with concentrated ownership (or with a coalition of important owners), for private corporations, for family-owned and family-run corporations, and for corporations in state ownership.

**6. Conclusions and Suggestions for Further Research**

Table 2 summarizes our expectations regarding the likely changes of particular CPSs under different trajectories of development and outlines the possible changes of CPSs in different trajectories of development, along with the initiators, proponents and opponents of the changes of CPSs.

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For most developmental trajectories we envisage some changes in the current prevailing CPSs, along with a greater use of CPSs less commonly enacted heretofore. While most of the changes can be implemented through CHQs employing existing techniques designed to impose stricter strategic and operational control on subsidiaries, and through additional efforts

to assure higher value extraction and value addition, the more widespread use of Zeus, and especially Athena CPS, may necessitate pressure on CHQs “from below” (by powerful subsidiaries) and “from above” (by the “competent owners”) capable of establishing incentives for top management teams to employ those styles.

Major changes in CPSs have important practical applications for MNCs. First, changes in CPSs can alter the dynamic between managers operating at different levels in the hierarchy, with the potential to grow tensions between actors. Those responsible for subsidiaries presently managed by “Hypnos” CPS will likely strongly oppose the move to a “Cronus” CPS, on the basis that it may serve to decrease the autonomy afforded to a subsidiary, establish tighter controls over its affairs, and strengthen the hand of CHQs in extracting more value in different forms from the subsidiary. Second, “competent owners” may exercise their pressure not only on CEOs, but also on CHQs or intermediate management units, especially during their attempts to introduce Athena CPS in a corporation. While HQ-subsidary conflict is a well-studied topic (see Roth and Nigh, 1992; Fisher and Bonn, 2007; Drori and Ellis, 2011; Blazejewski and Becker-Ritterspach, 2011; Dorrenbacher and Gammelgaard, 2011a, b; Piotti, 2012; Kumar and Gammelgaard, 2016; Luring *et al.*, 2017; Ambos *et al.*, 2019; Ambos *et al.*, 2020), the relationship between powerful shareholders and corporate headquarters in MNCs needs deeper investigation (although certain insights into family-owned and family-managed firms have been built).

Another practical point relates to the prediction of UNCTAD (2020) concerning the substantial shift from global efficiency-seeking investments to regional market-seeking investments. Such a shift may have consequences for subsidiaries currently managed under Zeus CPS, which place an emphasis on *heroism*. In many transitional and emerging economies, heroism was considered not only to apply the best available practices and novel technological solutions, but also to overcome the local traditions like high absenteeism, poor technological discipline, and constant deviance from operational rules (see Gurkov, 2014).

This provided for the emergence of the most efficient sites, such as Volvo Trucks and Nissan, in many emergency economies (see Gurkov and Morley, 2021). With the shift from efficiency-seeking to resource-seeking investments, subsidiaries managed under Zeus CPSs may re-orient their efforts toward the rapid capturing of larger market share or “the fastest field development” rather than focusing on technological excellence and serving as benchmarks to sister-subsidiaries.

Our observations here regarding developmental trajectories and accompanying shifts in parenting styles need empirical substantiation. Confirmation or otherwise of the developmental trajectories may require large-scale quantitative studies on investment types in different industries and sectors of the global economy. In parallel, the unearthing of altered CPSs and the emergence of new ones, along with whether and how owners promote particular styles, may require focused organizational or industry level mixed methods investigations, incorporating a variety of different ownership arrangements.

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Table 1. The major characteristics of corporate parenting styles

Name	Intensity of value addition from the corporate parent and sister-subsidiaries	Intensity of value appropriation from a subsidiary	The level of subsidiary autonomy	The level of trust	Occasions of the use
Hypnos	Low	Low	High	Low	Subsidiaries in the “corporate periphery” with high barriers to divestment
Cronus	Low	High	Low	Low	Domestic and foreign candidates for divestments
Rhea	High	Low	Low	Medium	Domestic and overseas subsidiaries at the early stage of development
Zeus	High	High	High on operational issues, medium on strategic issues	Medium to high	Domestic and overseas subsidiaries imposed by “stretch goals” regarding technological efficiency, market expansion or financial

					performance
Athena	High	High	High	High	Domestic and sometimes overseas subsidiaries which have achieved the position of a “strategic partner” of the corporate parent

Table 2. The likely changes of corporate parenting styles in different trajectories of development

Corporate parenting style	Trajectory of Development				Initiators of change	Proponents of change	Opponents of change
	Re-shoring	Regionalization	Diversification	Replication			
Hypnos (low value addition, low value extraction, high autonomy of subsidiaries in operational issues)	Cronus	Zeus	Cronus	Zeus	CHQs	“Competent owners”, ambitious subsidiaries managers (for the change to Zeus style)	Subsidiary managers preferring tranquil life (for the change to Cronus or Zeus styles)
Cronus (low value addition, high value extraction, high autonomy)	Cronus or Rhea	Rhea or Zeus	Cronus	Cronus or Zeus	CHQs	“Competent owners” and subsidiary managers	Subsidiary managers (for preservation of)



of subsidiaries in operational issue, low autonomy of subsidiaries in strategic issues)						managers (for the change to Rhea or Zeus)	Cronus style)
Rhea (high value addition, low value extraction, low autonomy of subsidiaries in operational and strategic issues)	Cronus or Zeus	Zeus	Cronus or Zeus	Cronus or Zeus	Newly appointed corporate CEOs	“Competent owners”	Subsidiary managers (especially for the change to Cronus style)
Zeus (high value addition,	Zeus or Athena	Zeus or Athena	Zeus or Athena	Zeus or Athena	“Competent owners”	Subsidiary managers	CHQs (for the change to

<p>high value extraction, high autonomy of subsidiaries on operational issues, moderate autonomy of subsidiaries in operational and strategic issues)</p>	<p>na</p>					<p>(for the change to Athena style)</p>	<p>Athena style)</p>
<p>Athena (intensive co-creation and co-appropriation of value between CHQs and subsidiaries; high</p>	<p>Athena or Zeus</p>	<p>Athena or Zeus</p>	<p>Athena or Zeus</p>	<p>Athena or Zeus</p>	<p>CHQs (for the change to Zeus style)</p>		<p>Subsidiary managers (for the change to Zeus style)</p>

autonomy of subsidiarie s in operationa l issues, cooperatio n between CHQs and subsidiarie s on strategic issues)							
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