Subsidiaries' Learning: The Role of Dual Relational Embeddedness

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Abstract

It has become increasingly clear that knowledge is one of the most important assets of an organization, more so in international business where subsidiaries grapple with challenging foreign environments, fighting liability of foreignness in the effort to acquire new knowledge and strategies for integration into the host economy. Our study investigates the role that subsidiaries' dual relational embeddedness plays in knowledge acquisition. Understanding that the nature of the parent firm-subsidiary relationship affects the subsidiary-local partners relationship, and vice versa, we employ agency theory to examine the agency problems that may arise, and we specifically address the need for the subsidiary autonomy to adapt to the local market while maintaining alignment with the parent firm. Based on the study findings, we suggest hybridized autonomy as an alternative to the traditional principal-agent authority delegation because of its (hybridized autonomy) propensity to act as an anchor stabilizing the subsidiary's relational embeddedness duality by minimizing the conflicts rooted in agency problems and reversing authority delegation uncertainties, consequently resulting in multidirectional learning. Hybridized autonomy also reinforces subsidiary-parent firm collaboration and enhances their strategies guided by the host country market conditions. Ultimately, this study attempts to answer the research question by arguing that subsidiary dual relational embeddedness empowers the subsidiary to surmount liability of foreignness and to establish legitimacy in the host economy in order to achieve multidirectional learning from internal and external networks by securing and leveraging hybridized autonomy advantages.

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I dedicate this thesis to my wife, Benedicte Uwaci, who encouraged and proactively enabled me to spend long quiet hours studying even when it was inconvenient. Thank you.

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1. Introduction

1.1. Study Background

Markets globalization (D'Angelo, Majocchi, & Buck, 2016; Levitt, 1983) has expanded the opportunities for multinational enterprises (MNEs) and their subsidiaries to hunt for new markets and commercial partnerships. In international business, managers of MNEs with foreign subsidiaries constantly strive to find better strategies to acquire practices that would strengthen their embeddedness (Frost, 1998; Polanyi, 1944) and enable them to achieve legitimacy in host economies. The best positioned subsidiaries are those that constantly seek to improve their knowledge base and enhance their competencies because knowledge has become the most important asset resulting in competitive edge. The extant literature is full of studies of subsidiaries' knowledge acquisition from within and beyond MNEs (Gupta & Govindarajan, 2000; Laursen, Masciarelli, & Prencipe, 2012; Yang & Wei, 2019). This study however will look at the role that dual relational embeddedness (Frost, 2001) plays in the subsidiary's knowledge acquisition processes. Dual relational embeddedness of a subsidiary refers to the internal and external relationships that a subsidiary simultaneously maintains with its partners (Frost, 2001; Ferraris, Santoro, & Scuotto, 2018). The majority of studies that examined dual relational embeddedness looked at it from knowledge transfer, innovation processes, knowledge creation, subsidiary roles and financial performance perspectives (Bresciani & Ferraris, 2016; Ferraris et al., 2018). The extant literature reveals that little attention has been given to the role of the relationship that ties a subsidiary with its parent firm and partners in the host economy to enhance subsidiaries' learning. Consequently, this study will use agency theory (Bohren, 1998) to investigate the role that dual relational embeddedness plays in subsidiaries' knowledge acquisition processes. In order for a subsidiary to succeed in a foreign market with geographic, cultural, and institutional distances (Shirodkar & Konara, 2017) and many market variations, it should be a perpetual student who can simultaneously acquire knowledge resulting from its internal and external embeddedness. While a subsidiary with significant absorptive capacity may be ready to learn from local partners such as customers, suppliers, competitors, and various institutions, the subsidiary needs to cultivate and maintain a conducive environment using its dual relational embeddedness to sustain knowledge acquisition, exploitation, and transfer. Ultimately, the subsidiary needs to forge and maintain dual relational embeddedness based on trust and reciprocity (Figueiredo, 2011) to enrich knowledge acquisition experiences.

1.2. Study Significance

The main aim of this study is to provide an overview of subsidiaries' learning, with a strong focus on the role that dual relational embeddedness plays in the learning process. Whereas the extant literature has given ample attention to the benefits of subsidiaries' embeddedness in the local network (Achcaoucaou, Miravitlles, & León-Darder, 2014; Andersson, Forsgren, & Holm, 2002; Bresciani & Ferraris, 2016), it has not deeply considered how dual relational embeddedness facilitates subsidiaries' knowledge acquisition from the international business perspective. One aim of this study is to understand the kind of environment that the subsidiary's degree of autonomy creates for its knowledge acquisition in the host economy. This study will also attempt to answer the call by Cavanagh et al (2017) for further studies using agency theory to consider autonomy types and the varying features of subsidiary-parent firm relationships.

The other aim of this study is to empirically investigate how the nature of the relationship between the parent firm and the subsidiary affects trust-building with external partners while developing openness and reciprocity for knowledge exchange. This study will consequently use agency theory (Bohren, 1998; Cavanagh, Freeman, Kalfadellis, & Herbert, 2017; Saam, 2007) to explore the type and degree of autonomy that could foster and maintain the subsidiary's duality of relational ties in the collaboration with internal and external partners. Agency theory will also be used as a lens to examine how the subsidiary and parent firm resolve the conflicts emanating from the pressure to maintaining the dyadic relational embeddedness in ways that foster trust building; which is essential for reciprocity in relational ties for knowledge acquisition and competence enhancement.

Since studying the role of dual relational embeddedness and the mechanisms involved in creating a conducive learning environment for the subsidiary using agency theory remains new, this study aims to contribute to the extant literature in the area of subsidiary relational embeddedness and may advance agency theory. Further, the study would ultimately provide new insightful perspectives and in-depth empirical evidence of the role that dual relational embeddedness plays in subsidiaries' learning from the local network in the host economy. Furthermore, the findings of this study would have practical implications for MNEs and subsidiaries' managers in their quests for new insights on knowledge acquisition strategies in the context of subsidiaries' dual relational embeddedness.

1.3. Research Question

Since the nature of the relationship between the parent firm, including the subsidiary's degree of autonomy, affects the relationship between the subsidiary and its local partners (Kostova, Nell, & Hoenen, 2018), the subsidiary and parent firm seek to develop mechanisms to manage the cultural and institutional distances with external partners. Parent firms and subsidiaries establish mechanisms to resolve conflicts resulting from goal alignment, operations differences, information asymmetry, and subsidiaries' initiatives to forge links with external partners for knowledge acquisition (Kostova, Nell, & Hoenen, 2018). The quality of the relationship a subsidiary maintains with the MNE, its parent firm specifically, could foster or impede the required stability to build trust and legitimacy that would facilitate learning from the local network in the host economy. Seeking to understand the role of relationships in dual embeddedness, this study will focus on the topic of *"**Subsidiaries' learning: the role of dual relational embeddedness**"*. The study will attempt to answer the following question.

How the duality of the subsidiary's internal and external relational embeddedness affects its learning?

2. Literature Review

2.1. Theoretical Underpinning

This study will use agency theory (Bohren, 1998; Saam, 2007) to explore the role of dual relational embeddedness in subsidiaries' knowledge acquisition. Although agency theory initially evolved in the fields of economics (Bohren, 1998; Saam, 2007) to study the principal-agent relationship and authority delegation, the theory has been widely used to study subsidiary-headquarter (HQ) relationships. Prior research examining various aspects of the subsidiary-HQ relationships in MNEs (Cavanaghe et al., 2017; Lubatkin, Lane, Collin, & Very, 2007; Wiseman, Cuevas-Rodriguez, & Gomez-Meijia, 2012) have significantly advanced classical agency theory. The deployment of agency theory in this study responds to the call for contextualization of the theory to further study the multifaceted aspects of MNEs and subsidiaries' relationships (Kostova et al., 2018; Kostova, Marano, & Tallman, 2016). Agency theory could help in a deeper examination of the HQs' behavioural control, socialization with the subsidiary, goal conflicts, degree of autonomy, collaboration with external partners and the effort to instil core values across MNEs (Ambos, Kunisch, Leicht-Deobald, & Schulte Steinberg, 2019; Saam, 2007). Also, scholars have used agency theory to further investigate how MNEs and their subsidiaries manage and resolve conflicts resulting from knowledge acquisition in relational embeddedness (Ambos et al., 2019; Steinberg & Kunisch, 2016). Since this study explores the dual relational aspects of internal and external embeddedness, the use of agency theory is appropriate because the theory was initially built on various aspects of agency problems arising from principal-agent relationships. The discussion of the nature of subsidiary-HQ relationship is important because strong subsidiaries' relational embeddedness significantly accounts for MNEs' success (Kostova et al., 2016; Menz, Kunisch, & Collis, 2015). Moreover, employing agency theory to examine dual relational embeddedness responds to the relatively recent calls for further study looking at the power of actors and the degree of autonomy that a subsidiary leverages while collaborating with external partners (Ambos et al., 2019; Hoenen & Kostova, 2014; Steinberg & Kunisch, 2016).

Furthermore, studies reveal that subsidiaries' autonomy is one of the major causes of conflicts between parent firms and subsidiaries (Ambos et al., 2019; Ambos & Wehle, 2005; Steinberg & Kunisch, 2016). Since this study also gauges how subsidiaries assume autonomy, manage and resolve conflicts in order to maintain a healthy relationship with both their parent firms and external partners for knowledge acquisition, analysing the interaction between autonomy assumption and trust building in the dual relational embeddedness warrants the use of agency theory.

This study also uses agency theory because of the parent firm and the subsidiary conflicting interests and risks preferences. The principal (parent firm) usually wants to maximize return while the agent (subsidiary) wants to maximize its income. Although subsidiary managers may not always want to maximize their income in their autonomy pursuit, the major cause of conflicts in the parent firm-subsidiary relationship is the HQ wanting the subsidiary to execute its assigned mandate as a subordinate without the parent firm's deeper consideration of the local market requirements when the subsidiary faces adaptation pressure (Chatzopoulou, Dimitratos, & Lioukas, 2021). Another agency problem stems from different risks toleration. The parent firm might be risk neutral while the subsidiary operating under the mandate assigned by the parent firm is highly risk averse because of the pressure to perform or lose the subsidiary in case of major projects failures (Chatzopoulou et al., 2021). And the reverse could also be true where the subsidiary is risk neutral and sees the possibility of assuming autonomy to independently take initiatives.

In sum, agency theory is appropriate for this study because the theory is ideal for the study of relational issues such as decision-making authority, initiative-taking, autonomy, goal alignment and the resultant conflicts. As these issues can affect the subsidiary's relationship with the external partners and consequently impact trust building and learning from external partners in the dual relational embeddedness, using agency theory could yield insightful results. While classical agency theory has been broadly used to study the principal-agent authority delegation in international business management, this research aims to contextualize agency theory to subsidiary autonomy.

2.2. Subsidiary Learning

This section defines and justifies the use of the key concepts on which the research question is framed and the resultant concepts deduced from the research question. The concepts are tacit and explicit knowledge, subsidiary absorptive capacity, subsidiary autonomy, trust and relational embeddedness, and subsidiary learning.

2.3. Subsidiary Role Expansion

Birkinshaw (1997) defined subsidiary as any operational unit controlled by the multinational company and situated outside the home country which combines firms' specific advantages of the MNE with the country specific advantages in the host economy (Verbeke & Kano, 2015). Although subsidiaries are dependent on parent firms, subsidiaries' roles have evolved over the last decades (Corry & Cormican, 2019), transforming subsidiaries from subordinates of the MNE with a specific corporate mandate to fulfil into significant sources of power and creators of competence through the pursuit of innovation initiatives resulting in value-adding to the MNEs (Corry & Cormican, 2019; John & Ram, 2005). Subsidiaries mainly add value to MNEs through reverse knowledge transfer causing them to gain reputation within MNEs, and in some instances, becoming centres of excellence (Corry & Cormican, 2019; Isaac, Borini, Raziq, & Benito, 2019). It is through relational embeddedness that subsidiary roles expand from being a MNE agency to a learner of new knowledge from internal and external networks and a contributor of products and services to the foreign market and being a source of reverse knowledge transfer within the MNE. Knowledge base from the host country may comprise technological specialization, fully operational research laboratories, and research resources of the local competitors and institutions (Corry & Cormican, 2019). External knowledge availability enhances subsidiaries' creativity and learning and increases their embeddedness (Ho, 2014).

2.4. Tacit and Explicit Knowledge

In its learning endeavours, a subsidiary absorbs various types of knowledge required for business operations. Most subsidiaries commonly acquire codifiable and non-codifiable knowledge types being explicit and tacit knowledge respectively (Jordan, 2020). The concept of explicit and tacit knowledge is important to this study because subsidiaries extensively learn and transfer both types of knowledge from internal and external networks in the duality of relational embeddedness. This study will consider the interaction between dual relational embeddedness and the absorption of tacit and explicit knowledge.

Nonaka (1994) defined knowledge as a multifaceted concept with multi-layered meanings. Knowledge is mainly classified as tacit and explicit (Nonaka, 1994; Søberg & Chaudhuri, 2018). Explicit knowledge is the type of knowledge that is codifiable and transferable in a formal language (Perrigot, Herrbach, Cliquet, & Basset, 2017). Tacit knowledge however is more subjective and experiential and requires the teacher and learner's experiences to acquire and transfer (Perrigot et al., 2017). Knowledge acquisition is the firm's ability to obtain knowledge from its partners (Tsang, 2002; Zhou et al., 2014). Various types of knowledge such as product, process, and management knowledge (Zhou et al., 2014) can be obtained to improve organizational design, production tasks (Modi & Marbet, 2007; Zhou et al., 2014), operational performance (Zhou et al., 2014), and so on.

2.5. Subsidiary Absorptive Capacity

Absorptive capacity is defined as processes and organizational routines for the acquisition, assimilation, transformation and exploitation of knowledge resulting in a dynamic organizational capability (Cohen & Levinthal, 1990; Pu & Soh, 2017). Cohen and Levinthal (1990) affirmed that the set of routines and processes facilitates knowledge acquisition if the subsidiary has prior related knowledge. The concept of absorptive capacity is relevant to this research because subsidiary internal embeddedness enhances the subsidiary's knowledge absorption capacity which eventually aids its knowledge acquisition from the local partners in the host economy and the diffusion of the new knowledge into the MNE (Bresciani & Ferraris, 2016; Gammelgaard et al., 2012). Moreover, the process of knowledge accumulation from external partners increases subsidiary absorptive capacity for subsequent learning from both internal and external partners.

These absorptive capacity benefits justify the relevance of absorptive capacity in the role of dual relational embeddedness.

Absorptive capacity also overcomes the barrier to tacit knowledge acquisition and enables the subsidiary to determine the appropriate combination of internal and external knowledge for exploitation and diffusion into the MNE (Bohren, 1998; Saam, 2007; Cavanagh et al., 2017). A weak absorptive capacity could disrupt knowledge acquisition processes, discourage the initiatives of acquiring complex knowledge, and could hamper the implementation and integration of new knowledge into organizational routines (Gabriel, 1996).

Moreover, the extant literature yields insignificant results on the role of absorptive capacity in deciding what knowledge to withhold or share with external partners to reciprocate learning from them. Some scholars have analysed the relationship between appropriability (retaining knowledge containing commercial secrets) and absorptive capacity mechanism (Cenamor et al., 2019). This study may shed more light on how a subsidiary safely guards its core commercial secrets without breaching the trust to successfully exchange knowledge with local partners in the relational embeddedness.

2.6. Subsidiary Autonomy

Scores of studies that examined subsidiary autonomy defined the concept as the constrained freedom and acquired independence enabling a subsidiary to make certain decisions that the HQ assigns within the subsidiary's level of authority (Gölgeci et al., 2019; Søberg & Wæhrens, 2019; Young & Tavares, 2004). Earlier studies placed emphasis on autonomy being assigned to the subsidiary by the parent firm (Birkinshaw & Ridderstrale, 1999; Young & Tavares, 2004). Many of the later and relatively recent studies have adopted the view of autonomy being assigned or granted (Chiao et al., 2013; Gölgeci et al., 2019). These studies have neglected the assumed type of autonomy that a subsidiary can engage in beyond the formally assigned authority by the HQ. A review study considering research conducted on subsidiary autonomy in the recent decades clarifies the concept of assumed autonomy and its manifestation in subsidiaries' initiatives (Cavanagh et al., 2017). When subsidiaries develop strategies and take initiatives to develop competence beyond the mandate assigned by the parent firm, they assume autonomy (Cavanagh et al., 2017).

To support a subsidiary's entrepreneurial endeavours, the HQ needs to grant the subsidiary a degree of autonomy and allocate resources to it in order to build competencies enabling it to integrate in the host economy (Ho, 2014). Problems occur when there are hazardous interactions between the subsidiary and the HQ: heightening tensions (Ambos, Asakawa, & Ambos, 2011; Ho, 2014), power imbalance within the MNE (Ho, 2014), resource allocation disagreements (Anderssson et al, 2007), belligerent subsidiaries (Ho, 2014; James, 1997) and subsidiary's complete isolation (Ho, 2014; Monteiro, Arvidsson, & Birkinshaw, 2008).

The notion of autonomy is important to this study because the degree of autonomy of a subsidiary impacts its external embeddedness in the local network. Subsidiary autonomy increases or constrains its freedom (Gammelgaard et al., 2012) to collaborate with the local partners in the efforts to acquire new knowledge for complementary capability. While the extant literature presents mixed results (Corsino et al., 2019; Haas, 2010; Shimizu, 2012) on the impacts of strategic autonomy (when collaborating with the local partners beyond the MNE's mandate) and the operational autonomy (collaborating with local partners on activities related to the existing mandate of the subsidiary) for knowledge acquisition and transfer, it is established that a subsidiary needs some degree of autonomy to further external embeddedness (Gölgeci et al., 2019). Using the autonomy angle, this study will examine how subsidiaries assume a healthy level of autonomy to maintain the dual relational embeddedness facilitating knowledge acquisition.

2.7. Trust and Relational Embeddedness

Trust and reciprocity are the pillars that support knowledge-intensive linkages and embeddedness (Bresciani & Ferraris, 2016). The notion of trust is crucial to this study because relational embeddedness and learning involve trust amongst collaborating partners. This study considers how the quality of the relationship between the subsidiary and the parent firm affects trust-building between the subsidiary and its local partners in the dual relational embeddedness. Trust between partners is essential because it reduces the uncertainties resulting from the environmental complexities (Nell & Andersson, 2012), enables subsidiaries to create new opportunities and resources in a foreign environment (Shahmehr, Khaksar, Zaefarian, & Talebi, 2015) and facilitates inter-organizational relations among customers, suppliers, and businesses (Shahmehr et al, 2015). Trust liberates partners to exchange knowledge leading to business improvement (Bonner & Walker, 2004). The knowledge from a trusted partner is valued because it is considered of high quality and the knowledge sender trusts that the recipient will carefully guard and utilise the knowledge (Ebers & Maurer, 2014). Trust supports relational embeddedness because subsidiaries further collaborate with external partners and exchange knowledge as trust increases (Shahmehr et al, 2015). Trust evolves from the reciprocation of trustworthy behaviours displayed in the relationships among partners (Shahmehr et al, 2015).

Table 1. Knowledge Types, Absorptive Capacity, Autonomy and Trust

<table>
<tr><th rowspan="2">Subsidiary Learning Triggers/Facilitators</th><th colspan="2">Interaction between the Subsidiary Learning Triggers/Facilitators and Dual Relational Embeddedness</th></tr>
<tr><th>Learning Facilitation Effects</th><th>Dual Relational Embeddedness Impacts</th></tr>
<tr><td>Knowledge identification and interpretation: tacit and explicit</td><td>The existing knowledge aids identification and interpretation of the new knowledge to be absorbed (John & Ram, 2005)</td><td>Dual relational embeddedness contributes to:
. Knowledge incorporation into the subsidiary
. Business practices and operation improvement
. Reverse knowledge transfer</td></tr>
<tr><td>Absorptive capacity</td><td>Prior knowledge relatedness overcomes the barrier to new tacit knowledge acquisition</td><td>Facilitates the combination of the old and the new knowledge being acquired (Ebers & Maurer, 2014)

Moderates the exchange of innovative knowledge between the subsidiary and host partners while shaping the decision of what knowledge to share or keep because of their commercially sensitive nature (Ebers & Maurer, 2014)</td></tr>
<tr><td>Granted and assumed autonomy</td><td>The HQ reinforcing the subsidiary's autonomy extends the subsidiary's freedom to learn from local partners

A healthy degree of autonomy furthers embeddedness in the host economy and could result in knowledge acquisition (Gölgeci et al., 2019)</td><td>The degree of a subsidiary's autonomy determines its level of embeddedness and therefore impacting its learning

A subsidiary with the freedom to assume autonomy experiences fewer restrictions on its efforts to achieving embeddedness and knowledge acquisition from local partners (Gölgeci et al., 2019)</td></tr>
</table>

Trust as a relational embeddedness pillar	The subsidiary-HQ relationship quality affects trust between the subsidiary and the host economy partners Trust between the subsidiary and local partners reduces uncertainty when trustworthy behaviours are reciprocated (Nell & Andersson, 2012)	Subsidiary-HQ trust makes the subsidiary a trustworthy partner and attracts the cooperation of the host economy partners The reciprocation of trustworthy behaviours furthers inter-organizational relations between the subsidiary and local partners such as businesses, suppliers, customers, universities and competitors. This reciprocation leads to learning

2.8. Subsidiary Dual Relational Embeddedness

2.8.1. Subsidiary Embeddedness

Polanyi (1994) who is considered the father of “embeddedness” concept argued in his early work that economies are embedded in society and social relations. Subsidiary embeddedness, however, is a set of business linkages between a subsidiary and its internal and external collaborating partners for competence enhancement (Bresciani & Ferraris, 2016; Najafi-Tavani, Axele, & Andersson, 2014; Pu & Soh, 2017; Yamin & Andersson, 2011). In earlier studies, embeddedness was discussed in social networks literature which described the concept as the history of economic and the expectation of the future economic exchange affecting the current economic exchange (Ciabuschi et al., 2014; Granovetter, 1985). Embeddedness in the economic exchange contextualization was classified into structural and relational dimensions generating trust and discouraging malfeasance (Granovetter, 1985). This study, however, focuses on dual relational embeddedness considering both internal and external relational linkages that a subsidiary could establish and maintain in the MNE and the host economy network. Relational embeddedness with local partners could be based on either infrequent profit-seeking activities with the collaborating partners; which rarely lead to significant learning (Bresciani & Ferraris, 2016;

Uzzi & Lancaster, 2003), or it could be centred on knowledge-intensive linkages with strong social attachments involving trust and reciprocity with a long-term perspective among the collaborating partners (Bresciani & Ferraris, 2016; Figueiredo, 2011). Unlike relational embeddedness defining the quality of social relationships in the internal and external networks, structural embeddedness highlights the configuration of network relationships and determines structural characteristics such as centrality and connectivity in the presence or absence of network ties (Moran, 2005). Dual relational embeddedness is important because it strategically places the subsidiary at the giving and receiving ends of knowledge acquisition and transfer in the internal and external networks (Achcaoucaou et al., 2014; Cenamor et al., 2019). While it is understood that various types of embeddedness such as structural, cognitive, and relational embeddedness (Cenamor et al., 2019; Kim, 2014; Moran, 2005) could simultaneously manifest, this study focuses on the duality of relational embeddedness of subsidiaries.

2.8.2. Embeddedness Typology

Embeddedness is a fairly well-advanced concept in economic sociology (Granovetter, 1985; Uzzi, 1996) that was initially deeply studied by Frost (1998) and Andersson and Forsgren (1996) from the perspective of international business. Frost (1998) affirmed that embeddedness equips subsidiaries to draw on knowledge from the local environment. In the effort to define dual-embeddedness, Ho (2014) considered the wider embeddedness typology by categorizing it into external, internal-, dual- and multiple-embeddedness. The scholar expressed concern about the ambiguous theoretical underpinning of embeddedness concept and highlighted three streams of embeddedness from the international business management perspective.

First, embeddedness signifies personal and business relationships developed through continued interactions (Asakawa, 1996; Ho, 2014) which facilitate the flow of business information and knowledge. Second, embeddedness pinned on institutional theory emphasizes the external connections in the foreign culture legitimizing the subsidiary for knowledge access in the host economy (Lars & Robert, 2001; Ho, 2014). Liability of foreignness stemming from outsidership due to lack of legitimacy in a foreign environment can hamper the subsidiary’s success (Ho, 2014; Barnard, 1995). The third definitional perspective of embeddedness focuses on the discussion that knowledge tends to be concentrated in specific geographical locations (Paul & Anupama, 2004; Rosenkopf & Almeida, 2003). All the three angles of embeddedness impact subsidiaries access to external knowledge and the search for technology and business opportunities (How, 2014).

2.8.3. Internal and External Embeddedness

Internal embeddedness is the subsidiary being engrained in the corporate network comprising the HQ and its subsidiaries (Ferraris, Santoro, & Scuotto, 2018). External embeddedness is the inclusion and participation of a subsidiary into a specific external business network (Ferraris et al., 2018, Ciabuschi et al., 2014). Although the dominant studies have explored dual embeddedness from innovation transfer perspectives, most of the studies suggest that the strengths of internal and external relationships foster learning (Ciabuschi, Holm, & Martín, 2014; Kang & Sauk hau, 2014; Moran, 2005; Uzzi, 1997). This paper however focuses on the simultaneous development of internal and external embeddedness in the dyadic relational collaboration with the internal and external partners for knowledge acquisition; which is a research area that has received little attention in the extant literature.

2.8.4. Dual Relational Embeddedness

While early and recent authors (Ciabuschi, Kong, & Cong, 2017; Zukin & DiMaggio, 1990) have categorised and examined various types of embeddedness such as political, cognitive, cultural, and structural embeddedness, this study focuses on subsidiaries' dual relational embeddedness role in knowledge absorption. Relational embeddedness centres on the quality of the relationships that the subsidiary nurtures in internal and external networks (Ciabuschi, Holm, & Martín, 2014). Dual relational embeddedness also refers to the subsidiary being engrained in double-edged relationships tying them with the parent firm and sister subsidiaries in the internal network on the one end, and with external network counterparts on the other end (Ferraris, Santoro, & Scuotto, 2018). The relational embeddedness duality potentially leads to knowledge acquisition from the external network and knowledge diffusion into the internal network. Dual relational embeddedness is important because it enables leveraging and exploiting the bodies of knowledge that are geographically dispersed. A subsidiary needs to maintain and strengthen internal embeddedness because this facilitates the diffusion of the knowledge acquired from the external network into the internal corporate network.

Relational embeddedness also refers to the quality of the network relationships where trust between counterparts, adaptability, and interdependence evolve (Santoro & Scuotto, 2018). Relational embeddedness goes deeper than arm's length linkages and knowledge intensive linkages (Ferraris et al., 2018; Figueredo, 2011). Arm's length linkages are relationships without social closeness between the counterparts (Ferraris et al., 2018). The aims of these kinds of linkages are profit and opportunistic logic because they are infrequent and likely to struggle to establish enduring opportunities in potential partners (Granovetter, 1985; Ferraris et al., 2018). Knowledge intensive linkages, however, involve social attachments, reciprocity and trust with a long-term outlook (Granovetter, 1985; Ferraris et al., 2018; Figueredo, 2011). The regularity of firms' engagement in knowledge-intensive linkages produces knowledge acquisition, dissemination and improvement of innovative performance. Relational embeddedness stresses that firms can acquire strategic asset or knowledge through inter-firm linkages built on social relations and networks (Ferraris et al., 2018; Kang & Sauk Hau, 2014).

2.8.5. Dual Relational Embeddedness Imbalance and Conflicts

While dual relational embeddedness seems to be beneficial to the subsidiary's learning, especially its external embeddedness, the balance in the duality of relational embeddedness depends on the nature of the relationship that the subsidiary develops with the parent-firm (Ferraris et al., 2018). The cultural and institutional pressure that the subsidiary faces in the host economy while trying to meet the administrative and strategic requirements from the parent firm can affect its external relational embeddedness. Studies show that subsidiaries' heavy reliance on the parent firm sometimes causes them to absorb and utilise less external knowledge (Ferraris, 2014; Ferraris et al., 2018). Conversely, strong relational interdependence between subsidiaries and the local partners can weaken the HQs' control over subsidiaries (Andersson & Forsgren, 1996; Ho, 2014) because of the subsidiaries' tendencies to deviate from the internal network expectations when the external embeddedness increases. The deviation can hamper the subsidiary-parent firm resources and knowledge asset supply, thus exacerbating the subsidiary's isolation (Ferraris et al., 2018; Ghoshal & Bartlett, 1990; Ho, 2014). Also, HQs tend to increase pressure on the subsidiary when the latter significantly deviates and deepens its embeddedness in the local network (Andersson et al., 2007). There is imbalance in the internal and external networks embeddedness because the control pressure from the HQs usually outweighs the pressure from the external network (Ho, 2014). Therefore the dyadic relationships need to be strategically managed in order to maintain a healthy balance between internal and external embeddedness leading to the subsidiary's learning enhancement.

While studies describe the challenge of the duality of relational embeddedness (Nell & Andersson, 2012 ; Ferraris et al., 2018; Ho, 2014) such as subsidiaries' deviation, isolation, hindrance to reverse knowledge flow (Dellestrand, 2011), severance of the resources and knowledge asset from the parent firm, "being overly embedded (Uzzi, 1997)" defined as a strong internal embeddedness blocking external knowledge, the extant literature has given little attention to how subsidiaries and HQs can manage and resolve conflicts and solve problems emanating from the need to balance the dyadic relational embeddedness. Also, most of the extant literature (Granovetter, 1985; Ferraris et al., 2018; Figueredo, 2011) discussing relational embeddedness have examined the concept from innovative knowledge transfer perspective without focusing on how the duality of the relational embeddedness affects subsidiaries' learning. That is why, using agency theory, this paper endeavours to explore the interaction between the nature of the subsidiary-parent firm relationship and how it affects subsidiary's external embeddedness and learning. Finding effective ways of managing differences and similarities in the internal relations while balancing the internal and external embeddedness at the subsidiary level could enable a subsidiary to achieve multiple embeddedness (Ho, 2014).

This study will therefore investigate, through the lens of agency theory in the context of subsidiary dual relational embeddedness and autonomy, how the subsidiary and the parent firm can interact in a way that enables them to achieve a balance capable of maintaining internal embeddedness, strengthen external embeddedness, and facilitate knowledge acquisition.

Table 2. Subsidiary Learning Factors, Dual Relational Embeddedness Imbalance, Conflicts and Solutions

	Subsidiary Learning	Dual Relational Embeddedness Roles
Embeddedness Typology	Factors Affecting Subsidiary Learning	Learning Factors and Dual Relational Embeddedness
Relational Structural Operational Cognitive	Personal and business relationships Relationship-based access to knowledge	Sustenance of internal and external relationships
Internal embeddedness		

	Enables resources/competence flow Sustains trust between the parent firm and the subsidiary Provides the required stability to further external relationships	subsidiary maintenance of existing knowledge Acquisition of new knowledge Facilitation of reverse knowledge transfer
External embeddedness	subsidiary participation in the external network	Enables subsidiary's balanced autonomy Leads to new knowledge acquisition
Dual relational embeddedness	Relationship quality emphasised Trust and reciprocity Adaptability Interdependence Knowledge intensive linkages Social attachment Knowledge acquisition	Reciprocation of trustworthy behaviours Knowledge intensive linkages and learning
	Dual Relational Embeddedness Imbalance and Conflicts	
	Imbalance and Conflict Causes	Imbalance Consequences and Solutions
	Institutional pressure on the subsidiary Subsidiary's heavy reliance on the HQ Deviation from internal network expectations Subsidiary isolation Goals' misalignment	Learning impediment addressed with: Frequent deep communication between the HQ and the subsidiary Knowledge absorption where conflicts are resolved

2.9. Subsidiary Learning and Dual Relational Embeddedness

2.9.1. Internal Embeddedness Role in Subsidiaries' Learning

Internal relational embeddedness not only enables the subsidiary to receive the resources from the parent firm to support its development, but also facilitates reverse transfer of the knowledge acquired from the external network (Gölgeci et al., 2019). Although Gölgeci et al (2019) considered internal embeddedness from innovation transfer perspective, their findings corroborate the argument that external search depth (relationship strength) enables knowledge flow while the external search breath (number of partners in the relational embeddedness) does not necessarily lead to innovation transfer (Gölgeci et al., 2019).

The support of the parent firm giving the subsidiary a research and development (R&D) mandate in the host economy could contribute to the subsidiary's knowledge expansion and therefore transforming the subsidiary into a competence-creating unit of the MNE (Achcaoucaou, Miravitlles, & León-Darder, 2017). Subsidiaries that succeed in knowledge creation are those that engage in entrepreneurial risk-taking behaviours with the support of the parent firm. Internal embeddedness therefore plays the role of competence provision from the parent firm and the motivation of subsidiary innovation initiatives (Achcaoucaou et al., 2017; Ciabuschi et al., 2011). Internal embeddedness enables subsidiary managers to build and sustain a trust-based relationship with the HQ executives and those of affiliate subsidiaries to strengthen cooperation and to resolve problems blocking the subsidiary knowledge search efforts in the host economy. The internal relational embeddedness in the parent firm network equips the subsidiary with the stability required to further embeddedness in the external network by exploiting the competence base from the parent firm and sister subsidiaries (Achcaoucaou et al., 2017).

2.9.2. External Embeddedness and Learning

Global supply chain management studies have highlighted the roles of relational ties in stimulating learning because such ties produce deeper communication (Carey et al., 2011; Zhou et al., 2014). Also, studies reveal that partners can obtain tacit knowledge when they have strong relationships (Carey et al., 2011; Zhou et al., 2014). Social ties become a conduit for information flow. However, some international business supply chain management studies that looked into the role of relational ties issued a warning that a high level of local embeddedness can harm strategic initiatives because it creates the pressure to reciprocate the benefits of the local partnership (Lechner et al., 2010; Villena, Revilla, & Choi, 2011; Zhou et al., 2014). As a result, caution is required to ensure strong social ties do not distract the subsidiary from its learning goals in the relational embeddedness. Some earlier studies revealed that the degree of the role of relational ties is conditioned on the environmental context at the industry level such as high competition causing fierce fight for limited resources and making it harder to attract quality partners (Siah Hwee, 2008; Zhou et al., 2014). While these studies have considered relational embeddedness from supply chain management perspective of MNEs, the studies also illustrate how relational ties with local partners in the host economy interact with subsidiaries' learning in the context of international business management. Although relational embeddedness facilitates learning, some studies caution that individual subsidiaries possess different organizational learning processes that influence the acquisition and management of knowledge from different sources (Forsgren, Holm, & Johanson, 2005; Pu & Soh, 2018). Also, subsidiaries differently adapt to their environments because of the changing nature of relational embeddedness when partners' priorities and goals change overtime (Forsgren et al., 2005; Pu & Soh, 2018). Consequently, subsidiaries need to constantly adjust their knowledge acquisition strategies in the local environment.

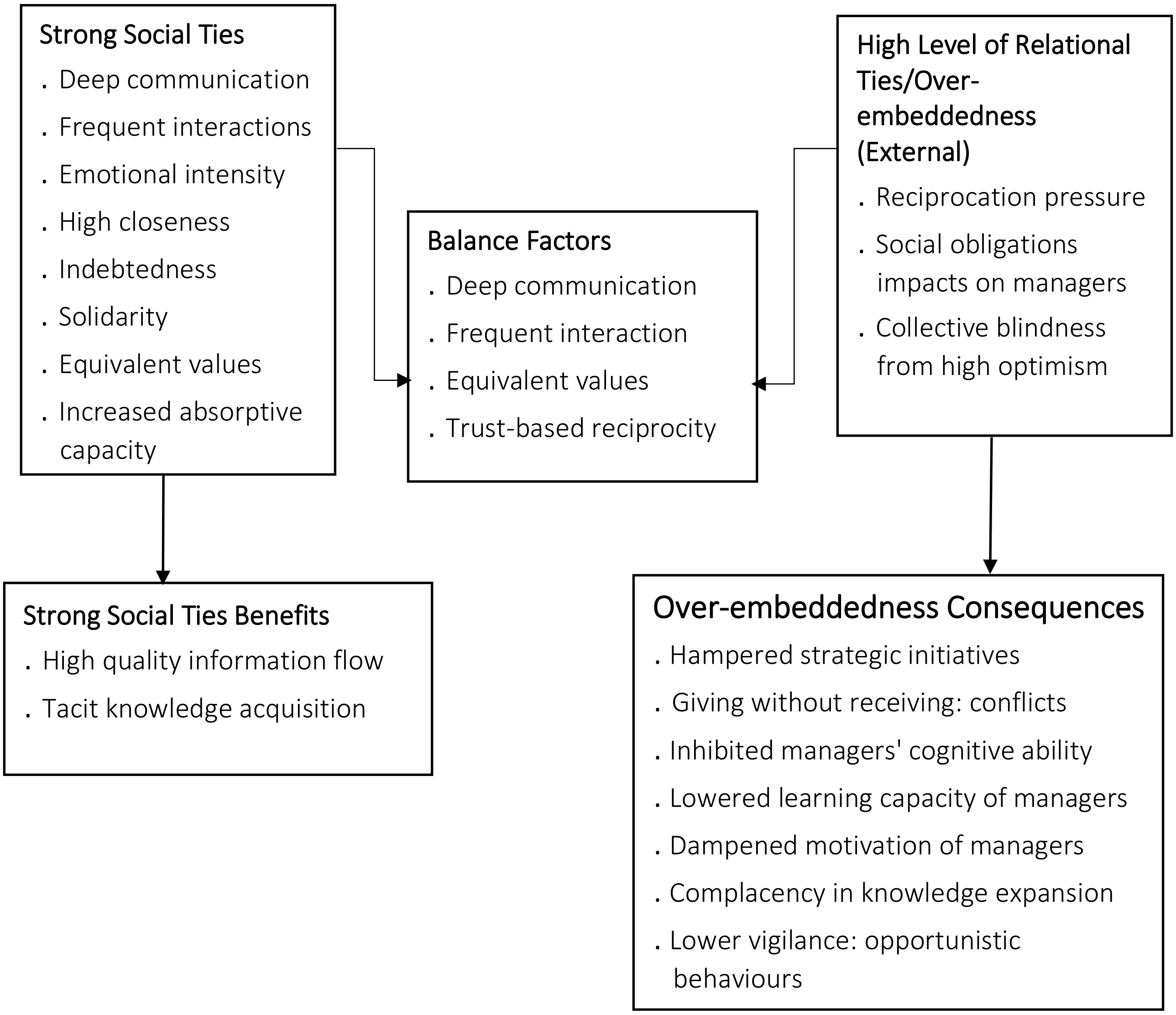
2.9.3. Relational Embeddedness Advantages to Knowledge Acquisition

While relational embeddedness is generally perceived to be important for high quality information flow and knowledge acquisition while acting as a social governance mechanism (Zhou et al., 2014), there is scarcity of empirical studies looking at the role of the duality of relational embeddedness of subsidiaries in knowledge acquisition from local partners in the context of international business. This study seeks to bridge the gap. Strong relational embeddedness with external partners is known to facilitate knowledge acquisition (Zhou et al., 2014). The relational tie strength acts as a function of reciprocity between exchange partners, interaction frequency, emotional intensity and intimacy (Granovetter, 1973; Zhou et al., 2014). Weak ties are characterised by infrequent interaction between parties while strong ties are based on high closeness, indebtedness, and reciprocity fostering the flow of know-how, highly complex knowledge between collaborating partners (Morten, 1999; Jill & Christina, 2003; Zhou et al., 2014). Strong cohesive relational ties are deemed necessary in the acquisition of tacit knowledge requiring frequent interaction between partners (Jill & Christina, 2003), which also establishes reciprocity norms consisting of promoting equivalent values (Granovetter, 1985; Aric & Christine, 2003; Zhou et al., 2014), motivating the cooperation of knowledge sources (Ireland & Webb, 2007), and managing potential knowledge leakage risk (Andrew & Eric, 2005). Relational ties among partners create solidarity norms (Heide & John, 1992) being the expectation that all collaborating partners respect the relationship leading to openness and willingness to receive knowledge from the external partner (Heide & John, 1992). Relational embeddedness is also known to increase subsidiaries' absorptive capacity (Ebers & Maurer, 2014). When subsidiaries mix the knowledge acquired from the external sources with their existing knowledge, their absorptive capacity increases.

2.9.4. Over-embeddedness Downside to Learning

Some studies however, although conducted from supply chain management perspectives of MNEs, found that the positive effect of relational ties tend to decline when relational ties are very strong for a few reasons (Lechner et al., 2010; Villena et al., 2011). Firstly, the pressure to continuously invest time and other resources can strain the strength of idiosyncratic relational ties (Lecher et al., 2010; Villena et al., 2011). At a firm level, when a partner is obligated to take on additional responsibilities to help the partner for the sake of relational tie, without benefiting knowledge acquisition from the activity, it causes strains on the relationship (Lechner et al., 2010). At individual level, managers' cognitive ability can be inhibited by the social obligations, therefore affecting their ability to process information and dampening their motivation to learn. Secondly, transactions in strong ties imply collectivism; which may lead to "collective blindness (Janine & Sumantra, 1998)" which impacts critical evaluation of the exchanged information as the collaborating partners become overly optimistic in sharing the information they deem important (Lechner et al., 2010). This leads to complacency undermining the acquisition of important knowledge by limiting the motivation to further develop and expand the knowledge search horizons (Lechner et al., 2010). Thirdly, high relational ties increase the probability of malfeasance, and potential opportunistic behaviours occurring as partners lower monitoring efforts because of high trust (Villena et al., 2011). Despite these negatives, strong relational ties are argued to facilitate knowledge exchange and learning efficiency (Zhou et al., 2014).

Figure 1. The Balance between Strong Social Ties and Over-embeddedness



2.9.5. Literature Review-based Framework

With regards to agency theory, some studies (Cavanagh et al., 2017; Chiao & Ying, 2013) used the theory to explore the parent firm-subsidiary relationship from the traditional principal-agent perspective and the resultant agency problems concerning authority delegation and goal conflicts. In this study however, considering the obstacles that subsidiaries face in adapting to the local market, the theory will be used to explore the relationship between the parent firm and the subsidiary and how the relationship affects subsidiary's autonomy and the way the subsidiary interacts with local partners to simultaneously learn from the internal and external networks. It is noted that the subsidiary's pressure to align with the parent firm's goals, to respond to the local market requirements, and to learn can create conflicts in the parent firm-subsidiary relationship. It remains unclear how agency theory from the perspective of the principal-agent authority delegation affects the subsidiary's required autonomy to overcome the local market challenges such as cultural and institutional distances for relational ties strength, integration into the host economy, and knowledge acquisition. This study therefore aims to stretch above the literature review framework (Figure 2) to consider, using agency theory, how the subsidiary can achieve the right level of autonomy to successfully learn and adapt to the local market and to maintain stability between internal and external relational embeddedness.

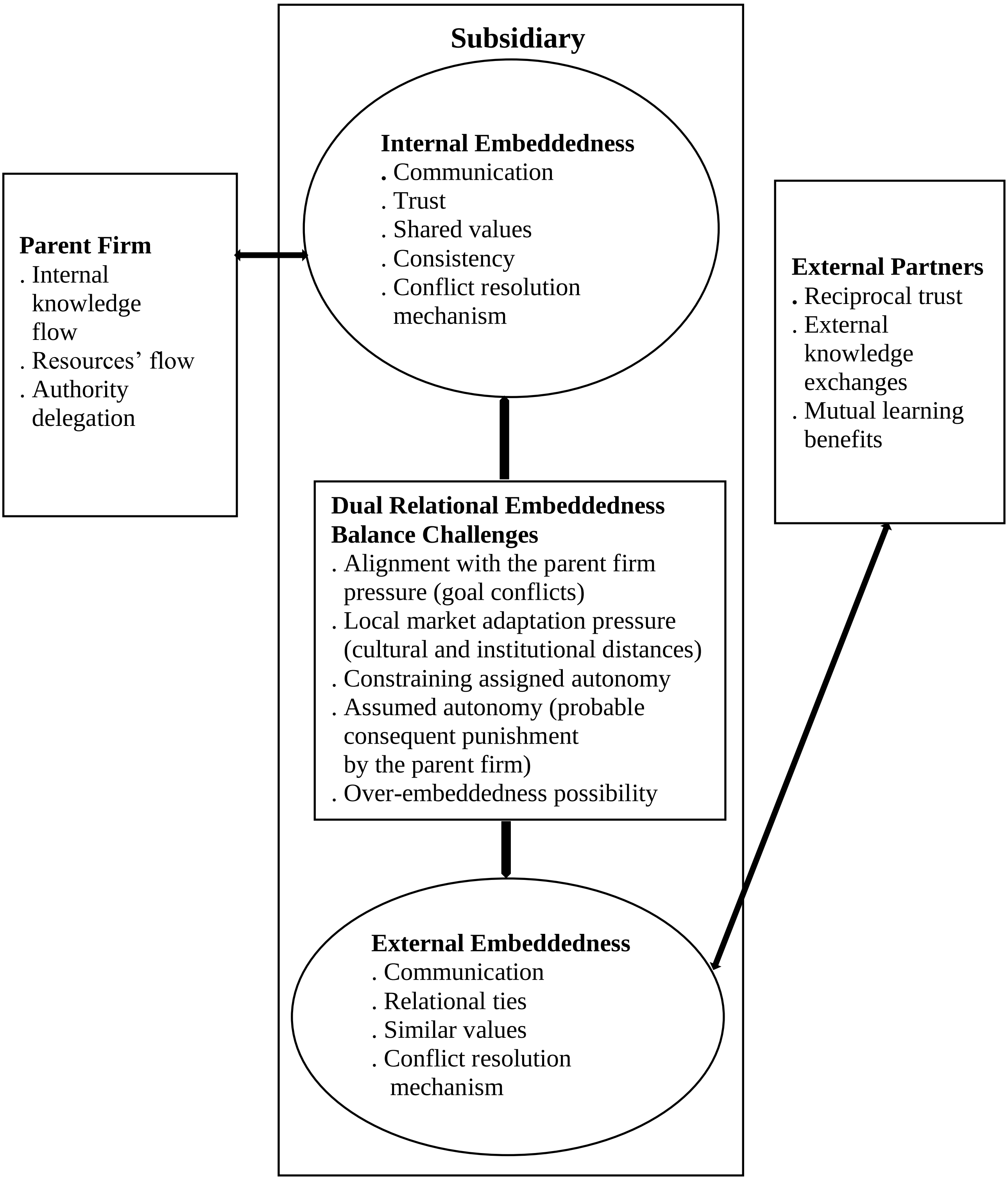


Figure 2. Principal-Agent Authority Delegation and Dual Embeddedness Balance Challenges

3. Research Methodology

3.1. Research Design

This study employs multiple case studies methodology using qualitative approach. In his template on building theory from case study, Eisenhardt (1989) argues that multiple case studies are reliable because they facilitate extension and replication of individual cases. Eisenhardt focussed on using data to build theory, moving from theory to data, and testing theory moving from data to theory (Ravenswood, 2011). Since this study aims at contributing to the existing theory by clarifying agency theory in the context of subsidiary autonomy while gauging the role of dual relational embeddedness in subsidiary learning, Eisenhardt method seems to align well with the study and the research goal. Using Eisenhardt method, this study will elaborate on existing agency theory looking through the lens of the results of the selected case studies.

Multiple case studies have been increasingly used in international business because of their advantages in exploring multiple perspectives of the same research questions (Ghauri, 2004). One advantage of multiple case study approach is that it provides various points of view through triangulation on the issue being researched. Triangulation enables the exploration of the multiple dimensions of research issue and allows for emergence of new dimensions as understanding deepens. Further, multiple case studies approach highlights similarities and differences resulting from the cases leading to a significant contribution to the extant literature (Vannoni, 2015). Case studies can therefore enable researchers to build a more compelling theory as they base results on a range of empirical evidence.

Taking into account the uncommon nature of relational embeddedness role in subsidiary learning and agency theory, multiple case study method using qualitative approach and semi-structured interview as a means of data collection is a soundly preferable option for this research. Also, a multiple case study with a qualitative approach suits this study because it can provide building blocks grounded in theories from which the nascent theory draws insights considering various possibilities of emerging problems and issues in international business research (Doz, 2011).

Further, qualitative approach is appropriate for this study because of its ability to overcome the limits of borrowed theories to build complementary theories (Welch & Piekkari, 2017) while analysing organizational processes by asking "how" or "why" questions. Semi-structured interviews with open-ended questions will be used as a means of data collection. The versatility and flexibility of semi-structured interviews provide reciprocity between the participants and the interviewer and the opportunity to improvise follow-up questions while affording the participants verbal expressions of their views (Kallio, Pietilä, Johnson, & Kangasniemi, 2016) that could potentially, in this study, lead to a rich understanding of the role of dual relational embeddedness in subsidiaries' learning.

Regarding participants' selection and interviews, managerial employees of 10 different consumer technology companies operating in New Zealand were interviewed. The majority of the companies are subsidiaries belonging to the MNEs based in the Asia-Pacific (APAC) region. Each interview lasted for approximately 60 minutes. Managerial and supervisory employees were interviewed because of their experiences and access to knowledge acquisition data in their company, their interaction with both the parent firm and the subsidiary's local partners, and their awareness of their companies' knowledge acquisition strategies. Nyadzayo et al (2011) recommend purposing and snowballing strategy to determine the next suitable sample population. Using the snowballing strategy, the initial interviewees, such as country managers were the initial point recommending other suitable managers for interviews in their companies; the selected case studies. Interviewing managerial employees heading different departments such as manufacturing, marketing, and operation management can achieve triangulation as they answer the same questions from various business units' perspectives.

3.2. Research Methodology

Since this research employs Eisenhardt method (Doz, 2011), the method template will guide this study. Following the logic of Eisenhardt method and its process steps will lead to the clarification of agency theory in its contextualization to dual relational embeddedness role in subsidiaries' knowledge acquisition. The next section of the paper discusses the basis of this study, the context, the explanation and the selection processes of the case study, the data collection and analysis processes of the study.

3.3. Case Selection and Context Scope

New Zealand is selected because it harbours many foreign subsidiaries that find themselves operating in a different business environment than the ones of their country of origin, thus presenting them with the challenge and need to collaborate with local partners for embeddedness and knowledge acquisition. New Zealand has seen an increase in the number of foreign subsidiaries, despite land purchase challenges (Enderwick, 2017), the restrictive screening regulations seen as giving preferential treatments to some investors, the relatively high corporate tax and lenient product market regulations (Paul, 2011). Although possessing a modest demography and offering a smaller purchasing power compared to other developed economies in Europe or America, the overall favourable legislations and policies towards business creation, maintenance, and the availability of qualified human capital characterise New Zealand as an attractive business investment destination (Raziq, 2012). While most of the foreign subsidiaries in New Zealand invest in the transformation of agricultural products into manufactured products, some of these subsidiaries invest in high technology products and services.

Some key principles of Eisenhardt method concerning the selection of research cases (Gehman et al., 2018) have guided the selection of the sample population for this study. The two principles that have informed the selection of the case studies are “controlling antecedents” and “polar types” selection (Gehman et al., 2018) which consist of reviewing previous research to determine the conditions that characterise effective cases and using the conditions as the selection criteria for the current cases. In this case, many of previous studies in the field of international business management considering foreign subsidiaries in New Zealand have explored agricultural manufacturing companies with little interest in purely technology products or services subsidiaries; thus creating an under-researched area for this study to explore. The second principle of Eisenhardt method that informed the selection of case studies for this research is “polar types” (Eisenhardt & Graebner, 2007), which uses comparison and contrast of extreme cases’ features in order to select the cases that fall within the extremes. These scholars note that polar types approach is likely to provide consistent pattern with the existing empirical evidence augmenting the depth of insights, drawn from defined constructs, focal phenomenon logic, relationships, therefore eliminating the possibility of choosing cases arbitrarily (Eisenhardt & Graebner, 2007;

Langley & Abdallah, 2011). Considering extreme cases involved in previous international business management in New Zealand, this research examined New Zealand-based foreign subsidiaries dealing in agricultural transformation and information technology (telecommunication and computer-based products and services) as two sides of extremes. Technology companies presented features such as long history of cooperation with local partners in New Zealand, the host economy, a high degree of knowledge exchange with local partners, and close collaboration with their parent firms and sister subsidiaries. These features denote dual relational embeddedness. Another feature that “polar types” helped establish is knowledge exchange or acquisition intensity (intense linkages) within and amongst the collaborating partners. The selected cases needed to fall under the categories of intensive knowledge exchange, high degree of collaboration with local partners, and significant proof of collaboration with the parent firm and sister subsidiaries, thus presenting compelling evidence of dual relational embeddedness and learning. “Polar types” principle also ensured that the cases are substantial enough for common constructs abstraction used for the description and comparison of various components amongst cases. Moreover, case sampling is employed in this study because of its multiple advantages such as maximum variation or information richness (Baxter & Jack, 2008), motivating research question and illustrating arguments (Siggelkow, 2007).

Further, the main qualifying criteria of the participants was occupying a managerial position for at least 5 years in a qualified subsidiary having operated in New Zealand for at least 5 years. Another criterion of participants selection was having awareness and thorough knowledge of the subsidiary’s dual relational embeddedness and knowledge acquisition strategies in the host economy. Based on these criteria and the research methodology adopted for this study, the 13 interviews conducted were deemed sufficient as validity and reliability were further ensured through acceptable data management, interpretation, analysis, and findings’ reporting practices.

3.4. Data Collection

Semi-structured interviews were conducted. Once technology companies were selected, the researcher launched the interviews involving follow-up questions. A descriptive analysis of the research method by Eisenhardt (1989) encourages the collection of different kinds of data during interviews. Although semi-structured interviews were the main source of data, other data sources about the respondents were consulted. The alternative data sources which allowed for observation were mainly the selected subsidiaries’ websites and social media accounts. Observations did not involve visits to the case companies or their subsidiaries offices, shops or other operations' sites because of time and other resources' limitations. The observations included customers' feedback and reviews on the case subsidiaries and their retailers' websites and social media accounts.

One of the interview protocols that Eisenhardt recommends for application during interviews is "courtroom style questioning" strategy enabling the researcher to gain insights into additional factual accounts (Langley & Abdallah, 2011). This technique allows the researcher to consider various perspectives of the factual accounts that are being presented by the participant during interviews.

Responses' triangulation is another protocol that Eisenhardt (Langley & Abdallah, 2011) recommends to obtain factual information during interviews. The purpose of triangulation is to consider all aspects of various responses of the participants of the same organization or case subsidiary. This study used triangulation method to interview 13 managerial employees, some of whom are top managers and middle managers. Responses from the participants of the same subsidiary were easier to triangulate because, although their insights were from slightly different perspectives (e.g., marketing and operation management), they all share the same organizational cultures. However, the responses of single participants from different subsidiaries were reliably triangulated with the responses of other subsidiaries' participants. The case subsidiaries that were unable to offer more than one participant were constrained by the nature of their organizations and potential participants' limitations such as lack of deeper knowledge of the subsidiary's knowledge acquisition mechanisms and relationships with the parent firms and local partners. The interviews involved talking to top and middle managers who have significant exposure to knowledge acquisition strategies of their subsidiaries and the subsidiary-parent firm interactions.

While some case subsidiaries could have been able to offer more than one participant, the other potential qualified participants were either overseas at sister subsidiaries or at the parent firm HQ, or on holiday, or unavailable because of the demands of the current projects they were working on. However, triangulation was achieved at the participants' level for subsidiaries A and C that provided three and two participants respectively. For the other subsidiaries that provided one participant each, triangulation was mainly executed through consultation of the companies' websites and customers' reviews and feedback.

Interviews were recorded electronically to enhance accuracy, validity, and reliability (Langley & Abdallah, 2011) following signed consent forms by the participants. While the researcher aimed to interview 15 participants, 13 participants were interviewed and data saturation was reached after nine interviews. Thirteen (13) interviews are deemed sufficient to adequately address the research question of this study in accordance with Eisenhardt's (4 to 10 cases recommended) qualitative research approach adopted (O'Reilly & Parker, 2013). Data saturation signifies that no new information is generated; no new themes, data, or insights enriching the study can be found anymore because the responses of additional participants would be similar to those of the previous respondents. This research is also in line with a recent study by Mihalache and Mihalache (2020), using Eisenhardt methodology, answering a similar question while putting emphasis on subsidiaries' managerial challenges in their adaptation to the foreign economy.

Table 3. Research Sample Description

Selected Cases Subsidiary Origin		Research Interview Samples		Subsidiary Network	Relationship Intensity and Learning			Sub. Age in NZ
		Top Management	Middle Management		Parent Firm (country of origin)	Local Partners (NZ)	KA	
Subsidiary A	Japan	A-1	A-2 A-3	E	I	I	H	>10
Subsidiary B	China	B-1		GE	I	LI	H	<10
Subsidiary C	Japan	C2	C-1	E	I	I	H	>10
Subsidiary D	USA		D-1	E	I	I	H	>10
Subsidiary E	Japan	E-1		GE	I	I	H	<10
Subsidiary F	China	F-1		E	I	I	H	<10
Subsidiary G	South Korea	G-1		E	I	I	H	>10
Subsidiary H	Australia	H-1		E	I	I	H	<10
Subsidiary I	Australia	I-1		E	I	I	H	<10
Subsidiary J	Japan	J-1		E	I	I	H	>10

*Note: Subsidiary network (SN), Intensive relationship (I), Less intensive relationship (LI), Getting embedded in the local market (GE), Embedded in the local market (ED), High knowledge acquisition (H), Knowledge acquisition (KA), New Zealand (NZ).

Table three summarizes the research sample. It indicates the number of cases selected and their countries of origin as established subsidiaries in New Zealand. The table also informs of the number of participants involved in the research interviews, their respective subsidiaries, and positions in the management roles: top and middle management. The table further illustrates the degree of the participants' exposure to the interactions between the parent firm and the subsidiary and between the subsidiary and the local partners. Furthermore, the table indicates the level of learning that occurs in the dual relational embeddedness. From all the companies the researcher contacted, 10 subsidiaries positively responded, which resulted in 13 interviews from 13 participants, seven (7) of which attended face to face interviews while six (6) participants were interviewed through video communication media. One (1) participant from each subsidiary agreed to participate in the interviews subject to the approval by their top management being the country managers or regional representatives. However, the researcher interviewed three (3) participants from subsidiary A and two (2) participants from subsidiary C.

Table three also indicates the level of embeddedness of each subsidiary based on the number of years they have been operating in New Zealand and the level of intensity of the relationships developed with the local partners. The table shows the degree of intensity in the relational linkage between the subsidiary and the parent firm. All the subsidiaries show strong relationships intensity with the parent firm and the local partners, while just one of them has a less intensive relationship with the local partners.

All the subsidiaries acknowledged significant knowledge acquisition from the local partners. The subsidiaries that do not directly interact with the parent firms' HQ in the countries of origin report to the regional head offices. The ages (years of operation in New Zealand) of the participating subsidiaries are also indicated in the table simply by pointing out whether they have operated in New Zealand for more or less than 10 years, but for at least five years, although some of them have been established in the local network for much longer than 10 years. Most of these subsidiaries are consumer technology products and services providers and belong to companies that are predominantly from the APAC region, specifically from Japan, South Korea, and China. One subsidiary is from the United States of America and two subsidiaries from Australia. The diverse cultural backgrounds of these subsidiaries also helped clarify the different managerial approaches in their relationships with the local partners in New Zealand.

Subsidiary A is of a Japanese multinational corporation. It has been in New Zealand for over 10 years. Subsidiary A is highly experienced and well embedded in the relationship with local partners. It has multiple branches throughout New Zealand dealing in consumer electronic products and providing technological solutions in communication and media industry. Three respondents agreed to participate in the interviews including the country manager of the subsidiary. Two of the participants from subsidiary A are middle managers with significant exposure to relational embeddedness of the subsidiary and its knowledge acquisition strategies.

Subsidiary B's parent firm is based in China. Subsidiary B had a proxy presence in New Zealand and was selling its products using other established subsidiaries. It is only in the recent years that the subsidiary has established its physical presence with shops to directly deal with retailers and customers. Although relatively new in New Zealand, subsidiary B has attained a comfortable level of embeddedness, has in a short time forged significant relationship links with local partners, and has strengthened its relationship with the parent firm and sister subsidiaries worldwide, especially in the APAC region. One top manager from subsidiary B participated in the interview because he frequently communicates with the regional office and the HQ of the parent firm in China and has significant exposure to the subsidiary's knowledge acquisition strategies in New Zealand and the intensity of its relationship with local partners.

Subsidiary C is from Japan. This subsidiary has been operating in New Zealand for over 10 years and is well embedded in the local market as demonstrated by the strength of its relationship with the local partners. From this subsidiary, one top manager who is aware of the subsidiary's learning from the local partners and maintenance of relationship with the parent firm in Japan agreed to the interview request. Also, two middle managers who are well versed in the subsidiary's relational exchanges and knowledge acquisition in the internal and external networks were interviewed.

Subsidiary D belongs to a high technology multinational corporation headquartered in the USA. The subsidiary has multiple sister subsidiaries in New Zealand and commands a significant market share, collaborates with many private and public sector organizations and businesses, and provides technological solutions to business processes. The subsidiary is well embedded in the local market and has operated in New Zealand for over 10 years. Only one managerial employee of a higher rank with exposure and participation in the interactions between the subsidiary and the parent firm and the local partners was able to participate in the interview.

Subsidiary E is from Japan and has in the last 5 years created multiple affiliate subsidiaries in New Zealand. The main subsidiary in New Zealand has been operating for over 10 years. The managerial employee who agreed to participate in this study currently leads an affiliate subsidiary while still working for the main subsidiary in New Zealand and therefore has credible exposure to the main subsidiary's knowledge acquisition strategy and the dual relationship. The main subsidiary has a significant market share of consumer electronics and displays a high level of intensity in its relationship with the parent firm and local partners.

Subsidiary F is from China. A manager from the top management team with full exposure to knowledge transfer and accusation techniques of the company agreed to participate in the interview. The participant was aware of the level of intensity of the relationship that the subsidiary sustains with the parent firm and local partners in New Zealand. The subsidiary has been operating in New Zealand for over 10 years and has strong relational links with the parent firm and local partnership in New Zealand. Only one experienced top manager from this subsidiary was available to participate while other middle managers were either unavailable or not fully aware of some aspects of the relational ties that the subsidiary maintains with the parent firm and local partners.

Subsidiary G is from South Korea and has been selling consumer electronic products in New Zealand for over 10 years. Subsidiary G has attained a high level of relational embeddedness as it controls a big market segment, collaborates with numerous retailers, and has multiple shops in New Zealand. The subsidiary also provides technological solutions in the media and communication industry. One top manager with deep knowledge of the subsidiary internal and external interactions entailing knowledge acquisition accepted to be interviewed.

Subsidiary H is from Australia. The subsidiary has been in New Zealand for less than 10 years but has created intensive knowledge exchange linkages internally and externally. The subsidiary also sells consumer electronics, but more from business to business than business to consumers perspective although it has physical stores for customers to directly purchase products from. The subsidiary is opening multiple branches in New Zealand as its products are well embraced by customers. One senior manager who is also the country director with great knowledge exchange experiences in New Zealand was able to attend the interview.

Similarly, Subsidiary I is the extension of an Australian parent firm. The subsidiary has been operating in New Zealand for over seven years. The subsidiary has shown strong indications of external embeddedness because of its intensive collaborations with retailers and consumers. The subsidiary also maintains robust communication linkages with the parent firm and sister subsidiaries and is expanding across New Zealand. One highly knowledgeable senior manager who is also the country representative of the subsidiary agreed to participate in the interview.

Subsidiary J belongs to a Japanese MNE that has been operating in New Zealand for more than 10 years. The subsidiary displays strong signs of embeddedness in the local market with intense interaction with the parent firm and local partners. The subsidiary deals in consumer electronics and has multiple branches all over New Zealand. A senior managerial employee from the subsidiary accepted the interview invitation.

3.5. Data Analysis

After the collection of data following the transcription of the interviews, data analysis started. Interviews were transcribed progressively as further data was being collected. As far as data analysis is concerned, the study deployed NVivo software using Eisenhardt (1989) data analysis method, which entails three stages. Eisenhardt supported the idea of Strauss and Corbin (Gehman et al., 2018) who introduced grounded theory building through the elaboration of the existing theory as data is processed through the three stages.

First, the "measures" by Eisenhardt (Gehman et al., 2018) are determined from the open code. Measures flow from the open coding allowing for the exploration of "within-case narratives" or "cases within cases" (Gehman et al., 2018; Langley & Abdallah, 2011).

Second, from open codes, "constructs" by Eisenhardt (Gehman et al., 2018) are arrived at through the process of axial coding (Gehman et al., 2018; Langley & Abdallah, 2011). Axial coding reaches constructs by exploring possible relationships and patterns amongst the established measures (Gehman et al., 2018; Langley & Abdallah, 2011).

The third stage of the process consists of exploring at a higher level the derived constructs. This kind of exploration is possible through the process termed "iteration process" based on the literature review and the collected data to provide explanation answering the question of "why" and "how" of the groups of constructs emerging into cases (Gehman et al., 2018; Langley & Abdallah, 2011). This process finally leads to "emerging theories" by Eisenhardt (Gehman et al., 2018). These data analysis process terminologies used together refer to the processes leading to theory building. However, as will be seen throughout data interpretation, analysis, and discussion, this study will elaborate on existing agency theory from the perspective of subsidiary-parent firm and subsidiary-local partners relationships involving subsidiary learning.

Regarding data presentation, Eisenhardt and other researchers tend to present data and findings in various ways such as themes, findings groupings, diagrams propositions, or any other frameworks while weaving the presentation with the case examples explaining the theory emerging from data and the theoretical logic underpinning the theory which is very important according to Eisenhardt because of the fresh emergent meanings and insights (Gehman et al., 2018).

It is noted that for this research the initial framework (Figure 2) was built based on the literature review and the data results and analysis informed the final framework (Figure 3) of the study.

4. Data Results and Analysis

4.1. Data Results Overview

The nature of the relationship a subsidiary has with its parent firm determines the nature of its relationship with local collaborators in the host economy. When a subsidiary has a positive relationship with the parent firm, it develops solid communication and information exchange systems. Also, the subsidiary shares similar or same values with the parent firm, aligning with the global goals of the parent firm while accomplishing the subsidiary-specific goals to succeed in the foreign environment. When the relationship is positive, the subsidiary benefits from expertise, competence, and budgetary support from the parent firm. The support enables the subsidiary to continue learning from the internal and external networks, thus contributing knowledge and revenues to the internal network. The subsidiary and the parent firm strengthen their relationship with robust conflict resolution mechanisms that enable them to explore differences in a manner that is mutually beneficial and capable of reinforcing communication and trust. Further, when a subsidiary maintains a positive relationship with the parent firm, both parties promote trust which encourages effective communication and competence building. This strong relationship with the parent firm equips the subsidiary with the capability to learn, adapt, and collaborate with local partners in the host economy.

On the flip side of the coin, the nature of the relationship a subsidiary has with its local partners in the host country also affects its learning ability. If the subsidiary establishes a win-win relationship involving mutual trust with external partners, the collaboration can result in knowledge exchange. The objective of the subsidiary collaborating especially with local partners, including retailers and formal research institutions such as universities, can enhance learning. However, when it comes to customers, the subsidiary needs to deliver high-quality products or services that satisfy customers' needs, eventually capturing customers' loyalty. Similar to the parent firm-subsidiary relationship, the subsidiary-local collaborators relationship also requires strong communication mechanisms to enable information exchange and conflict resolution. A positive relationship with local partners enables the subsidiary to build trust and sustain knowledge acquisition.

When a subsidiary has established a sustainable relationship with both the parent firm and local collaborators, it faces the challenge of managing the balance between the two sides of the relationship. Striking the balance between the parent firm–subsidiary and subsidiary-local partners relationships requires robust communication and trust which sustains information exchange in both the internal and external networks. Consequently, a subsidiary learning from the local environment contributes knowledge to the internal network.

The results of this research show that a subsidiary can enhance its learning in the host economy by creating and maintaining strong dual relational embeddedness in the internal and external networks. The results reveal three dimensions of a subsidiary's relational embeddedness leading to learning in the internal and external networks. Firstly, a positive relationship with the parent firm can lead to trust building and maintenance which aid information flow and learning. Secondly, a positive relationship with local partners increases trust and enhances learning in the host economy. Thirdly, reaching a balance point in the duality of relational embeddedness maintains reciprocal trust and enables multidirectional learning. Six emergent theoretical themes from the data findings are the ultimate advantages of the duality of relational embeddedness to learning. Under the subsidiary-parent firm relationship, the emergent theoretical themes are vertical communication strength, hybridized autonomy, performance-based trust and autonomy. Under the subsidiary-local partners relationship, the theoretical themes are market positioning, customer satisfaction, and multidirectional learning.

4.2. Vertical Communication Strength

According to Kostova et al (2018), the nature of the parent firm-subsidiary relationship affects learning in the host economy. A positive and supportive relationship between the subsidiary and the parent firm establishes reciprocal trust-based interactions with local partners, thus facilitating knowledge acquisition in the host economy. The nature of the relationship between the subsidiary and the parent firm determines the parent firm-subsidiary communication strength and the subsidiary alignment with the parent firm strategic goals. The existing conflict resolution mechanisms in the internal network and the level of autonomy a subsidiary assumes to adapt to the local environment in the host economy and to take initiatives aids its operations and learning in the local economy.

4.2.1. Parent Firm-Subsidiary Communication

One important measure of the quality of the parent firm-subsidiary relationship and learning is communication. Regarding information exchange, the quality and frequency of information exchange in the internal network has repercussions on the subsidiary's overall learning. The study results show that the information moving between the subsidiary and the parent firm has to be accurate, and its pathway clear (A-3, B-1). In most cases, a subsidiary communicates with the parent firm through the regional head office. By the time the information reaches the parent firm HQ, it sometimes loses the original meaning. The regional head office being the information pathway, has to ensure that the information coming from the subsidiary is accurately forwarded to the parent firm HQ. The parent firm relies on the information from the subsidiary to understand the foreign market environment and to determine the best support to provide the subsidiary. The preservation of information accuracy must start from the source in the subsidiary local network. Accurate information enables the parent firm to correctly assess the subsidiary's need in the effort to effectively respond to customers and other partners in the host economy. A participant (A-3) stated for example, "*What I've noticed is that you have subsidiaries who sugarcoat information and then the journey becomes a lot harder because you're going to get an incorrect message from the subsidiary to the HQ, the HQ will read it and come back with an incorrect response*."

The parent firm needs to be regularly informed of the challenges the subsidiary faces in the local environment so that it may envisage relevant support. Frequently sending information to the parent firm also helps the HQ to adjust the subsidiary specific strategy. A manager (E-1) said, "*So we have four meetings every month, reporting on our financial performance and our risks and opportunities, and then many, many emails all the time asking questions and getting understanding and guidance. We're constantly in communication*."

Another important aspect to consider in the parent firm-subsidiary communication is correct interpretation of the received information. Since the parent firm and the subsidiary operate in different cultural and market contexts, in most cases, it is important for the regional head office, the mediator between the subsidiary and the parent firm HQ, to correctly transmit the information to the HQ so that the latter accurately interprets it. One manager stated that the HQ executives "*are not just the recipients of the information, but they are also the translators and interpreters of the information from the subsidiary*" (B-1). The translation does not only consist of understanding the language, but also, and more importantly, of looking at the information from the context of the market environment of the information source, the subsidiary. When unsure, checking the information with the sender minimizes the consequences of interpreting it outside of the context of the local market. When the parent firm, the subsidiary, and the regional head office share similar environments or belong to completely different environments, it is tempting to consider the information from one's own market environment. This ethnocentric way of interpreting information misses the perspective or context of the information sender and leads to meaning distortion, and ultimately causes failure to develop relevantly adequate strategy to support the subsidiary.

Sometimes, the information is distorted because the regional head office dilutes it with other pieces of information coming from sister subsidiaries. A manager stated that sometimes being a small company in a small market like New Zealand, compared to other sister subsidiaries in big countries serving larger market bases, causes their small voice (focal subsidiary's) to be lost amongst the demands of the bigger subsidiaries in the same regional hub jurisdiction. The manager (A-1) metaphorized, "*as a little brother, you can be kicked out*". The danger of a subsidiary not being heard, regardless of its size, is the frustration that builds over time and the lack of individualized attention to a subsidiary creates a chasm in the parent firm-subsidiary relationship. Also, a subsidiary who does not receive enough attention feels isolated and can misalign with the parent firm's strategic goals. Another participant (B-1) agreed that "*sometimes when you talk to the parent firm you feel like a small player in the pond of big fish*. *Sometimes, your voice could be heard, but then you are not influential. So those who are really influential are those who play in big markets and generate a lot of revenues"*. From these participants' statements, it should be noted a subsidiary size and revenue generation ability can determine the strength of its influence amongst sister subsidiaries in the internal network.

Wang and Wang (2021) established that the parent firm-subsidiary communication quality can affect the entities relationship and the subsidiary's learning motivation. When the subsidiary local market information is clear and accurate, the parent firm understands it and tends to formulate relevant strategies. However, when the information is unclear or inaccurate, the parent firm is likely to misunderstand and therefore misinform its policy towards the subsidiary.

4.2.2. Information Meaning in Cultural Distance

When a subsidiary originally belongs to a culture so different from that of the host economy, information transmission to the parent firm presents unique challenges. Some subsidiaries dedicate a team of interculturally competent staff solely to interpreting the message being gathered from the host economy to safely and accurately transmit it to the parent firm in a different cultural environment (A-1, B-1, E-1). Cultural distance with all its variations can cause the original meaning of the message to be distorted or completely lost. That's why subsidiary B ensures that the interculturally competent team responsible for communication between the subsidiary and the parent firm is equally well versed in the cultural values and norms of the host economy and the parent firm's. The team also works with the regional head office to assist with accuracy preservation when the regional head office is forwarding the information to the parent firm. This arrangement ensures that the message integrity, its meaning and accuracy are both preserved through a system of proper documentation, interpretation, and meaning assigning to the original message from the subsidiary. Participants also noted that quantitative data strengthens information quality (B-1, E-1). For instance, whereas cultural differences can encumber the interpretation of theoretical information, when the data is numeric, it is easier to interpret. A managerial employee (B-1) commented that "*beyond language, beyond certain cultural barriers,* *numbers will never lie*". Previous studies agree that cultural distance impacts communication and knowledge transfer between the subsidiary and the parent firm (Ambos & Ambos, 2009; Nair, Demirbag, Mellahi, & Pillai, 2018).

4.2.3. Information Speed through Bureaucracy

Besides information quality and accuracy, the study results show that information speed between the parent firm and the subsidiary is equally important (B-1, C-1). In order for the parent firm to promptly respond to the need of the subsidiary, the subsidiary information should arrive in time. However, some subsidiaries are sometimes allowed to circumvent the regional head office to directly communicate with the parent firm, especially when they need the parent firm's immediate attention. The parent firm reserves itself the right to directly communicate with a subsidiary whenever necessary, although in most cases it communicates through the regional head office.

The study results show that sometimes information from the subsidiary delays at the regional head office in the process of transmission to the HQ (A-1, B-1, C-1). The delay can impede the required swift actions to resolve urgent matters. Even so, managerial employees are in most cases authorised to directly communicate with the parent firm to solve urgent problems. This prevents the subsidiary from getting entangled in the regional head office bureaucracy, especially when delays could occasion heavy financial losses (B-1, E-1). Some parent firms trust the subsidiary with the authority to act without approval when they believe the subsidiary understands the local environment. The subsidiary however ensures it does not bypass the regional head office when resolving less risky and non-urgent maters. A managerial employee (B-1) said for example,

> "*You kind of need to understand how big is the request? Is it likely to be changed? I think the subsidiary ability to identify what it considers to be critical or a large request is up to the subsidiary managers to be smart enough to understand [decide]*."

The study results reveal that the parent firm-subsidiary exchange needs to include both formal and informal communication (B-1, C-1, D-1). Formal communication comprises scheduled regular meetings by the HQ, especially with the subsidiary managerial employees and senior managerial employees across the internal network of the MNE. For instance, an operation manager (D-1) acknowledged that they "*hear from the CEO of the parent firm HQ on a monthly* *basis*” and they also “*have regular meetings with the regional head office senior managers*”. Regular formal meetings remind the subsidiary of the parent firm’s global strategy and encourages revisiting priorities in the foreign market while aligning with the parent firm’s global strategies. Formal meetings also create direct exchange opportunities for the parties to directly discuss individual subsidiaries’ challenges.

A participant (D-1) recalled,

> “*Every month, we have the ability to hear from our global head of business. In the subsequent week we then get to hear from our VP of APAC, and then the following week or so over the course of a month, we have four instances of engagements where we're hearing from senior stakeholders across our business. They expect us to share what our localized priorities are, and how we can bring the global priorities into our local strategy.”*

Previous studies suggested (Noorderhaven & Harzing, 2009) that the frequency and intensity of communication demonstrate support and spike motivation. When supported and motivated, subsidiary managers focus not only on the issues and priorities in the local environment, but also work in alignment with the global strategies of the parent firm. The parent firm-subsidiary communication increases learning and educates the parent firm on the subsidiary’s challenges. The support that the parent firm offers the subsidiary also furthers learning in the local environment.

4.2.4. Information Subject Matter

The study results show that the information content is important in the parent firm-subsidiary communication (C-1, E-1). Some participants argued that the communication should not only centre on financial details or brand building, but it should also include, and more importantly, customers’ responses to the subsidiary’s services and products (C-1, E-1). Customer satisfaction being a central aspect in the subsidiary business should compel subsidiary managers to share customers’ needs and feedback with the parent firm. The parent firm needs to understand customers, retailers, suppliers and other collaborators of the local market and consider their feedback on the subsidiary’s products and services for adequate support.

The study results reveal that a deeper understanding of the reality of the local market sometimes requires the parent firm HQ executives to visit the subsidiary (C-1, F-1). Such visits enable direct interaction with subsidiary customers and other stakeholders to get first-hand information. The parent firm HQ executives visiting the subsidiary creates the opportunity to experientially see how the subsidiary interacts with local partners, especially customers. Visiting subsidiary local partners also enables fact-checking the veracity of the message the subsidiary has been transmitting to the HQ. When a parent firm wants to see the subsidiary advance in its operations in the host economy, understanding the subsidiary-local partners relationship aids the parent firm policy formulation towards the subsidiary (B-1, C-1, E-1).

Further, subsidiary communication with the parent firm triggers human resources management consequences. When the parent firm communicates with the subsidiary managers regularly, they are motivated because they feel supported. Similarly, subsidiary managerial employees are encouraged to visit the HQ. Such visits elevate communication with top executives to higher dimensions in a face to face setting. Communication intensity during visits develops social ties between managerial employees within the HQ and other managers from sister subsidiaries. Social ties can translate into collective understanding and learning.

A manager (A-1) recounted,

> *"And what it is that from a human resource point of view, how we can better motivate and drive employees by facilitating their visits across the multinational."*

While Bresciani and Ferraris (2016) associated strong social linkages with learning, this study results show that social linkages are strengthened by positive communication mechanisms. Social linkages and collaboration flourish where the parties involved are fulfilling the communication strength characteristics detailed in this study results and analysis chapter. Reciprocal trust develops in strong social linkages where there is open communication. Trust is equated with communication because open communication reinforces reciprocal trust as differences are clearly explored, goals are clarified, and uncertainties are reduced. Trust-based social linkages lead to learning.

Further, the findings of this study about communication agree with the findings by Carey et al (2011) revealing that the relational linkages based on strong communication mechanisms achieve learning. The scholars explained that it is through such communication that tacit knowledge is transmitted. Knowledge tacitness requires a consistent application of a deep communication style. The collaborating partners need to be open to each other in strong trust-based social ties and reciprocity to advance information flow and learning.

Furthermore, the parent firm-subsidiary strong communication mechanism not only ensures understanding the need of the subsidiary and the expectations of customers and other collaborators in the local economy, but also facilitates conflict resolution. Conflicts frequently occur when running complex operations with stakeholders having conflicting views, interests, wants, and needs. When the subsidiary-parent firm communication is fluid, frequent, and the information being exchanged is relevant to the sender and receiver, frictions and conflicts decrease. Dynamic conflict resolution strategies between the parties are mutually beneficial. When conflicts are appropriately managed, significant understanding and learning is achievable.

4.3. Hybridized Autonomy

The notion of autonomy is important to the nature of the parent firm-subsidiary relationship because the degree of autonomy the parent firm grants the subsidiary, or that the subsidiary assumes, can shape the relationship and affect learning. On the one hand, conflicts develop when a subsidiary is tightly controlled and cannot take initiatives that are favourable to its operations in the local market. Parent firms are generally not happy (B-1, A-1) to see the subsidiary distance itself and misalign with the MNE's global strategy or fail to realize the expected revenues. A subsidiary that lacks the right level of autonomy runs the risk of either misaligning or distancing itself to the point of marginalizing the key business principles and requirements within the parent firm's network. Too much control or too much autonomy are counter-learning extremes. A subsidiary-parent firm relationship thrives in the balance accounting for enough control and freedom. A subsidiary requires the right degree of autonomy to collaborate with local partners. Since a subsidiary has limited control over the amount of autonomy it could assume because of the pressure to align with the parent firm global strategies, it minimally determines the amount of autonomy it requires. Another hurdle in the quest for autonomy is the parent firm not fully understanding the subsidiary local environment when assigning mandates to the subsidiary.

The study results (A-1, B-1, C-1, J-1) show that "*parent firms usually exert a lot more power and control over subsidiaries*" (B-1). This is because the parent firm determines objectives and tends to compel the subsidiary to accomplish them. However, some subsidiaries enjoy more of assumed autonomy than others. For instance, subsidiary B parent firm based in China (B-1) understands the implication of cultural differences and the need for the subsidiary's ample autonomy to adapt to the local market in the host economy. This parent firm carefully exerts control by allowing the execution of strategic local initiatives in all aspects of the subsidiary operations without prior authorization from the HQ (B-1).

A managerial employee (C-1) stated that the level of autonomy that their subsidiary enjoys is to some extent determined by the significance of the decisions they make. For instance, the manager clarified that when it comes to setting or adjusting product prices, they need to seek approval from the parent firm. The participant argued that the challenge with this type of approval-seeking is that the parent firm executives do not understand the unique requirements of the local market. "*They come up with a price that totally doesn't work in New Zealand*" (C-1). This exemplifies that most times when managers in the parent firm HQ make decisions pertaining to subsidiary operations in a foreign culture, they ethnocentrically decide based on their own market reality not deeply considering that the subsidiary local market is different. Sometimes, when subsidiary managers refute the HQ's unrealistic policies or decisions, HQ executives express frustration, not knowing how to tackle the subsidiary's local market. The managerial employee (C-1) narrated the obstacle faced with the parent firm over the subsidiary local market requirement by saying,

> *"And so it took a while to build that business up again, which was difficult because we said it's not going to work because it's such an expensive product. So, there was a lot of education, training, understanding and all of that that was required. But again, as I said, it took a few years to make it happen."*

Similar to the situation in subsidiary C, when the parent firm executives do not take enough time to carefully consider the recommendations of the subsidiary managers, the parent firm can make decisions that are incompatible with the subsidiary's local environment. When the HQ executives interfere with the details of a subsidiary's operations that they do not fully understand, the interference could lead to opportunity cost. Opportunity cost arises when a subsidiary is entangled in disputes with the parent firm, thus wasting time to take actions that could generate revenues. It takes "*a lot of education*" (C-1) to understand the foreign market. Differences are usually resolved when the parent firm's executives start listening to the subsidiary managers' recommendations based on solid local market knowledge. Again, the subsidiary managers usually understanding the local market better than the parent firm's executives should be listened to because they possess tested local knowledge. However, when the parent firm clings to the extremely restrictive control hampering the subsidiary's ability to make decisions, the resultant consequences could be conflicts, inefficiency, opportunity cost, and customers loss, hence a negative learning experience.

Young and Tavares' (2004) studies viewing autonomy as a constrained freedom given to the agent (subsidiary) by the principal (parent firm) and the acquired independence given to the subsidiary to make decisions within the assigned mandate, explain the consequences of the subsidiary's tied hands. Since the subsidiary operates with a predefined mandate, it endeavors to conform to the dictates of the parent firm to the detriment of its operations in the local economy. The scholars (Young & Tavares, 2004) agree that the reality of the parent firm's decisions not fitting the subsidiary's local economy can generate conflicts. Other studies (Gölgeci et al., 2019) also reveal that the arbitrary decisions of the parent firm with a myopic view of the reality of the subsidiary's local market undermines external embeddedness, thus sabotaging learning in the host economy. A subsidiary needs some degree of autonomy in order to further embeddedness and pursue knowledge acquisition in the local environment.

A subsidiary manager (F-1) affirmed that autonomy is absolutely necessary because markets rapidly change. In the face of change, if the subsidiary is caught in bureaucracy with the parent firm's HQ and cannot make decisions quickly enough, competitors take advantage of the market change. To meet the changing needs of customers, the subsidiary has to be autonomous enough to make decisions as quickly as possible to adapt to the customers' changing needs in the market. Subsidiaries endeavor to constantly get feedback from customers (F-1) and some of the feedback they receive require urgent adjustments in marketing techniques or managerial strategies. If these changes and adjustments require approval from the HQ, many business opportunities and customers could be lost because of the bureaucracy delay. To emphasize the importance of autonomy, a manager (F-1) recalled,

> "*I think it's key if we didn't have that freedom, we wouldn't survive because the market [is] ever changing. Trends, prices, product specs are ever changing. And because we're getting that feedback from our retail partners, we're able to implement strategies a lot faster than most of our competitors, which has allowed us to grow every quarter for the last three, four years. If we, if for example, we have to report back the strategies to the regional head office and you know, that would be delaying things too.*"

Some HQ executives' value and support subsidiary autonomy. For instance, in subsidiary F, the subsidiary managerial employees are left to quickly make decisions to solve problems at the subsidiary level with minimum or no intervention from the parent firm. This is because the parent firm has understood the cost of delays and trusts the subsidiary has a better understanding of what is needed to succeed in the local market. Fast learning and adaptation to the local market is the principal advantage of autonomy that could lead to cumulative learning and revenue growth in a competitive market.

4.3.1. Assumed and Granted Autonomy Combination

Previous studies have shown that the pressure on the subsidiary to align with the parent firm's goals and to adapt and collaborate with local partners creates conflicts (Akiebe Humphrey & Colovic, 2020; Gavidia, 2016). Most subsidiary autonomy researchers tend to look at subsidiary autonomy as a black and white concept. These researchers view a subsidiary as either an autonomous or a non-autonomous entity, as either having enough freedom or too much control from the HQ. None of these studies (Akiebe Humphrey & Colovic, 2020; Gavidia, 2016) have deeply looked at a subsidiary leveraging both assumed and granted autonomy in a hybridized fashion. The results of this study emphasize that it is possible to simultaneously leverage assumed and granted autonomy (A-1, F-1, G-1).

Most participants (A-1, E-1, F-1, G-1) presented a slightly variant angle of the HQ executives' approaches regarding autonomy. In these subsidiaries, the parent firms' executives tend to intervene only when the matter requiring decisions involves greater financial or reputational risks to the company. When engaging high expenses such as property acquisitions, the parent firm closely looks into the motivation behind the decision and the potential future revenue contribution of the acquisition (E-1).

A study shows (Zhou & Wang, 2020) that HQ executives are particularly concerned about the reputation spillover of the parent firm on the subsidiary. But this study findings show that HQ executives are also concerned about what could go wrong at the subsidiary level and have reverse reputation spillover effects onto the parent firm and sister subsidiaries (A-1, C-1, E-1, G-1, J-1). Parent firms tend to consider the reputation of their brand to be the most important asset of the MNE (A-1, B-1, C-1, E-1, G-1). If the subsidiary has to make decisions that puts the brand at risk, the parent firm gets involved in all the deliberative aspects of the decision-making process. For instance, when a subsidiary wants to engage with third parties such as influencers and other organizations to promote their brand in marketing, the subsidiary must inform the parent firm and seek authorization for approval based on the level of risk involved so that an independent vetting of the third party is conducted for highly risky undertakings.

Interestingly, the subsidiaries whose parent firms intervene to make decisions involving greater reputational and or financial risks also tend to have great freedom to make decisions pertaining to other matters which are less risky (A-1, B-1, E-1, F-1, H-1, I-1, J-1). These subsidiaries seem to have acquired the right balance between the control and freedom needed in order to succeed in the local operations. When it comes to non-urgent matters, or even serious matters that do not affect the reputation of the subsidiary or MNE as a whole, the subsidiary leverages a great degree of freedom to make decisions without the parent firm's intervention. This study baptizes the phenomenon as "hybridized autonomy" where the subsidiary enjoys enough freedom to make decisions on a range of issues in the local environment and also receives enough directives and support from the parent firm. Hybridized autonomy is a balanced combination of granted and assumed autonomy. The balance of freedom and control furthers the subsidiary local embeddedness and learning.

Further, hybridized autonomy presents two main advantages. First, it gives the subsidiary the opportunity to fully express itself while creating and expanding links with local partners. The freedom enables independent initiative-taking and advances the subsidiary's operations in the local market. Second, it instils confidence and motivation in subsidiary managerial employees because they feel trusted by the parent firm and therefore are able to freely make quality decisions based on their profound knowledge of the local market.

A manager (D-1) estimated that because the parent firm trusts them with enough freedom, they're always seeking to work harmoniously with the HQ executives, proactively looking for solutions to managerial challenges that cause conflicts; therefore, devising preventive mechanisms for potential conflicts. The subsidiary freedom encourages managers to openly tackle difficult conversations for example about product differentiation with the parent firm.

In hybridized autonomy, even when exercising control regarding transactions involving greater financial and/or reputational risks, the parent firm optimally takes into account the recommendations of the subsidiary managerial employees. The collaborative approach in hybridized autonomy creates a fertile ground for frank, honest, open, and trustworthy exchanges.

This collaborative approach bolsters learning, motivates reverse knowledge transfer and furthers embeddedness in both internal and external networks.

Researchers (Tao et al., 2018) established that given the complexities of foreign environments, a subsidiary requires enough autonomy giving it the flexibility to adapt to the local market in the host country to achieve a superior performance. This is possible only when the parent firm adopts a collaborative approach with the subsidiary where concerns are discussed with the maximum input of the subsidiary management team. The collaborative approach also aligns the subsidiary with the parent firm and therefore building reciprocal trust where support flows from the parent firm to the subsidiary, hence enabling the subsidiary to reach its marketing target while acquiring more knowledge and transferring new knowledge in the internal network.

Another reason that attracts the HQ hands into closely monitoring the subsidiary's activities is the combination of health and safety risks involved to a higher degree. Some subsidiary parent firm HQ executives closely monitor a subsidiary's projects presenting significant health and safety risks to their employees and the public. A managerial employee (E-1) recalled,

"*So I think overall, around risk from health and safety should be left up to the local company, even though we have overseas directors on our board and they get involved*."

4.3.2. Performance-based Autonomy

The result of this study shows that a subsidiary can lose its granted or assumed autonomy, based on its performance (E-1, C-1, G-1, H-1, I-1, J-1). When a subsidiary is underperforming, the HQ could dispatch internal auditors to examine the subsidiary, resulting in some managerial employees directly responsible for the subsidiary's underperformance being recalled to the HQ, demoted, transferred, or even dismissed (E-1, G-1). However, in most instances, when a subsidiary is a new entrant into the local market, the parent firm understands the subsidiary needs time to adapt and to devise breakthrough strategies. Conversely, the parent firm could intervene even in the minor operational details of an underperforming mature subsidiary (E-1).

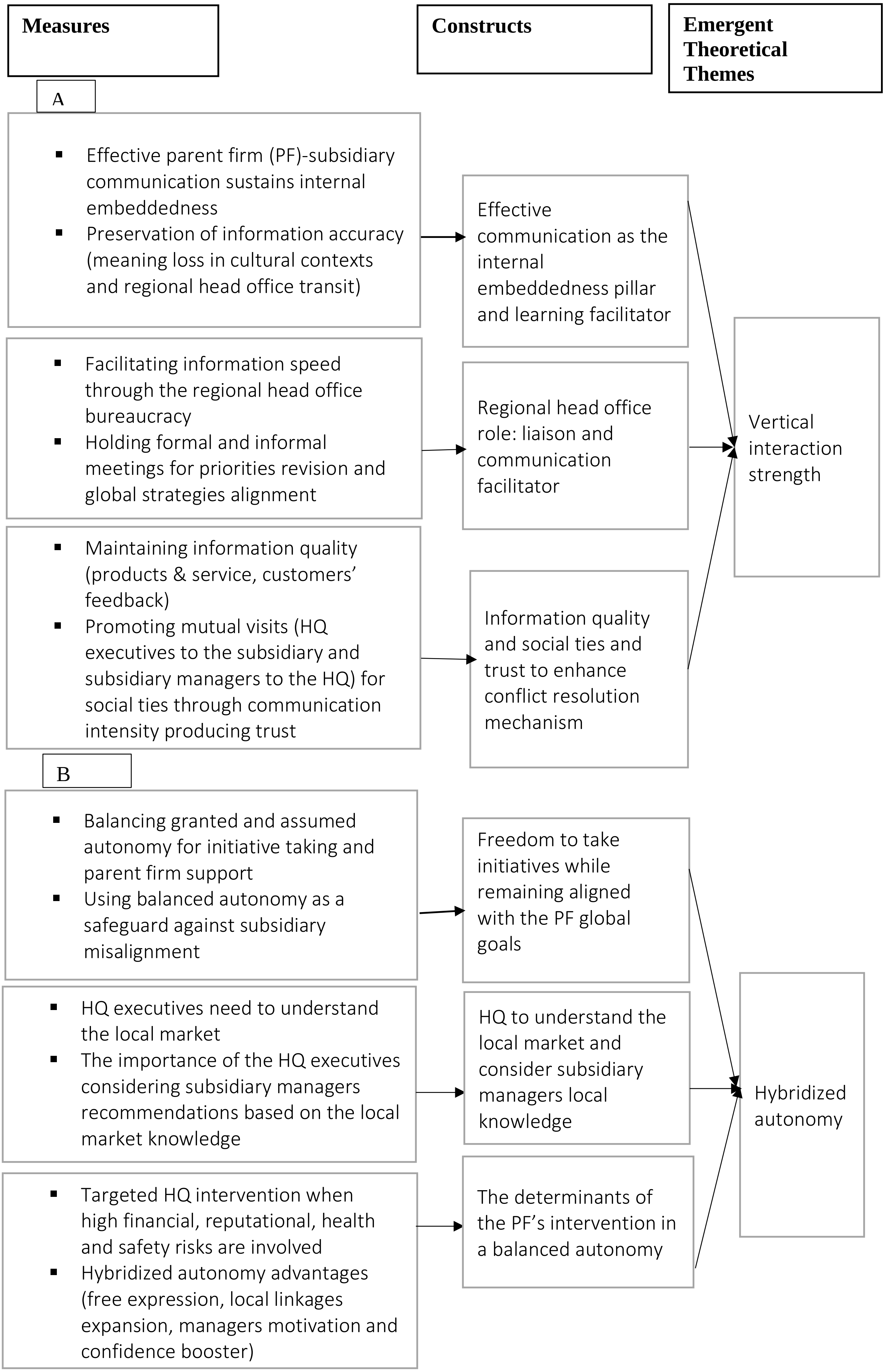
If a subsidiary has reasonable freedom to undertake initiatives in the local market and fails to reach its sales and revenues targets, the HQ could change strategies and policies towards the subsidiary. In most instances, however, when an imbedded subsidiary sees potential issues, it notifies the HQ to explore together potential solutions to problems that could undermine performance. A study suggests that parent firms tend to give more autonomy to a subsidiary that faces significant uncertainties and yet performs well (Chen & Zheng, 2018).

Further, when a subsidiary underperforms, the HQ response is instrumental in helping the subsidiary resolve challenges. A subsidiary that is receiving support from the HQ in developing new strategies to overcome the market challenges is likely to succeed. When the HQ takes a restrictive route and exercises more stringent control and gives the subsidiary little freedom to express its views, subsidiary management tends to lose the motivation to collaborate with the HQ. A poor response from the HQ could hinder appropriate solutions to the underlying causes of the subsidiary's underperformance. These study results (E-1, A-3, D-1) also imply that the extent of a subsidiary autonomy is dependent on the subsidiary's performance.

Furthermore, a subsidiary performing to the expectations of the HQ tends to gain more autonomy. A subsidiary that is consistently reaching its marketing and revenues target, delivering on key performance indicators and contributing knowledge to the HQ gains more freedom in exchange for its contribution. For instance, a subsidiary that is very active in reverse knowledge transfer gains prominence amongst sister subsidiaries in the internal network. Such a subsidiary sometimes attains a centre of excellence status (A-3, C-1, D-1). Sister subsidiaries and the parent firm HQ eventually gain more reverse knowledge and experiences from the subsidiary.

4.3.3. Performance-based Trust

The study results also demonstrate that when a subsidiary reaches its revenues target, the parent firm trusts it more (A-1, A-2, E-1). The subsidiary's performance serves as a pillar of trust. Assumed autonomy increases where there is performance-based trust. A well performing subsidiary takes more responsibilities, with little or no consultation with the parent firm. The parent firm trusts the subsidiary understands the local market and the subsidiary will make decisions that will maintain or boost positive performance. These results (A-1, A-2, E-1) also indicate that performance-based trust equally plays an important role in the subsidiary ability to assume autonomy or to gain enough freedom from the parent firm.


Measures
Constructs
Emergent Theoretical Themes
A
Effective parent firm (PF)-subsidiary communication sustains internal embeddedness
Preservation of information accuracy (meaning loss in cultural contexts and regional head office transit)
Facilitating information speed through the regional head office bureaucracy
Holding formal and informal meetings for priorities revision and global strategies alignment
Maintaining information quality (products & service, customers' feedback)
Promoting mutual visits (HQ executives to the subsidiary and subsidiary managers to the HQ) for social ties through communication intensity producing trust
Effective communication as the internal embeddedness pillar and learning facilitator
Regional head office role: liaison and communication facilitator
Information quality and social ties and trust to enhance conflict resolution mechanism
Vertical interaction strength
B
Balancing granted and assumed autonomy for initiative taking and parent firm support
Using balanced autonomy as a safeguard against subsidiary misalignment
HQ executives need to understand the local market
The importance of the HQ executives considering subsidiary managers recommendations based on the local market knowledge
Targeted HQ intervention when high financial, reputational, health and safety risks are involved
Hybridized autonomy advantages (free expression, local linkages expansion, managers motivation and confidence booster)
Freedom to take initiatives while remaining aligned with the PF global goals
HQ to understand the local market and consider subsidiary managers local knowledge
The determinants of the PF's intervention in a balanced autonomy
Hybridized autonomy

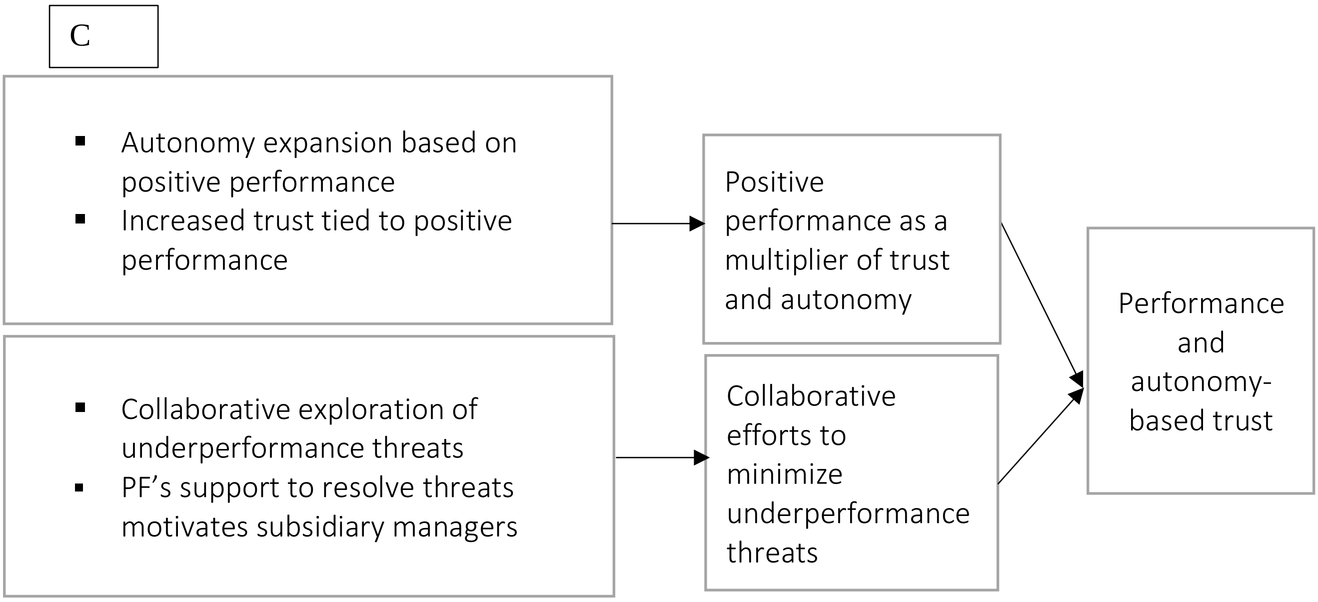


Table 4. Parent Firm-Subsidiary Relationship Learning Facilitators

4.4. Positioning in the Local Market

In order for a subsidiary to succeed in the local market, it needs to position itself in a way that facilitates understanding of the local market so that it may move in the direction that fosters learning and enriches business experiences in the local market.

4.4.1. Subsidiary Positioning

The study results show that (A-1, B-1, D-1) to achieve embeddedness in the local environment and to attain learning from local partners, strong communication mechanisms are required. A strong communication mechanism enables the subsidiary to establish relationships based on reciprocal trust. It is only when external partners communicate more and better with the subsidiary that their relationships flourish. Learning takes place with external partners when communication is clear, frequent, speedy, and trustworthy. Although subsidiaries use various communication media to exchange with their local partners, face to face communication is irreplaceable (E-1, F-1). The study results show that when subsidiary managers meet face to face to communicate with external partners, there is a deeper level of understanding that transcends the limitations of digital interactions.

A participant (F-1) remarked,

> “*a regular contact is key. You know, emails, phone and texts are one thing, but in face to face contact we find that real time information from sales people. They might not have the*

time to sit down and write an email to us and make individual suggestions about every detail. But if we go and see them, and you know, we're sitting down over a coffee or a cup of tea. Yeah, we can communicate, talk and clear all important information that they might not have shared."

At the beginning of relationships, managers ensure they clearly articulate their expectations to the external partners (E-1, D-1). The potential difficulties that managers foresee in the relationship create exchange opportunities. Articulating expectations at the beginning of the relationship enables the parties to follow the rules agreed on and to determine how future challenges would be approached.

A manager (D-1) argued,

"Communication being critical earlier, if you articulate early on and upfront and set expectations, what's potentially not necessarily economically possible, but what's actually technologically possible, then you end up finding that people are relatively appreciative of the position that we're in."

In their communication with local partners, managers explore mutual benefits in the relationship (E-1, D-1, C-1). The communication removes barriers to trust which maintains the motivation to keep delivering on promises and obeying the partnership governing rules. When communication is regular with external partners and trust is reciprocated, greater learning takes place from the external network. When conflicts arise in the relationships, managers tend to meet face to face to negotiate. Face to face meetings enable them to take time to carefully consider each problem, the root causes, the reasons of escalation and how they can resolve and learn from the conflict, thus equipping them with the experience to better prevent and manage future conflicts. The subsidiary and local partners begin to proactively prevent and de-escalate conflicts before the damage is done (A-3, C-1, E-1).

A participant (E-1) recalled,

"Yeah, I think when there is open trust, communication is more open, and learning is greater as the barriers come down. So, people speak more freely and openly and they know intentions are right for both companies rather than just one way."

4.4.2. Positive Values and Learning

The study results also show that subsidiaries that have clear and favourable values such as honesty thrive in the host country (B-1, E-1, F-1). The values governing subsidiaries operations need to be clearly verbalized and also consistently practiced, thus instilling confidence and trust in customers. Subsidiaries are constantly tested to prove their values to external partners, especially to customers, more so when in conflict situations. When faced with conflicts, successful subsidiaries not only explain their values to their partners or customers, but they also use the conflict as an opportunity to demonstrate their values in action. Again, the study (B-1, E-1, F-1) shows that consistent delivery on promises makes conflict resolution easier and furthers learning in the process. Some subsidiaries endeavour to go beyond their way to ensure that customer satisfaction is achieved as a matter of priority (A-3, B-1, F-1). Clear expression of the subsidiary's values and living up to the standard of the stipulated values contribute to trust building with customers (B-1), thus facilitating learning.

4.4.3. The Role of Trust

The results of this study also show that trust is reciprocated when both parties deliver on their promises (A-1, A-2, B-1, E-1, H-1). It is a two-way street where everyone has a part to play, and trust in reciprocation earns more trust. As a result, the relationship is strengthened, hence further learning occurs. The trust level heightens over time to the point of facilitating the resolution of difficult conflicts. However, some participants warned that a high level of trust over a long period of time could engender complacency (A-2, C-1, D-1). To prevent complacency, the highly trusted parties must ensure they do not take for granted the governing principles of their relationships. The participants explained that it is preferable to be in a long-lasting trusting relationship because if a trusted partner is lost, it is difficult to find other reliable partners because there are only so many available partners in a small and competitive economy.

The study results also show that trust between the subsidiary and collaborating partners is dependent on mutual understanding (A-1, C-1, E-1). It is when partners decide the direction of their relationship and the mutual benefits derivable from the relationship that they can develop trust (E-1, G-1). For example, when a subsidiary and local partners agree on promotional activities and decide pricing structures, they must unequivocally agree on the mutual benefits to reap from the operation. The relationship is likely to suffer when a party unfairly wants to receive more than it is willing to sacrifice. A manager (C-1) recalled, *“They'll keep wanting, uh, the best price in the market, everything, what they want is just for them to succeed. It just becomes a one way, you know, the retailer wants everything, everything, uh, the relationship is no good*.”

The study results demonstrate that when handling a conflict situation with local partners, it is important to ideally ensure that the parties involved are satisfied with the resolution (A-1, F-1, G-1). However, not every party can be equally satisfied because conflicts affect parties differently. Even so, a win-win solution should be aimed for. Mistrust encroaches on the relationship when a party is dissatisfied and is silently resentful. This can jeopardize communication flow and learning. Unresolved conflicts or a dissatisfactory resolution maintaining simmering resentment potentially provokes retaliation. Retaliatory actions can poison business relationships, thus hindering learning (A-1, F-1, G-1, J-1). Sometimes, collaborating partners do not fully express concerns. In this case, it is incumbent on the subsidiary to deeply explore contentious issues with the right managers having authority to address problems.

Further, unresolved conflicts and a dissatisfactory resolution can cause trust erosion (A-1, F-1, G-1). Trust being the glue that holds the relationship together, must be consistently maintained or restored to continue a positive relationship. Trust restoration however takes time, more effort and consistent proof of attitudinal and behavioural changes towards the collaborating partners especially in the application of policies and rules driving the business relationship.

When trust is eroded, the distrusting party is likely to withhold vital information (F-1). The party requiring the information can potentially suffer loss in business. In case of trust erosion, the subsidiary managers need to act fast to reach an appropriate resolution and work towards trust restoration for full resumption of information exchange and learning.

The study results indicate that when a subsidiary loses the trust of its partners, especially customers, trust restoration depends on the steps that the subsidiary takes in order to remedy the situation (A3, E-1, G-1). In most cases, the time it takes to remedy the situation and the solutions provided determine how fast trust could be restored with customers or other parties involved. For instance, a subsidiary (G-1) went through such a situation where its product quality was compromised and became a public hazard, and the product use was banned on flights. They promptly conducted product recalls and refunded customers without question to salvage the brand reputation. Acting fast, regardless of individual customers circumstances, enabled the company to retain customers' trust. Since the company had other great products, it was understandable that the low-quality product was not a normative failure, but a circumstantial failure. The company followed through with launching methodical marketing strategies with alternative products that were of far greater quality than that of the faulty product. After refunding and compensating customers, in just three months the company managed to recover and continued expanding its customer base. This is a typical example of how a subsidiary can recover and retain the trust of its partners, especially customers, when trust is on the verge of being lost. Restoring trust requires being honest and swiftly taking necessary steps to remedy the situation and address concerns.

A managerial employee (G-1) narrated,

> *"The most recent one being our flagship product catching fire when charging. I'm sure many of us thought, man, something has to be done or else it will take us years to rebound. But we have done a few things to remedy that with immediate recall, immediate refund for everyone who bought the product. And within two weeks' time we launched a marketing campaign to minimize that risk. I don't think it took us more than two, three months to rebound and get back to where we are fully trusted. I am proud of the way we manage the brand."*

Furthermore, there is a reciprocal effect of trust and communication quality (D-1). In a subsidiary-external partners relationship characterized by trust, communication is clear and candid. For example, if a subsidiary is going to change prices knowing that the change will negatively affect its retail partners, subsidiary managers should initiate honest discussions around the change and envisage ways to mitigate the impact (D-1). Where communication is open and candid, more trust is gained and the increased trust circularly bolsters communication openness, thus advancing learning.

The study results show that communication and trust are the most important elements that can reinforce subsidiary-local partners relationships and facilitate learning (B-1, C-1, E-1, F-1, G-1). For enduring commercial exchanges to take place, strong communication mechanisms based on unwavering trust is required. The co-dependency of communication and trust explains why some participants decided that the two constructs are the most important elements of a strong relationship on both sides of a subsidiary embeddedness: internal and external. In their mutualism, trust grows as communication increases and deepens, which alternately causes trust to increase even more. Hence more learning is achieved. A participant (G-1) concluded, "*communication is* *trust and trust is communication*". However, it is important to note that communication without matching actions does not support trust. It is the consistency between what is communicated and the backing actions that foster trust between partners. A parallel study (Bresciani & Ferraris, 2016) has sufficiently proved that trust and reciprocity play a key role of deepening communication and learning in subsidiary interactions with both internal and external partners.

4.4.4. Communication with Customers and Learning

This study results show that as part of understanding the local market, subsidiary managers extensively interact with customers using various means of communication (A-1, A-2, C-1, D-1, F-1, H-1). Firstly, they seek to understand customers' expectations. It is only when they have understood customers' desires regarding existing products or services in the market that they can tailor products and services to suit the unmet needs. Customers give feedback directly when they walk into stores, by filling in questionnaire forms, or by posting comments on websites. Subsidiaries also learn from customers through various social media. Subsidiary managers are happy to listen to customers to inspire their future products development and services adjustment.

Subsidiaries sometimes resort to third party organizations such as research companies (A-1, F-1, G-1) for market research. They tend to approach third parties for targeted customer segments to gain insights from customers' views on specific products or services. However, employing research companies to conduct market research is expensive (A-1, G-1). Talking to customers directly when they walk into the store or receiving their feedback from social media and websites is the least expensive way of gleaning vital information (A-1, C-1, D-1, F-1). Using various means of data collection from customers enables managerial employees to triangulate customers' responses. Some customers tend to be more direct and candid when giving feedback online while others who are technology adverse would rather speak to employees in the store.

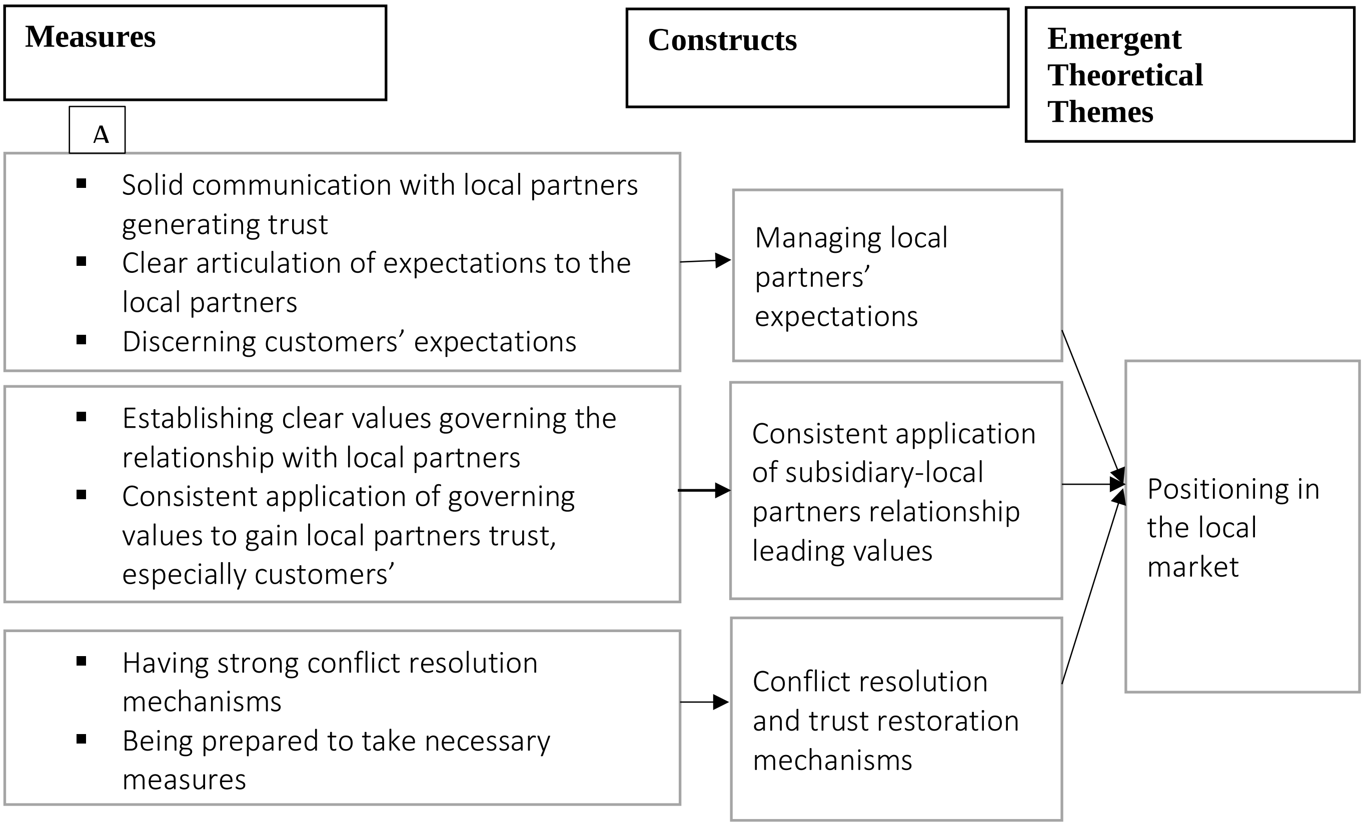


Table 5. Subsidiary Positioning in the Local Market for Better Learning

4.5. Customer Satisfaction

4.5.1. Customer Satisfaction and Knowledge Acquisition

The study results show that one key determinant of subsidiary external partner relationship leading to learning success is customer satisfaction (A-1, A-2, B-1, F-1, G-1). Most companies endeavor to understand customer behaviors, expectations, needs and wants and ensure they are trying their level best to meet those needs. It is important to establish an enduring relationship with customers in order to capture their lasting loyalty. This is a process that takes time and depends on how consistent a company is with delivering great services and providing high quality products meeting or superseding expectations. It is noted that customers strongly trust a subsidiary who consistently delivers high quality products and services. Consistent delivery of high quality and a positive brand reputation capture customers' lasting loyalty.

The study results show that managerial employees are constantly seeking to understand customer's perception of their brand (A-1, B-1, D-1). Subsidiaries want to know exactly what customers are expecting versus the competitors' products and services quality in order to work with the HQ to develop products or services that meet the identified unmet customers' needs.

Moreover, to capture and retain customers' loyalty, subsidiaries tend to develop various niches in which they major and deliver better products and services than their competitors. They exploit competitors' weaknesses in the area where customers' expectations are being unmet (B-1, D-1). Focusing on customers to determine their unmet needs by the competitors creates a learning opportunity for the subsidiary to fill the gap with great services and products (B-1, C-1, E-1). Since the customer is central to a business operation, even when it is costly and time-consuming, subsidiary managers deploy necessary resources to meet the customers' needs because customer satisfaction is the key to their business success (B-1, D-1, H-1, I-1, J-1). It is when the customer is well understood that better products and services can be designed to meet their needs. When subsidiaries are facing conflicts with customers, they tend to look back at their mission statements reminding them of seizing the conflict opportunity to reflect their mission and values in the resolution of conflicts.

A managerial employee (B-1) explained,

> *"If we cannot make a decision, I just pull out the four core values of the company, I just say hey, we need to deliver this to the customer. Because it's the right thing to do. And this is going to achieve our goal of being very customer centric."*

A strong focus on customer satisfaction also improves the subsidiary reputation in the local market (F-1). When customers trust a subsidiary, even in times of conflict, they are confident that they will be listened to and their queries will be reasonably addressed. For instance, a managerial employee stated that they endeavour to resolve conflicts with customers in a way that ensures customer satisfaction, even when satisfying the customer means absorbing recoverable short-term financial losses to the subsidiary. Complaints are promptly and effectively addressed in a manner satisfactory to customers in most cases.

A manager (F-1) explained,

> *"that instance is the retailer pushes back on us to say hey, your product is faulty after six years. This is the customer, we know it's not your problem, but can you fix it? But what we do in that instance to resolve the conflict, we use some of our marketing budget to help the consumer. We either repair, refund or replace the product."*

It is the trust that customers place in a subsidiary, in their brand, specific products and services that enable meaningful exchanges between the subsidiary and customers. This creates greater learning opportunities for the subsidiary and also informs future new products or services development.

A manager commented (D-1),

> *"Putting aside our education, our business partners come to us with incredible ideas and suggest enhancements to our products. And we take those incredibly seriously."*

The study results suggest that subsidiary managers and their employees ensure that they understand their products to properly interact with customers (B-1, C-1, F-1, G-1). When a customer walks into the store and asks questions about a product, they will always get someone who has a deeper understanding of the product functionalities. Subsidiary managers make sure they take advantage of this face to face opportunity to learn from the customer. Since the participants are high technology companies, they tend to sell complex technology products. Subsidiary managers ensure their employees are up to date with the training on the latest similar products available in the local market. They study competitors' products, their functionalities, noting products strengths and weaknesses. Understanding competitors' products enable their salespeople to clearly distinguish their own products when talking to customers. Investigating competitors' products and explaining the differences to customers create a learning opportunity. This also helps the subsidiary devise ways to launch better products with improved quality than those of their competitors.

When a subsidiary has studied its customers and understood their behaviors, the subsidiary can adjust the execution of its operation to the local market requirements. Easier adaptation to the local market also depends on the quality of the products and services offered taking into account customers' expectations and feedback. Part of the adaptation process consists of listening to customers carefully, absorbing their queries and feedback, which creates a learning opportunity and helps the subsidiary position itself to successfully challenge competitors.

A subsidiary successfully meeting customers' needs transforms customers into brand ambassadors (A-1, D-1, F-1, I-1). An earlier study agrees that a strong relationship develops when there is commitment and trust between the supplier and customers (Gounaris, 2005). This gives the subsidiary an edge over competitors, or at least places it in a better position to compete. The subsidiary gains more access to the market, thus learning more and cultivating a long-lasting partnership with customers and other partners in the local economy. The enduring partnership reinforces the subsidiary embeddedness, therefore enabling it to sustainably learn from the local market. The subsidiary eventually obtains information from the customers who trust its products and services and remain its loyal brand ambassadors. When a subsidiary builds robust reputation amongst its competitors, other collaborators in the local market extend their collaboration hands, thus expanding the opportunity to learn from multiple partners.

4.5.2. Learning from Competitors

The study results show that while subsidiaries do not learn directly from their competitors, they devise alternative means of extracting information from competitors (C-1, E-1). Learning directly from competitors would undermine confidence and would create antitrust or price fixing impression (C-1). Subsidiary managers learn from their competitors for example during market expositions and listen to their sales pitch in the market. Managerial employees visit competitors' websites and social media pages to check their announcements. Subsidiary managers also receive feedback from customers about competitors. While indirect methods of learning from competitors might seem inhibitive, subsidiaries are very well aware of their competitors moves. They learn all the aspects of competitors' products and services and carefully watch their moves when they are launching new products and services, and gauge customers' responses. Subsidiary managers monitor their competitors' activities in order to exploit their services and products weaknesses to deliver more competitive alternatives.

4.5.3. Subsidiary-Local Partners Conflict Resolution

Subsidiaries that originate from distant cultures tend to be more meticulous in their consideration of cultural differences. When the parent firm's culture is diametrically opposite to the subsidiary's foreign market culture, country managers are compelled to vigorously study the local environment cultural aspects that pose immediate and long-term challenges to the subsidiary. Cultural distance can affect adaptation processes. For example, a subsidiary that does not master the behaviour of customers around certain cultural holiday seasons could miss the opportunity to re-organize inventories for the most purchased items in a holiday season (B-1, G-1, H-1). Local partners, especially customers and retailers' behaviours are significantly dictated by their local culture. If the parent firm-subsidiary relationship does not allow the subsidiary to adapt to the different cultural aspects of the local market, it undermines the opportunity to effectively interact with local partners and retain customers.

Further, when a subsidiary overlooks cultural differences, it could misinterpret customers' behaviours. The misinterpretation breads mismanagement between customers' expectations and the subsidiary strategies amidst conflicting norms and values. A subsidiary cultural incompetence could trigger severely damaging conflicts when interacting with local partners, especially customers and retailors.

Cultural differences understanding is also instrumental in conflict resolution in the local environment (A-2, B-1, F-1, J-1). Many times, conflicts start and escalate when local cultural values and norms are infringed upon. When differing interests and goals have not been properly reconciled with local partners expectations, misunderstandings could amplify conflicts. The negotiation that takes place in order to reconcile clashing interests demands the subsidiary's solid understanding of the predominant cultural norms and values in the host economy. That is the reason why the parent firm should accord the subsidiary ample freedom to take initiatives that are compatible with the subsidiary's needs in the new culture being different from the culture of origin. Cultural understanding leads to effective interaction with customers, adapted services and products, and successful conflict resolution. Previous studies confirmed that institutional and cultural distances can amplify a subsidiary's liability of foreignness (Moeller, Harvey, Griffith, & Richey, 2013; Shirodkar & Konara, 2017).

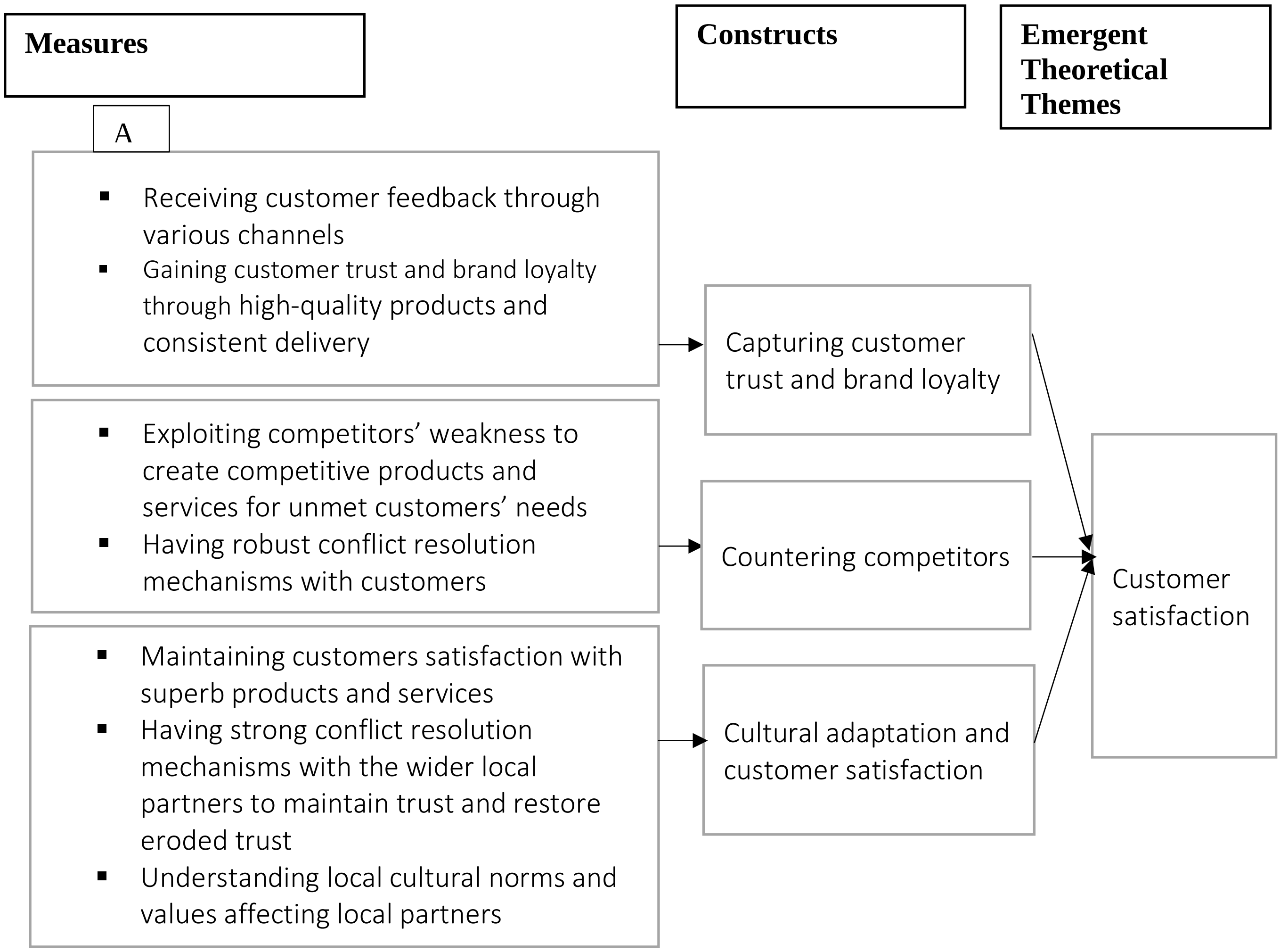


Table 6. Subsidiary-Local Partners Relationship Learning Facilitators

4.6. Multidirectional Learning

The study results show that in order for a subsidiary to keep learning from local partners while also benefiting from the parent firm support, it should maintain a balance between its internal and external embeddedness (A-1, B-1, D-1, E-1). The balance is measured by the degree of the subsidiary's internal and external ties and the ability to simultaneously acquire knowledge from both networks, thus achieving multidirectional learning.

4.6.1. Internal-External Embeddedness Balance Prerequisites

First, in order for a subsidiary to achieve the balance between internal and external embeddedness, it should have clear goals and priorities for the local market. If a subsidiary enters the local market without clear goals and priorities, it would be tossed around by the market force for lack of a clear direction (B-1, C-1, D-1). These priorities need to be set in alignment with the HQ goals for the subsidiary. The subsidiary goals and priorities for the local environment need to agree with the parent firms' subsidiary-specific goals so that the subsidiary aligns with the parent firm global strategy. When a subsidiary aligns with the parent firm's global strategy, it is most likely to benefit from the parent firm's support when actioning its local market initiatives. Clear goals and sustaining alignment with the parent firm's global strategy enables the subsidiary to position itself in the local market and to develop the ability to maintain the balance between internal and external interactions. However, the parent firm should ensure that the local market requirements dictating the subsidiary's adaptation direction are accommodated.

Second, while the subsidiary is positioning itself in the local market, it should constantly seek the support of the parent firm. Most subsidiaries tend to maintain the parent firm support beyond their maturity stage. There are always subsidiary local market challenges to share, opportunities to explore, and risks to take together with the parent firm. Moreover, there are local conflicts to resolve with the parent firm's intervention. The subsidiary can only achieve the balance between internal and external interactions with the support of the parent firm.

The subsidiary also needs sufficient freedom to take initiatives on matters pertaining to the challenges faced in the local environment. As discussed in the autonomy section of this chapter, the subsidiary having freedom to make decisions on certain matters without the parent firm's interference quickens the pace of the decision-making process and heightens the decision quality based on the local market experience of the subsidiary managers. With the right balance between the parent firm control and the subsidiary autonomy, a subsidiary can collaborate with local partners exchanging knowledge and absorbing new business techniques. The internal-external embeddedness balance enables the subsidiary to learn from various sources. Balanced autonomy reinforces simultaneous exchanges with internal and external partners.

Third, the subsidiary must be actively involved in the absorption of new knowledge and competence from the local environment. The subsidiary opening up to exchanging information with local partners, through effective communication and trust, furthers the external embeddedness that is to be balanced with internal embeddedness. When a subsidiary has gained sufficient knowledge, it can intensify reverse knowledge transfer. The knowledge that the subsidiary transfers could help the parent firm HQ and sister subsidiaries improve their knowledge repository in the internal network for better products and services development. When the subsidiary also learns from the parent firm and exchanges the knowledge with local market partners, it achieves multidirectional learning. Multidirectional knowledge absorption enables the subsidiary to strengthen its competence and to solidify reverse knowledge transfer.

However, the study results (B-1, E-1) show that a subsidiary is not always ready to reveal all its secrets to the local market partners. The strategy that a subsidiary uses to determine what knowledge to exchange with the local market players depends on the commercial sensitivity of the knowledge and the benefit of exchanging the information with local partners. The subsidiary weighs the knowledge exchange benefits against possible repercussions. If there are potential commercial issues that exchanging the information could cause, the subsidiary withholds the information. Similarly, local partners also withhold commercially highly sensitive information. The mechanisms that the subsidiary uses to determine which information to share or to conceal also depends on the nature of the project the subsidiary is managing with the local partners. In most cases, there is always a mutual understanding and benefit around the information to be shared with trusted local partners having reliable track records.

A subsidiary needs to maintain the balance between internal and external embeddedness because of the possibility of edging towards over-embeddedness. A subsidiary can be overly embedded in the local environment to the point of disconnecting from the parent firm. The study results show that when a subsidiary is over-embedded, it misaligns with the parent firm or discontinues pursuing the parent firm's strategies (B-1, C-1, D-1, G-1). The parent firm can take punitive measures consisting of withdrawing budgetary, technology, and competence support, and isolating the subsidiary deemed no longer a loyal extension of the parent firm, but an insubordinate detached unit. The study results also reveal that while this study participants have not experienced a subsidiary distancing itself from the parent firm to the point of being isolated, they acknowledged that it is possible for a subsidiary to misalign and be over-embedded in the local environment (B-1, C-1, D-1, E-1, G-1). When a subsidiary is over-embedded in the local environment, the parent firm in most cases steps in by changing management and taking other drastic measures that could terminate the subsidiary's autonomy. Also, the parent firm could place the subsidiary under its radar and intervene in even minor details of the subsidiary's operations, thus preventing the unchecked autonomy that caused over-embeddedness.

4.6.2. Multidirectional Learning

When a subsidiary fulfills the internal and external embeddedness balance prerequisites discussed in the previous section, namely having clear goals, aligning with the parent firm, obtaining the parent firm support, simultaneously exchanging knowledge internally and externally, the subsidiary is achieving multidirectional learning.

Multidirectional learning yields three vital advantages to the subsidiary. First, multidirectional learning presents a subsidiary with opportunities to tap into various sources of knowledge and to trial multiple types of knowledge to pick the most effective knowledge type for the local market operations. Second, multidirectional learning gives the subsidiary the opportunity to expand its knowledge and customer base. When a subsidiary has a reliable knowledge depository, it is able to engage with more partners to experiment its existing knowledge with new partners in exchange for new knowledge. Third, multidirectional learning enables the subsidiary to increase reverse knowledge transfer in the internal network. This is because the subsidiary would have acquired a significant amount of knowledge from multiple sources. Multidirectional learning therefore expands the subsidiary capacity to achieve reverse knowledge transfer.

We have noted that multidirectional learning means the subsidiary simultaneously learns from within the internal and external networks. Some participants perceived that their subsidiary needs to intensify learning from across the internal network of sister subsidiaries (A-3, C-1, G-1). A manager (C-1) remarked that he "*wished the subsidiary was more open to sister subsidiaries, learning from them and also exchanging knowledge with them more frequently*". While there are some subsidiaries extensively collaborating and exchanging knowledge with sister subsidiaries, the cultural distance of sister subsidiaries creates the challenge of Knowledge modification and adaptation to the target subsidiary local context. A study (Gaur, Ma, & Ge, 2019) agrees that the dispersion of centres of knowledge creation within a MNE and information asymmetry can pose serious adaptation challenges at the country, subsidiary, or individual levels to the focal subsidiary. The participants argued that although the knowledge from the subsidiary might be different because obtained from a different cultural context, knowledge modification and adaptation to the target subsidiary should not prevent learning from sister subsidiaries (A-3, C-1, G-1). The lack of intensive learning from sister subsidiaries could be a missed opportunity for strong multidirectional learning.

In conclusion, a subsidiary that is interacting with internal partners being the parent firm and sister subsidiaries while simultaneously exchanging knowledge with external partners being the host economy partners in hybridized autonomy is capable of reaching dual relational embeddedness balance. The internal-external embeddedness balance enables the subsidiary to achieve multidirectional learning with all the advantages it presents and therefore making it a stronger reverse knowledge transfer candidate. Acquiring knowledge multidirectionally improves the subsidiary standing amongst sister subsidiaries in the internal network and magnifies its success in the local environment. The next chapter discusses the implications of the study results and findings.

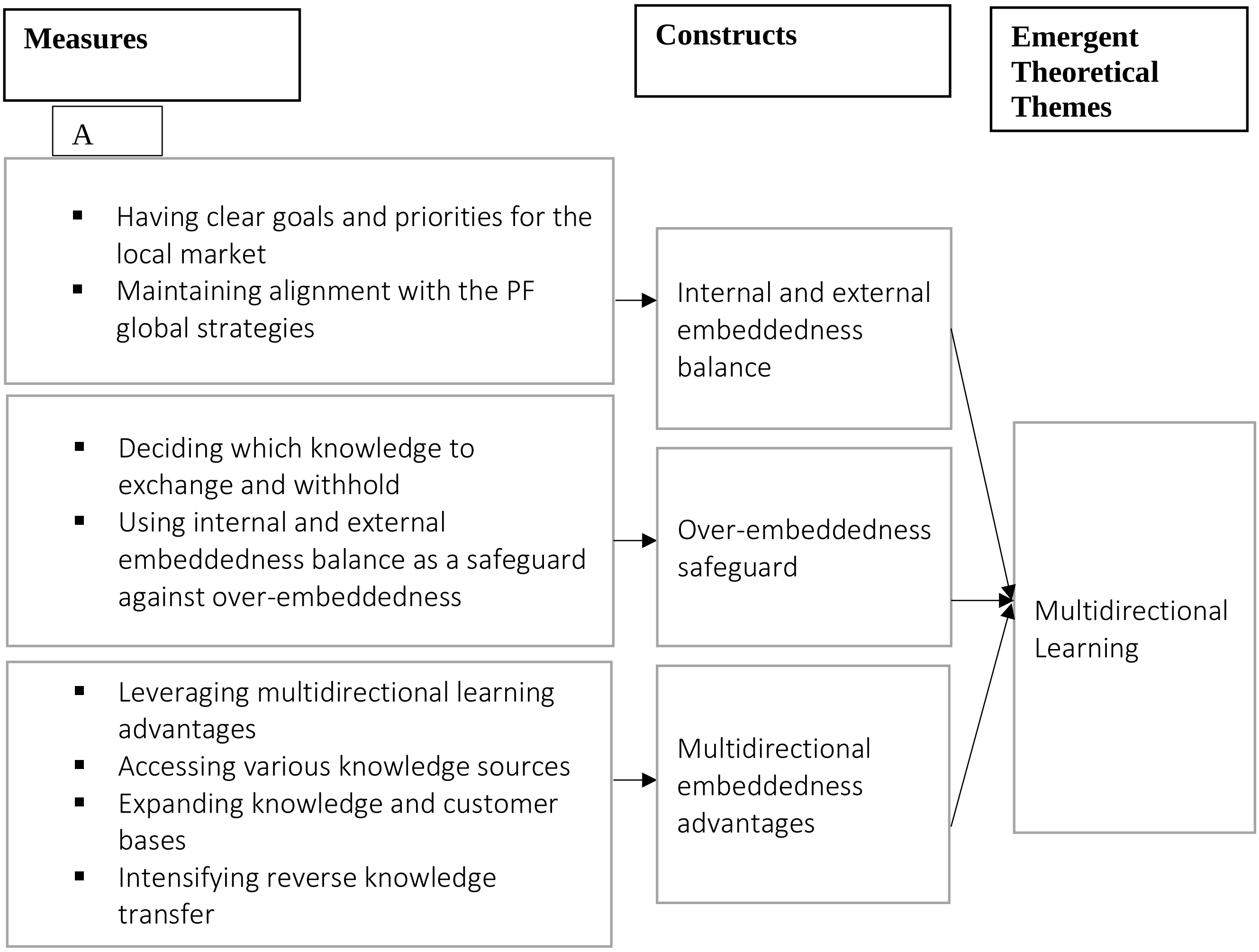


Table 7. Internal-External Embeddedness Balance as a Multidirectional Learning Facilitator

Table 8. Factors Affecting Learning from the Internal and External Networks

Internal and External Learning Facilitators		
Relational Embeddedness Types	Key Learning Facilitators	Key Learning Blockers
Internal relational embeddedness learning	• Strong vertical communication mechanisms (+) • Strong conflict resolution system (±) • Budgetary support from the PF (+) • Technology support (±) • Competence support from the PF (+) • Mutual trust (+) • Alignment with PF strategic goals (±) • Hybridized autonomy: granted and assumed (+) • HQ-subsidiary managers social linkages (±) • Positive performance (+) • Reverse knowledge transfer motivation (±)	Lack of autonomy (+)
External relational embeddedness learning	• Clear collaboration goals with local partners (+) • Robust communication (+) • Clearly articulated expectations (+) • Mutual trust (+) • Positive values (+) • Trust based on high quality services and products (+) • Reliable conflict resolution mechanisms (±) • Understanding of cultural differences (+) • Effective customer feedback channels (+) • Customer satisfaction (+) • Understanding competitors (+) • Expanded partnership base for multidirectional learning (+)	Lack of trust (+)

5. Discussion

The objective of this research was to provide a deeper understanding of the role that dual relational embeddedness plays in subsidiary knowledge acquisition. On the one hand, the nature of the parent firm-subsidiary relationship in internal embeddedness affects subsidiary learning. The relationship can be mainly characterized by trust and the subsidiary autonomy within the internal network based on the depth of the parent firm-subsidiary internal communication strength. On the other hand, the nature of the subsidiary-external partners relationship also affects the subsidiary learning. The subsidiary-external partners' relational embeddedness is similarly determined by the trust and depth of interactions, especially the way the subsidiary responds to customers. Trust facilitates communication and information exchanges in both internal and external relationships.

Positive relationships in the internal and external relational embeddedness is instrumental in stabilizing the subsidiary local market positioning and strengthening knowledge acquisition from both networks. Considering the findings of the study and the emergent theoretical themes, the discussion of the findings presents two aspects of dual relational embeddedness role. First, hybridized autonomy, identified as the major contribution of this study to the extant literature, replaces authority delegation with strong subsidiary-parent firm collaboration based on the local market requirements in the host economy. Second, hybridized autonomy advances and balances dual relational embeddedness and facilitates multidirectional learning.

Considering the study findings, answering the research question, dual relational embeddedness plays a role of fostering learning by offsetting the subsidiary outsidership in the host country because collaboration with local counterparts legitimizes the subsidiary especially when the subsidiary deploys hybridized autonomy (in collaboration with the parent firm) leading to multidirectional learning.

5.1. Hybridized Autonomy

The major contribution of this study to the extant literature is hybridized autonomy taking into consideration the degree of the parent firm control and the subsidiary freedom to initiate projects in the host economy. Hybridized autonomy can simultaneously further internal and external subsidiary embeddedness resulting in multidirectional learning. Hybridized autonomy promotes collaboration between the parent firm and the subsidiary based on the local market requirements. Previous studies (Gammelgaard et al, 2012; Gölgeci et al., 2019) have generally considered autonomy looking for example at the determinants of subsidiary autonomy, its impacts on the subsidiary's performance and the impacts of the subsidiary size on autonomy. While previous studies (Gammelgaard et al, 2012; Gölgeci et al., 2019) have rigidly classified autonomy as being assumed by the subsidiary or granted by the parent firm, this study transcends the broader definition and classification of autonomy variants by identifying hybridized autonomy as the balancing factor to authority delegation (by the parent firm) and freedom assumption (by the subsidiary) to effectively respond to the local market conditions. Financial and reputational risks are the key determinants of the parent firm's involvement in the subsidiary's projects evaluation. In other words, the level of control by the parent firm and freedom by the subsidiary are respectively determined by the subsidiary needs and local market demands. The parent firm strongly intervenes only in the subsidiary's projects involving high financial and reputational risks.

One key moderator of hybridized autonomy is the financial risks of the subsidiary's projects. When the subsidiary initiates projects that are highly risky financially, the parent firm should cooperate with the subsidiary to thoroughly assess the risks to avoid a serious oversight and potential heavy losses. For instance, hybridized autonomy principles could be useful when a subsidiary is making major purchases of high value equipment pieces and properties. In this case, the parent firm gets involved in the details of the project to help the subsidiary assess the risks and returns of the purchase.

Reputational risk is another crucial decider of hybridized autonomy determining the parent firm's intervention in the subsidiary's initiatives. Most MNEs consider brand reputation to be one of the most important assets to their companies (Zhou & Wang, 2020). In hybridized autonomy, when a subsidiary is involved in projects that are likely to hurt the reputation of the subsidiary and the parent firm brand, the parent firm should be involved to help the subsidiary assess the potential reputational risks. For instance, if a subsidiary is to collaborate with another business or organization to execute projects that are likely to jeopardize the brand reputation, the parent firm needs to work together with the subsidiary for potential reputational risk mitigation or to decline the projects in case the reputational risks entailed cannot be minimized. Protecting the brand reputation is important because it is the very identity of the organization and it takes time for the MNE and subsidiary to turn customers into brand loyalists and ambassadors. Therefore, hybridized autonomy also emphasises collaboration between the parent firm and the subsidiary to preserve the brand reputation of the organization and to ensure customers' trust and loyalty to the brand are maintained because brand image also impacts revenues.

5.2. Subsidiary Dual Relational Embeddedness

Hybridized autonomy presents two main advantages to subsidiary dual relational embeddedness and learning. The advantages are strong vertical interactions and subsidiary positioning in the local market with ample authority to take initiatives based on reliable knowledge of the local market unique requirements.

The first advantage of hybridized autonomy to subsidiary dual relational embeddedness is the parent firm extending authority to the subsidiary based on the financial and reputational risks of the projects involved. The subsidiary maintains positive interactions with the parent firm and develops better communication mechanisms for information exchange, thus bolstering internal embeddedness and facilitating learning. This study has identified communication strength (accuracy and speed) as an important factor in the subsidiary-parent firm relationship and learning process. However, communication could be hampered by many factors on both sides of dual relational embeddedness. For instance, cultural dissimilarity affects communication. The parent firm belonging to a different culture and possessing knowledge from across the MNE in various national cultures, tends to underestimate the cultural differences of the focal subsidiary when setting expectations based on the HQ experiences with sister subsidiaries. Expecting the subsidiary to meet the parent firm's goals having superficially considered the subsidiary's unique local market requirements tends to create goal conflicts and drive the subsidiary into misalignment.

The second advantage of hybridized autonomy is the parent firm trusts that the subsidiary has tested knowledge of the local market environment. The parent firm gives the subsidiary enough authority and freedom to analyse and adapt to the local market and to appropriately respond to external partners based on the unique local market factors including cultural and institutional distances. Cultural and institutional distances constitute major challenges to subsidiaries' adaptation to the local environment and augment the differences which intensify the conflicts rooted in the agency problems of the classical agency theory. Hybridized autonomy, however, letting the market conditions guide the subsidiary actions, empowers the subsidiary in collaboration with the parent firm to particularly pay attention to cultural and institutional demands of the local market. As a result, most of the issues such as language barriers, values clash, misunderstanding local partners, inability to interpret and accommodate customers' changing behaviors dictated by their cultures, can be overcome by strong collaboration where the parent firm patiently listens to the subsidiary recommendations based on the local market experiences. The market conditions therefore dictate the direction of the subsidiary initiatives with strong support and involvement of the parent firm, especially when financial and reputational risks are concerned.

This study aimed to use agency theory which emphasizes authority delegation by the principal to the agent to determine the role of dual relational embeddedness in subsidiary learning. However, the findings of this study have prescribed balanced authority delegation and power sharing approach (hybridized autonomy) considering the subsidiary needs dictated by the host economy conditions. This study clarifies that agency theory has been used as a means of distinguishing between the amount of authority that the principal (parent firm) delegates to the agent (subsidiary). This study has proven that the conflict between the delegated authority by the parent firm and the constrained freedom the subsidiary uses within the mandates of the parent firm is not always beneficial to the subsidiary's operations in the local market because of the parent firm's limited knowledge of the subsidiary local market. Our study transcends the consideration of arbitrary authority delegation by the parent firm (agency theory) and emphasizes the need to allow the local market conditions to determine the subsidiary autonomy with the parent firm's strong involvement based on the reputational and financial risks of the subsidiary's projects. Hybridized autonomy is therefore the middle ground between the principal-agent authority delegation and the subsidiary confinement within the mandate assigned by the parent firm. Under hybridized autonomy, however, it is not the parent firm determining the level of authority to delegate, or the subsidiary determining the level of freedom to assume, it is rather the subsidiary-parent firm collaborating to respond to the subsidiary's local market requirements being the actual determinants of the required level of subsidiary autonomy to learn and execute projects. In hybridized autonomy, the subsidiary wields more freedom to initiate projects that are beneficial to its operations, given the cultural and institutional differences encountered in the host economy.

Hybridized autonomy maintains the balance between the subsidiary-parent firm and subsidiary-local partners relationships. First, the subsidiary functioning with hybridized autonomy principles understands the need to interact with the parent firm to keep on gaining internal knowledge, technology, competence, and budgetary support. Second, hybridized autonomy determines the required level of autonomy the subsidiary should utilise to collaborate with local partners in the host economy. Hybridized autonomy gives the subsidiary the ability to responsibly assume power within the requirements of the local market without getting over-embedded, thus maintaining the balance between the internal and external relational embeddedness.

In the principal-agent relationship (agency theory), when the subsidiary faces pressure to respond to the local market requirements and to align with the parent firm's goals, the subsidiary reaches a point of frustration because the constraining authority delegation impedes its local initiatives. When the delegated authority does not enable the subsidiary to meet the local environment challenges, given the unique local market requirements, the subsidiary in some cases rebels and assumes the autonomy needed to initiate projects and to interact with local partners. The subsidiary's lack of cooperation when frustrated alienates the parent firm, thus leading to consequences such as subsidiary abandonment and isolation. Hybridized autonomy, however, could prevent or mitigate conflicts by promoting strong collaboration between the subsidiary and the parent firm considering the financial and reputational risks of the subsidiary projects. Financial and reputational risks levels are therefore the deciders of hybridized autonomy. Unlike in a principal-agent relationship of classic agency theory, hybridized autonomy empowers subsidiary-external collaboration based on the local market conditions.

Hybridized autonomy creates a favourable environment for the subsidiary to position itself in the local market. When the subsidiary is free enough to take initiatives to succeed in the local environment, it is able to position itself in the market in a way that facilities trust building with the local partners, especially customers, to effectively challenge competitors. When the subsidiary engages in hybridized autonomy with the parent firm, the resulting relationship bolsters its reputation among local partners. Hybridized autonomy provides the subsidiary with enough freedom and time to focus on important local collaborations rather than spending time resolving conflicts involving the parent firm or explaining its intended projects to the parent firm. As a result, the subsidiary is able to establish lasting partnership with local collaborators and forge mutually beneficial exchanges leading to new knowledge absorption from the local partners.

5.3. Subsidiary Multidirectional Learning

Multidirectional learning is achieved when a subsidiary reaches a level of enduring relationships with internal and external partners. When the subsidiary has established a strong relationship with the internal partners, namely the parent firm and sister subsidiaries across the MNE, the subsidiary is able to learn not only from the HQ, but also from sister subsidiaries. Similarly, the subsidiary having forged strong relationships with local partners in the local environment, is able to absorb knowledge from multiple sources. When knowledge absorption is linked to multiple sources, the subsidiary is learning in a multidirectional fashion. Multidirectional learning however is best achieved when a subsidiary enjoys hybridized autonomy. A subsidiary needs to have a strong relationship with the parent firm with the application of hybridized autonomy to stabilize interactions. It is noted that in hybridized autonomy, the parent firm intervenes only to consider the subsidiary high financial and reputational risks projects, thus providing the subsidiary ample freedom to learn through multiple projects execution involving many partners in the host economy.

Hybridized autonomy also enables the subsidiary to strike the relational embeddedness balance required to avoid over-embeddedness, and therefore achieve multidirectional learning from both the internal and external networks. A subsidiary can get over-embedded in the local economy and disconnect from the parent firm when it assumes too much autonomy by rebelling against the parent firm's delegated and constraining authority. Defiance autonomy assumption occasions subsidiary isolation because of misalignment with the parent firm's goals. Hybridized autonomy provides the stabilizing relationship anchor balancing the parent-subsidiary and subsidiary-local partners relationships based on the local market requirements, therefore avoiding over-embeddedness.

The balanced parent firm-subsidiary and subsidiary-local partners relationships enable the subsidiary to learn from multiple sources. In hybridized autonomy, the subsidiary expands its partnership base in the local environment, hence enabled to exchange knowledge with multiple partners in the multidirectional learning. In this dual relational embeddedness balance that hybridized autonomy provides, the subsidiary is also able to create new knowledge on its own. Consequently, reverse knowledge transfer intensifies because of the subsidiary's ability to gain and manage knowledge from multiple sources.

This study also shows that hybridized autonomy fosters the environment where trust enabling learning flourishes. Learning is likely to occur where there is mutual trust. Even for the subsidiary to learn from the parent firm or sister subsidiaries in the internal network, it requires a trust-based relationship. In hybridized autonomy, trust develops because there is a strong interaction between the parent firm and the subsidiary based on the local market requirements. The parent firm trusts that the subsidiary understands the local market better and as a result the subsidiary will do what is best to succeed in the local environment. Similarly, the subsidiary trusts that the parent firm will support its initiatives in the foreign environment so that it may align with the parent firm's goals.

The trust incubated in hybridized autonomy environment results in learning from the internal and external networks. When hybridized autonomy is applied, the strong relationship the subsidiary has with the parent firm bolters its reputation in the local environment and the subsidiary uses the freedom gained from the parent firm to further its relationship with local partners, thus deepening learning. The subsidiary is able to interact with customers and local partners by assessing their needs and also receiving the parent firm support to respond to those needs. In hybridized autonomy, the parent firm supports the subsidiary to succeed in the local market and enables the subsidiary to get feedback from customers to improve products and services development, hence achieving customers' satisfaction based on mutual trust. Customers therefore become not only loyal to the subsidiary but also its brand ambassadors, and more importantly the source of learning trough constant feedback. In sum, hybridized autonomy maintains the balance in the parent firm-subsidiary and subsidiary-local partners relationships preventing over-embeddedness and realizing multidirectional learning.

This study answers the call by Cavanagh et al (2017) for further studies considering autonomy types and the multifaceted aspects of subsidiary-parent firm relationships using agency theory. The study also demonstrates that hybridized autonomy is the middle ground that exceeds the principal-agent authority delegation by promoting strong subsidiary-parent firm collaboration based on the subsidiary adaptation requirements to the challenging local market conditions.

This study suggests hybridized autonomy as an antidote to constant struggles caused by decision authority imbalance where the subsidiary strives to simultaneously meet the host economy challenges and to align with the parent firm's goals which conflict with the local environment. Unlike the principal-agent authority delegation being restrictive to the subsidiary initiatives, hybridized autonomy empowers the parent firm to consider the subsidiary understanding of the local market while the subsidiary trusts that the parent firm will support its local market initiatives to succeed and to better align with the parent firm strategies. Therefore, this study not only clarifies agency theory in the internal embeddedness having consequences on subsidiary external embeddedness, but the study also suggests hybridized autonomy as an alternative that mitigates the parent firm-subsidiary power conflicts and fosters parent firm-subsidiary collaboration while preparing the subsidiary to best respond to the local market demands to succeed and achieve multidirectional learning.

This study also exceeds the black and white categorization of autonomy being either assigned by the parent firm or assumed by the subsidiary (Gölgeci et al., 2019). Both granted and assumed autonomy breed friction and conflicts between the subsidiary and the parent firm because the determinants of the amount of power and freedom the subsidiary can assume remain unclear. Assigned autonomy gives the subsidiary a mandate, which in most cases, constrains the subsidiary and prevents it from adapting to the local market with a challenging environment. Assumed autonomy also creates friction between the subsidiary and the parent firm because it could force the subsidiary into misalignment or rebellion against the parent firm, thus engendering subsidiary isolation or over-embeddedness in the local market. This study shows that hybridized autonomy emphasizes the best interests of the subsidiary dependent on the local market requirements. Moreover, the study crystallises the determinants of the parent firm involvement in the subsidiary's initiatives being reputational and financial risks.

Hybridized autonomy captures both assigned and assumed autonomy, strategic autonomy (when collaborating with the local partners beyond the MNE's mandate), and operational autonomy (collaborating with local partners on activities related to the existing mandate of the subsidiary) (Søberg & Wæhrens, 2019), by emphasizing the best interest of the subsidiary to respond to the local market environment. Hybridized autonomy minimizes agency problems rooted in the principal-agent authority delegation and promotes strong collaboration between the subsidiary and the parent firm based on the financial and reputational risks involved in subsidiary initiatives while giving the subsidiary enough freedom to effectively respond to the local market demands.

5.4. The Final Framework

This study has added one key element to the extant literature: hybridized autonomy based on subsidiary's financial and reputational risks leading to multidirectional learning. The first model developed based on the literature review showing that the relationship between the parent firm and the subsidiary regulated by agency theory principles where the parent delegates authority to the subsidiary does not determine the extent of the subsidiary autonomy and the limit of the parent firm's authority in the subsidiary-parent firm relationship. Based on the literature review (Cavanagh et al; 2017; Delany, 2000; Saam, 2007) presenting no clear delineation between the parent firm authority and subsidiary autonomy, agency problems culminating into conflicts frequently evolve between the two entities as the pressure on the subsidiary to align with the parent firms' goals and to effectively respond to the local market requirements mounts. The first framework (Figure 2) based on the literature review also highlights that trust and communication are important in the parent firm-subsidiary relationship. Equally, communication and trust maintain the subsidiary-external collaborators relationship (Bresciani & Ferraris, 2016; Shahmehr et al, 2015).

This study, however, adds to the literature review-based framework (Figure 2) the specification of the level of authority and freedom that the parent firm and the subsidiary could achieve to facilitate subsidiary adaptation to the local market and for knowledge acquisition. This study specifies that hybridized autonomy, based on reputational and financial risks of the subsidiary projects, creates a conducive environment of collaboration for internal and external exchanges resulting in knowledge acquisition and transfer. In the final framework, this study demonstrates that when the subsidiary applies hybridized autonomy, projects are initiated based on the subsidiary's adaptation needs commanded by the local market conditions.

Lastly, the final framework shows that hybridized autonomy also creates a balance in the subsidiary dual relational embeddedness leading to multidirectional learning. When a subsidiary autonomously initiates projects according to the local market demands in collaboration with the local partners while also aligning with the parent firm who intervenes only in projects involving high financial and reputational risks, a balance is reached in the subsidiary dual relational embeddedness. The balance enables the subsidiary to learn from multiple sources, hence achieving multidirectional learning. Multidirectional learning eventually intensifies the subsidiary's reverse knowledge transfer.

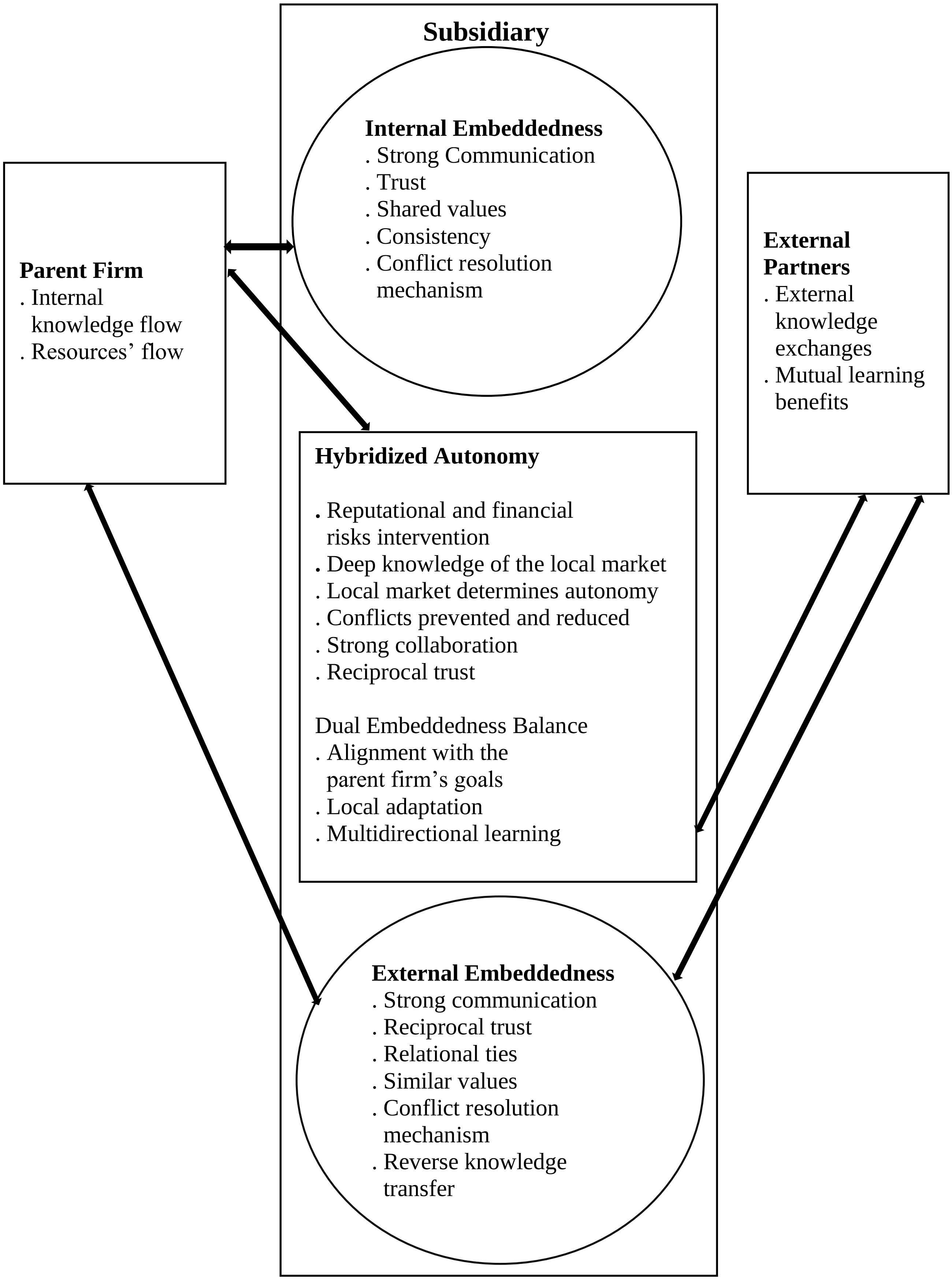


Figure 3. The Final Framework Demonstrating Hybridized Autonomy Advantages and Balancing Effects

6. Conclusion

In conclusion, our study aimed to understand the role that dual relational embeddedness plays in subsidiaries' learning. The empirical evidence gathered for this study has shown that the nature of the relationship between the parent firm and the subsidiary affects the way the subsidiary interacts with local partners. A positive parent firm-subsidiary relationship creates an environment that enables the subsidiary to adapt to the local market and to collaborate with local partners for knowledge exchange. The study also aimed to use agency theory to understand how the degree of the subsidiary autonomy affects subsidiary's relational embeddedness when developing linkages with the parent firm and local partners and how the duality of the relational embeddedness ties affects subsidiary's learning.

In addition, the study aimed to understand how agency theory application would address subsidiary autonomy, which is necessary to solve problems and resolve conflicts that emanate from the pressure to adapt to the local market while operating under delegated authority within a predefined mandate. This study has demonstrated that agency theory consisting of principal-agent relationship reflecting authority and power delegation by the principal to the agent does not clearly delineate the amount of power the parent firm should exercise over the subsidiary and the degree of autonomy the subsidiary should leverage to initiate projects and adapt to the host economy. This lack of clarity also poses a balance problem in the subsidiary's embeddedness. A subsidiary not benefiting from adequate autonomy struggles to balance its internal and external embeddedness, thus creating the risk of defiance autonomy assumption which potentially drives the subsidiary into over-embeddedness triggering consequent punishment (by the parent firm) such as resource denial, isolation, replacement of the subsidiary management, and contracts termination.

Further, the empirical evidence gathered in the study has demonstrated that there is a viable alternative to the principal-agent authority delegation and its consequences. Our study has suggested hybridized autonomy as an alternative to the principal-agent authority delegation because of its potential to prevent or mitigate the conflicts stemming from unclear demarcation of the power that the parent firm exercises and the autonomy that the subsidiary should employ for adaptation to the local market.

Our study shows that in hybridized autonomy, instead of the parent firm delegating power and assigning mandate to the subsidiary, the subsidiary autonomy is determined by the local market requirements and the subsidiary's need to succeed in projects execution and learning in the host economy. The study has shown that, in hybridized autonomy, the parent firm only intervenes in subsidiary's projects when there are high financial and reputational risks involved. In hybridized autonomy, this study has suggested parent firm-subsidiary strong collaboration as an alternative to constraining delegated authority, a filler to the gap of uncertainty and conflicts that the principal-agent delegated authority generates. Also, hybridized autonomy comes to reduce or eliminate the conflicts resulting from the unclear power and authority characterizing the parent firm-subsidiary relationship from the principal-subordinate perspective. The major contribution of this study in terms of hybridized autonomy emphasises subsidiary's empowerment to assume autonomy based on the local market requirements. By reducing internal network conflicts, hybridized autonomy sharpens the subsidiary's focus on external partnership and furthers dual relational embeddedness for multidirectional learning.

There are studies underlining that a subsidiary can possess autonomy without it being explicitly delegated by the parent firm (Cavanagh et al., 2017; Miozzo &Yamin, 2012). These studies however do not emphasize the difficulty posed by the lack of clear demarcation between the decision power that should be assigned to the subsidiary and the control level that the parent firm should exert on the subsidiary when there is no explicit delegated authority. Our study clarifies that the decision authority boundary uncertainty fosters frictions and conflicts between the subsidiary and the parent firm for lack of clear determinants of the parent firm's intervention to support the subsidiary initiatives.

Agency theory was used because its conceptual relationship and authority orientation enables it to explain the nature of the parent firm-subsidiary relationship and the resultant problems that are typical agency problems in the principal-agent power and authority distribution. Based on our study findings, instead of the subsidiary-parent firm relationship being locked in the traditional principal-agent conflicts and agency problems, the study suggests hybridized autonomy as an alternative where the subsidiary's authority and power to take initiatives is determined by the local market situations. The HQ executives should therefore act in collaboration with the subsidiary managers to meet the local market requirements. When the parent firm does not have tight control over the subsidiary, the assumed autonomy being non-explicitly delegated by the parent firm, the situation in which many of our study participants are, there is a danger of derailing into over-embeddedness (Miozzo & Yamin, 2012). Hybridized autonomy however comes to establish the required balance with decision authority specification while the subsidiary enjoys a high level of autonomy and the parent firm collaborates and intervenes to support the subsidiary with projects involving high financial and reputational risks.

In the principal-agent relationship, problems arise mainly because of the conflicting goals and interests of the agent and the principal. When the agent wants to maximize its income while the principal is interested in maximizing its return, problems occur. In the classical agency theory, the agent and the principal can have conflicting goals although the agent is supposed to submit as a subordinate to the principal. The agency problems in the classical agency theory explain the likelihood of conflicts arising between the subsidiary and the parent firm when a subsidiary assumes autonomy to pursue goals that conflict with the mandate assigned by the parent firm. Our study however highlights that agency problems arise not only from conflicts over authority distribution, but also from the cultural and institutional distances and the parent firm lacking a deeper understanding of the local market. This additional perspective to the traditional agency problems arising from cultural and institutional distances agrees with the findings of a relatively recent study (Beugelsdijk et al., 2018).

Author Saam (2007) stated that the agents being subsidiary managers act in the best interest of their income maximisation while the parent firm wants to maximize its return. Our study shows that a subsidiary facing the local market challenges especially the institutional and cultural differences, in most cases, is left with no choice but to assume autonomy not necessarily because it wants to maximize its interest, but because of the adaptation pressure to the local market.

Another aspect of the agency problem is the subsidiary and the parent firm differing risk preferences (Cavanagh et al., 2017; Delany, 2000). A subsidiary might be risk averse because it has limited resources to minimize risk while the parent firm is risk neutral because it has the ability to spread risks through diversification of business ventures. The reverse could also be true. The parent firm could be risk averse while the subsidiary is risk neutral (Delany, 2000). When the subsidiary is risk neutral, it could initiate projects outside the assigned mandate without expecting immediate punitive measures by the parent firm. In the long run, however, conflicts tendency between the parent firm and the subsidiary increases because the differing risks preferences do not resolve uncertainties surrounding goal conflicts and adaptation pressure to the local market. Our study goes beyond identification of risk preferences as an agency problem and emphasizes that the local market conditions should determine the amount of risk the subsidiary is willing to absorb with the support of the parent firm. Our study also specifies that the parent firm's intervention is strongly recommended when the subsidiary initiates projects involving high financial and reputational risks.

Although several studies (Cavanagh et al; 2017; Galli Geleilate, Andrews, & Fainshmidt, 2020; Meins Pedersen & Spon Kofod-Jensen, 2017) have considered assumed autonomy with a strong emphasis on subsidiary flexibility to initiate projects being its main advantage, those studies do not emphatically point out that assumed autonomy still leaves room for devastating conflicts between the subsidiary and the parent firm as long as the parent firm support to the subsidiary fails to adequately empower the subsidiary to meet the unique local market challenges. But in our study, hybridized autonomy encapsulating the positive qualities of assumed and assigned autonomy specifies the rules of the parent firm-subsidiary engagement being determined by the local market requirements and the financial and reputational risks of the subsidiary's projects.

Some authors (Cavanagh et al; 2017; Sandvik, 2010) argue that although the subsidiary can act on the stated goals of the parent firm (versus the real goals), the parent firm implicitly allows the subsidiary to act beyond the assigned mandate. Those studies also fall short of specifying the boundary of the subsidiary autonomy and the parent firm involvement in the subsidiary's projects. Our study transcends the decision authority boundary uncertainty and specifies the flexibility and engagement rules in hybridized autonomy being the local market requirements and high financial and reputational risks levels of the subsidiary's projects.

In conclusion, answering the research question, our study has proven that dual relational embeddedness plays an important role of minimizing the subsidiary's liability of foreignness as the cooperation with the host economy parties legitimizes the subsidiary when it secures and leverages hybridized autonomy advantages resulting in multidirectional learning.

6.1. Academic Implications

In this research we provide insights about the role that a subsidiary's dual relational embeddedness plays in subsidiary learning. We explore how the nature of the parent firm-subsidiary relationship affects the subsidiary-local partners relationships and eventually impacting the subsidiary's learning. The studies (Ciabuschi at al., 2011; Ferraris & Alberto, 2014) considering subsidiaries' relational embeddedness or autonomy have mostly focused on one side of embeddedness; internal or external at a time, or the subsidiaries' autonomy consequences. Similarly, recent studies (Ciabuschi et al., 2017; Ferraris et al., 2018) that have explored subsidiaries' dual embeddedness have not deeply considered the role that the relational duality plays in subsidiaries' learning. However, a recent study by Cheng and Huang (2020) exploring subsidiary's exploitation of internal resource and exploration of external resources in dual embeddedness acknowledges the role of subsidiary's dual embeddedness in learning and establishing legitimacy in the host economy.

Our study examined the duality of the subsidiary's relational embeddedness and its ramifications in knowledge acquisition. Using agency theory and exploring the agency problems that commonly cause conflicts, our study has suggested hybridized autonomy as an alternative that would enable the subsidiary to secure the parent firm's collaboration and support based on the local market requirements, especially considering high financial and reputational risks involved in the subsidiary's projects. However, both qualitative and quantitative studies should be conducted to further explore the applicability and advantages of hybridized autonomy in stabilizing the duality of the subsidiary's relational embeddedness and learning.

We also note that our study has been conducted in New Zealand focusing on consumer technology enterprises. Further research should consider dual relational embeddedness and subsidiary learning across various products and services sectors in multiple countries. With regards to data limitation, some respondents may have displayed social desirability bias in expressing their views and therefore future research should explore specific factors such as trust and customer satisfaction impacts, and so on, on subsidiary learning in the context of dual relational embeddedness.

Over all, our study shows that institutional and cultural differences pose many challenges to dual relational embeddedness. Future study should explore the depth of the major host economy adaptation challenges, cultural and institutional differences especially, to subsidiary dual relational embeddedness and knowledge acquisition.

6.2. Managerial Implications

The findings of this study reveal that subsidiary managers will always face HQ executives with variant philosophies and attitudes depending on the corporate culture of the MNE. While some MNEs executives have understood that cultural and institutional differences can pose consequential challenges to a subsidiary's adaptation and success in the foreign economy, many HQ executives still need to holistically consider the consequences of institutional and cultural differences on subsidiary's adaptation to the host economy. Based on our study, the subsidiary managers should primarily do two important things: advocate for hybridized autonomy, promote positive practices, and provide quality services and products to gain trust and loyalty and to expand the local partners base to motivate learning from multiple sources.

First, subsidiary managers should ensure that they develop strong vertical communication and build trust with the HQ executives. The strong communication and trust built would help the subsidiary managers clearly explain to the HQ executives the cultural, institutional, and other challenges the subsidiary faces in its adaptation to the local market. Understanding the local market challenges would encourage the negotiation of hybridized autonomy for its advantages (strong collaboration, conflicts minimization, over-embeddedness prevention, and multidirectional learning). When negotiating with the parent firm, subsidiary managers should clarify that their intention is not to assume autonomy for the sake of growing the subsidiary in their own self-interest, but rather to meet the unique local market requirements to advance learning and to succeed as a subsidiary. The negotiation and attainment of hybridized autonomy with the HQ executives will then allow the subsidiary to take initiatives and get involved in multiple projects execution with local partners for extended knowledge acquisition.

Second, while securing hybridized autonomy, subsidiary managers should position the subsidiary in the local market in a way that allows them to focus on the relationship with close partners especially customers, by providing high-quality services and products. The subsidiary can reinforce its partnership by creating strong communication and reciprocally build trust with local partners. The subsidiary also needs to invent a feedback loop to constantly collect feedback from partners, especially from customers, to improve products and services, to defeat competitors, to capture the loyalty of the customers, and to transform loyal customers into brand ambassadors. Further, the subsidiary needs to ensure consistency and reciprocation of good values and behaviours to bolster and maintain its reputation and therefore to establish new partnership in expansion of its collaboration base to learn from multiple sources. Under hybridized autonomy, when the subsidiary learns from multiple sources it achieves multidirectional learning.

In sum, considering the findings of our study, managers should take two important steps. First, they need to create and improve communication and trust with the parent firm to strongly advocate for hybridized autonomy to effectively respond to the unique local market conditions with the parent firm intervening only when high financial and reputational risks are involved in the subsidiary's projects. Second, when the subsidiary is realizing hybridized autonomy, subsidiary managers should focus on high-quality services and products to build trust and reputation that would enable the subsidiary to gain more collaborators and local market experiences to achieve multidirectional learning.

7. Appendix

7.1. Interview Questions

1. What is your overview of the relationship your subsidiary has with the parent firm and the local partners in New Zealand?

2. What kinds of knowledge do you acquire from the local network in the host economy and what challenges do you face in absorbing those knowledge types?

3. What roles does prior knowledge play in the acquisition of new knowledge from the host economy partners? How important is prior knowledge of the subsidiary in the learning relationship?

4. How important is the subsidiary's freedom to take initiatives to further a learning relationship with local partners? How much of this freedom is important? Should it be granted by the parent firm or assumed by the subsidiary? If assumed, at what costs?

5. What roles does trust play in the relationship between the parent firm and the subsidiary and the local partners in the learning process?

6. What roles does maintaining relationships with the parent firm and sister subsidiaries play in learning from the local network?

7. How important to subsidiary's learning is maintaining the relation with the parent firm and the local partners in a simultaneous fashion?

8. What are the benefits of sustaining dual relationship to the subsidiary's learning? What is your interpretation of this dual relational embeddedness?

9. What are the key challenges faced in dual relational embeddedness? How are the challenges best overcome?

10. Can there be too much of relational embeddedness? If yes, how does over-embeddedness affect learning in the dual relationship?

11. How does the granted autonomy by the parent firm compare with the assumed autonomy by the subsidiary for learning in the local environment?

12. Are there overlooked principles or practices that could facilitate learning in dual relational embeddedness?

13. Do you have any other comments or insights related to dual relational embeddedness or other topics we have discussed in this interview?

Probing Questions (will not be shared with participants)

1. Can you describe the nature of the relationship that your subsidiary has with the parent firm in the home country on the one hand and with the local partners (such as customers, suppliers, universities, retailers, competitors, R&D centres, etc) in New Zealand on the other hand?

2. Can you classify and descriptively differentiate the types of knowledge that your subsidiary acquires or the kind of learning that actively or passively takes place when interacting with the local partners in New Zealand? Can you give a specific example of a know-how or knowledge acquired?

3. Does the knowledge and experiences the parent firm and the subsidiary accumulated over the years help in the learning process? How does it help?

4. How much freedom does the subsidiary have to initiate learning from or with the local partners resulting in innovative products or services? How much control does the parent firm have over the subsidiary's learning and collaboration with the local partners? Should the subsidiary be free to initiate learning and collaboration or should the parent firm control and direct the initiatives?

5. How important is trust in the relationship between the parent firm and the subsidiary? Does the degree of trust (presence or absence) affect the relationship between your subsidiary and the local partners? Can you please give an example of when trust was missing and how it was built or restored?

6. Does the relationship between the subsidiary and the parent firm and sister subsidiaries help in the process of learning from the local partners in New Zealand? What roles does the regional headquarter plays in your subsidiary-parent firm relationship and the learning process from the local partners in New Zealand?

7. How useful is maintaining the subsidiary-parent firm and subsidiary-local partners relationships in New Zealand at the same time? How does the strength or weakness of either side of these relationships affect the subsidiary's learning process and its operations in New Zealand?

8. What is your understanding or image of a healthy subsidiary-local partners and subsidiary-parent firm relationships? How beneficial are these relationships?

9. What are the difficulties your subsidiary faces in maintaining both sides of the relationships? Does your subsidiary face any conflicts in these relationships? How are the conflicts best managed or resolved?

10. Can a subsidiary be too deeply rooted in a relationship on either side of the dual relational arms of the subsidiary? What are the consequences of being too deeply rooted in the subsidiary-local partners relationship? How does this over-embeddedness affect the subsidiary-parent firm relationship?

11. Can you compare and evaluate the effects of a subsidiary's large degree of freedom to learn and collaborate with the local partners as opposed to the parent firm tightly controlling the subsidiary's learning initiatives and collaboration with the local partners?

12. Are there factors or strategies that you think your subsidiary and parent firms are ignoring or excluding which you think could improve subsidiary-local partners and subsidiary-parent firm relationships and which could also facilitate learning and improve the subsidiary's operations?

13. Do you have any additional feedback on what you think could improve subsidiary-local partners and subsidiary-parent firm relationships which could result in greater subsidiary's learning and improve its business operations and be beneficial to both the subsidiary and the parent firm and potentially to the local partners in New Zealand?

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