

MULTINATIONAL SALES MANAGEMENT OF FOREIGN SUBSIDIARIES

A CASE STUDY ON THE GERMAN MITTELSTAND

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Abstract

This research study provides insights into “How to manage foreign subsidiaries in a multinational company (MNC) belonging to the German *Mittelstand*” by applying a contingency perspective. Existing MNC knowledge focuses on large MNCs whereas contributions regarding an application to the German *Mittelstand* are scant. In particular, a framework for multinational sales management with patterns for foreign subsidiaries is missing for both academia and management. Thus, the findings of this research study contribute to existing MNC knowledge and provide ideas and guidance for managerial practice.

A review of the literature identifies MNC typologies (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988), subsidiary role models (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986), and the corresponding MNC factors. This serves as a starting point from which a conceptual framework is derived accordingly. Thereafter, a plausibility check with industry experts verifies and ensures the suitability of the identified MNC factors to the characteristics of the German *Mittelstand*. Then, an in-depth case study consisting of documentary, semi-structured interviews, and focus group interviews, applies the conceptual framework to the selected case of the German *Mittelstand*.

The described research design operationalizes and modifies the selected MNC models in such a way that they suit the identified *Mittelstand* characteristics. This facilitates an application of the framework for multinational sales management consisting of the selected and operationalized MNC models for the MNC typology and the foreign subsidiaries.

The main contribution of this research study is the framework for multinational sales management, which fills the gaps identified in existing knowledge. In particular, this research study contributes existing to knowledge by: (1 and 2) operationalizing the models for MNC typology and subsidiary roles for the German *Mittelstand*, (3) providing the key MNC factors for the German *Mittelstand*, and (4) elaborating the patterns for multinational sales management to improve the subsidiary competences and to increase the market importance of their local market with respect to their subsidiary role.

Key Words

Multinational Companies (MNC), MNC Typologies, Subsidiary Roles, German *Mittelstand*, Multinational Sales Management, In-depth Case Study

Conference Participations and Publications

During this research journey, which started on 11 March 2011, the author participated in conferences. These resulted in the publications mentioned below. Besides the mentioned venues, the author took full advantage of the module and training sessions of the underlying DBA programme of the University of Gloucestershire.

Modules of DBA Programme

- DBA 501: Methodology and Methods
- DBA 502: Case Study and Action Research
- DBA 503: Systematic Literature Review
- DBA 504: Reflective Professional Development

The corresponding assignments of the module phase formed the basis for the RD1 and the research phase, which resulted in the research study on hand.

Conference Participations

- 14-15 June 2013, 3rd Annual DBA Colloquium, University of Gloucestershire, Cheltenham, UK / Paper presented and published in conference proceedings: Multinational Sales Management of Foreign Subsidiaries: A Multiple Case Study on the Mittelstand in Germany.
- 23-26 April 2014, 11th International Circle Conference, University of Manchester, Manchester, UK / Paper presented: Influencing Factors for Managing Foreign Subsidiaries of Multinational Companies of the German Mittelstand.
- 11-12 July 2014, 4th Annual DBA Colloquium, University of Gloucestershire, Berlin, Germany / Paper presented and published in conference proceedings: Expert Interviews to Verify and Extend the Results of a Literature Review
- 8-10 April 2015, 12th International Circle Conference, University of Szczecin, Szczecin, Poland / Paper presented and published in conference proceedings: Patterns for Managing Foreign Sales Subsidiaries in the German Mittelstand Based on an In-Depth Case Study

Journal Publications

Bernecker, B. (2014). Influencing Factors for Managing Foreign Subsidiaries of Multinational Companies of the German Mittelstand. *International Journal for Management Cases*, 16(4), 101-115.

Bernecker, B. (2015). Patterns for Managing Foreign Sales Subsidiaries in the German Mittelstand Based on an In-Depth Case Study. *International Journal of Management Cases*, submitted for review in April 2015.

Student Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire. All work is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

The content of the conference presentations and the resulting publications previously mentioned as well as the assignments of the taught phase of the DBA programme are used in various sections and chapters of this research study without being specifically marked.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

Date: 07 May 2015

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Writing my thesis was a long journey, which required a lot of time, personal effort, and restrictions of many kinds, before I could enjoy the result and my achievement. Without the direct and indirect support of the people around me, this would not have been possible.

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Abbreviations

ALS – Action Learning Set

IB – International Business

CAGR – Compound Average Growth Rate

CCC – China Compulsory Certification

CRM – Customer-Relationship-Management

DtA – Deutsche Ausgleichsbank (Government-owned Development Bank)

E1...E10 – Experts taking part in the semi-structured Expert Interviews

ERP – Enterprise-Resource-Planning

FDI – Foreign Direct Investment

FG α , FG β , FG γ – Focus Groups (α , β , and γ) of the Case Study

KfW – Kreditanstalt für Wiederaufbau (Government-owned Development Bank)

IEC – International Electrotechnical Commission

IQ – Investigative Question

MBV – Market-Based-View

MNC – Multinational Corporation

MNE – Multinational Enterprise

MMR – Mixed-Method Research

NBV – Network-Based-View

OBV – Opportunity-Based-View

P1...P8 – Participants of the Questionnaires and Focus Groups in the Case Study

QUAL / qual – Qualitative Data

QUAN / quan – Quantitative Data

RBV – Resource-Based-View

REFA – Verband für Arbeitsgestaltung, Betriebsorganisation und Unternehmensentwicklung (Non-governmental Support Organization, specialized on basic and ongoing training in industrial engineering)

RO – Research Objective

ROI – Return on Investment

RP – Research Proposition

RQ – Research Question

R&D – Research and Development

SME – Small and Medium sized Enterprise

TGZ – Technologie und Gründerzentrum (Economic Think-tank)

UL – Underwriters Laboratories

1 Introduction

This introduction describes the personal perspective of the author on doctoral studies and presents the topic, which is the subject for research in this thesis.

“It was my decision to start a research study on a doctoral level in order to generate new knowledge as well as develop myself by doing applied research of a research phenomenon, which I am directly confronted with in my professional life. Both the decision to start this research study and to actually conduct and finish it was a long journey, which is reviewed and reflected in the back matter of this thesis. The topic of this research study, “Multinational Sales Management”, both attracts my attention as a researcher and as a professional, as it was and still is one of the challenges in my career in sales management and in research, which is expressed by this thesis.”

This chapter serves as an introduction by presenting the practical challenge, which is used as a research problem for this DBA programme (section 1.1). Furthermore, the purpose and the overall objective of this research study are presented (section 1.2) before the underlying research questions and corresponding research objectives are stated (section 1.3). Finally, the overall structure of the thesis is outlined (section 1.4). The chapter ends with a summary, which provides the basis for the subsequent chapters (section 1.5).

1.1 From Practical Challenge to Contribution to Knowledge

A research problem sets the basis for any research to be conducted (Booth, Colomb, & Williams, 2003, p. 57). One would avoid calling it problem in operational practice, as problems have a negative connotation in comparison to practical “challenge”. However, applied research starts with a practical challenge, which motivates a researcher to derive research questions and objectives. This challenge then further defines a research problem, which is to be addressed by conducting a research study (Booth, et al., 2003, p. 58). Subsequently, an introduction to the practical challenge is briefly described, which sets the basis for research questions and objectives of this thesis.

Multinational corporations are often structured as a major organization with various affiliated subsidiaries. These subsidiaries are managed by their local management and at the same time guided by corporate management. This might lead to different focuses and even to contrary directions, as the leading organization might be willing to set a corporate directive with a global perspective whereas the subsidiaries could have their own perspective on business and success (Bartlett & Beamish, 2014). At any rate, globalisation will force multinational companies and their subsidiaries to cooperate more closely than before due to the global presence of customers and the impact of the company’s activities (Ohmae, 2007). Therefore, it is a challenge to manage subsidiaries of multinational corporations (MNCs) adequately to the requirements from the perspective of the headquarters as well as of the subsidiaries. However, a systematic approach is necessary or at least some guidance, which support and improve headquarters’ management of foreign subsidiaries.

The practical challenge described is even more relevant in companies of smaller size, like the German *Mittelstand*, which are often not capable or willing to manage their international presence in a systematic way. The detailed definitions of the terms “German *Mittelstand*” and the population of the research study are provided in section 2.1 and 4.1. In order to turn existing knowledge into an operational practice, an approach for managing foreign subsidiaries of multinational corporations has to be developed, especially for international sales organizations of the German *Mittelstand*. When stating the practical challenge, applied research and pure research need to be distinguished (Booth, et al., 2003, p. 11). As this research study aims to provide both a contribution to knowledge and a support of managerial practice, it can be called applied research, which fits the overall doctoral programme DBA. This topic also fulfils Bright’s (1991, p. 11) requirements for an appropriate choice of a research topic: (1) interest, both to researcher and reader, (2) originality in regard to existing knowledge, (3) significance to a defined population, and (4) feasibility both from a contextual as well as from a practical point of view.

“Managers need simple organization models and classification schemes as a starting point for thinking about the core attributes of their organizational needs. Similarly, academics need them in order to build theory and develop analytical and testable propositions” (Ghoshal & Nohria, 1993, p. 24)

The main contribution to knowledge of this research study is both verification and a modification of existing MNC knowledge to the requirements and characteristics of the German *Mittelstand*. The research phenomenon and the corresponding research questions and objectives are outlined in the following section.

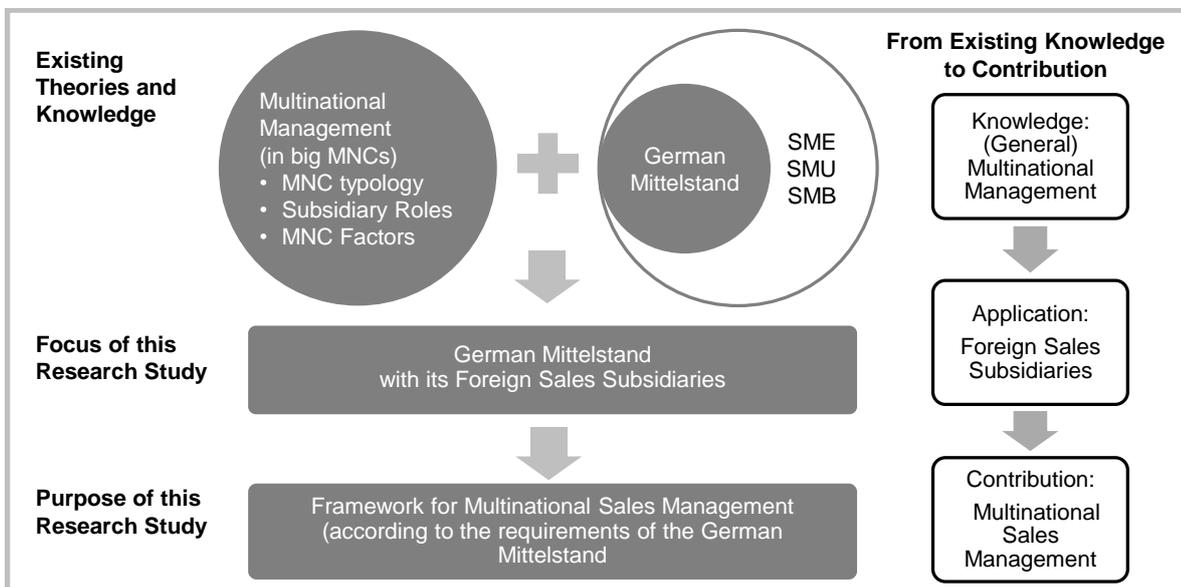
1.2 Location and Purpose of Research Study

The purpose is to be formulated prior to the conduction of research in order to show the reader the basic idea and intent of the researcher (Creswell, 2008, p. 111). Therefore, the purpose of this research study has three perspectives: (1) knowledge and theory, (2) management practice, and (3) the development of the researcher. First, it is intended to contribute knowledge to the research area of multinational corporations (MNCs), their foreign sales subsidiaries, and multinational sales management in multinational corporations for the German *Mittelstand*. Second, the research study provides practical managerial support to MNCs belonging to the *Mittelstand* in Germany. Finally, the research journey supports the author of this thesis in developing both professionally and personally.

Combining these purposes, this research study gives the author the opportunity to study an area of personal and professional interest at a detailed level (Bright, 1991, p. 11) and develop himself at the same time. Thus, the overall purpose of this research study is to find responses to the research questions stated in the next section and thereby fulfil the corresponding research objectives by investigating the following elements of the research phenomenon:

- (1) Strategies and structures of multinational companies (MNC typology) and the characteristics of the German *Mittelstand*
- (2) Roles of foreign sales subsidiaries and how they can be taken into consideration for multinational sales management for the German *Mittelstand*
- (3) Key factors influencing multinational sales management for the German *Mittelstand*
- (4) Implications for multinational sales management for the German *Mittelstand*

Figure 1: Location, Focus, and Purpose of Research Study



This figure shows the location of this research study from a knowledge perspective, the focus of this research study regarding the population and target group, as well as the purpose of this research study aiming to contribute knowledge and managerial advice. This shall clarify that knowledge from MNC and multinational management is reviewed and then applied in the German *Mittelstand*, i.e. in an international sales organization with its foreign sales subsidiaries. This contributes knowledge to multinational sales management, which is described in a more detailed way in the next paragraphs.

First, a multinational corporation usually has an overall motivation and strategy for internationalization (Bartlett, Ghosal, & Beamish, 2008, p. 4). This strategy is mainly founded on basic objectives like sales expansion, resource acquisition and risk minimization (Daniels, Radebaugh, & Sullivan, 2010, p. 50). The organizational set-up of an MNC derived from there may be initially set as a result from the internationalization strategy or simply have grown historically from the MNC's development. Likewise, the MNC typology may be either actively known or simply accepted unconsciously by the senior management, which is responsible for the international organizations of the MNC. Therefore, this research study aims to apply existing general MNC knowledge about strategies and structures, as well as their consequences to the management of foreign sales subsidiaries, especially regarding the MNCs belonging to the *Mittelstand* in Germany.

Second, foreign subsidiaries are usually managed in accordance with both their corporate and local strategy and structure, and their global and local requirements. The author believes that this happens in practical management in daily operations; however, the background for the management behaviour may not be clearly visible to all participants. There are various elements which can be taken into consideration when constituting subsidiary roles, such as the competence of the local organizational unit (Bartlett & Beamish, 2014), coordination and control (Bartlett & Ghoshal, 1991; Grewal, Kumar, Mallapragada, & Saini, 2013; Martinez & Jarillo, 1991), the importance of the local markets (Bartlett & Beamish, 2014) or information and communication within an MNC (Gupta & Govindarajan, 1991). The question of how these roles are created and how they can be measured would be an essential piece of support for practitioners when managing foreign sales subsidiaries. This research study clarifies what such an approach could look like, and which factors, conditions, and circumstances at the subsidiaries should be taken into consideration.

Third, multinational corporations are directed by pressures for global directives or pressures for local adaption and responsiveness with regard to their international value chain activities (Daniels, et al., 2010, p. 445). Both these positions have valuable reasons

and benefits for the company, which may vary if headquarters or a subsidiary perspective is applied (Birkinshaw & Morrison, 1995). In general, the question for an MNC is whether to standardize and integrate the value chain activities as much as possible on a global scale or to customize them according to the local requirements. For the research study on hand, it is important to review and collect the key factors that may influence multinational sales management in order to be able to decide for or against management via applying global integration and directives or for or against facilitation of local adaptation. The result is likely to be a balance between the competing imperatives of global integration and local adaptation (Daniels, et al., 2010, p. 461). This literature review aims to collect key influencing MNC factors for managing an international sales organization with various foreign sales subsidiaries.

Fourth, it may be questioned if management practice in general is performed adequately by considering the MNC's overall typology and the corresponding role of the foreign subsidiaries. Therefore, the overall aim is a contribution to existing knowledge to the defined research field and a managerial practical support to senior sales management on how to manage foreign sales subsidiaries in multinational corporations belonging to the *Mittelstand* in Germany. As the research purpose and the overall aim and contribution need to be relevant, at least to a specified target group or specified readers (Booth, et al., 2003), the corresponding research questions, research objectives as well as the target industry are shown in the next section. This narrows down the topic, specifies the exact location of this research study, and further sharpens the academic perspective.

Finally, the importance of *Mittelstand* companies for the overall German economy due to their high exports and foreign investments needs to be highlighted (McDonald, Krause, Schmengler, & Tüselmann, 2003), which is why the German Ministry of Economics calls them "the engine of the German economy" (Orton-Jones, 2013). These highly dynamic and successful (Meyer-Stamer & Wältring, 2000) companies account for 50% of Germany's exports and 70% of Germany's workforce (Gharpure, 2011), and therefore constitute an important basis for both the German economy and society. The Federal Ministry of Economics and Technology (2013) regards the German *Mittelstand* as "the backbone" of the German economy, as the companies develop in a stable and successful way both nationally and internationally. Even in difficult times, like the financial crisis in 2009, *Mittelstand* companies remain financially robust in comparison to global corporations by still having equity ratios of 25% and above (for companies with an annual revenue higher than 50m€) as published by the "German Savings Banks Association" (2012). Thus, there is a great interest for both German government and institutions (like the German Chambers of Commerce) to support these companies on their successful paths.

1.3 Research Questions and Objectives

After a rather general approach to this research study in the previous section, the research questions (RQ) and the corresponding research objectives (RO) will now be clearly outlined in order to set the basis for this thesis. At the end of this section, some limitations are named in order to sharpen the overall focus of this research study. Research questions need to be specified, either as reproduction or further development of an existing study or of a new study that is filling a defined research gap (Tranfield, Denyer, & Smart, 2003). This research will provide responses to the main research question of:

- RQ: How to manage foreign sales subsidiaries in multinational corporations belonging to the *Mittelstand* in Germany?

In particular, the following sub-research questions are derived from the main research question in order to specify the research further:

- RQ1: What MNC typologies suit the characteristics and requirements of the German *Mittelstand*?
- RQ2: What existing role models for foreign subsidiaries can multinational corporations of the German *Mittelstand* take, when deciding between managing operations globally and leaving them in a local responsibility?
- RQ3: What are the key factors influencing multinational sales management to find an “appropriate level” of local adaption and global integration considering the German *Mittelstand* characteristics?
- RQ4: What implications for multinational sales management can be applied within *Mittelstand* companies in Germany when considering the role of the foreign subsidiary?

The research study on hand is to contribute knowledge to the research elements of MNCs, these being their typology (RQ1 and RO1) and the roles of their foreign subsidiaries (RQ2 and RO2) with regard to the characteristics of the German *Mittelstand*, the corresponding influencing MNC factors (RQ3 and RO3), as well as the implications for multinational sales management (RQ and RO4). In particular, the research seeks:

- RO1: To understand the strategic and structural MNC typologies and the characteristics and requirements of the German *Mittelstand* by reviewing existing knowledge and by examining a selected German *Mittelstand* company;
- RO2: To refine existing role models for foreign sales subsidiaries for the requirements of German *Mittelstand* MNCs when deciding whether to manage operations globally or to leave them in a local responsibility by reviewing existing knowledge and by examining a selected German *Mittelstand* company;

- RO3: To define key influencing factors for an “appropriate level” of local adaption and global integration by reviewing the literature of multinational management and by consulting industry experts in order to prepare the case study;
- RO4: To identify perspectives for multinational sales management of foreign subsidiaries (of multinational corporations of the *Mittelstand* in Germany) by applying the selected MNC typology and the subsidiary role model within a selected German *Mittelstand* company;

The first research question (and the corresponding objective) aims to clarify the different motivations, means, and mentalities of an MNC, which set the basis for the internationalization strategy and structure (Bartlett, et al., 2008; Prahalad & Doz, 1987), which might be relevant for the German *Mittelstand*. These typologies define where to locate functions, assets and key resources, how to coordinate and control the organization and its subsidiaries, and how to organize communication and knowledge flows. The expected result is to understand what typologies suit the characteristics and requirements of the German *Mittelstand*.

The second research question (and objective) aims to examine existing role models for foreign subsidiaries, which aim to support multinational sales management. Although the model by Bartlett and Ghoshal (Bartlett, et al., 2008) is the most popular one, other role models (de Miranda Oliveira & Mendes Borini, 2012; Jarillo & Martínez, 1990; Martínez & Jarillo, 1991; Poynter & White, 1984) are reviewed by considering existing MNC knowledge. Again, the purpose of this question is to review the models and their dimensions in order to compare them to the collected key influencing factors for multinational sales management. One role model, which suits the requirement of the German *Mittelstand* and multinational sales management, has to be chosen for an application in this research study.

Additionally, the third research question (and objective) aims to define the key factors that influence multinational sales management. This aim is achieved by looking at different organizational typologies (Doz & Prahalad, 1991; Ghoshal & Bartlett, 1990) and research combining strategy and structure (Egelhoff, 1982; Xu, Cavusgil, & White, 2006) of an MNC. The purpose of this question is to define the MNC dimensions and criteria, which is crucial for multinational sales management when deciding to apply global directive or to leave freedom for local adaption (Prahalad & Doz, 1987). A possible answer is dependent on the management mentality and the fit of structure and strategy, as clarified in the third research question, and may be located in between the mentioned two extreme positions. The expected result is a collection of key influencing factors, which are used throughout the remaining part of the research study.

Finally, the fourth research question (and objective) aims to identify the key perspectives for multinational sales management, when the derived content is used in companies belonging to the *Mittelstand* in Germany. As most of the existing knowledge is based on research of big multinational corporations, the most important characteristics of *Mittelstand* companies (Simon, 2012) are contrasted with the findings. The expected results are the key perspectives and options for multinational sales management within *Mittelstand* companies, when considering the role of the foreign subsidiaries.

The following general limitations regarding (1) the theoretical and contextual perspective and (2) the target industry and company characteristics are mentioned here in order to allow a focused research and investigation for the remaining thesis. First, the focus of this research study is located in the research field of multinational corporations belonging to the German *Mittelstand*. It is not intended to directly investigate and research the research fields of institutional theory (2011b; Kostova & Roth, 2002), business systems (Whitley, 2001) and small and medium sized businesses (Simon, 1992). Therefore, the population for this research study is MNCs with their foreign sales subsidiaries, whereas only those sales subsidiaries are taken into consideration where the foreign direct investment (FDI) is in place. Other subsidiary types like production sites, R&D subsidiaries, or service centres are disregarded. Second, the industrial and company perspective of this research study can preliminarily be defined by the following characteristics of the population:

- Industry focus: Electromechanical and electronic industry
- Company type: Original Equipment Manufacturer (OEM)
- Company size: German *Mittelstand*
- Location of headquarters: Germany
- Location of subsidiaries: No specific country selection
- Function of Subsidiaries: Sales Subsidiaries
- Set-up: Specialist, technology leader, niche market / upper market segment, complex products

All limitations are subjected to a more detailed consideration in chapters two and four.

1.4 Structure of Thesis

This thesis consists of a front matter, a main text body and a back matter as suggested by Turabian (1996). The front matter contains the preliminaries, such as abstract, acknowledgements, table of contents, as well as a list of tables and illustrations. The back matter at the end of the thesis includes the list of references, a personal reflective epilogue, and the appendices of this thesis. Subsequently, the content of the main text body is shown by describing the major content of the sections and subsections of each chapter.

The introductory chapter derives the research problem from a practical challenge. Additionally, the chapter provides an overview of the research topic by stating the overall purpose and aim of this research study, by defining the corresponding research questions and research objectives, and by giving an overview of the structure of the thesis.

In the second chapter, the most important definitions and limitations to this research study are shown. Furthermore, the search strategy is discussed before the literature review is conducted for the research fields, which are of importance to this research study. These are: (1) MNC and *Mittelstand*, (2) existing role models for foreign subsidiaries, (3) key factors for the German *Mittelstand*, and (4) multinational sales management. This results in a conceptual framework, which serves as a basis for the remaining part of the research study.

The third chapter illustrates the underlying research methodology by stating the ontological and epistemological position. The consequences for the research design resulting from these positions are discussed. Subsequently, the key decisions about the research design are examined by having a closer look at the research strategy, the research phenomenon, the methodologies of existing research, and the basic rules of research ethics.

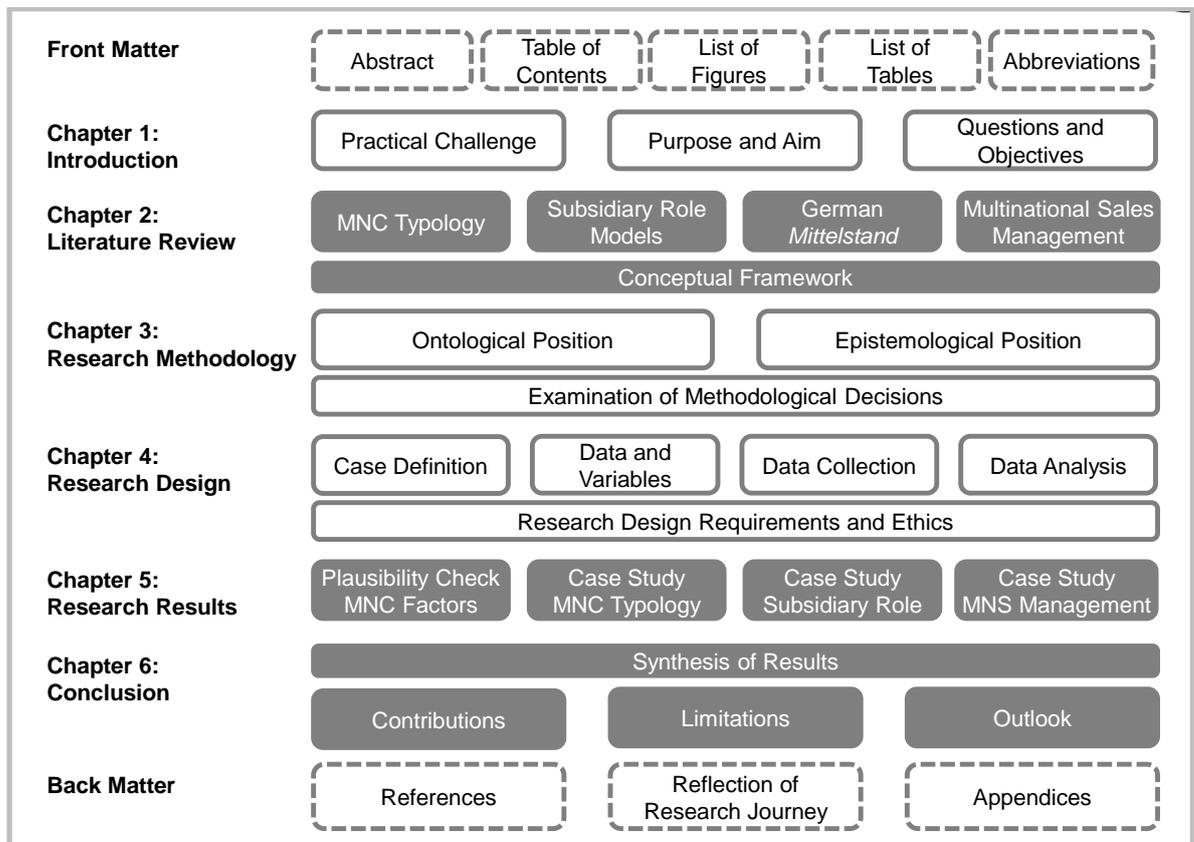
The fourth chapter, which also serves as a protocol for the case study (see requirement from Yin, 2014), illustrates the research design as mentioned before. This includes: (1) the definition of the case, (2) an overview of data and variables, (3) the specification of data collection methods and (4) the corresponding data analysis, (5) a validation of the research design, as well as (6) a more detailed consideration of research ethics for the research study.

The fifth chapter presents the results of the plausibility check and the case study. The plausibility check verifies and extends the results of the literature review whereas the case study applies MNC typology and subsidiary roles to a selected case. This application

leads to elaborating advice for multinational management of foreign sales subsidiaries in a *Mittelstand* company.

In the final chapter, the conclusion of the research study is presented by synthesizing the results, by specifying the contributions to existing knowledge and managerial practice, by stating the limitations, and by providing an outlook for further research. In addition, a reflective “Epilogue of the Research Journey” is presented in the back matter prior to the appendices, in which the author reviews and reflects his research both from a contextual as well as from a personal point of view. Figure 2 illustrates the structure this thesis:

Figure 2: Structure of Thesis



1.5 Chapter Summary

This chapter transfers the practical challenge of managing an MNC with various foreign subsidiaries into a research problem. By doing this, the main topic is clearly shown and the importance, both for research as well as for managerial practice, is evident. The stated research questions and objectives provide clarification and guidance on the focus of this thesis. Furthermore, some key limitations are already made in order to avoid any expectations, which may not be fulfilled by this research study. Finally, Table 1 shows the progression of this thesis. Thus, an updated version of this table is shown in the concluding section of every chapter. As there is a continuous broadening and expansion with the content of every chapter, it is called “thesis progression matrix” (adopted from Medarac). The reason for using and showing this matrix is to demonstrate the advancement of the thesis regularly in a consistent way.

Table 1: Thesis Progression Matrix – Chapter 1

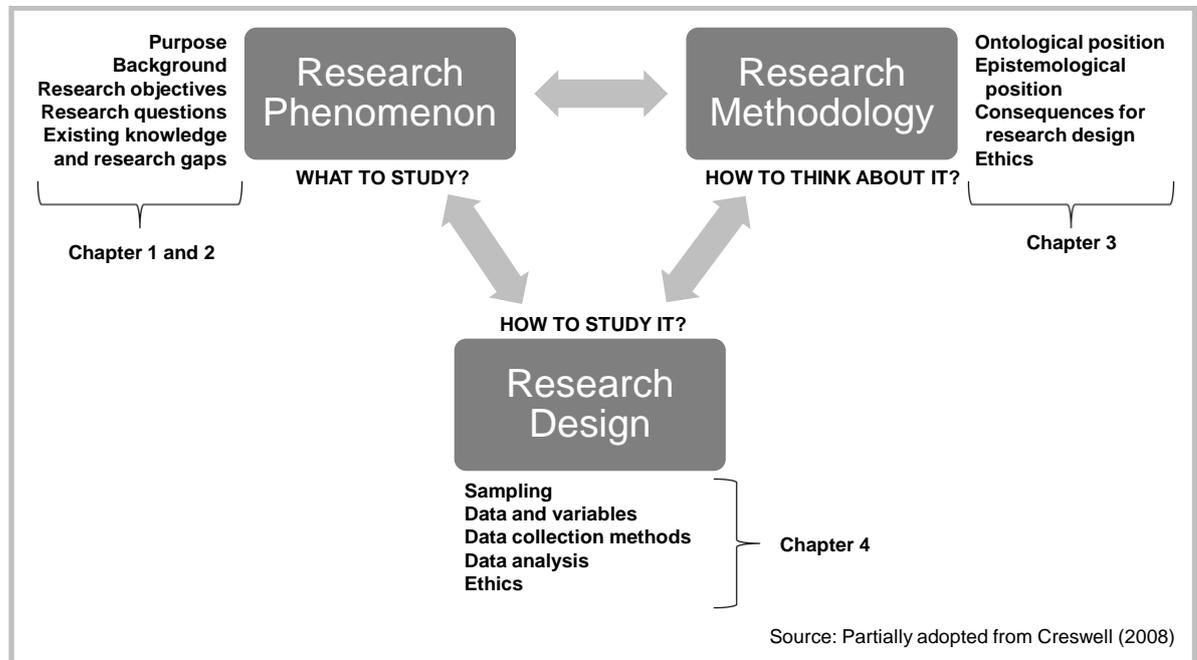
Research Question	Research Objective	Source
How to manage foreign sales subsidiaries in multinational corporations belonging to the <i>Mittelstand</i> in Germany?	The research study on hand is to contribute knowledge to the research elements of MNCs as well as to managerial practice	Overall Research Study
What MNC typologies suit the characteristics and requirements of the German <i>Mittelstand</i> ?	To understand the strategic and structural MNC typologies and the characteristics and requirements of the German <i>Mittelstand</i> by reviewing existing knowledge and by examining a selected German <i>Mittelstand</i> company	Literature Review + Case Study
What existing role models for foreign subsidiaries can multinational corporations of the German <i>Mittelstand</i> take, when deciding between managing operations globally and leaving them in a local responsibility?	To refine existing role models for foreign sales subsidiaries for the requirements of German <i>Mittelstand</i> MNCs when deciding whether to manage operations globally or to leave them in a local responsibility by reviewing existing knowledge and by examining a selected German <i>Mittelstand</i> company	Literature Review + Case Study
What are the key factors influencing multinational sales management to find an “appropriate level” of local adaption and global integration considering the German <i>Mittelstand</i> characteristics?	To define key influencing factors for an “appropriate level” of local adaption and global integration by reviewing the literature of multinational management and by consulting industry experts in order to prepare the case study	Literature Review + Plausibility Check
What implications for multinational sales management can be applied within <i>Mittelstand</i> companies in Germany when considering the role of the foreign subsidiary?	To identify perspectives for multinational sales management of foreign subsidiaries (of multinational corporations of the <i>Mittelstand</i> in Germany) by applying the selected MNC typology and the subsidiary role model within a selected German <i>Mittelstand</i> company	Literature Review + Case Study + Synthesis

In addition, Figure 3 provides the basis for this research study by linking:

- Research phenomenon, i.e. the background of the topic, existing knowledge and research questions as well as research objectives;
- Research methodology, i.e. the ontological and epistemological position of the author, which are the basis for all decisions and selection of the research design;
- Research design, i.e. the sampling, the data, the corresponding methods for collection and analysis, and ethical considerations;

This research structure both visualizes and summarizes the basic elements of the next three chapters. It offers guidance for both potential readers and the author by providing a structure, which visualizes the relations and therefore facilitates the planning, writing, reading, and understanding of the basis of the thesis.

Figure 3: Research Structure



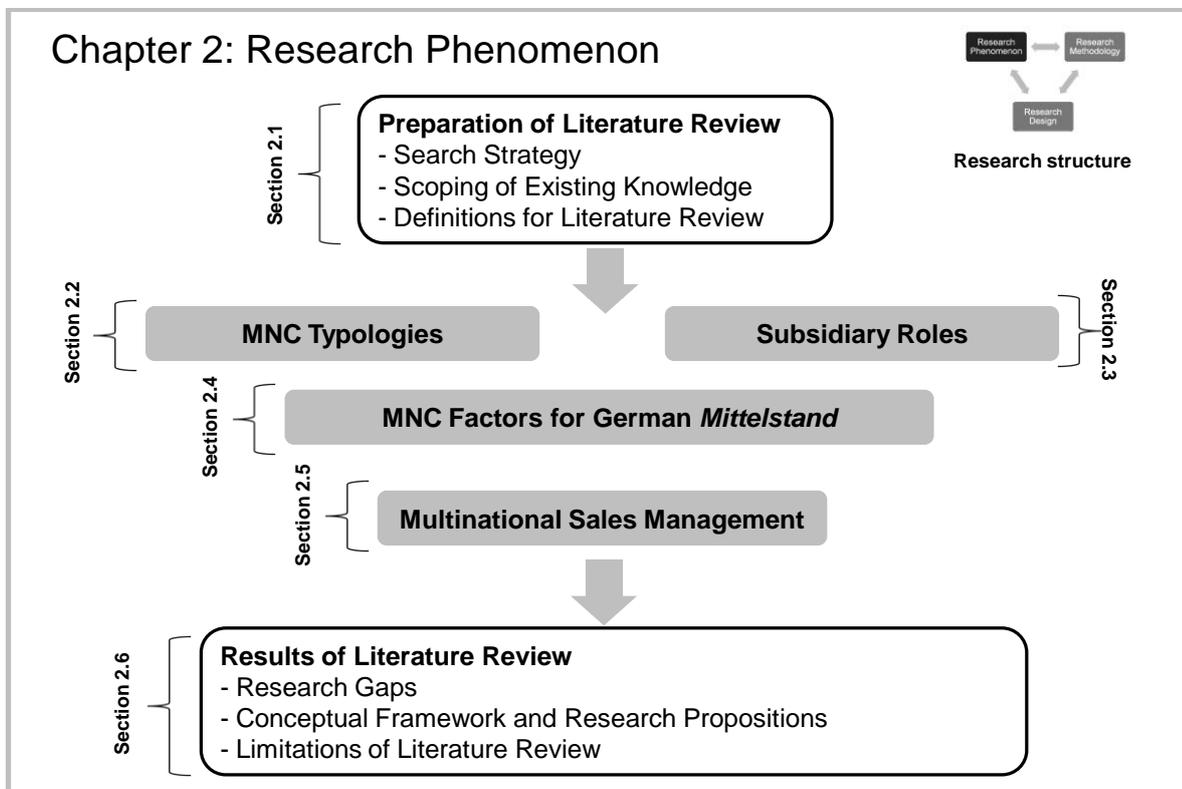
Each of the three elements serves as the main topic for the following chapters. The research phenomenon is illustrated in chapter 2 via a review of the existing knowledge. The research methodology describing the philosophical background of the author and the methodological decisions of the research study is discussed in chapter 3, whereas chapter 4 defines and specifies the research design of this thesis.

2 Literature Review

This chapter reviews the existing knowledge in order to understand and to tackle the described research phenomenon, as well as to find responses to the research questions and objectives stated previously.

First, the overall search strategy is outlined and discussed followed by a scoping of the relevant research field and important definitions, which clarify the basis for the literature review (section 2.1). Second, three sections cover the review of existing knowledge of the defined research fields: (1) MNC typologies (section 2.2), (2) subsidiary role models (section 2.3), and (3) MNC factors for the German *Mittelstand* (section 2.4). This is the core of the literature review, in which relevant existing knowledge is collected, discussed, and assessed in order to derive implications for multinational sales management of foreign subsidiaries (section 2.5). Third, the results of the literature review are shown by stating the research gaps, which form the basis for the research questions, as well as the corresponding limitations (section 2.6). Finally, a conceptual framework is derived out of the results stated beforehand. The following figure visualizes the structure and the contents of this chapter.

Figure 4: Contents of Chapter 2 – Research Phenomenon



2.1 Search Strategy, Scoping, and Definitions

This section shows the decision for the selected search strategy and describes the procedure how existing knowledge is reviewed for the defined research fields. In particular, the two extreme approaches of undertaking a systematic or a narrative literature review are compared (subsection 2.1.1), assessed, and selected (subsection 2.1.2), before the search strategy is specified (subsection 2.1.3). Finally, the key terms are defined (subsection 2.1.4) and the research phenomenon is narrowed down (subsection 2.1.5).

2.1.1 Comparing Systematic and Narrative Literature Reviews

A literature review aims to map, to assess, and to review the existing research work in order to develop a research base and frame a research question (Tranfield, et al., 2003). When conducting a literature review, a researcher has to choose one of the two extreme possibilities: a traditional narrative review or a systematic review. This subsection presents the two afore-mentioned approaches and justifies the decision for the approach applied in this research study. In addition, relevant procedural details of the selected approach for the literature review are described.

According to Tranfield (2003) narrative reviews are usually applied in management research. When a narrative review is performed, it is a rather descriptive process where the area of study is analyzed unregulatedly without a predefined process. After drawing any conclusions from the results, it is not fully reproducible for the reader how and why the researcher has come to the decision for his or her choice. Fink and Hart (in Tranfield 2003) criticise this and presume that an inclusion of material is based on the implicit biases of the researcher. Therefore, it is lacking critical assessment. A general risk of purely narrative reviews is that the outcome of the research such as evidence, which is generated out of narrative reviews, might not be well founded. Another risk for the researcher is the missing guidance or direction, and the possibility of proceeding to “blind alleys”, which could result from conducting a purely narrative review.

In contrast, systematic reviews, which are applied mostly in medical research, but are gradually becoming more and more popular in management research, follow a systematic, transparent, and reproducible manner (Tranfield, et al., 2003). This is achieved by a rigorous planning and conduction of the entire procedure of the literature review (Collins & Fauser, 2005) using key words, defining the sources, documenting of hit rates and search periods, listing relevant literature, and assessing quality. The National Health Association provides a guideline where the entire systematic review is structured by the

following procedure (Khan, Riet, Glanville, Sowden, & Kleijnen, 2001). This procedure consists of three stages demonstrating (1) how the review is planned, (2) how the review is conducted, and (3) which implications and evidence are drawn from the review.

The author thinks that the approach of doing a literature review systematically has several advantages over the narrative approach. First, the process is visible to the reader and therefore reproducible for examiners, readers, and further research. Second, it limits the boundaries and the scope for the researcher, who can always follow predefined steps when conducting the literature review. Third, the preparation of the search strategy increases the efficiency as only that literature is reviewed, which is relevant according to the stated initial definitions (see Easterby-Smith, Thorpe, & Jackson, 2008, p. 44).

However, the systematic approach also brings - among others - one major disadvantage, which can possibly affect the results of the literature review and the conclusions of the entire research study. In particular, if any of the initial definitions is inappropriate or incomplete, the entire literature review may not provide a proper result and would not facilitate a solid basis for all further actions and decisions for the research study (see Bryman & Bell, 2007, p. 104). This is an important issue, as the usage of existing knowledge is a vital element within a research study from which many decisions and conclusions are drawn.

Briefly summarized, both approaches have certain advantages but also limitations. Whereas systematic reviews should rather be used for focused topics, narrative reviews are better suited for comprehensive topics (Collins & Fauser, 2005), which allows a broad coverage and situational choices. The author confirms that the research study on hand is also the result of a longer journey where research topic and research design have developed over time. The next subsection describes his choice with regard to this comparison of the two possible approaches for the underlying research study.

2.1.2 Assessing and Selecting the Right Approach

The literature review of this research is conducted by following a narrative approach. In the author's point of view, the risk of using inappropriate key words and then missing key schools or important knowledge would be very high as the entire review depends on its predefined structure. This would be a major hazard and possibly cause serious consequences when conducting a systematic review, as the search strategy and corresponding search terms would need to be entirely defined prior to the search and could not be changed but only modified again afterwards.

However, the author agrees with certain elements of systematic reviews to strengthen the planned narrative review as suggested by Collins and Fauser (2005). These are:

- The application of a transparent and structured procedure by naming the sources of knowledge in order to review existing knowledge systematically while keeping the freedom of narrative approaches at the same time.
- The collection and the systemization of key words, as these clearly show the focus of the literature review. However, the researcher remains open to select other sources and knowledge, which may be relevant to the research study, e.g. by following the bibliographies in present literature.
- The definition of inclusion and exclusion criteria for search results in order to show the background of the decision of considering certain studies. This limits the amount of knowledge to be reviewed but still ensures a certain quality of the content.

The background of this decision for conducting a narrative review with systematic elements is that both approaches have certain advantages but also limitations as discussed in the previous subsection. The author is aware that the chosen approach does not facilitate a complete repeatability as a pure systematic review would, but it improves the narrative approach tremendously. Furthermore, it is arguable in his opinion whether a critical assessment can be judged only by the choice of the process of the literature review. He further claims that it is more important for the overall quality of the result to perform the review precisely and thoroughly. This choice is further corroborated in the next chapter where his ontological and his epistemological position are shown.

In summary, the basic aim of this literature review is to scrutinize existing knowledge in order to build the basis for this research study, to find responses to the derived research questions, and to meet the stated research objectives. Therefore, the following objectives are set for this review of existing knowledge on hand:

- To conduct a narrative literature review on the defined research fields by considering specified selection criteria for existing knowledge.
- To review existing knowledge regarding (1) MNC typologies, (2) subsidiary role models, and (3) the characteristics of the German *Mittelstand*, as well as (4) the resulting key factors influencing multinational sales management.
- To assess the afore-mentioned existing knowledge and to select the required content upon which the research study builds on.

Although a narrative review is applied, some elements of the search strategy are based on the three stages suggested by Tranfield (2003) for systematic reviews and contain the following steps: (1) literature scoping, (2) search outline, and (3) search results. First, a

scoping of the existing knowledge supports the literature review as area of research, research question, research objectives, as well as the corresponding key words for the search databases can be identified and reworked during the scoping process. Thus, scoping helps to frame and delimit topic and corresponding research questions. Second, a search outline is necessary as planning and organizing a literature review is crucial for the results, which are derived from the literature review (Easterby-Smith, et al., 2008). In addition, it should be visible to the reader, which sources were applied for the research. Finally, it is important to both show and discuss the results of the literature review. The following subsection specifically describes the search outline and all the elements, which specify the search strategy.

2.1.3 Specifying the Search Strategy

This subsection specifies the sources, which are used for this narrative literature review. After this, the search terms are presented before the selection criteria for all search results are shown.

The following electronic databases and sources are used for scoping and for the literature review itself: (1) EBSCO (Business Source Complete), (2) Emerald, (3) ETHOS, and (4) Google Scholar. The first three databases were chosen, as they are core databases for business and management literature, for both academic journals and academic books. The remaining sources were mainly used for literature, which was not available on the former mentioned databases. In addition, key management journals and magazines serve as direct sources for existing knowledge. Finally, references and citations from the bibliography of relevant articles are perused. If a reference is considered as suitable for the literature review and the corresponding research study, the additional source is reviewed individually.

The search terms and corresponding synonyms are mainly the result of a collection from the continuous review and documentation of literature with constant adjustments over the period of the entire research journey. The most important ones are reduced to the core search terms, which are shown in Table 2. First loops and early attempts of scoping relevant literature showed, that an excessive amount of search terms extends quantity of hits and limits quality of results. The reason might be that the wording of academic research for terms like “MNC”, “internationalization”, “subsidiary role”, or “*Mittelstand*” varies. When combining these terms, the quantity of results is either broad or narrow depending on the usage of OR-operators or AND-operators. Because of this, the number of search terms is reduced to a certain number from an overall perspective to limit the amount of possible hits. Additionally, inclusion and exclusion criteria are defined for the selection of relevant literature.

Table 2: Key Search Terms for Review of Literature

Search Term	Relation to Research Field	RQ
Multinational company/multinational corporation/MNC, multinational enterprise/MNE, internationalization (strategy), organization model(s)	MNC typology	RQ1
Subsidiary role(s) model , perception gaps, parenting, power, coordination, control	Subsidiary roles	RQ2
<i>Mittelstand</i> , Germany, small and medium sized enterprise/SME, small and medium sized unit/SMU, hidden champion(s)	German <i>Mittelstand</i>	All RQs
Environmental pressures, MNC response	MNC factors	RQ3
Multinational (sales) management, coordination and control	Multinational sales management	RQ4

Although listing selection criteria for literature is applied more frequently in systematic reviews (Tranfield, et al., 2003), Table 3 documents the criteria for inclusion and exclusion in order to make the choice of the sources transparent. This also helps delimiting the articles and possibly avoids entering too many blind alleys as it provides guidance for the decision-making regarding the identified literature.

Table 3: Inclusion and Exclusion Criteria

Parameter	Inclusion Criteria	Exclusion Criteria
Language	German and English	Other languages
Type	Journal article, magazine, academic book, suitable websites	Other sources
Research design	Qualitative and quantitative	Other sources where the research design is not visible to the author
Population	Studies, which concentrate on the MNC and the affiliated subsidiaries	Studies, which take an MNC as a case but concentrate more on the environment, the functions, or the geographical area

The language of the reviewed knowledge is either English or German due to practicability and comprehensibility for both reader and author.

The type of study is academic books, journal articles, or reputable magazine articles. Other sources than those mentioned above do not fulfil the requirements of academic research, and are therefore only used for introductory purposes, if at all.

The research design needs to be visible in order to categorize possible material into qualitative and quantitative research for the literature review. Sources that are impossible to categorize are not considered.

The population of the research studies of management and organizational research has to focus on the MNC and the affiliated subsidiaries. Research that concentrates more on the environment of the MNC, on a specific function or a specific geographical region is not used directly for the literature review.

2.1.4 Defining the Key Terms

Theoretical concepts and terms need to be explicitly defined (Abowitz & Toole, 2010) prior to deriving a conceptual framework from existing knowledge, as the wording and the understanding of key elements can vary across the community of researchers as well as among practitioners. For this reason the key terms (1) multinational corporations and foreign subsidiaries, and (2) *Mittelstand* in Germany are briefly defined in the following subsections.

Multinational Corporation (MNC)

Today MNCs are widely spread all over the world across different industries. Car manufacturers like Toyota, electronic companies like Philips or industrial conglomerates like Unilever serve as examples (Bartlett, et al., 2008). Although different terms exist like multinational enterprise (MNE), multinational company, or multinational corporation (MNC), various definitions were formed by academic researchers as well as international institutions or organizations, the author simply adopts one prominent and self-explanatory definition of multinational corporations and its subsidiaries for the underlying research study.

This research study follows the MNC definition of Bartlett and Ghoshal (2008, p. 2): An MNC must have direct investment in other countries than the home country where the headquarters is based, which means that this investment is not only an import-export business but also an international operation. Furthermore, these operations need to be managed actively rather than simply be a part of a passive investment portfolio. They include all organizational functions (research and development, procurement and production, marketing and sales) but may not be present in every single subsidiary. Those affiliated organizations are subsidiaries, which are legally owned by a parent company. In the following, the term “foreign subsidiary” is used to express this and stands for other terms like “branch”, “office”, or “sub-organization”. This definition ensures that the stated research problem of how to manage foreign subsidiaries can be researched adequately.

German *Mittelstand*

The term “small and medium sized enterprise” (SME) is used within the European Union (2011) and specifies companies whose revenue or headcount falls below certain limits. In the United States, the term small and medium sized business (SMB) is used. Although EU member states, the US and organizations like IMF and the Worldbank have different definitions of these terms, it is not appropriate to use them in this thesis as *Mittelstand* companies in Germany must be distinguished from the above-mentioned international terms (Meyer-Stamer & Wältring, 2000). The term “*Mittelstand*” is used to describe the

SME/SMU/SMB sector in Germany, but it is a family-owned enterprise in the majority of cases, which makes the German *Mittelstand* unique (Institut_für_Mittelstandsforschung, 2014). The German industrial landscape also differs from those in the UK or the USA, as the *Mittelstand* sector is comparatively large and important in Germany with a high level of internationalization (McDonald, et al., 2003) and innovation (Simon, 2012). Although most *Mittelstand* companies fall under the terms mentioned above, *Mittelstand* companies have certain unique qualitative characteristics, which are shown in section 2.4.

Both quantitative and qualitative criteria may be used to define German *Mittelstand* companies, which have a substantial role in their market (Hausmann, Holtbrügge, Rygl, & Schillo, 2006; Meyer-Stamer & Wältring, 2000). Hausmann names annual sales, number of employees, and percentage of foreign business as quantitative criteria, as well as shareholder structure, leadership values, and orientation to niche markets as qualitative criteria. The group of *Mittelstand* companies is limited based on Hausmann (2006) and considers only those, which are family-owned, have international presence and concentrate on defined niches, and are of a certain size. The following qualitative and quantitative criteria are set:

- (1) Family-owned
- (2) Niche-oriented market approach
- (3) Staff of 10.000 employees or less
- (4) Export share of at least 40%.

Finally, a statement from Bartlett and Ghoshal supports the appropriate selection of those *Mittelstand* companies, which in terms of size and structure fit the research stream of MNCs: “Not all MNCs are large, but most large companies are in the world of MNCs” (Bartlett, et al., 2008, p. 3).

2.1.5 Narrowing Down the Research Phenomenon

This subsection shows the classification of this research study with regard to perspectives, theories, and management approaches. This aims to limit the content and to provide the focus of this research study. In addition, an overview of existing knowledge and the three research fields is outlined. These are “MNC typologies” (for section 2.2), “subsidiary roles” (for section 2.3), and “German *Mittelstand*” (for section 2.4). Additionally, a scoping of the mentioned research fields covers the key researchers, the most relevant research streams, and considers the inclusion and exclusion criteria mentioned before in the specification of the search strategy. Thus, for each research field, an overview of important research studies is provided by an overview table. Finally, a classification regarding perspective and theories for the selected approach is shown.

Research Field 1: MNCs and their Typologies (relevant for section 2.2)

The first of the three major research fields for this research study is “MNC – Multinational Corporations” and those parts of “International Business” which provide information on and understanding of the internationalization of global businesses. Special attention is given to the motives and reasons for internationalization, the interaction of strategy and structure within MNCs (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1987, 1999; Hedlund, 1986; Nohria & Ghoshal, 1994, 1997; Perlmutter, 1969; Stopford & Wells, 1973), and the key factors influencing multinational management (Doz & Prahalad, 1991; Prahalad, 1981; Prahalad & Doz, 1987; Prahalad & Oosterveld, 1999).

Limitations are made to research streams like business systems, which include the independent MNC in their network of institutions, customers, and suppliers (Tempel & Walgenbach, 2007; Whitley, 2001). Institutional theory, which considers politics and power, is also neglected. It confronts MNCs from their institutional environment, as well as national interest of host countries, which possibly affect the strategies of local subsidiaries (Doerrenbacher & Geppert, 2011b; Kostova, 1999; Kostova & Roth, 2002; Newman, 1979). Furthermore, a detailed consideration of cultural and behavioural issues (Hofstede, 1983) is limited as this research stream would overburden the dimension of the research study on hand and, even more importantly, would not help directly to find responses to the stated research questions.

Research Field 2: Subsidiary Roles (relevant for section 2.3)

The relationship between headquarters and subsidiaries is the second important part of this research study, as it provides insights into and understanding of how foreign sales subsidiaries should be managed or in other words, how coordination and control is performed. Special attention is given to role models for foreign subsidiaries (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1987, 1988; Birkinshaw & Morrison, 1995; Gupta & Govindarajan, 1991; Jarillo & Martínez, 1990; Poynter & White, 1984; Rugman, Verbeke, & Wenlong, 2011) and the corresponding MNC criteria. These criteria are matched with the key factors influencing multinational sales management from the previous section. Finally, different perspectives within the MNC are reviewed such as parenting (B. Ambos & Mahnke, 2010; Campbell, Goold, & Alexander, 1995; Egelhoff, 2010; Goold & Campbell, 2002), perception gaps, and subsidiary initiatives (T. Ambos & Birkinshaw, 2010; Birkinshaw, 2000; Birkinshaw, Holm, Thilenius, & Arvidsson, 2000; Bouquet & Birkinshaw, 2008b; Chini, Ambos, & Wehle, 2005) to achieve a better understanding of coordination and control of the MNC and its subsidiaries.

Research Field 3: German *Mittelstand* (relevant for section 2.4)

The third important part of this literature review is the research field “German *Mittelstand*”. In particular, the key characteristics and success factors of companies belonging to the *Mittelstand* in Germany (Hausmann, et al., 2006; Simon, 1992, 1996, 2007, 2012) are derived in order to modify the existing knowledge of MNCs and foreign subsidiaries to be applicable to the German *Mittelstand* when conducting multinational sales management. This research field is of importance, as the focus of this research study are the companies belonging to the *Mittelstand* in Germany. Thus, the similarities and differences in contrast to big multinational companies like IBM, Unilever, or Philips has to be elaborated on in order to apply existing MNC knowledge.

Scoping of Key Researchers of Defined Research Fields

The elaborations above are summarized in the illustration shown below. The author states that the selected approach for the literature review of this research study is of a narrative nature, which means, that these key researchers provide the basis for the individual reviews. However, they are complemented with further existing research contributions.

Figure 5: Scoping Results for Research Fields of Relevance

Research Field	Authors
Multinational corporations	Perlmutter (1972), Prahalad (1981), Prahalad & Doz (1981,1987), Hedlund (1986), Ghoshal & Nohria (1994,1997), Bartlett & Ghoshal (2008), Bartlett & Beamish (2014)
Foreign subsidiary roles	Bartlett & Ghoshal (1988,1989), Jarillo & Martinez (1990), Gupta & Govindarajan (1991), Birkinshaw & Morisson (1995), Birkinshaw (2000), Verbecke et al (2010)
<i>Mittelstand</i>	Simon (1992,1996,2012), Hausmann et.al (2006)

The following section provides a detailed review of existing knowledge of the mentioned research fields covering not only the key research, but also other contributions.

Perspectives, Theories and the Selected Approach

Prior to the review of existing knowledge regarding the defined research fields, it is intended to set the limits regarding perspectives as well as to locate underlying theories for this research study. For this, the overall research question: “How to manage foreign sales subsidiaries in multinational corporations belonging to the *Mittelstand* in Germany” and the three research fields provide guidance.

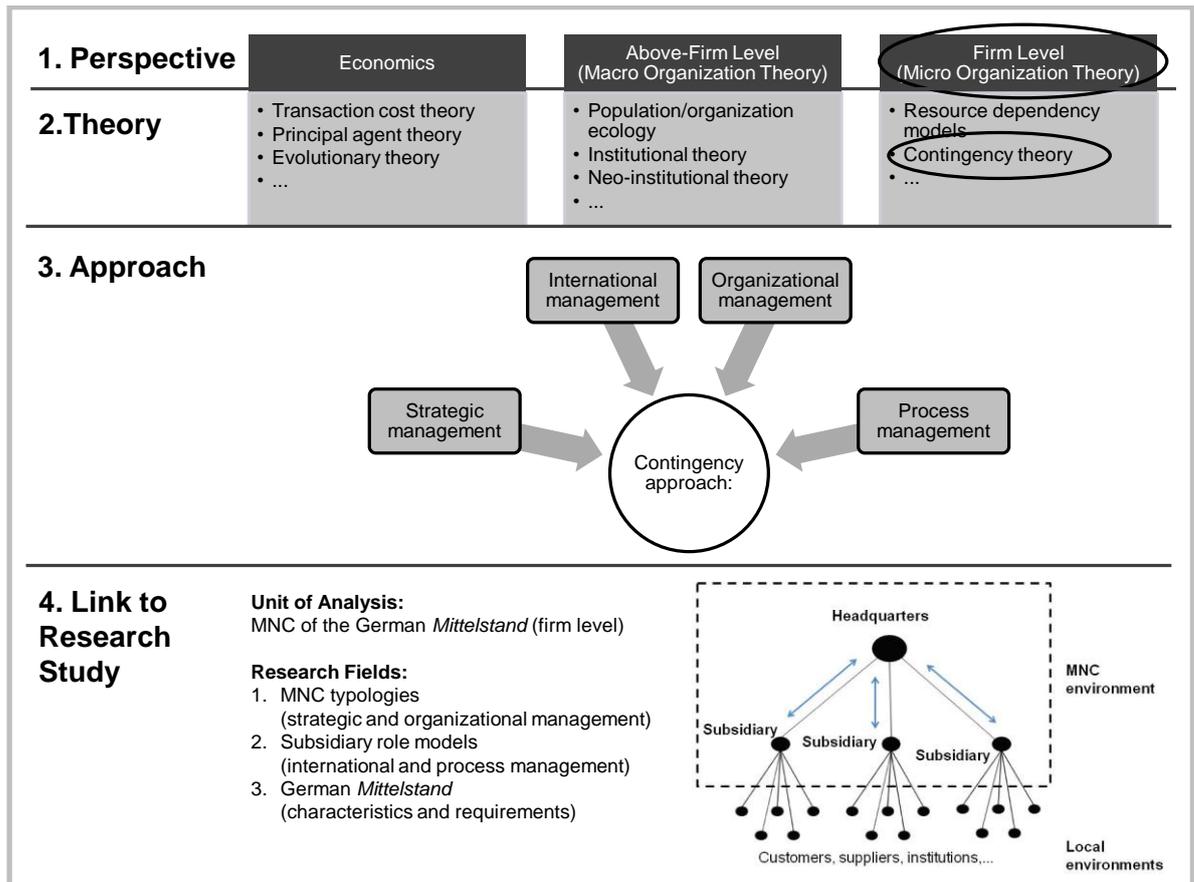
The perspective of the entire research study could be taken from an economics, an above-firm-level, as well as a firm-level perspective. Within these perspectives, certain theories are located. “Economics” include theories like the transaction-cost theory (Williamson, 1985), or principal agent theory (Birkinshaw, 2000). The “above-firm-level”, which is taking a macro perspective of the firm and its environment, is reflected by

institutional theory (Buckley & Casson, 2009; Doerrenbacher & Geppert, 2011a; Kostova, 1999; Morgan, 2001), the neo-institutional approaches, as well as organization ecology or population ecology (see Daniels, et al., 2010 for further details). These theories explain external perspectives on the MNC in relation to customers, suppliers, and institutions in the local environment of the MNC. In particular, the corresponding knowledge focuses on the local embeddedness of international firms and the influence of their respective environment with regard to their strategy and business operations. Even though this is important for an MNC and the corresponding implications for multinational sales management, it is intended to focus on the firm level, as this provides a better insight into the structures and mechanisms influencing management (see also Bhaskar (2007) describing fundamentals from a critical realist perspective). When taking a firm perspective, theories like the resource-based-view (Daniels, et al., 2010), the market-oriented perspectives, as well as contingency theory, are applied in order to understand multinational sales management within an MNC of the German *Mittelstand*. This suits best the research question and research objective, as it takes the firm as a research object, which enables the author to conduct an in-depth investigation to contribute knowledge for both academia and practitioners (see chapter 1 in sections 1.2 and 1.3)

Thus, the literature review on hand and the research study itself emphasize on the theories, which describe and clarify the firm-level patterns of and within the MNC. As the research questions and the research objectives require an approach using multiple management disciplines such as strategic management, international management, organizational management, as well as process management, contingency theory is selected as a theoretical basis. This choice enables the author to enrich existing MNC knowledge by considering MNCs of the German *Mittelstand*. The three selected research fields provide the knowledge foundation for this research study as shown below.

The consequences for this research are the major research fields (1) MNC typologies, (2) subsidiary roles, (3) German *Mittelstand*, as well as the corresponding MNC factors for multinational sales management. The unit of analysis of analysis suits the selected perspective and is derived from the research questions and objectives. This is a firm, or rather an MNC belonging to the German *Mittelstand*, the international sales organization of which serves as a unit of analysis. The entire explanation above is visualized in the following figure.

Figure 6: Theoretical Basis of Research Study



Conclusively, the following sections comprehend a review of the afore-mentioned scoping results for the three research fields in order to derive the conceptual framework for an appropriate management of foreign sales subsidiaries within MNCs belonging to the German *Mittelstand*. They end with selections, claims, and propositions for the defined research fields.

2.2 MNC Typologies

This section aims to clarify the motivations and reasons of MNCs for expanding (subsection 2.2.1), the consequences for the company and its management regarding strategy and structure is aligned (subsection 2.2.2), and the fit of strategy and structure of an MNC is assessed (subsection 2.2.3). In addition, the key MNC typologies for multinational sales management are extracted (subsection 2.2.4) in order to select the most suitable one for this research study.

2.2.1 Understanding Motivations for Internationalization

MNCs may have traditional motivations like securing key supplies, accessing low-cost factors in production and supply, seeking advantages in new and emerging markets, exploiting economies of scale and scope by realigning their activities globally, and providing a competitive advantage against local and global competition (Bartlett & Beamish, 2014; Cullen & Parboteeah, 2013). This expansion is often achieved by having substantial direct investments in other countries than their home countries (Bartlett & Ghoshal, 2002; Bartlett, et al., 2008, pp. 4-7; Prahalad & Doz, 1987). In addition, emerging motivations are for instance the shortening of product life cycles, ballooning R&D investments, introducing global learning capabilities, and a worldwide competitive positioning by coordinating as well as cooperating in global business opportunities (Bartlett, et al., 2008, pp. 4-7). These mainly economy-driven reasons and motivations need to be in line with the organizational capabilities and the environmental conditions of the respective country and location. Organizational capabilities include functional resources, coordination skills, and financial strength (Daniels, et al., 2010). From an environmental point of view, access to customers and suppliers is crucial, relationships to institutional organizations are necessary, and knowledge of local requirements such as legal aspects, accounting guidelines, or behavioural and cultural practices must be considered as well (Schneider & Barsoux, 2008).

Ghoshal et al (2008) name three conditions necessary to perform multinational activities: (1) some foreign countries must offer location-specific advantages for a company's business, (2) the overall company requires strategic competencies or ownership-specific advantages to overcome the unfamiliarity of foreign markets, and (3) the MNC must have organizational capabilities to coordinate international activities. For effective and efficient operations within the firm, the number of subsidiaries and the amount of functional links define the complexity of management and coordination tasks. However, local conditions like market differentiation, political influence, or legal requirements of the foreign countries need to be considered when setting up a multinational strategy and structure of the company (Bartlett & Ghoshal, 1988; Doz & Prahalad, 1991; Hedlund, 1986; Prahalad,

1981). Additionally, it is acknowledged that the worldwide geographical distribution of the subsidiaries of an MNC creates challenges, especially when headquarters and subsidiaries work together (Newman, 1979). One major challenge is distance, which can be regarded under four aspects: (1) cultural, (2) administrative, (3) geographic, and (4) economic (Ghemawat, 2001). This means that the management of MNCs has to consider the afore-mentioned aspects of distance and take appropriate measures to overcome possible obstacles resulting from these. Establishing regional management structures can be a solution for this (as suggested by Amann, Jaussaud, & Schaaper, 2014). In conclusion, finding the right balance of organizational sizes and the appropriate amount of coordination and control structures is a trade-off between capitalising strategic advantages in the markets and having optimized organizational costs as an MNC (Prahalad & Doz, 1987). Unfortunately, this is influenced by a huge amount of MNC factors with mutual impact and leads to a key question in multinational sales management of whether to have strong global integration and control from headquarters or leaving freedom to local adaption and responsiveness for foreign subsidiaries as required by the third research question (see section 1.3).

This key question is highly influenced by forces and pressures from both industries and local environments, which can be categorized and mapped with the “Integration-Responsiveness Model” by Prahalad and Doz (Ghoshal & Nohria, 1993; Prahalad, 1981; Prahalad & Doz, 1987). This model displays the dichotomy of these opposed pressures by allowing combinations of high and low pressures for both global integration and local responsiveness and enables the user to deduct the respective strategy from it (see also Figure 9). With this model, the researchers set a milestone in the MNC research stream, which was subject to discussion as well as modifications and extensions after it was derived (Fan, Nyland, & Zhu, 2009; Venaik, Midgley, & Devinney, 2000). Nevertheless, it needs to be stated here, that for any expansion and internationalization activity, an MNC requires familiarity with the industry, the culture, and the legal conditions in the local markets, which they intend to expand to as well as the organizational capability. This is necessary both from a headquarters as well as from a subsidiary perspective within the firm (Bartlett, et al., 2008, pp. 7-10). The researchers explicitly name forces that move a company towards globalization and integration, which are described by the motivations and reasons for a worldwide expansion such as economies of scale and scope, factor costs optimization, or the liberalization of world trade. Additional forces may result from the local environment, which requires differentiation and responsiveness by regarding technological and economical capabilities, political systems, government regulations, social norms, cultural values or simply by the taste and the language of the people in their local environment. These differences in local markets must be sensed, acknowledged, and exploited carefully before taking the appropriate action to deal with the growing

pressure for localization by addressing the necessity for differentiated and standardized products (Bartlett, et al., 2008, pp. 88-96).

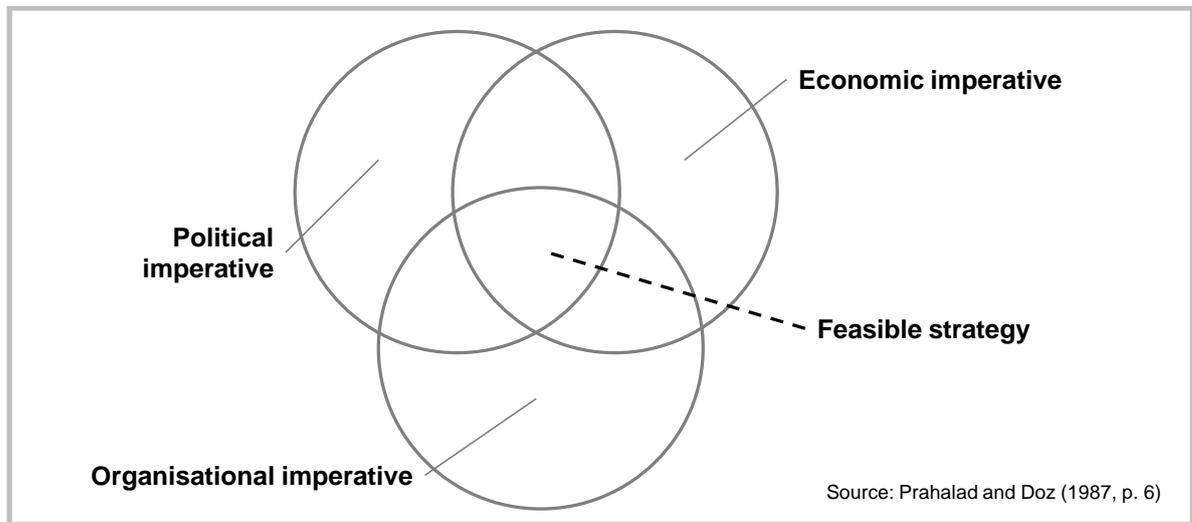
One may doubt whether a unified global integration is always possible and desirable in MNCs. When looking at these concepts, one has to admit that it might be impossible to manage and treat an organization in a standardized way, which is spread worldwide and possibly diversified in various organizational set-ups. On the other hand, it is obvious that common structures and procedures reduce complexity and narrow the scope of actions. As the motivations and reasons may be simplified to market expansion and growth as well as cost consolidation and reduction, the consequence for multinational sales management seems to be to build competitive advantages for the company. This advantage is based on products, technologies, market availability and market penetration, and the organizational capabilities – both from a subsidiary and a headquarters perspective (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988; Prahalad & Doz, 1987). This results in the appropriateness of strategy and structure within an MNC, which is subject for discussion in the following subsection.

2.2.2 Aligning of Strategy and Structure in MNCs

Morgan (2001, pp. 3-9) summarizes the views on internationalization by (1) the rationale, (2) the process, and (3) the managerial issues, which come along with the internationalization of a company. First, the rationale shows how companies make their choice for expanding their operations by considering product costs and benefits. The growth of the company is then the result of both the potential of the goods and services in foreign markets and the organizational capabilities of achieving the growth, which is often based on transaction cost economics (Williamson, 1985). Second, the process of internationalization reflects the different stages for a company. It considers closely how a company could possibly go along this internationalization path, which is a side focus of the underlying research study, as it shows how *Mittelstand* companies typically internationalize. The third view, which investigates into the managerial issues of internationalization, is highly important, as it clarifies how MNCs and their subsidiaries are managed in a strategic way. One key issue is reflected by the environmental forces and pressures mentioned earlier, and ways to respond to these by implementing a certain strategic approach, as the MNC has to “navigate” the global strategy with the environment pressures (Grewal, Chandrashekar, & Dwyer, 2008). Prahalad and Doz (1987) illustrate these managerial requirements as consisting of political, economic, and organizational imperatives. The feasible strategy for an MNC needs to be within the overlap of the three imperatives shown in order to meet the strategic expectations and requirements from

various viewpoints, especially for internationalization strategies. Finally, it needs to be ensured that the selected strategy fits the organizational structure.

Figure 7: Imperatives for a Feasible MNC Strategy



The connection between structure and strategy was initially stated by Chandler (1962 - taken from Mintzberg, 2005) claiming: “structure follows strategy”. This statement is widely supported by the “design school” of strategic management (see Mintzberg, Lampel, & Ahlstrand, 2005). The design school can be considered as strategy formation by a process of conception, where internal capabilities are matched to external possibilities. The most famous tool for this school is the SWOT analysis, mapping the strengths and weaknesses of the organization as well as the opportunities and threats of the environment (Mintzberg, et al., 2005, pp. 24-45). This approach seems reasonable from a practical perspective, as foreign operations are often set-up by a foreign-direct-investment (FDI) developed out of an existing structure, where both the internal capabilities as well as the external opportunities must be examined individually. However, this may not fit the overall MNC strategy in every case. The procedures of global expansion and internationalization have traditionally been transferring capabilities, which work in the respective home market to foreign markets where new potential was sought (Bartlett, et al., 2008). These capabilities may be products or services, which are sold by sales offices or distribution channels, technological knowledge to serve local R&D requirements via engineering centres, and production assets to benefit from local advantages in costs for material and resources by use of local production sites. For all examples mentioned, the key decision is how to spread functions and how to allocate the functional activities across the MNC in order to achieve both local and global competitive advantages at the same time (see also Amann, et al., 2014). Furthermore, the mentioned functional activities could be independent from each other, dependent or interlinked with headquarters or even carried out across subsidiaries (Bartlett & Beamish, 2014; Prahalad & Doz, 1987). In the

end, it is the corporate management's task and responsibility to provide adequate guidance via coordination and control within in the MNC.

For this research study, the fit of strategy and structure covers the following elements, which are listed below in order to make the distinction visible (Nohria & Ghoshal, 1994, 1997).

- The environmental pressures that appear to the MNC from a market perspective (market behaviour, customer needs) and from an environmental perspective (political, legal, or cultural aspects)
- The response of the MNC to build a competitive advantage in form of strategy (business and geographical), internationalization efforts, and the corresponding structures
- The managerial implications resulting from the above, which are covered by coordination and control

For multinational corporations and their management, academics have derived various organizational models and typologies, which enhance the fit of strategy and structure as already mentioned in the scoping for the literature review. This knowledge provides the opportunity to visualize, link and relate the above-mentioned elements of a strategic and structural fit of an MNC. Therefore, the next subsection provides the basis for finding responses to the first research question, which aims to select the most appropriate MNC typology. In order to do this, the relevant knowledge about MNC typologies and organizational models is reviewed according to the three areas of interest of the strategic fit in MNCs described below.

2.2.3 Assessing a Strategic and Structural Fit for MNCs

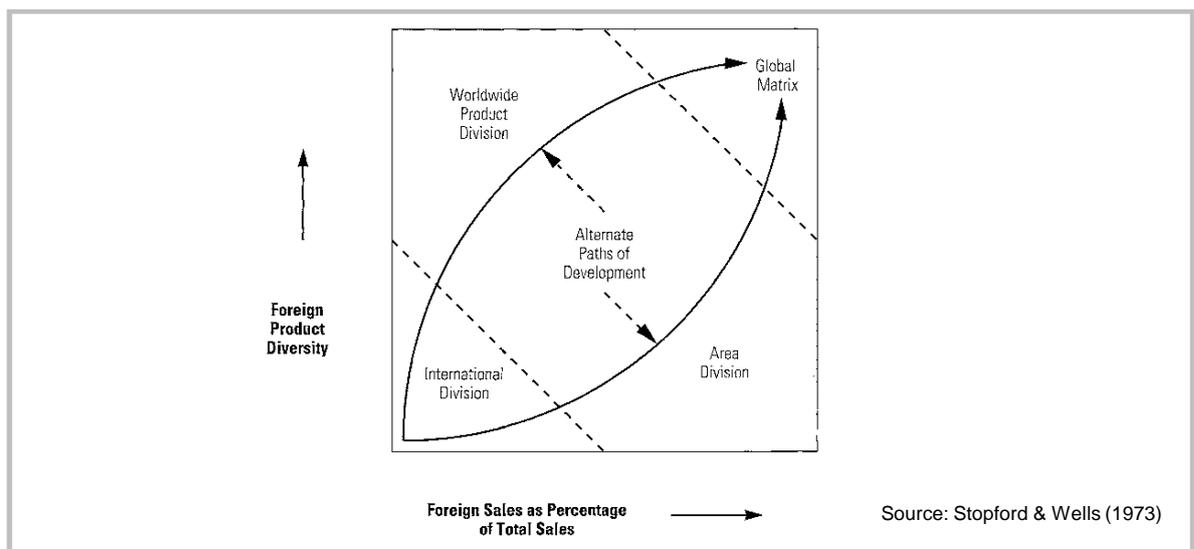
The following examination of existing knowledge about MNC typologies and their organizational models is structured according to publications, which handle:

- (1) The organizational structure and strategy regarding the functional and geographical spread of business (e.g. Perlmutter, 1969; Shah, Yusaff, Hussain, & Hussain, 2012)
- (2) The cooperation, coordination, and control within the MNC (e.g. Nohria & Ghoshal, 1994, 1997)
- (3) The management mentalities and approaches concerning the integration and responsiveness dichotomy (e.g. Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986)

Organizational Structure

Perlmutter (1969) added an early perspective when he stated that an MNC is rather defined by the way executives think about global business than by criteria such as number of nationals overseas, ownership, or percentage of investment in foreign countries. Therefore he distinguished between ethnocentric (home-country-oriented), polycentric (host-country-oriented) and geocentric (world-oriented) attitudes of an MNC, which indicate the focus or distribution of management responsibilities. Hence, any strategic or operational decision-making, concerning functions or products, is heavily influenced by the respective management attitude towards the global and local markets (see also Amann, et al., 2014 for their contributions to regional management structures). The three derived typologies are used as a basis for further research, which is described as follows. Shortly after Perlmutter's publication, Stopford and Wells (1973) contributed research where the key drivers of MNC operations are shown as a function of product diversity and percentage of foreign sales. Thereupon, the researchers distinguish the following MNC organizational structures: (1) worldwide product division, (2) international division, and (3) geographical regions. The research was the first approach that led to a matrix organization when aiming for high product diversity and a high percentage of foreign sales at the same time, which is illustrated by the "area-division structure" shown in the figure below. With this, the researchers provide three alternatives on the MNC's strategic fit, which results in the strategy on products and area, the corresponding organizational set-up of the MNC, and the management mentality (see also Shah, et al., 2012 for a critical review).

Figure 8: Stopford and Wells Model



For linking strategy and structure of MNCs, appropriate information processing is required (Egelhoff, 1982). This can be distinguished as "day-to-day vs. strategic" and as "product vs. company- and country-related" information. Egelhoff assigns information requirements

to the three structure-strategy fits of MNCs introduced by Stopford and Wells: (1) International division structure has a dominant fit with an international strategy of the firm and is appropriate for small subsidiaries. Thus, information requirement is low compared to the following structures. (2) Geographical regional structures, appropriate for large foreign operations require more information at the geographical centres for product, company, and country matters. Finally, (3) worldwide product division structures, appropriate for large subsidiaries, also have high information requirements due to the higher level on product diversity and product modification. This MNC typology combines the functional role of the subsidiary with the MNCs overall strategy, which implies the subsidiaries' duties and requirements for information and activity cooperation and sharing.

Cooperation, Coordination, and Control

Hedlund (1986) picks up Perlmutter's categorization of ethnocentric, polycentric, and geocentric companies (1969) and continues his research by adding network thoughts, which match the transnational thoughts mentioned above. As Hedlund still observes difficulties with the geocentric model due to differences between nations and regions, different cultural requirements, the need for internal and external cooperation, as well as the distribution of strategic decisions, a new form of MNC is developed: the heterarchical MNC. This differs from the geocentric (Perlmutter, 1969) and the transnational approach (Bartlett & Ghoshal, 1988) both in terms of strategy and in terms of structure. The heterarchical MNC first defines its structural properties and then seeks strategic options based on these strengths, which differs from the formerly mentioned typology. This approach is also in contrast to the design and positioning school of strategy, as it may result in different strategies due to different structural set-ups in the MNC's subsidiaries (see also Shah, et al., 2012). Consequently, a heterarchical MNC may have various centres with multiple strategic roles, which then serve as sources of competitive advantages for the entire company. Following this, important information of respective businesses has to be available in each subsidiary, which then requires a special coordination and control mechanism, which likely results in higher costs (as mentioned by Mustapha, 2014). In such a scenario, a normative approach fits better as a control mechanism than a calculative approach, as integration and cooperation among subs is the initial objective of the heterarchical MNC. Hedlund calls this approach a "loosely defined concept" and states that a heterarchical MNC might rather evolve out of small firms whose subsidiaries act more autonomously than out of big corporations with an existing fit of structure and strategy. Again, the model describes only the macro-view perspective and stops at a certain level of detail.

However, the thoughts mentioned above led to the need for MNCs to act as "differentiated networks" (Nohria & Ghoshal, 1997) in order to strengthen the competitive advantages of

the MNC. Alternative forms of working together by establishing social contact between subsidiaries and with their parent company are also provided similar to the transnational MNC developed by Bartlett and Ghoshal. The differentiated network described consists of distributed assets and resources, which are linked by three different types of relations: (1) the relationships of a subsidiary in its local context, (2) the relationships among subsidiaries, and (3) the links between headquarters and subsidiaries. These different relationships need to be managed in an appropriate way; however, it is not explained or shown in detail how this may take place. It is only stated that both the relationships within the MNCs and the subsidiaries themselves need to be managed according to their context. Before coming up with the concept of a “differentiated network” described above, Nohria and Ghoshal (1994) proved that there has to be a “differentiated fit” of strategy and structure, which considers both the environmental complexity and the subsidiaries’ capabilities and resources within the MNC. The results showed that a higher environmental complexity of subsidiaries lowers the efficiency of centralizing certain decisions, as well as formalizing processes and activities. However, if a subsidiary’s resources increase in quantity and quality, less centralization is required but more formalization. Thus, Nohria and Ghoshal (1997, pp. 23-46) take the innovation process and derive four different processes of how innovation could be done within the MNC, which is subject for a more detailed discussion in section 2.5.

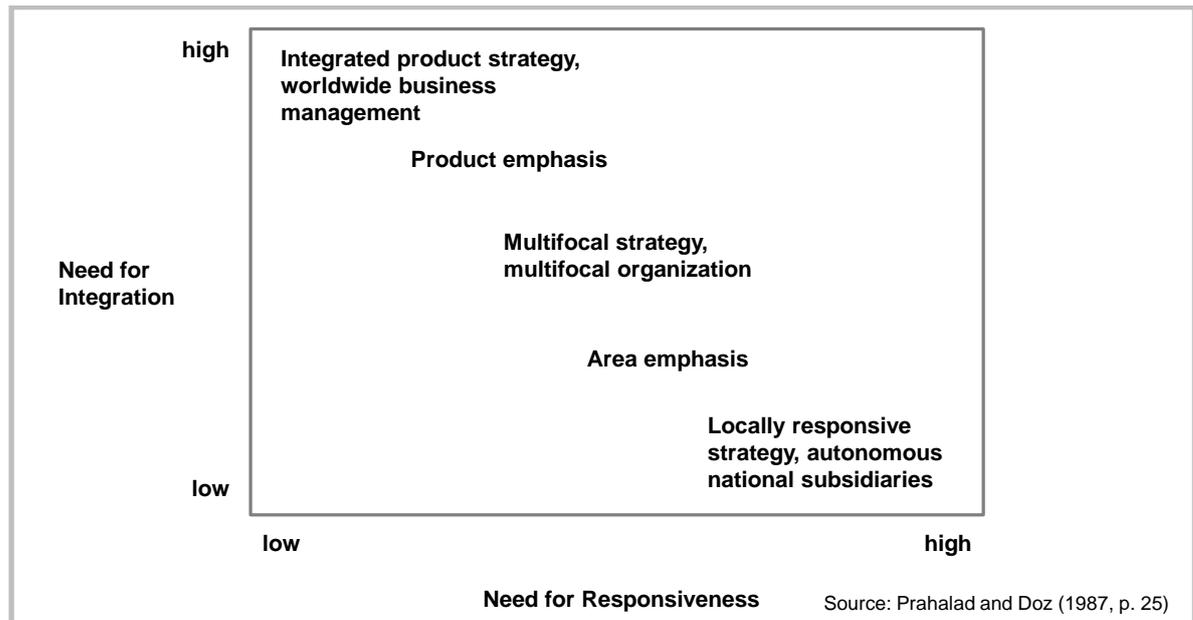
Research on networking aspects of MNCs continued (Andersson, Forsgren, & Holm, 2002, 2007; Egelhoff, 2010) but in contrast to the previously mentioned network approaches (Bartlett & Ghoshal, 1988; Hedlund, 1986; Nohria & Ghoshal, 1997; Prahalad & Doz, 1987), the focus has changed in recent research. Traditional network designs aim to create an organizational structure that is able to cope with situations MNCs face in their daily operations; being globally integrated and locally responsive at the same time. Newer network designs (Andersson, et al., 2002, 2007; Egelhoff, 2010; Forsgren, Holm, & Johanson, 2005; Hinings & Greenwood, 2002) also illuminate the sociological understanding of organizational approaches like networking or transnationalism in MNCs. They raise questions concerning self-interest, benefits from new structures, systems, or best practices within the MNC. Egelhoff (2010), for instance, describes a contingency model that offers the choice between a hierarchical and a network structure as he has doubts about solely emphasizing on a network structure and still believes in the importance of hierarchical structures. Furthermore, basic MNC typology models like the IR-Grid (Prahalad & Doz, 1987) have also been subject to further developments. A transactual perspective is added as a third dimension to the IR-grid in order to show the most profitable combination of integration and responsiveness (Devinney, Midgley, & Venaik, 2000) of a certain operation. Functional processes and the strategic role of the subsidiary are added to Bartlett’s and Ghoshal’s initial thoughts (Rugman, et al., 2011). A

cubic contingency model (Qiu & Donaldson, 2010), which combines local responsiveness, global integration, and foreign product diversification at the same time, requires different organizational forms. However, these models give only limited advice on a holistic management approach of foreign sales subsidiaries, as stated in the overall research question of this research study

Management Mentality: Integration versus Responsiveness

The issue of how to perceive and manage an MNC by investigating (1) the need for global integration of activities, (2) global strategic coordination, and (3) the requirement of being locally responsive at the same time is suggested by Prahalad (1987). In later publications, the researchers have combined the first and the second issue due to high correlation (Venaik, et al., 2000), which results in only two dimensions: integration and responsiveness. Hence, both pressures for global strategic and operational integration, and pressures of local responsiveness can be addressed by the dimensions provided (Bartlett & Beamish, 2014; Prahalad, 1981; Prahalad & Doz, 1987). Global integration of activities could be favourable for logistics and procurement processes within a worldwide supply chain, whereas strategic coordination may be required for global pricing or R&D priorities. Instead, all actions and decisions that are mostly relevant to local markets and their subsidiaries could be an issue for local responsiveness like modified products or marketing campaigns. On this basis, the “IR-Model” (Integration-Responsiveness-Model) is developed where the strategy of a business and its development over time can be mapped. Using this model allows differentiating “global”, “locally responsive”, and “multifocal” business strategies. Furthermore, it may also be applied differently to the MNC’s subsidiaries, functions, and activities within an MNC, however, this is not explicitly stated in the Prahalad’s initial research. By applying this model, management of an MNC and the activities within the organization can be adapted to the existing subsidiaries and performed adequately according to their set-up and requirements (Bartlett & Beamish, 2014).

Figure 9: Integration-Responsiveness Model



Roth and Morrison (1990) support the IR-model, as they use and extend it, but they also state a major limitation, namely, that the content of the strategies is specified only slightly in Prahalad's and Doz's research (1981; 1987). This implies that the usability for the MNC's operations is limited as it only provides a macro-view perspective, which fits the comment of Roth and Morrison (1990, p. 1) that "only fine-grained methodologies allow an in-depth investigation and a rich description of the content of a strategy". Venaik et al. add that both the firm's response regarding the need for integration and responsiveness and the firm's response to the underlying environmental pressures have to be made operational for the corresponding management actions (Venaik, et al., 2000).

An evolution of management mentalities and organizational structures is described in the key contribution by Bartlett and Ghoshal (1988) and further developed by themselves (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 2002). They introduce four MNC typologies and distinguish between (1) international, (2) multinational, and (3) global mentalities, which are based on the orientations "ethnocentric", "polycentric" and "geocentric" defined by Perlmutter (1969). The international typology can be seen as an extension of the headquarters actions in the home market to a worldwide reach, where the local subsidiaries can be seen as the extensions of the home market's actions and decisions (Bartlett & Ghoshal, 1988). Instead, the global typology mainly builds cost advantages by realizing economies of scope and scale throughout the MNC, whereas multinationals (or multidomestics) respond to national differences according to the local environment (Harzing, 2000).

This stream of research is seen as one of the most important for multinational management (Birkinshaw, 2000; Bouquet, Morrison, & Birkinshaw, 2009; Qiu &

Donaldson, 2010; Taggart, 1998). A fourth typology was added when Bartlett and Ghoshal introduced the transnational structure and strategy (Bartlett & Ghoshal, 1988). This typology considers the emerging requirements of cooperation and coordination regarding tasks, processes, and activities within the MNC and its subsidiaries. Additionally, learning and best practice within the MNC are addressed. The details are subject to a further review in the next subsection as the ideas have been further developed and cited by many other researchers (e.g. Harzing, 2000; Rugman, et al., 2011).

Conclusively, in addition to Egelhoff's criticism (1988, 2010) of the predominance of network coordination and the neglect of the need for hierarchical structures, MNC management tends to be over-simplified, as many researchers state a continuum of advantages of integration, globalization, and coordination versus advantages of differentiation, localization, and responsiveness (Harzing, 2000). However, as managing homogeneity is easier to accomplish than managing diversity (Nohria & Ghoshal, 1994), the heterogeneity among subsidiaries seems to be concealed by the relevant literature when searching for the appropriate balance of integration and responsiveness in the MNC's strategy and structure. In other words, heterogeneity is driven both by the local environment and the corresponding pressures as well as by the firm's response with different set-ups, sizes, and capabilities (Sinkovics & Cavusgil, 2011). However, it is still unclear, what the key influencing factors for multinational sales management are. Therefore, the reviewed MNC typologies are extracted by the constituting dimensions as shown in the overview below in order to restructure the dimensions for a holistic management approach, which may use a micro-view perspective and suggest the most appropriate model for this research study.

Overview and Selection

Table 4 illustrates the reviewed MNC typologies, which have been reviewed according to the perspectives (1) structure, (2) control, and (3) mentality.

Table 4: Overview of MNC Typologies

Author(s)	Topic	MNC Typologies	Approach / Dimensions
Perlmutter (1969)	MNC structure	<ul style="list-style-type: none"> Ethnocentric Geocentric Polycentric 	Managerial opinion on overseas operations
Stopford & Wells (1972)	MNC area-division structure (matrix)	<ul style="list-style-type: none"> Worldwide Product Division International Division Geographical Regions 	Combination of three perspectives of strategic fit: Product strategy, organizational Set-up, and management mentality
Prahalad & Doz (1981, 1987)	Integration-responsiveness Model	<ul style="list-style-type: none"> Global Locally Responsive Multifocal 	<ul style="list-style-type: none"> Global integration of activities Global strategic coordination Local responsiveness
Egelhoff (1982)	MNC information flows	n/a	<ul style="list-style-type: none"> Day-to-day vs strategic Product-, Country-, and Company-related information
Porter (1985, 1986)	Competitive advantage Internationalization strategy	n/a	<ul style="list-style-type: none"> Cost leadership Focus Differentiation
Bartlett & Ghoshal (1986, 1988, 2013)	MNC organizational models	<ul style="list-style-type: none"> International Global Multinational (Transnational) 	Assets, resources, decision-making, cooperation and coordination, management characteristics
Hedlund (1986)	Hierarchy and heterarchy	<ul style="list-style-type: none"> Perlmutter's typology + Heterarchical MNC 	<ul style="list-style-type: none"> Structural properties Strategic options for MNC structure
Roth & Morrison (1990, 1992, 1993)	Global subsidiary mandates	Only considering the global typology	<ul style="list-style-type: none"> Global MNC strategy Global subsidiary mandates
Nohria & Ghoshal (1994)	Differentiated network Differentiated fit	<ul style="list-style-type: none"> Centre-for-Global Local-for-Local Local-for-Global Global-for-Global 	<ul style="list-style-type: none"> Environmental complexity Subsidiary resources
Devinney et al. (2001)	IR model (Prahalad/Doz) extended	n/a	<ul style="list-style-type: none"> IR dimensions Transactual perspective
Anderson et al. (2002, 2007)	Network structures	Federative MNC	Coordination and control within a federative MNC
Ohmae (2007)	Global industries and strategies	n/a	Company is seen as one global company (both internally as well as externally)
Egelhoff (2010)	Differentiated network versus hierarchical structures	Information processes to differentiate the headquarters' role	<ul style="list-style-type: none"> Advantages from parenting Advantages from networking
Qui et al. (2010)	Cubic contingency model	IR model extended	<ul style="list-style-type: none"> IR dimensions Product diversity
Sinkovics et al. (2011)	Implications for multinational management	n/a	<ul style="list-style-type: none"> Knowledge-transfer Strategy implementation IT integration
Bartlett & Beamish (2014)	Continuous further development of initial models for MNC typology (Bartlett & Ghoshal, 1988) and subsidiary role (Bartlett & Ghoshal, 1986) by adding descriptive case studies from big MNCs.		

Even though not a single MNC typology seems to be suitable for every situation, the dimensions of the key models by Prahalad and Doz (Doz & Prahalad, 1991; Prahalad & Doz, 1987) as well as Bartlett and Ghoshal (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988) are extracted for the following reasons. First, the key questions of the overall structure and strategy regarding global integration and local responsiveness are best represented by the initial model of Prahalad and Doz. Second, the research on MNC typologies by Bartlett and Ghoshal considers a comprehensive scope of criteria and leads to an accepted typology of MNC dimensions. Third, both models can be used jointly as long as the focus on coordination and control is grounded in the IR-grid and the MNC

criteria are represented by the MNC typologies. Therefore, the two models are extracted and further reviewed in the next subsection in order to gain a more detailed insight into the constituting dimensions of the models.

2.2.4 Extracting the Selected MNC Typology

The previously stated definition of structural and strategic fit can be applied for the definition of the typology of the MNC (derived from Nohria & Ghoshal, 1994, 1997). Thus, an MNC typology consists of:

- The environmental pressures, which appear to the MNC both from a market perspective (industry, customer) and from an environmental perspective (political, legal, or cultural aspects)
- The response of the MNC in order to build a competitive advantage by strategy (business and geographical) and the corresponding organizational structures
- The resulting managerial implications in form of coordination and control forming the actions and measures resulting from the mentioned elements of the MNC's typology

As described in the previous subsection, Bartlett and Ghoshal have derived four MNC typologies: (1) international, (2) multinational, (3) global, and (4) transnational.

First, in international typologies, the main role of a subsidiary is to support the parent company in different ways. This applies to products, technologies, and capabilities in R&D, production and selling. In this structure and set-up, the parent company sees foreign subsidiaries as an extension of its central activities. Therefore, major strategic decisions are still made in the headquarters both for domestic and foreign operations. The strategic capability is to “exploit parent company knowledge and capabilities through worldwide diffusion and adaption” (Bartlett & Ghoshal, 2002, p. 10). The strategic choice often causes innovations limited to home country requirements, which then may be exploited overseas. At the end of a product life cycle, products are moved to low-cost markets for production in order to skim the remaining margin. Because of this, the MNC, in applying an international mentality, centralizes resources but it also builds certain resources to adapt local innovations or local production and procurement activities.

Second, in multinational typologies, the advantages of foreign environments and markets are acknowledged by the corporate management. This leads to a more flexible approach to worldwide management as strategies, products, and even management practices can be modified in accordance with country-specific requirements in order to be responsive and adaptive to the corresponding local market. Foreign operations may be managed by highly independent entrepreneurs with very loose ties to the parent company. The

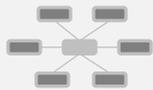
strategic capability of multinational set-ups is the ability to “build strong local presence through sensitivity and responsiveness to national differences” (Bartlett & Ghoshal, 2002, p. 10). The structure results in strategic implementations such as differentiated products and services for local market in order to fulfil the local customer preferences, industry requirements, and government regulations. For this, the subsidiaries need to identify and respond to the needs of their market, but they are allowed to carry out a wide range of processes and activities by themselves as a structural consequence. This might even lead to local-for-local innovations, which result in widely dispersed organizational assets, capabilities, and resources within the MNC (Nohria & Ghoshal, 1994, 1997). Costs may be duplicated in various locations, as resources or experiences are not shared. Local growth often happens at the expense of global growth. However, sales performances might still be strong due to a good information level at the subsidiary and the existence of localized products (Perlmutter, 1969).

Third, in contrast, global typologies rather tend to aim for global efficiencies in design, production, logistics, distribution, and other functional tasks instead of responding to every local need. This approach results in higher coordination and control activities from the centre of the organizational structure, where all major decisions are made. The strategic capability of a global company is built on “cost advantages through centralized global-scale operations” (Bartlett & Ghoshal, 2002, p. 10). This competitive advantage of having the best cost position brings certain risks and downsides for the organization, and only little or no room for local adaption, as the management mentality perceives the markets and requirements as standardized (especially if global product standards gain importance as claimed by Cullen & Parboteeah, 2013 for technical industries). From a structural perspective, key resources, capabilities, and assets are concentrated in the home country or in overseas locations for production and procurement, for instance. Planning procedure may be ineffective in ethnocentric (or global) structures because of missing feedback from subsidiaries. In addition, it might not be possible to build high-quality local organizations, as the competencies are located in headquarters. However, the overall MNC structure remains “simple”, which is easier to control (Perlmutter, 1969).

Finally, Bartlett and Ghoshal (1988, 2002; Bartlett, et al., 2008) argue that the mentioned forms of typologies (international, multinational and global) do not meet all requirements and demands of the stakeholders of an organization. According to the researchers, a company should be able to achieve both global effectiveness and efficiencies by integrating worldwide strategies, processes, and activities. At the same time, the company must be able to meet local demands of customers and governments and to take advantage of local opportunities, as already required by Prahalad and Doz (1991; 1987). Hence, there is a need for intensive coordination and cooperation and balancing the

attributes of the different strategic approaches. The researchers call this typology “transnational”, as it combines the responsiveness to local needs, the benefits of global integration and the sharing of best practices and knowledge among the corporate units. This requires reliable knowledge flows within the MNC (Michailova & Mustaffa, 2012). The latter part of the transnational idea is grounded in research, which states that MNCs are required to link their local subsidiaries to connect local resources, capabilities, and information on a global scale (Bartlett & Ghoshal, 1988). Perlmutter (1969) assigns high costs to geocentrism (the precursor of transnationalism) due to extensive communication and travel expenses, educational efforts, and time for decision-making (in particular if there is no language strategy implemented as suggested by Neeley & Kaplan, 2014). Furthermore, the distribution of power may be risky. However, a more powerful organization is created due to global utilization of the best resources available within the MNC. After all and despite the high risks and costs, Perlmutter (1969) expects an evolutionary movement from ethnocentrism to polycentrism to geocentrism as a general pattern when MNCs internationalize and develop (Bartlett, et al., 2008, p. 63).

Table 5: Four MNC Typologies by Bartlett and Ghoshal

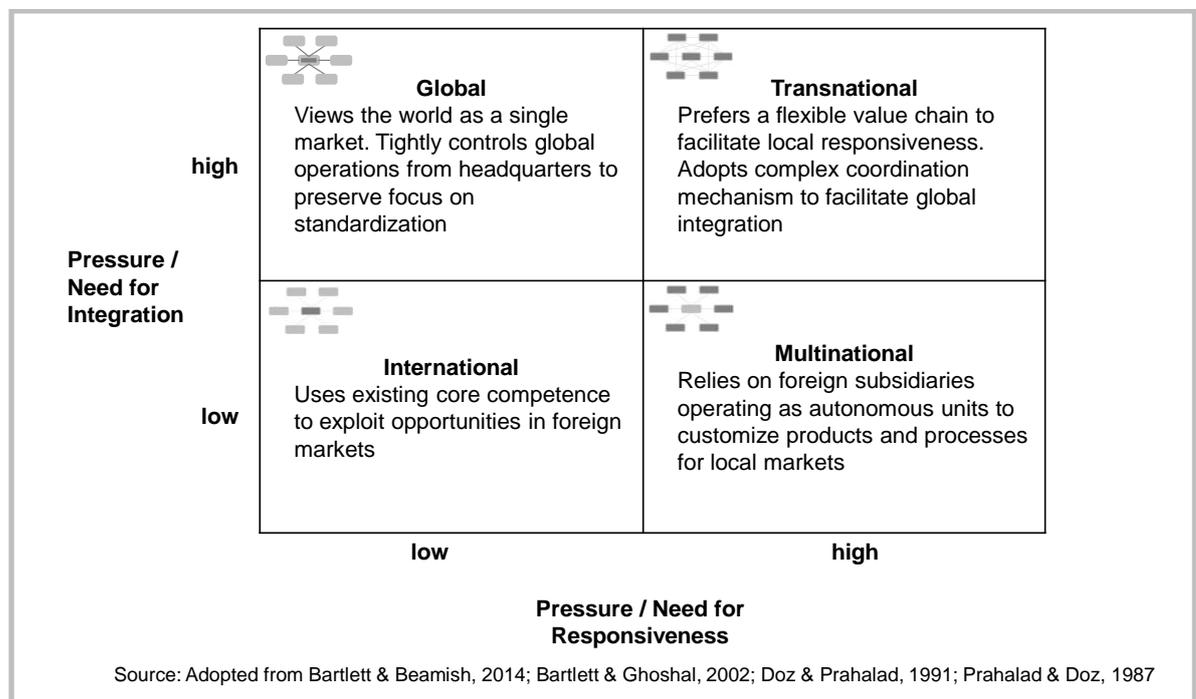
MNC Typology	Structure	Control	Mentality
International typology 	Coordinated federation; many assets, resources, responsibilities, and decisions still decentralized, but controlled from HQ	Administrative control; formal management planning and control systems allow tighter HQ-sub linkage	International mentality; management regards overseas operations as appendages to a central domestic corporation
Multinational typology 	Decentralized federation, many key assets, responsibilities, and decisions decentralized	Personal control; informal HQ-sub relationships overlaid with simple financial controls	Multinational mentality; management regards overseas operations as a portfolio of independent businesses
Global typology 	Centralized hub; most strategic assets, responsibilities, and decisions centralized	Operational control; tight central control of decisions, resources, and information	Global mentality; management treats overseas operations as delivery pipelines to a unified global market
Transnational typology 	Distributed, specialized resources and capabilities	Large flows of components, products, people, and information among interdependent units	Complex process of coordination and corporations in an environment of shared decision-making

Source: Adapted from (Bartlett & Ghoshal, 2002, pp. 57,58,60,102; Bartlett & Beamish, 2014)

The presented MNC typologies by Bartlett and Ghoshal provide four alternatives of managerial responses to strategic and operational requirements. These firm responses address the environmental pressures and forces in markets and industries both for global integration and local responsiveness, which are again illustrated in the IR-model (Devinney, et al., 2000; Venai, et al., 2000). Thus, the models can even be combined in order to show the path to competitive advantage of the MNC. Bartlett et.al (2008, p. 198) describe the overall goals to competitive advantage as: (1) global-scale efficiency, (2)

multinational flexibility, and (3) the ability to develop innovations and to leverage knowledge and learning on a worldwide basis. In addition, the instruments of the three above-mentioned goals are important in order to respond to national differences as well as to realize scale and scope economies. Thus, a competitive position for both product and market diversification can be created (Bartlett, et al., 2008, p. 201). By mixing the goals “efficiency, flexibility, and learning” with the means “national differences, scale economies and scope economies” the MNC typologies “international, multinational, global, and transnational” arise (Bartlett, et al., 2008, pp. 203-204) and can be matched with the environmental pressures of the IR model as shown below, since the environmental pressures are included as well.

Figure 10: Combining the IR Model with the MNC Typologies



Thus, the described MNC typologies may now be distinguished according to both the environmental pressures and the MNC’s corresponding response to them. This results in the distinction of environmental pressures such as market characteristics and customer needs, and the categorization of the MNC response in form of the allocation of resources (organizational structure), products, and operations. These two categories serve as a basis for the key influencing factors, which are identified in accordance with the third research question. However, the key influencing factors are also constituted by the managerial actions and mentalities, which might not only be based on coordination and control. In order to prevent from this to be overseen, multinational sales management is reviewed in section 2.4 before confirming the finalized categories for the factors influencing multinational sales management in MNCs.

2.2.5 Presenting the Findings Regarding MNC Typology

The result of this section is the overview of MNC typologies (see Table 4), from which the author selects the MNC typology for Bartlett and Ghoshal (2014; 1988) in combination with the Integration-Responsiveness model from Prahalad and Doz (1991; 1981; 1987) for an application within this research study. The selected MNC typology serves as a basis by providing an understanding of the MNC's structure and strategy, before the subsidiary portfolio is evaluated in detail. Prior to an application of the MNC typology, the constituting dimensions of the model need to be matched to the characteristics of the German *Mittelstand*, which is performed in section 2.4. The following selections, claims, and propositions result from this section:

(1) Selection of suitable MNC typology for the German *Mittelstand*:

- The MNC typology from Bartlett and Ghoshal (2014; 1988) with the Integration-Responsiveness Framework from Prahalad and Doz (1991; 1981; 1987) is selected.

(2) Claim for an application of this MNC typology in the German *Mittelstand*:

- The MNC typology sets the implicit basis for any MNC response and managerial implication for the foreign subsidiaries.

(3) Propositions regarding the expected outcome in the German *Mittelstand* when applying the MNC typology:

- The German *Mittelstand* follows the international MNC typology.

2.3 Subsidiary Roles

Strategic fit requires a congruency between strategy and organizational context (Xu, et al., 2006), which implicates that the overall MNC strategy and the corresponding organizational structure should be in line with the subsidiaries' strategies and their roles within the MNC. In addition, the permanent forces on innovation and worldwide learning within an MNC implicate that a company cannot rely only on the strong capabilities provided by headquarters any longer (Bartlett, et al., 2008, p. 97). Hence, the role of a single subsidiary becomes more important for the overall MNC. Therefore, this section displays and discusses the relationship between headquarters and their subsidiaries by examining existing role models for foreign subsidiaries (subsection 2.3.1), by considering different perspectives in multinational sales management (subsection 2.3.2), and by structuring the dimensions of the subsidiary role models reviewed (subsection 2.3.3). Furthermore, the dimensions of the selected subsidiary role are extracted in order to prepare an application (subsection 2.3.4).

2.3.1 Examining Roles of Foreign Subsidiaries

As for the review of MNC typologies, different subsidiary role models are discussed in order to identify the constituting dimensions and the key influencing factors for managing foreign sales subsidiaries. It must be stated that only those role models are reviewed, which support the governance or the coordination and control within the MNC. The reason for this lies in the overall research question, which seeks to find responses regarding the management of foreign sales subsidiaries. The following classification of Nohria and Ghoshal (1997, p. 33) serves as a basis for the review of subsidiary role models. They name the following organizational factors influencing the process for managing the MNC:

- (1) The configuration of assets and resources within the MNC
- (2) The structure of the relationship between headquarters and subsidiaries
- (3) Socialization efforts, like transfer of knowledge, capabilities, and resources within the MNC
- (4) Communication between headquarters and subsidiaries and among subsidiaries

Poynter and White (1984) distinguish subsidiaries according to their individual strategy in contrast to the overall strategy of the MNC. Their research concentrates on the factor "internal resources" with regard to the subsidiary and neglects external factors from the MNC. The management of both the amount as well as the kind of organizational slack affect the subsidiary's choice of strategy and role within the MNC. As a result, the researchers use a model, which maps the competence of a subsidiary to pursue their strategy and competence to implement this strategy available in the subsidiary. In this matrix, the management of organizational slack is visualized and adjusted to the operative

tasks of implementing the subsidiaries' strategy (Poynter & White, 1984). As mentioned above, the model does not consider the external circumstances although subsidiaries may have strategies different from headquarter due to possible divergences in local environments and resources. Nevertheless, Poynter and White state the following five roles for foreign subsidiaries:

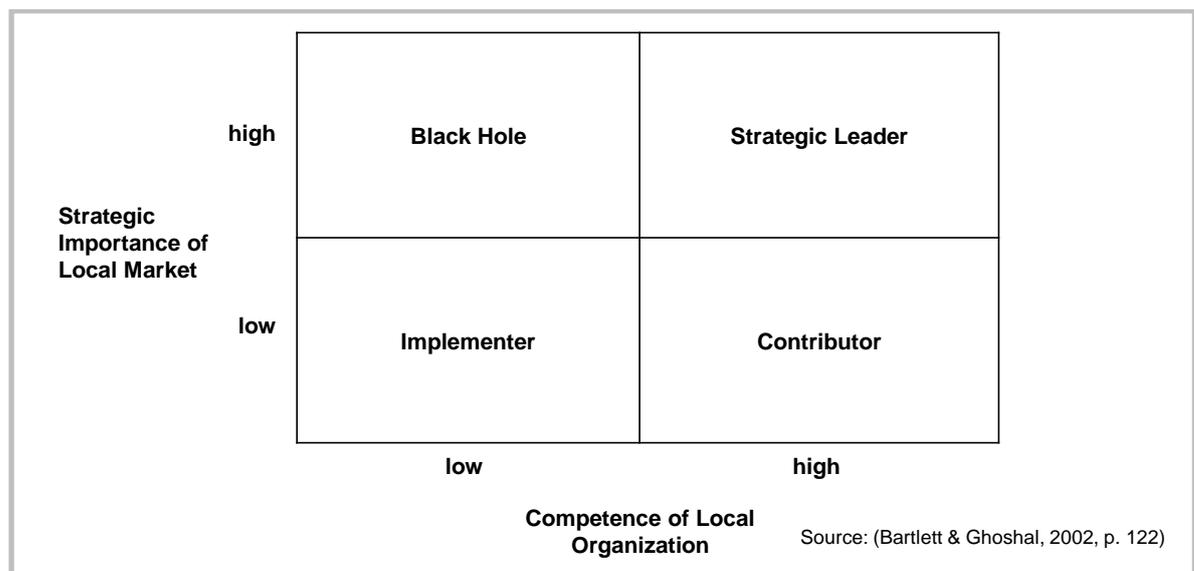
- (1) A miniature replica, i.e. a continuation of the global strategy of the MNC with slight adaption,
- (2) A marketing satellite, i.e. a pure marketing and sales site, which sells centrally developed and produced products,
- (3) A rationalized manufacturer, i.e. a production site that produces for a local or a global context without executing other functions,
- (4) A product specialist, i.e. a location that both develops, produces and markets a limited product line for a global market, and
- (5) A strategic independent, i.e. a subsidiary that has the freedom to conduct business for a local, a multicounty, or the global market

In the author's point of view, this model does not supply a sufficient covering of both internal and external criteria of the MNC and the subsidiary. Taking only the subsidiary's competence into account and neglecting the functions and the organizational structure, it is not sufficient to find responses to the research questions of this research study.

Similar to the research of Poynter and White mentioned above, subsidiaries fulfil specific roles according to their internal set-up and competence and the strategic importance of the local markets in the global context of an MNC in the model by Bartlett and Ghoshal (Bartlett & Ghoshal, 1988). However, Bartlett and Ghoshal (1986) use the external criterion "market importance" in addition to the criterion "subsidiary competence" for assigning roles to foreign subsidiaries. Thus, a local market is important, from either a dimensional (market potential) or a technological perspective, when the local industry and environment is significant for the MNC's global strategy. The competence of a local subsidiary in innovation, marketing, or production represents the ability to tackle the local market with local resources. According to Bartlett and Ghoshal (2014; 1986), the role of the subsidiary and the influence of a subsidiary within the entire MNC has to be classified, and the corporate management should consider the respective role of the subsidiary accordingly. The four roles defined by the researchers are shown in Figure 11 and described as follows. First, a strategic leader represents an equal partner for developing and implementing strategy in a strategically important market. Second, a contributor is competent regarding its resources and has distinct capabilities for the MNC, but the local market is not important to the MNC from a global perspective. Third, an implementer is also located in an unimportant market and merely possesses the competence to maintain

local operations. Their most important task is to generate funds to keep the company going. Fourth, the black holes are located in strategically important markets but the local subsidiaries lack competence, which is an unacceptable strategic situation for corporate management. It is therefore their task to find ways out of this situation. However, it is a complex, resource-intensive and long-term process to build up competence in the local environment in order to shift one or more strategic roles within an MNC as both organizational and cultural differences need to be overcome (Bartlett & Ghoshal, 2002, pp. 162-166).

Figure 11: Subsidiary Roles via Market Importance and Subsidiary Competence



As soon as these roles are assigned to national subsidiaries, corporate management has to coordinate this complex set of subsidiaries with adequate methods of control (Bartlett & Ghoshal, 2002, p. 130). The author supports the general direction of this model but maintain a lack of detail, especially for an application via the constituting dimensions “strategic importance of local market” and “competence of local subsidiary”.

Jarillo and Martinez (1990) develop a framework to analyze the strategy at the subsidiary level and build on Bartlett’s and Ghoshal’s MNC typologies (2014; 1988). The researchers analyze the subsidiaries’ strategies by considering the following dimensions: (1) the geographical localization of activities, and (2) the degree of integration of those activities within the MNC. With these dimension, the researchers derive three different subsidiary roles. “Receptive subsidiary strategies” are highly integrated with the rest of the MNC, which fits the “global” MNC typology. These subsidiaries only partly follow independent activities, if at all typically for marketing and sales. Subsidiaries employing an “autonomous subsidiary strategies” carry out most of the value chain activities independently from headquarters and other subsidiaries, which can be assigned to “multinational” MNC typology or contexts. Finally, subsidiaries with “active subsidiary

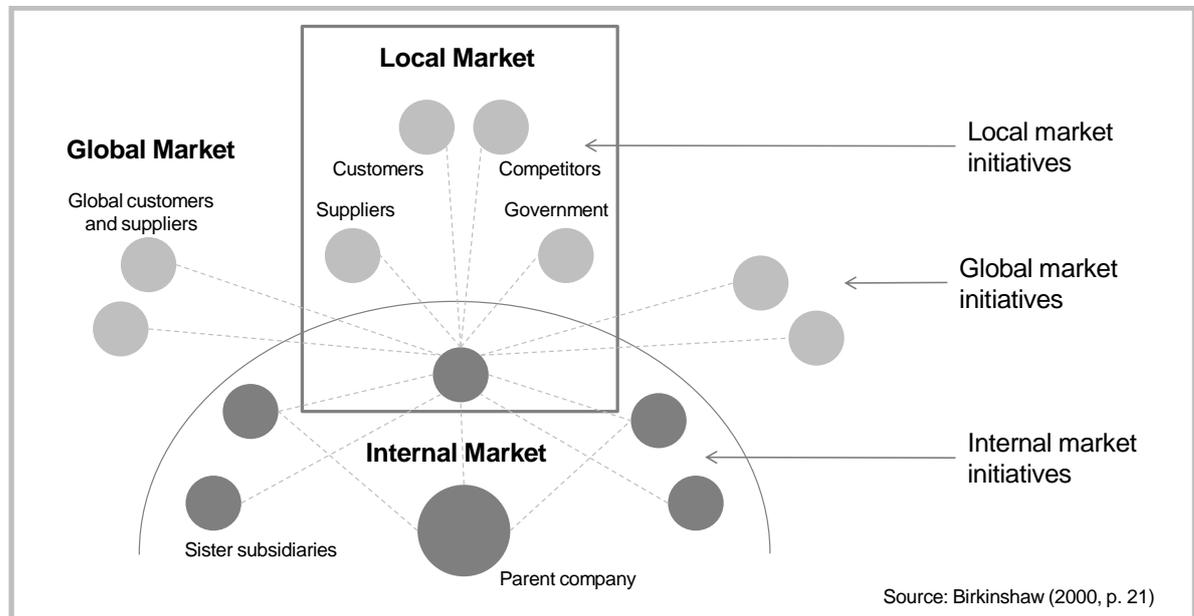
strategies” fulfil their activities locally but in close cooperation and coordination with headquarters and other subsidiaries, which follows the typology of transnational MNCs (Jarillo & Martínez, 1990). As mentioned, these role models fit the MNC typologies but not the previously mentioned subsidiary role models by Bartlett and Ghoshal (1986), which does not allow a differentiated view on MNC and subsidiary management with the corresponding coordination and control. In addition, Taggart (1998) has modified and extended the role model of Jarillo and Martinez (1990) by identifying a fourth role. The “quiescent subsidiary” is defined by low integration as well as low responsiveness requirements within the MNC. This subsidiary role would then again match the conceptual role of an “implementer” derived by Bartlett and Ghoshal (1988), which is located on the lower left side of the matrix of possible subsidiary roles shown in Figure 11. Due to the mentioned overlap of MNC typology and subsidiary role model, the models of Jarillo and Martinez (1990) and Taggart (1998) are neglected.

Birkinshaw and Morrison (1995) have investigated at the subsidiaries’ structural context and developed the following role model regarding product scope, geographical scope, and functional scope of the individual subsidiary. With these dimensions, the researchers derive the following three roles for subsidiaries within an MNC: First, the local implementer has limited geographical scope and typically adapts global products to the needs of the local market, which fits multinational or multidomestic MNC strategies. Second, the specialized contributor has specific capabilities in one or more functions and is tightly coordinated with the activities of other subsidiaries within the MNC. Third, the world mandate has a worldwide responsibility for a product line or business and works with headquarters to implement a strategy (Birkinshaw & Morrison, 1995) for the background of this role model. The research focuses on the headquarters-subsidiary relationship, both vertical and lateral, as well as the specification and performance of subsidiaries according to their role. However, in the author’s opinion the role model of Birkinshaw and Morrison is not appropriate for sales subsidiaries because the local subsidiaries need to tackle the local market, where the role of the implementer being the role that would fit here.

Birkinshaw (2000) turned the line of sight by researching the roles from the subsidiaries’ point of view. He claims that by being proactive and pursuing business opportunities by itself, a subsidiary is able to expand its own scope of influence and the MNCs strategy as well. Three different initiatives are named and illustrated in Figure 12: (1) local market initiative within the local environment, (2) global market initiative for global customers, suppliers, etc., and (3) internal market initiatives within the MNC concerning the parent company and/or other subsidiaries. A fourth type, the global-internal hybrid initiative, is added for those activities not located in the local area of influence, but where the locus of

pursuit is within the MNC as for instance internal managers need to be convinced in favour of a particular action. Additional characteristics for the relationships within an MNC such as perception, attention, power and credibility also play a major role (Birkinshaw, et al., 2000; Bouquet & Birkinshaw, 2008a, 2008b; Bouquet, et al., 2009).

Figure 12: Generic Roles of National Subsidiaries



The author thinks that the perspectives of subsidiary initiatives presented describe possible configurations of headquarters-subsidiary relationships very well. However, the mentioned role model does not offer responses to the overall question of this research study of namely to manage a local subsidiary. The role model for subsidiaries derived by Gupta and Govindarajan (1991) focuses on the information and knowledge flows within an MNC, as the researchers portray the MNC as a “network of transactions in knowledge, goods and capital among subsidiaries in different countries” (Gupta & Govindarajan, 1991, p. 786). Four types are designed depending on the extent of information inflow from the MNC and the information outflow to the MNC and its subsidiaries. The two dimensions mentioned generate a two-by-two matrix with the following roles:

- (1) The local innovator whose inflow and outflow of knowledge is both low
- (2) The implementer, who has a high inflow but a low outflow
- (3) The global innovator, who is receiving little knowledge but providing a high extent of it
- (4) The integrated player, whose inflow and outflow of knowledge is high

In addition, Gupta and Govindarajan (1991) relate the subsidiaries’ strategic context in the MNC, i.e. their roles, to the extent of lateral interdependences of the subsidiaries, their responsibility and authority levels, and the need to exercise autonomous initiatives. These relations provide guidance for control mechanisms and their possible variation across

subsidiaries. This role model, especially the latter criterion for control mechanisms fits to the overall objective of this research study, although the major dimension is based on the information and knowledge flows of the MNC.

An extension of the role model of Bartlett and Ghoshal was achieved when considering differences in the scope of value-adding activities conducted by a subsidiary (Rugman, et al., 2011). The researchers focus on a distinction between innovation, production, sales, and administrative support activities and call this an “unbundling of the subsidiary roles of Bartlett and Ghoshal”, which is illustrated in Figure 13. The research refines the existing role model, as internal competencies are set in relation to external location advantages. Therefore, it improves possible decisions about assessing certain location advantages by the subsidiary or by corporate headquarters. The result of these thoughts is a fine slicing of the value-chain activities of the MNC and analyzing the strengths of a country’s location and the subsidiary’s resources in that country. It seems obvious that an aggregate assessment of these “value-activity-sets” is inappropriate, as sales resources need substantial time, for instance, to develop specific location-bound competencies (Rugman & Verbeke, 2001). In addition to the extension of the role model, a possible modification in regional integration or activity-specific changes of the subsidiary may also be mapped. The author thinks that the direction of the model can only be applied to sales subsidiaries by a further differentiation of the processes and tasks of a subsidiary. However, one may doubt whether such an approach would lead to a useful result from the corporate perspective, as certain key processes in sales and marketing are required in every local context.

Figure 13: Unbundling Subsidiary Roles by Bartlett and Ghoshal

Value Chain Activities	Innovation				
	Production				
	Sales				
	Administrative Support				
		Black Hole	Implementer	Strategic Leader	Contributor

Subsidiary Roles according to Bartlett and Ghoshal (1986)

Source: Rugman, Verbeke, and Yuan (2011, p. 260)

Judge and Li (2012) consider both the governance environment of the local host country and the role of the local subsidiary within the MNC derived from a role model for

subsidiaries. With this contingency approach, the researchers suggest possible management options for (1) staffing, (2) organizational design of subsidiaries, (3) reward systems, and (4) planning for an appropriate governance of the MNC. The researchers explicitly differentiate between rule-based and relation-based environments. However, as these thoughts or this content go too far into the actual institutional environment of an MNC and the local culture. Thus, these thoughts are kept in mind for this review but not further evaluated, as they are located outside of the scope of this research study. The result of this subsection is the illustration displayed below, where the existing research regarding the mentioned role models for foreign subsidiaries as well as their dimensions and criteria are shown.

Table 6: Subsidiary Roles with their Constituting Dimensions and Criteria

Author(s)	Topic	MNC Subsidiary Roles	Dimensions / Criteria
Poynter & White (1984)	Internal resources and management of "organizational slack"	<ul style="list-style-type: none"> • Miniature replica • Marketing satellite • Rationalized manufacturer • Product specialist • Strategic independent 	<ul style="list-style-type: none"> • Environmental factors • Resources • Values of key implementers • Organizational relationships within MNC
Bartlett & Ghoshal (1986)	Managing across borders	<ul style="list-style-type: none"> • Strategic leader • Black hole • Contributor • Implementer 	<ul style="list-style-type: none"> • Importance of local market • Competence of local subsidiary
Jarillo & Martinez (1990)	Different strategic roles for foreign subsidiaries	<ul style="list-style-type: none"> • Receptive subsidiary • Autonomous subsidiary • Active subsidiary 	<ul style="list-style-type: none"> • Geographical location of activities • Degree of integration of activities
Gupta & Govindarajan (1991)	Information processing	<ul style="list-style-type: none"> • Local innovator • Implementer • Global innovator • Integrated player 	Inflow and outflow information / knowledge
Nohria & Ghoshal (1994)	Differentiated approach for MNC	<ul style="list-style-type: none"> • Center-for-global • Local-for-local • Local-for-global • Global-for-global 	<ul style="list-style-type: none"> • Centralization • Formalization • Socialization
Birkinshaw & Morrison (1995)	Structural context of subsidiaries	<ul style="list-style-type: none"> • Local implementer • Specialized contributor • World mandate 	<ul style="list-style-type: none"> • Product scope • Functional scope • Geographical scope
Taggart (1998)	Extension of Jarillo/Martinez (1990)	<ul style="list-style-type: none"> • Roles of Jarillo/Martinez (1990) • Quiescent subsidiary 	<ul style="list-style-type: none"> • Geographical location of activities • Degree of integration of activities
Birkinshaw (2000)	Entrepreneurship in the firm	<ul style="list-style-type: none"> • Local market initiatives • Global market initiatives • Internal market initiatives (within MNC) • Global-internal hybrid initiatives 	Initiatives for being proactive from a subsidiary's perspective
Rugman, Verbeke & Yuan (2011)	Extension of Bartlett/Ghoshal's typologies	Roles of Bartlett/Ghoshal In relation to value chain activities	Subsidiary roles and external location advantages
Judge & Li (2012)	Governance environment of host country	Role of the subsidiary within the MNC	<ul style="list-style-type: none"> • Staffing • Organisational design • Reward system • Planning of governance
Bartlett & Beamish (2014)	Continuous further development of subsidiary role (Bartlett & Ghoshal, 1986) by adding descriptive case studies from big MNCs.	initial models for MNC typology (Bartlett & Ghoshal, 1988) and	

The overview is opposed to the categories for multinational sales management derived in the previous section in order to match the subsidiary role models with the MNC typologies.

2.3.2 Considering Different Perspectives in Multinational Sales Management

As soon as the models stated in the previous section and their constituting dimensions are confronted with different perspectives within the MNC and multinational sales management, different results may be drawn from this. In order to understand and to differentiate the perspectives for management mentioned, the following two subjects are discussed: (1) perception gaps between headquarters and their subsidiaries, as well as (2) the parenting role of headquarters towards the affiliated subsidiaries. Both subjects may have an impact on transparency regarding market requirements, potentials, and capabilities within the MNC, especially within the relationship between headquarters and subsidiaries.

First, Birkinshaw (2000) distinguishes between internal, local, and global market initiatives (see Figure 12) according to the entrepreneurial attitude of the foreign subsidiary. These initiatives are fulfilled either by an assigned role for the subsidiary or by an assumed role of the subsidiary. Whereas the assigned role is given by headquarters according to selected dimensions, the assumed role rather represents the subsidiary's strategy according to the local context (Birkinshaw, 2000). Perception gaps may arise from different experiences, imperfect information flows, and decreasing subsidiary dependence (Birkinshaw, et al., 2000) may be the result both from headquarters to subsidiaries as well as vice versa. These perception gaps, especially regarding information flows and the subsidiary's autonomy, may lead to dissatisfaction for both the overall MNC and the individual subsidiaries depending on the subsidiary's role (Chini, et al., 2005). Thus, the subsidiary's role can be seen as a "negotiated position" (Birkinshaw, et al., 2000, p. 324) if it is understood in the same way both from headquarters and subsidiary. If not, there may be a subsidiary overestimation in place where subsidiaries perceive their role as more important than headquarters perceives it, or a headquarters overestimation, where headquarters assigns more importance to subsidiaries as is supposed by themselves. Generally, the research field "perception gaps" considers mainly the perspectives of the local subsidiaries and their management with regard to the entire MNC.

Instead, the second subject mentioned in this subsection, the research field addressing the "parenting role" of headquarters and how headquarters may add value to the subsidiaries' performances rather takes the headquarters perspective into consideration. One major role of corporate headquarters is parenting the organization as described by Egelhoff (2010) by (1) developing and facilitating the relationships within the MNC, (2) identifying economies of scale and scope, and (3) managing improvement and innovation.

Egelhoff uses an information-processing approach and opines that the traditional hierarchical structure still has advantages over network structures, especially regarding goal structures, motivation, and decision-making. Therefore, the role of headquarters should not be underestimated, especially when considering fashionable structures like the transnational typology. A similar opinion is provided by Ambos and Mahnke (2010) as they also doubt that the headquarters' role would diminish by having "more sophisticated subsidiaries" that cooperate and coordinate in network structures. However, for any parenting initiatives within the MNC, headquarters needs to understand the business and the context of the local subsidiary and should be able to contribute resources and capabilities (Campbell, et al., 1995). Additionally, headquarters needs to fulfil the following tasks to add value in the subsidiaries' perspective: improving information flows, challenging subsidiaries to improve, providing useful guidance, facilitating substantial cost savings, being knowledgeable about the local environment, ensuring a fast and efficient decision-making, and providing relief from administrative work (B. Ambos & Mahnke, 2010).

However, the benefit of headquarters' parenting role is difficult to verify as shown by Ambos's and Mahnke's comment (2010) that the question of whether headquarters adds value depends on who you ask. Subsidiaries that are concerned with their own local business may lack an overview of and passion for other subsidiaries or the entire MNC (Egelhoff, 2010). In addition, local managers sometimes may show a certain resistance to give up autonomy if any change in the global set-up of an MNC is made (Jarillo & Martínez, 1990; Martinez & Jarillo, 1991), which then again leads to a diverse strategic focus or at least not an integrated and coordinated approach from both headquarters and subsidiary. Thus, Bartlett and Ghoshal describe a marginal mindset possibly existent in an MNC by naming the following attributes, which possibly help to verify key MNC dimensions, criteria, and factors for multinational sales management in order to overcome the obstacles of perception gaps and imperfect information levels (2000):

- (1) The gap between technical standards and requirements in the home market in comparison to international standards and requirements (market characteristics and requirements)
- (2) Being unaware of global potential even if the product portfolio is globally competitive (market attractiveness and potential)
- (3) Being overconfident regarding own one's capabilities and resources (organizational competence)
- (4) Being blind to possible dangers as the company was initially subjected to competition only in a limited way (market knowledge and risks)

As a result, it must be stated that perception gaps exist, in both headquarters and subsidiaries. Furthermore, headquarters may display a lack of transparency and visibility when fulfilling the parenting role. Thus, for effective and efficient management of foreign subsidiaries, both the perspectives of headquarters and subsidiaries are considered in order to align strategies and structures within the MNC. Therefore, the MNC typology has to be applied along with the subsidiary role model. This also requires an alignment of MNC dimensions, criteria, and factors. The matching is described in the following subsection.

2.3.3 Structuring the MNC Dimensions for the Subsidiary Role Models

This section structures the dimensions collected in the previous subsection from models describing foreign subsidiaries with the categories derived from the key factors influencing multinational sales management. These are according to the result of last section: (1) environmental pressures, (2) MNC response, and (3) the managerial implications (see section 2.2. for details)

Environmental Pressures: Market and Customers Requirements

Environmental pressures are not mentioned directly for subsidiary role models as shown in the previous subsection. However, those models, which are referring directly to MNC typologies (Bartlett & Ghoshal, 1986) take the environmental pressures to justify possible firm responses and the organizational structure of the MNC (Bartlett & Ghoshal, 1991; Nohria & Ghoshal, 1997). Also, there is only limited influence on the market and customer requirements when looking at the subsidiary role models alone. This fact can be taken as a clear sign that subsidiary role models rather address the firm response, and even more importantly, the managerial implications that are applied. Instead, environmental pressures are addressed by the MNC typologies, which are discussed in the last section.

MNC Response: Resources, Products, and Operations

In contrast, the MNC's response to the environmental pressures is represented in the majority of the collected role models (Birkinshaw & Morrison, 1995; Jarillo & Martínez, 1990; Poynter & White, 1984; Rugman, et al., 2011; Taggart, 1998). As mentioned earlier, the MNC's response is categorized by the management of resources, products, and operations. However, a detailed prescription for the management of resources is given only by Poynter and White (1984). Nohria and Ghoshal (1994, 1997) put emphasis on the products, but they take the development process and its allocation of resources into consideration and do not directly concentrate on the local and global market requirements. The most common topic regarding the MNC's response to the environmental forces can be located in the management of operations. Rugman et al (2011) align and specify the

value chain activities in accordance with the role of the foreign subsidiary. Various researchers (Birkinshaw & Morrison, 1995; Nohria & Ghoshal, 1997; Poynter & White, 1984) describe and analyze the cooperation within the MNC, especially among the subsidiaries. These contributions may be categorized into two perspectives. The first is the network structure (Andersson, et al., 2002, 2007; Forsgren, et al., 2005), which considers only the structural set-up of the MNC, whereas the second perspective is taken by the transnational MNC typology (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988), which focuses on the cooperation and the learning within the MNC. However, the selected role models touch the strategic response to environmental pressures only partly. Instead, they seem to concentrate on the managerial implications as described in the following.

Managerial Implication: Coordination and Control

All selected models (Bartlett & Ghoshal, 1986; Gupta & Govindarajan, 1991; Jarillo & Martínez, 1990; Nohria & Ghoshal, 1994; Poynter & White, 1984; Rugman, et al., 2011; Taggart, 1998) provide suggestions on the managerial implications according to the context and the subject of the respective research. Nohria and Ghoshal (1997, pp. 97-100) name the following structural elements to classify the different headquarters-subsidiary relationships: (1) the complexity of the local environment and (2) the local resource level, i.e. whether the subsidiaries are dependent on headquarters or vice versa. The researchers confront these elements with the managerial implications for coordination and control previously derived: centralization, formalization (Nohria & Ghoshal, 1994), and socialization (Nohria & Ghoshal, 1997). Normative integration (Ghoshal & Bartlett, 1994) or socialization describes elements of coordination such as careful recruitment of management staff, the involvement, as well as the acculturation of these key decision makers within the MNC. Socialization is an important element for the governance of an MNC as it overcomes the inflexibility that may arise from formalization and the overload that may be produced by too much centralization. Furthermore, it creates a shared basis of values and objectives, which strengthens both headquarters and subsidiaries at the same time (Bartlett & Ghoshal, 2002, p. 188). Formalization counters the high operating costs, which may be caused by centralization with an impersonal set of shared rules, policies, and guidelines. This decreases the power of both headquarters and subsidiaries and limits possible opportunistic interests and motives of both groups (Bartlett & Ghoshal, 2002, p. 186). Centralization leverages the resources in headquarters and facilitates strong and quick decision-making and corresponding actions. At the same time, it minimizes the “arm-wrestling” between headquarters and its subsidiaries that may occur if power and authorities are not clearly organized and visible (Bartlett & Ghoshal, 2002, p. 183). A high level of centralization is suggested for subsidiaries with low complexity and headquarter-dependent resources. High formalization actions should be performed in

subsidiaries that have a low environmental complexity but a high level of local resources. Local contexts with a high complexity require a high priority on socialization in order to overcome the disadvantages of reduced formalization (Nohria & Ghoshal, 1994, 1997).

Jarillo and Martinez (1991) also structure five mechanisms for formal coordination from existing knowledge, which ought to be used as a managerial tool: (1) centralization, (2) formalization, (3) planning, (4) output control, and (5) behavioural control. For the informal or subtle coordination, the researchers derive the following three management tools: (1) lateral relations, (2) informal communication, and (3) socialization. These structured management tools are confronted with the roles that have been derived by the researchers (Jarillo & Martínez, 1990). The study shows that the coordination procedures must be differentiated according to the strategic role of a subsidiary within the MNC. Furthermore, the importance of subtle or informal coordination has to be actively considered after the formal coordination guidelines have been set. The basic approach of managing subsidiaries according to their role within the MNC supports the direction of this research study, which is defined by the corresponding research questions. It should be stated that both some models for MNC typologies (Bartlett & Ghoshal, 1988) as well as some subsidiary roles models (Nohria & Ghoshal, 1994) support such a differentiated approach.

Managerial Implication: Historical Roots and Administrative Heritage

A differentiated fit regarding the formal structure of headquarter-subsidary relations should be considered and at the same time, shared values need to be applied when managing foreign subsidiaries (Nohria & Ghoshal, 1994). The researchers emphasize the fact that the type of management of a foreign subsidiary has to fit the local subsidiary context. Furthermore, shared values improve the headquarter-subsidary relationship as both parties have closely aligned values and interests. This differentiated fit by Nohria and Ghoshal (1994) could apply to this dichotomy by defining a common level of centralization (hierarchy) and formalization via rules, routines and guidelines. Still, a procedure for setting this or balancing between global and local needs is not provided. It becomes clear that the role of managers should not be either corporate or country specific, as it should include both viewpoints in their work profile (Birkinshaw & Heywood, 2010; Ghemawat, 2001).

Thus, it becomes transparent that the majority of the reviewed subsidiary role models focus on the managerial implication and only partly on the MNC's response to the environmental pressures for integration and responsiveness. The only model that addresses all the MNC categories derived is the one construed by Bartlett and Ghoshal (1986, 1999) as shown below.

Table 7: Subsidiary Role Models Confronted with the Derived MNC Criteria

	Environmental Pressures (Market and Customers)	MNC Response (Resources, Products, Operations)	Managerial Implications (Coordination and Control, History)
Poynter & White (1984)	• Not directly addressed	• Strategies to respond to organizational slack	• According to subsidiary roles
Bartlett & Ghoshal (1986)	• Importance of local market	• Competence of local subsidiary	• According to strategic role of subsidiary
Jarillo & Martinez (1990)	• Not directly addressed	• Geographical localization of activities • Degree of integration of activities	• According to subsidiary roles
Gupta & Govindarajan (1991)	• Not directly addressed	• Management of Information Flows	• Via Flows of Knowledge, Information, Resources
Nohria & Ghoshal (1994)	• Customer requirements are addressed	• Differentiated subsidiary set-up for innovation	• Centralization • Formalization • Socialization
Birkinshaw & Morrison (1995)	• Not directly addressed	• Scope of subsidiary regarding product, geography, and functions	• According to subsidiary roles
Taggart (1998)	• Not directly addressed	• Global integration • Local responsiveness	• Coordination of activities • Configuration of activities → according to subsidiary roles
Birkinshaw (2000)	• Only addressed from a local perspective	• More a subsidiary response to the MNC	• Given for subsidiaries
Rugman, Verbeke & Yuan (2011)	• Addressed from a local perspective	• Focus on operations	• Not directly addressed
Judge & Li (2012)	• Governance environment of host country	• Role of the subsidiary within the MNC	• Staffing • Organisational design • Reward system • Planning of governance
Bartlett & Beamish (2014)	Continuous further development of initial models for MNC typology (Bartlett & Ghoshal, 1988) and subsidiary role (Bartlett & Ghoshal, 1986) by adding descriptive case studies from big MNCs.		

The table above, which compares the reviewed models for foreign subsidiaries, shows that the model by Bartlett and Ghoshal is the one that fits the derived MNC categories best. By fulfilling the MNC criteria, the model fits the previously chosen studies for the MNC typology by Bartlett and Ghoshal as well as to the one by Prahalad and Doz. Therefore, this subsidiary role model is chosen for an in-depth application within this research study.

2.3.4 Extracting the Selected Subsidiary Role Model

The selected subsidiary role model serves to classify the portfolio of subsidiaries according to the dimensions “importance of the local market” and “competence of the local subsidiaries”. However, as stated by the authors, the model is not crafted in a way, that would make it applicable without further modifications or prerequisites:

“The [role model] represents a somewhat oversimplified conceptualization of the criteria and roles, but it is true enough for discussion purposes”

(Bartlett & Beamish, 2014, p. 614 based on the initial article by Bartlett and Ghoshal, 1986 - Tap Your Subsidiaries for Global Reach)

In this role model, Bartlett and Ghoshal define the following roles for foreign subsidiaries: (1) implementer, (2) contributor, (3) black hole, and (4) strategic leader (as suggested by Bartlett & Beamish, 2014 from whom the following descriptions originate as well).

First, the implementer is present in a market with a limited potential for the MNC. In addition, the competence is limited as well, which results in a smaller commitment from the corporate headquarters. However, all contributors have the important task to generate the funds, which keep the MNC running. Therefore, their importance for the MNC must not be underestimated. The only condition is that the implementers have sufficient success to justify their role as a subsidiary at all.

Second, the contributor possesses specific capabilities, which enables the subsidiary to be successful in a small or relatively unimportant market for the MNC. In general, contributors do not receive any great amount of support from their headquarters, which forces them to build their own capabilities. This is usually accepted from a headquarters perspective, as the subsidiary compensates all investments with their success. Consequently, the contributor may even serve as a competence centre for a specific topic.

Third, the black hole is situated in a strategically highly important market. However, the competence of the foreign subsidiary is insufficient. This leads to the challenge that the MNC is not adequately present in one of the most important markets. Thus, the subsidiary is not able to penetrate the market accordingly or to collect the necessary information for the MNC to adapt the global strategy for the local market. “The goal [from a global perspective] is not to manage, but to manage one’s way out of it” (Bartlett & Beamish, 2014, p. 616). This is only possible by increasing the competence of the local organization or by off-taking from the market in order to limit the losses.

Fourth, the strategic leader is highly competent and serves as a partner for headquarters both in fulfilling and in developing the strategy. This is essential, as the market of the strategic leader is of high importance for the overall MNC. It is expected, that the subsidiary not only works on the local market but also gives feedback on any opportunities, threats, and ideas to headquarters in order to enable the MNC to adapt the global strategy.

As the dimensions of the subsidiary role model are not clearly elaborated, the requirements for foreign sales subsidiaries will be outlined in order to possibly refine and apply the model (see section 2.4 for further details). The market importance shows the potential or the significance of the local environment to the company’s global strategy. This can be illustrated by the size of the market, the competition in the market or the technological dynamism or fit (Nohria & Ghoshal, 1994, 1997). In turn, the subsidiary

competence is not clearly defined as it “can, of course, be in technology, production, marketing, or any other area” (Bartlett & Beamish, 2014, p. 614 as mentioned in the original article by Bartlett and Ghoshal, 1986 - Tap Your Subsidiaries for Global Reach). Nohria and Ghoshal (1997) specify this by physical resources (technology, capital) and managerial capabilities.

2.3.5 Presenting the Findings Regarding Subsidiary Roles

The result of this section is the discussion and overview of the existing subsidiary roles (see Table 6). This leads to the selection of the model by Bartlett and Ghoshal (1986) for the following reasons. It is well accepted by the academic world (Harvard_Business_School, 2014) and its constituting dimensions suit the management mentality of the German *Mittelstand* (see section 2.4). In summary, the following selection, claim, and propositions result from this section’s findings:

(1) Selection of suitable subsidiary role model for the German *Mittelstand*:

- The subsidiary role model by Bartlett and Ghoshal (1986) suits the population of this research study.

(2) Claim for an application of this subsidiary role in the German *Mittelstand*:

- The model uses the dimensions “market importance” and “subsidiary competence” to assign the roles: “implementer”, “contributor”, “black hole”, and “strategic leader”. This supports the management and the development of the foreign subsidiaries and their markets.

(3) Propositions regarding the expected outcome for the German *Mittelstand* when applying this subsidiary role model:

- The model provides a description of the subsidiary portfolio of a company in order to derive further managerial actions.
- Subsidiaries in important markets have a high market/revenue performance
- Subsidiaries with a high competence have a high market/revenue performance.

2.4 German *Mittelstand*

This section aims to elaborate key characteristics and success factors of *Mittelstand* companies in Germany (subsection 2.4.2) as well as the management behaviour and the internationalization process of *Mittelstand* companies (subsection 2.4.2). The results stated above are matched and included into the derived MNC criteria and their dimensions with the key influencing factors for multinational sales management (subsection 2.4.3).

2.4.1 Identifying Success Factors of the German *Mittelstand*

This subsection discusses the key success factors of companies belonging to the German *Mittelstand*. According to the scoping results, in which Simon (1992, 1996, 2012) and Hausmann (2006) are identified as key researchers, the success factors can be arranged by the following aspects:

- (1) The competitive advantage resulting from the strategic approach of the *Mittelstand*
- (2) The approach to markets and customers with innovative products and technology
- (3) The characteristics of staff, regarding both management and regular employees

First, the German *Mittelstand* sector often builds on the competitive advantages of engineering skills, high quality products, proximity to customers and the corresponding after sales service (McDonald, et al., 2003), which is paired with continuity of management (Orton-Jones, 2013). Furthermore, instead of trying to outperform competition in every competitive dimension, they concentrate their limited resources in those areas where they receive the “highest value for their customers”. This is a superior product quality, an intense focus on the customer, reliable service, skilled employees, leadership in technology and products, and innovativeness as a company, according to Simon’s research (1992). *Mittelstand* companies also demonstrate that global leadership is achieved by great attention to improvement and a persistent attempt to serve all defined markets in an adequate manner (Hausmann, et al., 2006; Meyer & Vernohr, 2007; Simon, 1992). The characteristics above are confirmed by Simon’s publications (1992, 2007, 2012) on “hidden champions”, which state that:

“These companies: (1) combine strategic focus with geographical diversity, (2) emphasize on factors like customer value, (3) blend technology and closeness to customers, (4) rely on their own technical competence, and (5) create mutual interdependence between company and its employees.”

This opinion is shared by other researchers as well (Meyer & Vernohr, 2007) when stating the key success factors of *Mittelstand* companies as: (1) family ownership paired with

professional external management, (2) market leadership in clearly defined niche markets, and (3) a persistent focus on products and processes by improving operational effectiveness. Rickes (2008) confirms this by saying that German *Mittelstand* companies are close to products, customers, employees, and suppliers.

Second, as mentioned when introducing the strategy success factor, *Mittelstand* companies typically dominate niche markets, which are often not visible to end users, and build on a very strong domestic base in their home countries (Simon, 1992). The markets are usually defined via the following characteristics: application and customer needs, target customer segment, and product or technology (Simon, 2012, p. 153). By defining the markets narrowly, it is possible for the *Mittelstand* to observe the needs of their customers very closely and therefore gain a deep and highly focused access to both customers and corresponding markets (Gharpure, 2011). Thus, *Mittelstand* companies like Krones (labelling machines for the beverage industry), Körber/Hauni (cigarette machines), or Trumpf (bending, sawing, and punching machines) achieve market shares of 70% and more in their defined niche (Simon, 1992). This strengthens the competitive position even in comparison to big MNCs. One key success factor seems to be obvious, yet it is not a matter of course. It is the factor that technological innovation is always closely linked to market and customer needs, which ensures that products are marketable as soon as they are fully developed (Hausmann, et al., 2006). Nevertheless, *Mittelstand* companies also realize that they cannot always compete internationally by standing still and being complacent, but only by continuously improving products and processes (Gharpure, 2011). However, all these strengths can also turn into weaknesses like the fact that some companies overstretch the technical features of new products and do not meet customer's expectations in technical and commercial specification any longer (Simon, 1992). Thus, *Mittelstand* companies need to work constantly on their strengths, but always consider possible risks as well, in order to maintain their competitive advantages over big multinational corporations.

Third, a further strength of the German *Mittelstand* is a high level of skilled labour in Germany, which is ensured by training and apprentice programmes and systems (Orton-Jones, 2013; Simon, 1992). This matches the sustained and continuous strategic business approach, supports performance, and helps to ensure success. In addition, the system is supported by local institutions like unions and political decision makers, as it ensures the national competitiveness of Germany in relation to international competition. The institutional environment, which is heavily supporting the *Mittelstand* economy can even be enlarged to universities, polytechnics and colleges, innovation and technology centres like ZENIT or TGZ, engineering organizations like RKW and REFA, as well as financial institutes and banks with a special focus on the *Mittelstand* like KfW, DtA, and

the German Savings Bank Association (Meyer-Stamer & Wältring, 2000). From this it follows, that the capabilities and the continuity of people, both in management as well as on a shop-floor level is comparatively very high. This fact is even strengthened by the location of the companies, which is often a smaller town or village and only rarely in urban centres like Berlin, Hamburg or Munich. As a result, people have a good understanding of the tasks and responsibilities within their own firm. This factor is strengthened by the multidisciplinary of many employees as they drive internal projects but still visit customers even as a non-sales function (Simon, 1992). The “hidden champions” adopt this also for their employees in subsidiaries by providing a profound training for introduction, which is supported by regular yearly trainings at headquarters (Simon, 1992). In addition, trainings are even provided to customers to increase the customers’ loyalty to the products and to educate them to use these products with all the technical features provided.

Finally, important values and initiatives of *Mittelstand* companies are loyalty, devotion, and the desire to aim for medium and long-term success, which is also seen as a pillar of strength of the German *Mittelstand* (e.g. Orton-Jones, 2013). However, this can turn into a challenge due to new management staff, which may be hired for international expansion and growth, as they might judge the existing corporate cultures in the *Mittelstand* as idiosyncratic and therefore problematic (Simon, 1992). The following illustration aims to summarize and categorize the key success factors of the *Mittelstand* in Germany reviewed above.

Figure 14: Success Factors of *Mittelstand* Companies



These success factors of *Mittelstand* companies will be matched with the structure of the derived MNC criteria and their dimensions for multinational sales management in section 2.5 in order to identify differences and similarities. In addition, the corresponding managerial implications regarding typical approaches for internationalization are reviewed before the final matching.

2.4.2 Describing Management and Internationalization of the *Mittelstand*

This subsection describes the management mentality and the internationalization patterns of the German *Mittelstand* in order to facilitate a comparison with models for MNC typologies and subsidiary roles. It is arranged according to the following aspects:

- (1) Management mentality with its impact on decision-making and sustainability
- (2) Internationalization patterns and the starting positions of the *Mittelstand*
- (3) Focusing on niche markets and concentration on core competencies

First, the management mentality in the German *Mittelstand* may be cautious and risk averse, but the sector is still active and innovative in international markets based on a slow, sustained, and carefully planned internationalization process (McDonald, et al., 2003). *Mittelstand* companies often demonstrate that a persistent approach to serving foreign markets improves their own capabilities and therefore supports success. However, Orton-Jones (2013) states research that reveals management qualities to be less effective and productive, especially in family-owned businesses where top jobs are often filled only by family members to ensure a “family gravity” (Fernández-Aráoz, Iqbal, & Ritter, 2015, p. 85). In contrast, the benefit out of this line-up is that management actions tend to be more reliable, as they are not determined by short-term goals and corresponding bonuses and incentives. Nevertheless, even if external management is in place, an “enlightened patriarchy” is often applied as a leadership style, as *Mittelstand* managers care for their employees and families with a fatherly concern (Simon, 1992). This supports the commitment, the qualification, and the long periods of employment, which is an important contribution to one of the key success factors priorly mentioned.

Companies belonging to the *Mittelstand* in Germany mostly internationalize due to the entrepreneurial behaviour of responsible management, which is often “proactive and innovative, but also cautious, sequential and risk averse” (McDonald, et al., 2003). This often results in a “step-by-step” internationalization for which the “Uppsala Model” provides conceptual background (Schweizer, Vahlne, & Johanson, 2010). This model divides the internationalization process into a time and a location perspective. The chronological decision-making is based on the experiences in the home market and a possibly existing foreign market before expanding to further countries and markets. The decision regarding locations is heavily influenced by the physical and cultural distance, as companies rather start their experience with close locations and markets. This fits to Bremmer’s comment that MNCs have to select their foreign markets carefully depending on an assessment of the importance of the target industry in both home-market and foreign-market (Bremmer, 2014).

Second, the process of internationalization is often characterized by *Mittelstand* companies entering a new geographic market as a national or local company rather than a German company, but at the same time keeping full control at local subsidiary sites (Simon, 1992). In addition, similar to the overall management mentality, there exists a strong commitment to expansion existent in *Mittelstand* companies as soon as the decision on the expansion strategy is made. One prerequisite of the implementation is the fact, that the target markets are known very well (Simon, 2012, p. 165), which facilitates a sustainable approach. Hausmann (2006) structures the internationalization process into three phases in a chronological order according to the respective market risk: (1) regional internationalization, (2) continental internationalization, and (3) global internationalization. Each phase has a distinct competitive dimension and results in four roles. In “phase 1, i.e. the regional phase”, a company uses its leading position in technology in order to play a visionary role, which is transferring national to international competitiveness. The second phase (continental phase) contains two roles: A *Mittelstand* company can expand either with a conquering role that uses proximity for competition or with an accompanying role, which benefits from proximity to its customers. The third role that internationalizes on a global scale aims for continuity as a success factor in order to be successful in various geographical markets (Hausmann, et al., 2006). For Simon’s “hidden champions”, it can be observed, that these companies had started their internationalization quite early, mostly accompanied by the foundation of their own subsidiary in the respective local markets in order to take advantage of the direct relationships to customers (Simon, 2012, p. 207).

Third, expansion is an important pillar for the *Mittelstand* as the existing market behaviour and customer needs in the home market are transferred to worldwide markets. Thus, “hidden champions” expand by using their existing market definition on a global scale instead of extending the markets to be served in a single region (Simon, 2012, p. 207). However, the described internationalization in a narrowly defined market forces the German *Mittelstand* to consider both the risk and the opportunities of specialization, as market and customer requirements are subject to change, which would then have severe consequences for subsidiaries or even the entire company. This specialization is reflected by a high degree of independence within the company and by having a certain depth of internal value-adding, especially in manufacturing and R&D operations. *Mittelstand* management believes that high quality and precision cannot be achieved without having both full control and independence (Simon, 1992). Therefore, a great portion of the companies’ core competencies are still located in headquarters (Hausmann, et al., 2006). Thus, there is scepticism towards outsourcing of any process that touches the core competencies of a company, which can be seen along the entire value-chain. This scepticism applies especially for knowledge-intensive functions like R&D and innovation,

relationship-intensive functions such as sales and distribution, but also for labour-intensive functions like production, as the management also values the knowledge and skills of the personnel who produce the high-tech and high-quality products. However, these competencies ensure the market leadership, especially for the key aspects of being technology and quality leader and facilitate a deep access to the customer with a specified product portfolio (Simon, 2012, pp. 134, 185). The behaviour described also fits to the consistent, reliable, and long-term oriented management mentality, which is existent in many *Mittelstand* companies, as the overall company is usually not affected by financial pressure and the corresponding short-term objectives. This helps to “establish a baseline of good governance” (Fernández-Aráoz, et al., 2015, p. 85).

As a result, the three aspects described above are summarized in the illustration below. It needs to be stated that the approach of transferring the home market situation and the corresponding strategy to foreign countries suits the multinational MNC typology. However, the characteristic of keeping control in headquarters as well as focusing and relying on existing core competencies on a worldwide scale is more similar to the global MNC typology introduced by Bartlett and Ghoshal (Bartlett & Beamish, 2014). Farrell (2004) gives the following advice for MNCs when expanding on a global scale, which fits the German *Mittelstand* as well: (1) abandon incremental thinking, (2) use global assets effectively and efficiently, (3) tailor best practices to local conditions, (4) aim for higher quality in products and services.

Figure 15: Management Mentality and Consequences for Internationalization

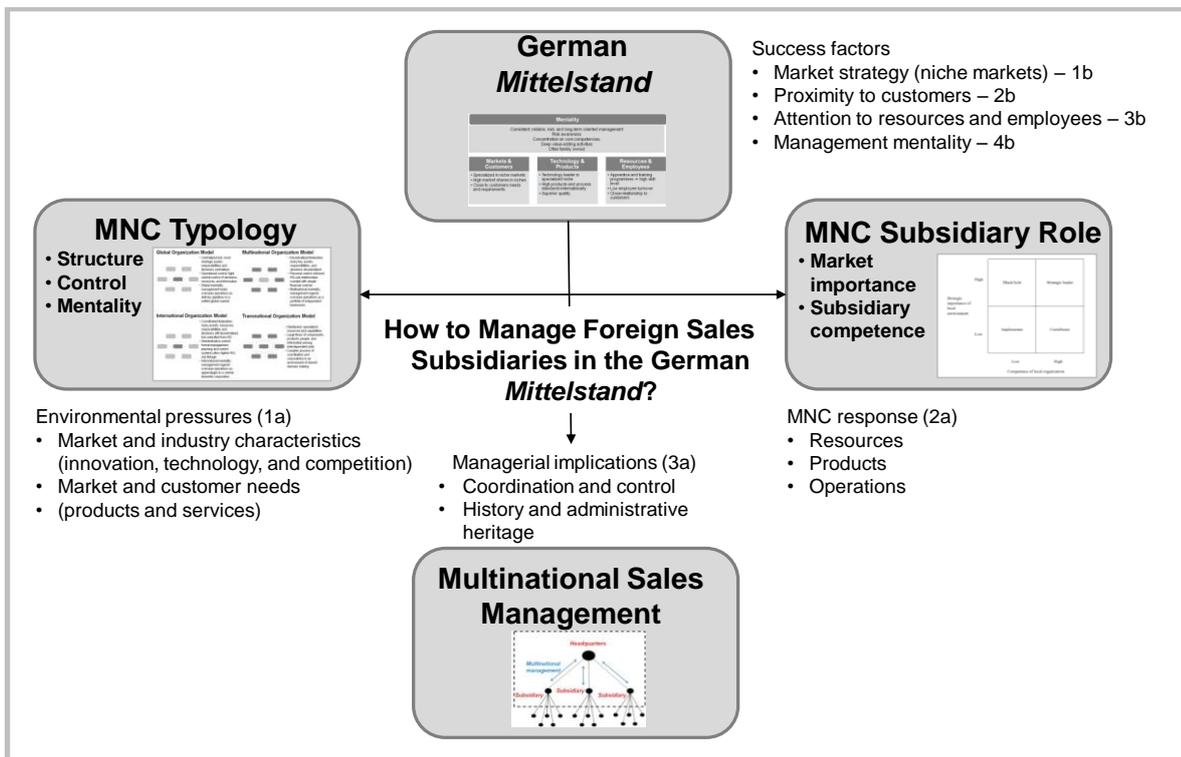


It needs to be examined if and how the derived success factors and the management mentalities within *Mittelstand* companies can be combined with the MNC typologies and role models for foreign subsidiaries derived in the previous section. Thus, a matching of all the MNC dimensions with the *Mittelstand* success factors is conducted in the following subsection.

2.4.3 Matching *Mittelstand* Characteristics with MNC Dimensions

In the following, the three MNC dimensions of the key influencing factors for multinational sales management are matched with the three major *Mittelstand* success factors. Thus, the MNC dimensions (1a) environmental pressures, (2a) MNC response, and (3a) managerial implications are compared and contrasted to the *Mittelstand* success factors (1b) market strategy and proximity to customers requirements, (2b) focus on technology and products, (3b) attention to resources and employees, and (4b) management mentality one after the other.

Figure 16: Matching MNC Knowledge with *Mittelstand* Characteristics



First, the derived environmental pressures, market and industry characteristics fit the *Mittelstand* success factor. One of the success factors of the “hidden champions” is to focus on a defined niche market (Simon, 1992, 2012) and become the leader in the defined market. Thus, *Mittelstand* companies need to know both the market and the industry, especially their innovation behaviour, technology requirements, and competition, very well in order to ensure that the products on offer are accepted. Usually MNCs also set their corporate strategy and structure in accordance with the market and industry characteristics (Bartlett, et al., 2008). The author thinks that the *Mittelstand* success factor and the MNC criterion “environmental pressure” suit each other well, as the corporate strategy relies on the market knowledge in both cases. The approach of *Mittelstand* companies described by Simon even facilitates the generation of this knowledge by having a close relationship with customers and market participants (Hausmann, et al.,

2006; Rickes & von Hassell, 2008). In addition, the second environmental pressure, which MNCs are exposed to are the detailed requirements from customers or markets, i.e. the products and services requested. These pressures are also addressed by the *Mittelstand* companies via the strategic focus on innovation, quality, and the technical predominance of the products and services offered (Simon & Lorenz, 1996).

Second, the MNC's response to the environmental pressures by managing resources, products, and operations is also represented by the typical behaviour of *Mittelstand* companies due to the following facts: Simon's "hidden champions" (Simon, 1992, 2007, 2012) focus upon the technical predominance and the corresponding quality in products. Furthermore, as stated above, innovation and technology are important to achieve this. The final output in products and services is only possible via recognition and sponsorship of the required resources. *Mittelstand* companies focus on the education and the development of their staff, both for individual staff members as well as for management (Hausmann, et al., 2006; Orton-Jones, 2013). However, the operational perspective is limited by *Mittelstand* companies, as they prefer global and multinational structures with a certain central influence (Hausmann, et al., 2006; Meyer & Vernohr, 2007), which contradicts to Bartlett's transnational typology (1999) and other decentralized approaches (Ghoshal & Bartlett, 1990) or network structures (Andersson, et al., 2002).

Third, the managerial implications, which are present in multinational sales management, are a perfect fit for those that are applied in *Mittelstand* companies. Regarding coordination and control, basically defined by balancing global integration and local responsiveness (Doz & Prahalad, 1991; Prahalad & Doz, 1987), MNCs categorize all actions via centralization, formalization and socialization (Nohria & Ghoshal, 1994, 1997). Even though *Mittelstand* companies tend to leave a great part of their decisions to headquarters, management is also open to leave a certain responsibility to the local subsidiaries in order to fulfil the local customer demand adequately (Hausmann, et al., 2006). For the socialization part of coordination and control, *Mittelstand* companies attach a certain importance to their staff and the continuous development by giving them close management attention and appreciation, sometimes even from the family board members (McDonald, et al., 2003; Orton-Jones, 2013). The part where Bartlett and Ghoshal remind management to consider the administrative heritage when making any strategic or structural decision (Bartlett & Ghoshal, 1991) suits the mentality of *Mittelstand* management as well. As *Mittelstand* companies rely on their skills and the offered products and services, they fulfil a certain depth within their value-adding processes and focus in particular on certain core competencies (Simon, 1996, 2012). This ensures leadership both from a technological perspective as well as from the perspective of product quality.

As a result, the environmental pressures, which MNCs are exposed to, and the MNC's response to these pressures with the corresponding managerial implications fit the success factors and the management mentality, which are present in *Mittelstand* companies. The result is summarized in the following illustration:

Table 8: Cross-Verification of Key Factors for Multinational Sales Management

MNC Dimension and Criteria		MNC Typology		Foreign Subsidiary Role		German <i>Mittelstand</i>	
Environmental pressures	Market and industry characteristics	✓	Type of competition Rate of innovation	✓	Importance of market for MNC: size, technology	✓	Niche market leadership
	Market and customer needs	✓	Standardization versus customization	✓	Characteristics of customer demands and required coordination from headquarters	✓	Focus on customer needs
MNC response	Resources	✓	Central versus local allocation	✓	Competence of subsidiary	✓	Competence, long-lasting staff
	Operations	✓	Global, multidomestic, network org structure	✓	Competence of subsidiary	✓	Tendency to global structure
	Products	✓	Standardization versus differentiation	✓	(Importance of market)	✓	Innovative, high quality, technology leader
Managerial implications	Coordination and control	X	More relevant for subsidiary roles	✓	Formalization, Centralization, Socialization	✓	Consistency, Reliability Risk-Awareness
	History and core competencies	(X)	(Administrative heritage)	✓	Administrative heritage	✓	Core competencies, deep value chain activities

The description and the corresponding illustration above show the adequacy of the derived MNC categories for managing multinational companies of the German *Mittelstand*. Thus, (1) the environmental pressures (market and industry characteristics as well as market and customer needs), (2) the selected MNC response (regarding resources, operations, and products), and (3) the corresponding managerial implications (coordination and control & history and core competencies) are used as the basic MNC categories for multinational sales management.

2.4.4 Presenting the Findings Regarding German *Mittelstand*

This section shows the success factors of the German *Mittelstand* as well the management mentality and the internationalization approach. Moreover, these MNC characteristics are matched with the collected MNC dimensions and factors. With this, the selected models are operationalized. In summary, the following two claims result from this section's findings and harmonize with the claims for the selected MNC models:

(1) Claim for an application of the MNC typology, i.e. the constituting dimensions, in the German *Mittelstand*:

- Structure
- Control
- Mentality

(2) Claim for an application of the subsidiary role model, i.e. the constituting dimensions, in the German *Mittelstand*:

- Importance of local market
- Competence of local subsidiary

2.5 Multinational Sales Management

This section categorizes and further structures the results of the previous sections by combining the selected MNC typology and the selected subsidiary role model (subsection 2.5.1), defining the key factors for multinational sales management (subsections 2.5.2), and refining the corresponding multinational sales management for an application in a company of the German *Mittelstand* (subsection 2.5.3).

2.5.1 Combining MNC Typology and Subsidiary Role Model

The combination of the MNC typology, which is representing the headquarters perspective with a global view to the subsidiary portfolio and the subsidiary role model, which allows differentiated views on the individual subsidiaries, is presented below. The following three tasks for guiding responsibilities, opportunities, and the different multiple subsidiary activities from a headquarters perspective are stated by Bartlett and Ghoshal (1986) and fit the previously mentioned MNC dimensions for multinational sales management:

- (1) Setting the strategic direction,
- (2) Building a differentiated organization (both from a structural but also from a managerial perspective),
- (3) Directing the process to ensure that several roles are coordinated and different responsibilities are controlled

The first task is addressed by the overall review of strategic fit and choices for MNCs by using MNC typologies and subsidiary role structures, which is addressed in the previous subsection. However, for the second and third task, it is necessary to review possible perspectives or views for the underlying mechanisms that may influence multinational and national management. Hence, a comparison of the perspectives of a resource-based view (RBV) and a market-oriented perspective is conducted below in order to classify the reviewed models before drawing a conclusion about the key influencing factors for multinational sales management of foreign subsidiaries.

First, strategies, which focus on the existing and potential markets, both from an MNC as well as from a subsidiary perspective, regulate and organize their global and local organizations according to the needs of the markets. This market-based view on strategy implementation fits the previously described pattern to align the strategy and structure of a company with the environmental pressures that confront the MNC and its subsidiaries represented by the different MNC typologies. Moreover, strategic management provides knowledge on how to penetrate new and existing markets with the products, which are already available or in development, as shown by the Ansoff-Matrix (Hitt, 1997). The following four strategies (1) market penetration (in existing market with existing products),

(2) market development (of new market with existing products), (3) product development (for existing market), and diversification (new products for new markets) are suggested. Furthermore, the landscape of competition can be considered as well when applying a market-based perspective. Competitors should not only be seen as threats to one's own company, as they may also strengthen the firm's competitive advantage if the benefits are understood by the company's management (Porter, 2004). Thus, it is shown that environmental pressures like market requirements in technology, innovation, and competition are represented by a market-based view.

Second, the resource-based view turns the perspectives by looking at the resources of MNC and subsidiaries such as employees and their skills, competencies and capabilities, but also assets like facilities, relationships to customers and suppliers, or brand awareness.

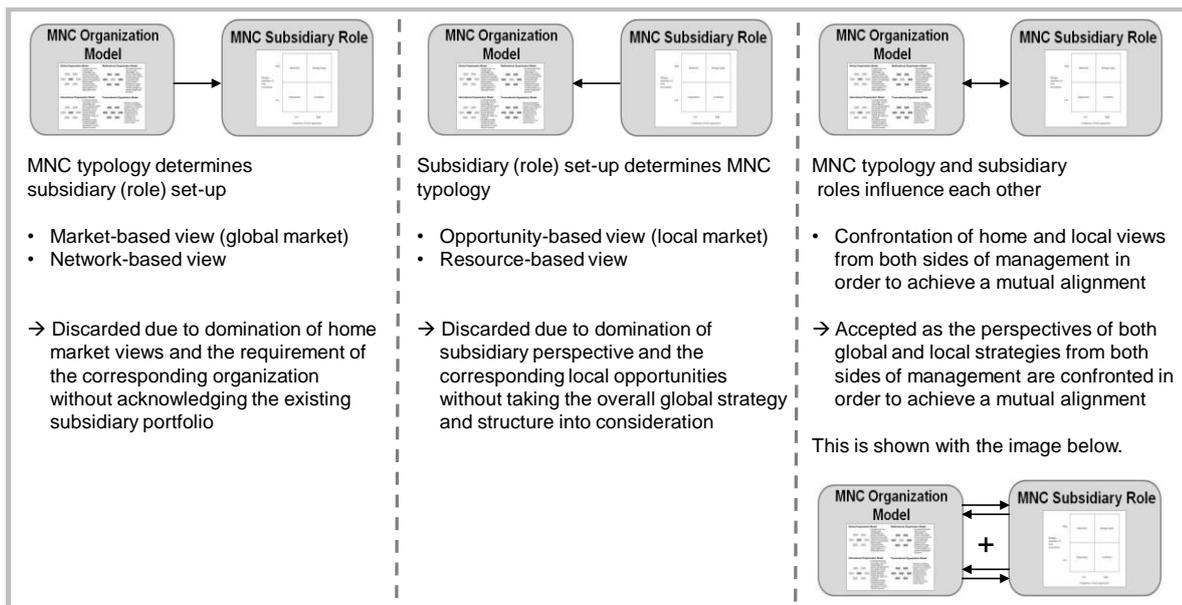
“The resource-based view of the firm holds that each company has a unique combination of competencies. A company may seek to improve its performance by concentrating on those activities that best fit its competencies, depending on other firms to supply it with products, services, or support activities for which it has lesser competency.” (Daniels, et al., 2010, p. 570)

Within the resource-based view, the organizational unit, which has control over resources, has the power as well and thus have the lead for strategic and operational decisions, at least the ones critical and important for the entire organization. This is often combined with budgetary power, which allows headquarters, for instance, to delegate power or freedom to its subsidiaries as well (Buckley & Ghauri, 1998). This shows that the resource-based view has similarities with the firm's response represented by the subsidiary role models, as some of the reviewed subsidiary role models employ the resource's set-up (Poynter & White, 1984), the competence (Bartlett & Ghoshal, 1986), or the structure of the resources' activities (Rugman, et al., 2011) to define the subsidiaries' roles. In addition, the opportunity-based view (OBV) that is related to entrepreneurial behaviour (Birkinshaw, 2000) and can be subsumed under the resource-based view as it also describes the firm's actions or response to a certain condition. These facts suit Chandler's request (1962 in B. Ambos & Mahnke, 2010) that headquarters has to perform multinational management by using two charters. Firstly, the integrative charter, which consists of coordinating and controlling activities and resources, providing common systems and structures, and offering the incentives for subsidiaries to unlock potential synergies across the MNC. Secondly, the entrepreneurial charter of exploring new business opportunities, identifying possible ventures, and stimulating and assisting

subsidiaries in understanding their markets and the corresponding relation within the global context (as confirmed by Cullen & Parboteeah, 2013 as well).

After all, there are arguments in favour of both the market-based view and the resource-based view. The market based-view suits the strategic choice of the MNC regarding the global market and the structure required for this by applying the MNC typologies and addressing the environmental pressures. Instead, the resource-based view fits the differentiated approach by allocating different roles for subsidiaries and managing the resources to tackle the market and its opportunities. However, in a real-life context, both views might block each other as one party may claim that there is a market but not the corresponding resources or vice versa. In order to overcome this obstacle, the author suggests combining the models and using the derived influencing factors for multinational sales management to facilitate the usage of both models. The following figure illustrates three alternatives for relating MNC typologies and foreign subsidiary roles. First, one may take the MNC typologies to determining the subsidiary roles. This market-oriented perspective might heavily consider the home market and the view of the entire MNC instead of looking at the local context and requirements. Second, taking the subsidiary roles as a basis, which leads to the entire MNC strategy, does not sound reasonable either as local optima not always produce a global optimum for the entire MNC. Finally, if both models are used in a mutually complementary way, the weaknesses of the previously mentioned alternatives are turned into an advantage as the input variables can be used to apply both models and to discuss both outcomes.

Figure 17: Alternatives for Relating Models for MNC Typology and Subsidiary Roles



The derived outline of how to relate the MNC typology to the roles of the MNC's subsidiaries needs to be equipped with the corresponding factors, i.e. the variables for this

research study. These variables are derived from the MNC dimensions, criteria, and factors. The next section conducts a review of the *Mittelstand*'s key characteristics and success factors, as the variables must be fitted the German *Mittelstand* before the results are combined.

2.5.2 Stating the Key Factors for Multinational Sales Management

This subsection defines and assigns key factors to the derived MNC dimensions and criteria for multinational management of foreign sales subsidiaries by considering existing research. The previously derived overlap of the MNC's structure and strategy, headquarters-subsidiary relationship, and German *Mittelstand* serves to obtain appropriate results via the extraction of the identified research and the selected models.

- MNC typology of Bartlett and Ghoshal (1988, 2002)
- Subsidiary role model of Bartlett and Ghoshal (1986) as well as the integration-responsiveness model of Prahalad and Doz (1991; 1981; 1987)

Again, the three MNC dimensions (1) environmental pressures, (2) MNC response, and (3) managerial implications (Nohria & Ghoshal, 1994, 1997) serve as the structure for the definition of the key factors

First, the environmental pressures having an effect on the MNC are structured by the characteristics of the industry and market as well as by the needs of the market and its customers. The market and industry characteristics consist of the size and growth of the market (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986), the competition (Prahalad & Doz, 1987), and the technological aspects in industry and markets (Nohria & Ghoshal, 1994; Prahalad & Doz, 1987). Bartlett and Ghoshal use these characteristics in order to describe the strategic importance of the local market for an MNC. In addition, Prahalad and Doz derive both the competition landscape as well as the technological intensity to decide on the appropriate balance of global integration or local adaption. Nohria and Ghoshal (1994, 1997) aim for the same thing when they use the technological dynamism for structuring the MNC as a differentiated network. A similar usage of the key factors can be transferred to the needs of markets and their customers, which are made up by product needs, the required support, and the corresponding proximity (Bartlett & Beamish, 2014; Prahalad & Doz, 1987). These needs and requirements are crucial in order to set a structure and a strategy for the MNC, which enables it to serve the customer's needs. Thus, the variables and their measures mentioned above both serve as a usage of the environmental pressures in order to categorize the required typology of an MNC. This then supports the definition of an appropriate MNC response, where the factors are derived according to the following illustration, which summarizes possible variables and measures of the environmental pressures.

Table 9: MNC Factors and Variables for Environmental Pressures

MNC Dimension and Criteria		MNC Factor	Variables (Source)
Environmental pressures	Market characteristics	Size and growth	Strategic importance of local market (Bartlett & Ghoshal, 1988)
		Competition	Importance of multinational competitors, intensity of competition, global/local allocation of competitors (Prahalad & Doz, 1987)
		Innovation	Technological dynamism (Nohria & Ghoshal, 1994), technological intensity (Prahalad & Doz, 1987)
	Customer needs	Products	Need for product adaption, need for standardization (Prahalad & Doz, 1987),
		Support	Differences in customer needs (Prahalad & Doz, 1987)
		Proximity	Customer demand intensity (Bartlett & Ghoshal, 2006), importance of multinational customers (Prahalad & Doz, 1987)

Second, the MNC's responses to the environmental pressures they are exposed to are structured by aligning resources, products, and operations. The resources of an MNC could either be the allocation of skills and capabilities for management and operations (Nohria & Ghoshal, 1994), or the management of physical assets like capital and technology (Nohria & Ghoshal, 1994, 1997). As fulfilling the customer needs regarding products can be seen as the most important MNC response to customers, the question of where and for whom development efforts for new products are set-up is left open (Nohria & Ghoshal, 1997). This corresponds to the willingness and the openness for product adaptations and modifications for local markets (Jarillo & Martínez, 1990). Furthermore, the required operations have to be set and managed, as the sales and marketing activities need to be in accordance with the customer's needs (Jarillo & Martínez, 1990; Nohria & Ghoshal, 1994; Prahalad & Doz, 1987), which is again a question of global integration and local responsiveness according to the characteristics of the local markets. This influences the interdependencies within the MNC, i.e. the headquarters' management of activities and the exchange of products between the subsidiaries (Birkinshaw & Morrison, 1995). It also has an impact on the configuration of the MNC's value chain activities (Rugman, et al., 2011). Finally, not only the development of strategy and structure, but especially the implementation of them requires high management attention, especially as the fit of strategy and structure could vary between MNC and subsidiaries and among subsidiaries as well (Harzing, 2000). The composed key factors and the corresponding variables and measures regarding the MNC's response serve for both the categorization of the entire MNC and the allocation of subsidiary roles according to the characteristics of the local markets. The remaining issues of the managerial implications for the multinational sales management of subsidiaries are shown after the second summary table.

Table 10: MNC Factors and Variables for MNC Response

MNC Dimension and Criteria		MNC Factor	Variables (Source)
MNC response	Resources	Operational skills	Allocation of human capabilities/skills (Nohria & Ghoshal, 1994)
		Management skills	Allocation of human capabilities/skills (Nohria & Ghoshal, 1994)
		Technology	Allocation of quality of physical assets (Nohria & Ghoshal, 1994)
		Capital	Allocation of amount of physical assets (Nohria & Ghoshal, 1994)
	Operations	Marketing activities	Integration / sdaption of product launches/introductions (Pralhad & Doz, 1987), integration/adaption of marketing activities (Nohria & Ghoshal 1994/1997; Jarillo & Martinez, 1990)
		Sales activities	Integration/adaption of marketing activities (Nohria & Ghoshal 1994/1997; Jarillo & Martinez, 1990)
		MNC interdependencies	Value chain configuration (Birkinshaw/Morrison, 1995; Rugman et.al, 2011), intergroup sales/purchases (Birkinshaw/Morrison, 1995)
		Strategy and structure	Corporate level strategy and MNC organizational design (Harzing, 2000), Subsidiary role and organizational structure (Harzing, 2000)
	Products	Development	Set-up, allocation, and purpose of development resources (Nohria & Ghoshal 1997)
		Adaptation	Proportion of products developed or adapted for local markets (Jarillo & Martinez, 1990)

Third, the resulting managerial implications are split into coordination and control, and the historical roots of the company. Next, coordination and control is structured according to the findings of Nohria and Ghoshal (1994): centralization, formalization, and socialization. The researchers define centralization as the management of the authority of decision-making as well as the management of the processes and activities in an MNC. Formalization consists of possible sets of rules and policies, the documentation for the course of action of a company (Nohria & Ghoshal, 1994), and existing control mechanisms (Harzing, 2000). The key factors and their variables and measures mentioned above provide the basis for coordination and control within an MNC; however, the historical roots should not be left aside. The review of both MNC and *Mittelstand* knowledge shows that the following characteristics are important for the German *Mittelstand*: the concentration on the core competencies (Simon, 1996), the importance of a certain depth of value adding activities in the company (Hausmann, et al., 2006; Simon, 1996), and the values and administrative heritage of a company, which are existent in the knowledge and experience of the entire staff (Bartlett & Ghoshal, 1991).

Table 11: MNC Factors and Variables for Managerial Implications

Category		Variable	Measures (Source)
Managerial implications	Coordination and control	Centralization	Centralization vs autonomy of decision-making (Nohria & Ghoshal 1994), integration vs adaption of processes and activities (Nohria & Ghoshal, 1994)
		Formalization	Existence of a set of rules and policies (Nohria & Ghoshal, 1994), Existence of a manual for the course of action (Nohria & Ghoshal, 1994), control mechanism (Harzing, 2000)
		Socialization	Sharing of a common organizational culture (Birkinshaw & Morrison, 1995), sharing a common set of rules/goals (Birkinshaw & Morrison, 1995), frequency of communication and visits between headquarters and subsidiaries (Birkinshaw & Morrison 1995,;Nohria & Ghoshal 1994)
	History	Core competencies	Focus on core competencies (Simon ,1996)
		Depth of value adding	Depth of value adding processes/activities (Simon, 1996; Haussmann, 2006)
		Values and administrative heritage	Administrative heritage (Bartlett & Beamish, 2014)

The derived structure of MNC dimension and criteria, key factors, as well as the corresponding variables and measures as described above, is used to apply the selected models for MNC typology and subsidiary role.

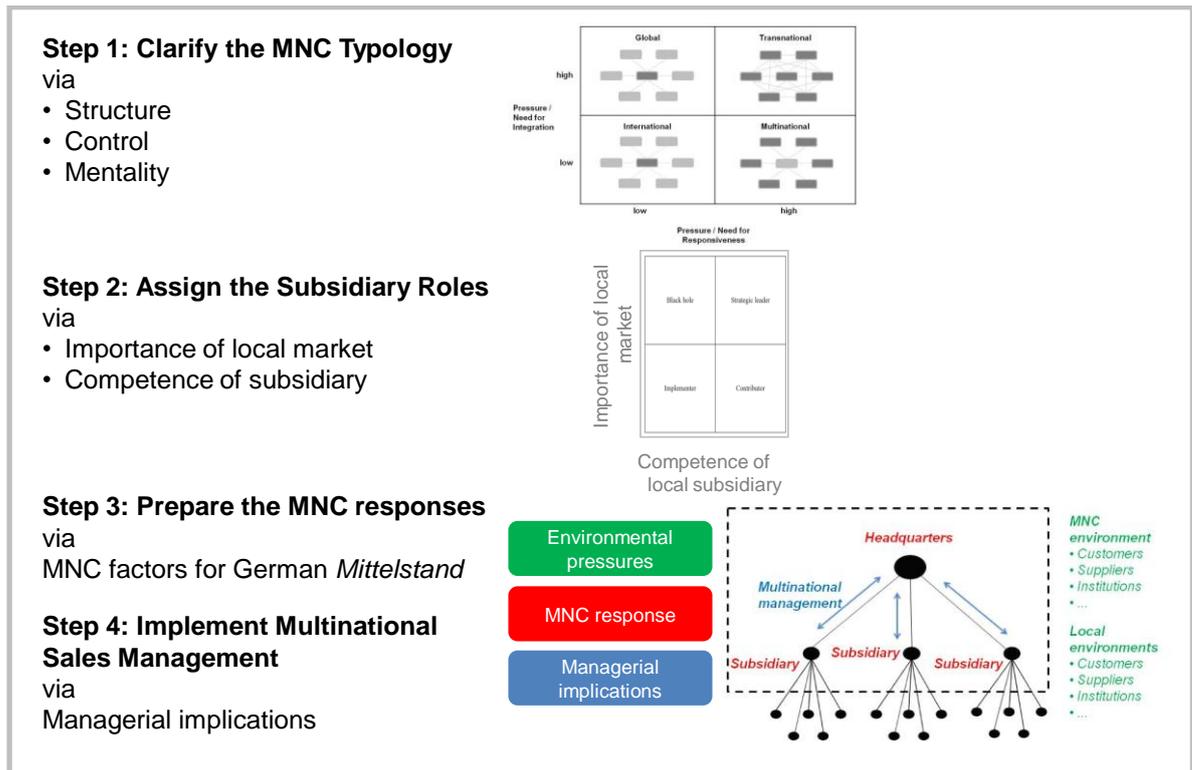
2.5.3 Refining Multinational Sales Management

Bartlett and Ghoshal (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986) suggest the following three steps for guiding the responsibilities and tasks within an MNC: (1) setting the course, (2) building differentiation, (3) directing the process. However, this only considers their subsidiary role model. Therefore, the author modifies this to the following four steps resulting from this literature review, which aims to assess the existing MNC knowledge and to select the required content the underlying research study builds on.

- (1) Understanding the environmental pressures of the MNC with the existing structures, control mechanisms, and management mentalities → BASIS: MNC Typology
- (2) Classifying the subsidiaries via the market importance and the subsidiary competence → WHERE: Subsidiary Role Model
- (3) Structuring and preparing the most appropriate MNC responses for the derived subsidiary roles → WHAT: MNC Response
- (4) Directing the process for managerial implications in order to implement these MNC responses within the local subsidiaries →HOW: Managerial Implications

These four steps are the basis for the conceptual framework, which is presented in the literature review results.

Figure 18: Four Steps for Multinational Sales Management



The first two steps have been elaborated in the previous sections (see section 2.2.4 and section 2.3.4), but the appropriate MNC responses and the corresponding managerial implications for the four subsidiary roles still need to be derived.

First, the MNC responses (1) resources, (2) operations, and (3) products (as described in Table 10 in the previous subsection) have to be matched with the two dimensions of the selected subsidiary model (market importance and subsidiary competence). As previously stated, it is the MNC's aim to increase the importance of the local market and to improve the competence of a subsidiary. The subsidiary competence can be influenced by working on the local resources and the local operations, both from headquarters (Bartlett & Beamish, 2014; Nohria & Ghoshal, 1994) as well as by the subsidiary itself (Birkinshaw, 2000; Birkinshaw & Heywood, 2010). The importance can only be influenced via the MNC response regarding products, if at all. The MNC has to offer products, which are suitable for the respective local market by meeting both technical as well as commercial requirements, especially for *Mittelstand* companies seeking a clearly defined market niche (Gharpure, 2011; Simon, 2012).

Second, the managerial implications (1) centralization, (2) formalization, and (3) socialization (as described in Table 11 in the previous subsection) have to be allocated to the subsidiary roles resulting from the market importance and the subsidiary competence (Bartlett & Beamish, 2014). For subsidiaries with a low competence (implementers and black holes), headquarters has to take over control to guide the local subsidiary with

important decisions. The more important the market of a subsidiary is for the MNC (as it is the case for black holes and strategic leaders), the more headquarters needs to participate in the local decision-making. Whereas strategic leaders only have to be accompanied, black holes need substantial assistance. A certain degree of formalization (rules and guidelines) is required for all subsidiaries (Nohria & Ghoshal, 1994, 1997). However, the more important a local market is, especially if global customers are served locally, the more formalization is necessary. Socialization is an important element for all subsidiaries as a common culture and common values are crucial for an MNC (Birkinshaw & Morrison, 1995), especially for the German *Mittelstand* (Simon, 2012). Thus, frequent visits are required both from headquarters to subsidiary and vice versa, which also shapes the competence of the subsidiary and the understanding of the market from a headquarters perspective (Hausmann, et al., 2006).

Consequently, the following implications for multinational sales management are stated for the subsidiary roles:

- Implementers: Management should focus on resources and operations via centralization and socialization. The more important direction is from headquarters to subsidiary.
- Contributors: Management should focus on strategy and products via formalization and socialization. The implication is to conduct socialization in a mutual exchange.
- Black Holes: Headquarters management has to focus on resources and operations via centralization and socialization. The low competence of the subsidiaries implies a one-way direction from headquarters to subsidiary.
- Strategic leaders: Headquarters and subsidiary management have to focus jointly on strategy and products via formalization and socialization. This ensures that both the directions from headquarters and the strategic leader match.

2.5.4 Presenting the Findings Regarding Multinational Sales Management

This section combines the MNC typology and the subsidiary role model. In addition, the key factors for multinational sales management are defined and will be verified by a plausibility check. Finally, the patterns for multinational sales management of the derived subsidiary roles are refined. The following selections, claims, and propositions result from the findings of this section:

(1) Selection of suitable MNC factors for the German *Mittelstand*:

- Environmental pressures, MNC response, and managerial implications
- Corresponding MNC factors for multinational sales management
- But: A verification of the MNC factors is required (by a plausibility check)

- (2) Claim for an application of multinational sales management in the German *Mittelstand*:
- Via the selected subsidiary role model by considering the constituting dimensions (market importance and subsidiary competence)
 - How to shape importance of the local markets → MNC response: products
 - How to improve the competencies of the local subsidiaries → MNC response: resources and operations
- (3) Propositions regarding the expected outcome in the German *Mittelstand* when applying multinational sales management by using the patterns for the subsidiary roles:
- “Implementer”: Focus on products and resources via centralization and socialization
 - “Contributor”: Focus on products via formalization and socialization
 - “Black Hole”: Focus on products, resources, and operations via centralization and socialization
 - “Strategic Leader”: Strengthen MNC responses via formalization and socialization

2.6 Literature Review Results

This section shows the research gaps identified by the conducted literature review (subsection 2.6.1) in order to deduct the conceptual framework for this research study (subsection 2.6.2). After that, the major limitations of this literature review are stated to provide transparency regarding potential weak points of this literature review (subsection 2.6.3).

2.6.1 Identifying the Research Gaps and Deriving the Consequences

For any research, both bases of existing knowledge as well as certain research gaps are necessary in order to contribute knowledge regarding a defined research phenomenon (Booth, et al., 2003). This research study aims to find responses to the management of foreign sales subsidiaries of companies belonging to the German *Mittelstand*. Thus, after a citation that states the importance of possible findings, the identified gaps of existing knowledge are shown, which serve as a basis for the remaining part of the research study.

“For most MNCs, the challenge of the 2000s is both strategic and organizational...[as] they are forced to develop a more complex array of strategic capabilities that enable the competitive advantages...[Furthermore] the traditional organizational approach of these companies, developed to support their earlier global, multinational, or international approaches, has become inadequate for the more complex strategic tasks [described above].”

(Bartlett, et al., 2008, p. 100)

The following research gaps are visible according to the conducted review of existing literature:

- (1) A predominance of macro-view descriptions of and prescriptions for the strategic and structural fit of MNCs (MNC typologies)
- (2) A concentration on big multinational corporations
- (3) A missing operationalization of MNC typology and subsidiary role models in order to derive managerial implications
- (4) A concentration on functions like production, logistics, innovation, and human resource management
- (5) A methodological concentration on quantitative studies

First, existing knowledge shows a tendency towards macro-view perspectives and only limited contributions to micro-view perspectives. This results in a focus on the development and planning of strategic and structural decisions within an MNC and

neglects the implementation and the management of them. In addition, the corresponding variables to use the suggested models for MNC typology and subsidiary roles of Bartlett and Ghoshal are missing. Thus, the managerial consequences ensuing after the constitution and the usage of the models only touch the macro-view perspective of management.

Second, existing MNC research focuses on big MNCs such as Unilever, Philips, or IBM. Despite their economic importance for Germany, scholars have paid limited attention to “hidden champions” or global niche players (Meyer & Vernoehr, 2007). Thus, there exists only limited research on MNC belonging to the German *Mittelstand* (Hausmann, et al., 2006), especially regarding the research field of MNCs. In order to provide such research, the specific *Mittelstand* characteristics and success factors must be taken into consideration. In addition, resource and market based perspectives should be added, as *Mittelstand* mentality is “hands-on”, risk averse and tentatively operation-oriented.

Third, a combination of the MNC typology model and the model for foreign subsidiaries is necessary to combine the afore-mentioned external market perspective and the internal resource perspective. The market-based view seems to be useful for global management and is tentatively of a strategic nature for the MNC facilitating the use of the MNC typology. Instead, the locally responsive management is tentatively operative and considers a resource-based view, where the roles of subsidiaries can be applied. Thus, the usage of both models forms a comprehensive picture of multinational sales management. In addition, similar variables are used to assign MNC typology and subsidiary roles.

Fourth, existing research either takes a general perspective on the MNC or focuses on one of the following functions: production, procurement, or logistics. There is only limited knowledge available for sales and marketing activities within the MNC, even though sales subsidiaries have specific characteristics, as sales claim to be unique (Adamson, Dixon, & Toman, 2013).

Fifth, the methodological approach in existing MNC knowledge mostly combines quantitative data of various MNCs and their subsidiaries. These cross-sectional data and analysis diminish the uniqueness of every MNC as they limit the understanding of each unit of analysis. This fact is considered as one major limitation of existing knowledge, which has to be counteracted with an in-depth research strategy. Moreover, as stated earlier, existing knowledge is rather conceptual than empirical (Harzing, 2000). There is only limited research available using an in-depth approach of a single MNC, and mixing both quantitative and qualitative data.

Conclusively, for the managerial implications aimed at a contingency model is necessary, which considers MNCs’ overall structure and strategy as well as the corresponding management of foreign subsidiary portfolios. Jarillo and Martinez (1990) state that a subtle system of coordination needs to be developed besides the changes in strategy and formal structure. A purely strategic redefinition is not sufficient to integrate or advance worldwide activities. The depth of defining variables enables practitioners to use the models actively in strategy development and implementation as well as for judging their existing organizational structures and strategies.

2.6.2 Deducing the Conceptual Framework

The following conceptual framework provides guidance throughout the entire research study as it illustrates the relationship between the research fields of interest: (1) multinational corporations (MNC), i.e. MNC typologies and the fit of strategy and structure, (2) MNC foreign subsidiary roles, and (3) the key influencing MNC factors with regard to the German *Mittelstand* characteristics. Conclusively, the appropriate (4) implications for multinational sales management are derived from the three research fields mentioned. The overall findings of the literature review, i.e. the selections, the claims, and the propositions are summarized in the following table.

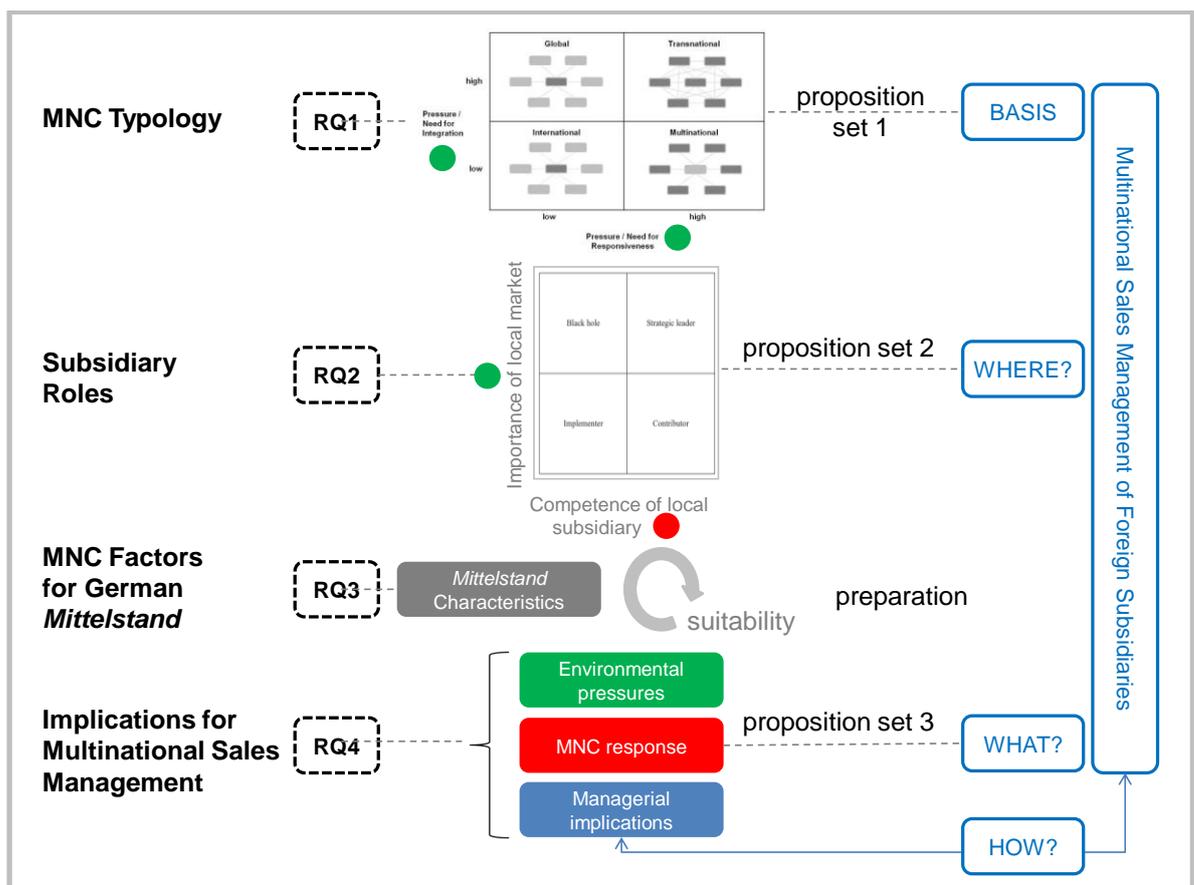
Table 12: Findings from Literature Review

	Selections: Suitability for German <i>Mittelstand</i>	Claims: Application within German <i>Mittelstand</i>	Propositions: (Expected) Outcome in the German <i>Mittelstand</i>
MNC Typology BASIS RQ1	MNC typology by Bartlett and Ghoshal (1988, 2014) with IR-grid by Prahalad and Doz (1981, 1991) 2.2	MNC typology serves as a BASIS for multinational sales management via • Structure • Control • Mentality 2.2 2.4 5.2	Proposition • German <i>Mittelstand</i> follows international MNC typology 2.2 5.2
Subsidiary Role WHERE RQ2	Subsidiary Role by Bartlett and Ghoshal (1986, 2014) 2.3	Subsidiary role model classification (WHERE) via • Importance of local market • Competence of local subsidiary 2.3 2.4 5.3	Description of subsidiary portfolio Propositions for: • Market importance and performance • Sub competence and performance 2.5 5.3
MNC Factors for German <i>Mittelstand</i> WHAT RQ3	MNC Factors with structure by Nohria and Ghoshal (1994, 1997) 2.5	MNC dimensions and factors provide guidance for WHAT to do: • Environmental pressures • MNC response • Managerial implications 2.5 5.4	MNC dimensions with modified MNC factors from plausibility check • Initial coding scheme 2.5 5.1
Multinational Sales Management HOW RQ4	MNC Dimensions with modified MNC factors (verified by plausibility check) 5.1	Patterns for subsidiary roles via: • HOW to shape local markets • HOW to improve competence of local subsidiaries 2.5 5.4	Set of patterns for subsidiary roles • Proposition “Implementer” • Proposition “Contributor” • Proposition “Black Hole” • Proposition “Strategic Leader” 2.5 5.4
RQ	Corresponding Research Question	LR	Finding in Literature Review
		Result	Link to Research Results

First, the MNC typology, i.e. the structural and strategic set-up of an MNC, needs to be discussed and assigned as it represents the BASIS for any multinational sales

management. This relates to the first research question. Second, the subsidiary roles need to be assigned to the subsidiary of a case. This facilitates a description of the existing subsidiary portfolio and serves as a positioning WHERE to do WHAT as stated in the second research question. Third, the characteristics of the German *Mittelstand* need to be reflected for both the selected models and the corresponding MNC factors in order to have a suitable conceptual framework for the specified population as mentioned in the third research question. Finally, the structure of MNC dimensions and the corresponding collection of MNC factors, which are modified according to the requirements of the German *Mittelstand*, enable both academia and practitioners to derive implications for multinational sales management. Thus, this research study aims to show HOW to manage foreign subsidiaries of the German *Mittelstand* by considering both subsidiary role and the underlying MNC typology. This reflects the fourth research question and relates back to the overall question and objective of this research study. Figure 19 summarizes these facts by showing the conceptual framework for this research study.

Figure 19: Conceptual Framework



The derived conceptual framework suggests the following four steps for multinational sales management of foreign subsidiaries in a company belonging to the German *Mittelstand*:

- (1) Assign MNC Typology (BASIS) by:

- Clarifying “structure”
 - Clarifying “control”
 - Clarifying “mentality”
- (2) Define Subsidiary Role (WHERE) by:
- Assessing “importance of local market”
 - Assessing “competence of local subsidiary”
- (3) Derive MNC Response via MNC Factors according to subsidiary role (WHAT)
- MNC response to shape “local market and industry” by aligning products to local requirements
 - MNC response to approach “local market and customer” by aligning resources and operations of local subsidiary
- (4) Set Managerial Implications according to subsidiary role (HOW)
- “Implementer”: centralization and socialization
 - “Contributor”: formalization and socialization
 - “Black Hole”: centralization and socialization
 - “Strategic Leader”: formalization and socialization

These four steps of the conceptual framework lead to the corresponding research propositions. Figure 20 shows the sets of propositions, which define and guide the collection and analysis of data (see also Thomas, 2011, p. 163).

Figure 20: Research Propositions with Link to Research Questions



2.6.3 Stating the Limitations of the Literature Review Results

In addition to the research gaps and the overall findings of the conceptual framework, the following limitations regarding the review of existing knowledge conducted should be stated.

- (1) Search strategy and approach
- (2) Focus of research
- (3) Concentration on key researchers
- (4) The author's bias as an academic and as a practitioner (possibly affecting this research)

First, the selected search strategy of conducting a narrative review with systematic elements may raise the question, whether elements like inclusion and exclusion criteria are supportive for the result of the literature review. Even though it is a conscious decision to apply these elements, aspects like culture or contributions in HR management may still be important for any possible result (see also the contributions from Shah, et al., 2012 as an example), but excluded from the research study due to the selection criteria. The reasons for the approach stated in the beginning of this chapter should eliminate the doubts about the selected approach. Conclusively, any methodological decision causes certain consequences but also the desired advantages, which justify the choice.

Second, the focus of research may sound contradictory. The purposeful dichotomy of taking both a macro as well as a micro perspective of the MNC into consideration may seem inconsistent. The management of an MNC and the portfolio of subsidiaries is multifaceted and therefore only feasible by taking a macro perspective. However, the author thinks that a certain depth is necessary for deriving MNC dimensions, criteria, key factors, and the corresponding variables and measures. Yet, at the same time, it is impossible to cover all areas of multinational sales management and the aspects that possibly influence it. Finally, a contingency approach seems to be the most promising, especially when considering the managerial and practical direction of the underlying DBA programme.

Third, the concentration on key researchers like Bartlett and Ghoshal for MNC typology and subsidiary roles as well as Simon for *Mittelstand* research may appear oversimplified. It is arguable, whether it is appropriate to concentrate on those researchers. However, the author and other researchers opine that the contributions from Bartlett and Ghoshal are one of the most important ones in the research field of MNCs and multinational sales management. For instance, the Financial Times names "Managing Across Borders" as one of the 50 most influential business books of the century, and Christopher A. Bartlett is the best-selling case author in the history of Harvard Business School

(Harvard_Business_School, 2014). In addition, Hermann Simon is seen as one of the most important contributors of knowledge regarding “hidden champions” and *Mittelstand* companies in Germany. Thus, the author believes that it is a viable approach to review and adjust their existing models critically in order find valuable responses to the research questions and objectives of this research study.

Fourth, an objective reader of this work may doubt, whether the author is independent of pre-built opinions, ideas, or thinking. Thus, one may doubt, whether the conduction of the research study, starting from the statement of research questions, the review of existing knowledge, the design of the planned research, and ending with the application of the research in a single case, can be done without the unconscious influence of past experiences as noted by Schön (1983). The author thinks that every researcher is partly biased by his own mindset. Thus it is important to continuously review and reflect the thoughts and findings, both with oneself as well as with supervisors, other students, and practitioners as suggested by Easterby et al (2008) to overcome this bias. These review and reflection exercises are discussed in the respective parts of this research study. In addition, the suitability of the derived MNC factors for the German *Mittelstand* is verified by a plausibility check, as the credibility of the results from the literature review can be judged by the coverage of the qualitative data by industry experts (Graneheim and Lundman, 2004, in Elo & Kyngäs, 2008).

The stated limitations are addressed, if possible, with appropriate measures to minimize their impact on the overall result. If it is not possible for the author to counteract them sufficiently or any limitation cannot be avoided, the respective limitation is repeated in the final chapter of this research study.

2.7 Chapter Summary

The summary of this chapter is conducted via the “Thesis Progression Matrix”, which has been introduced in the summary of the previous chapter. The illustration shows the basic results of the literature review in accordance with the stated research questions and the corresponding research objectives.

Table 13: Thesis Progression Matrix – Chapter 2

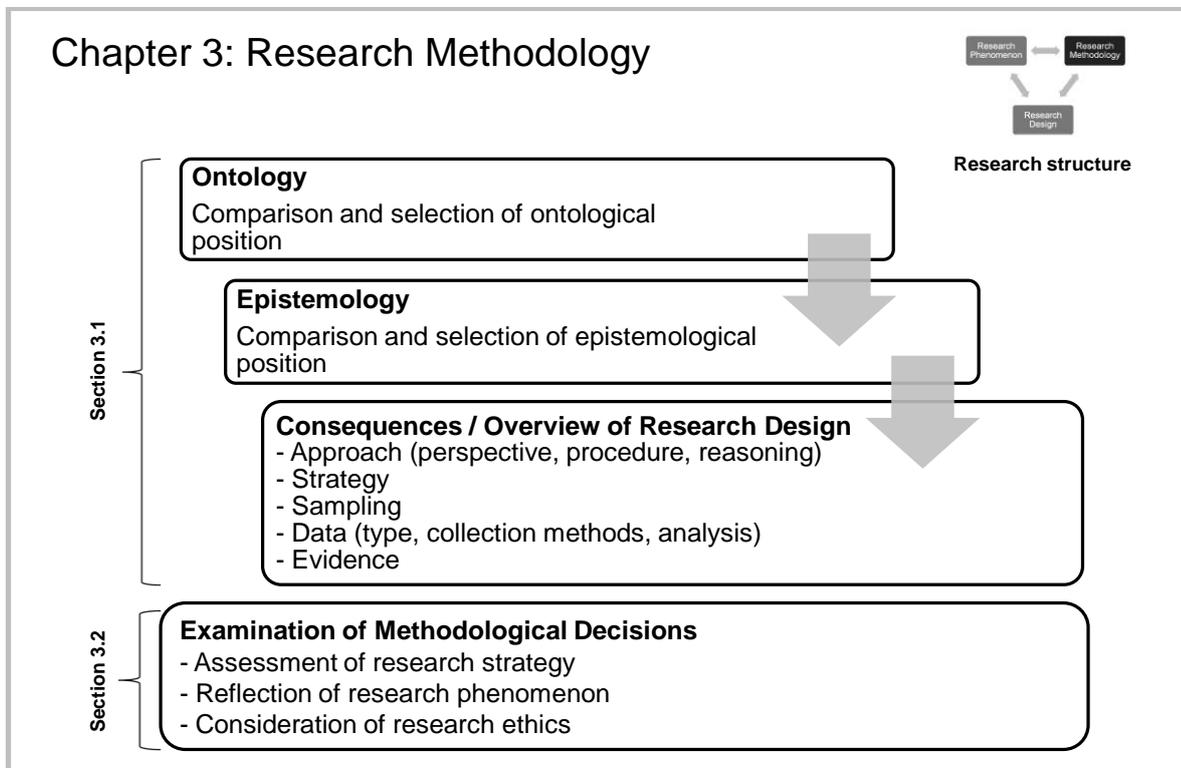
Research Question	Research Objective	Source	Literature Review Results
How to manage foreign sales subsidiaries in multinational corporations belonging to the <i>Mittelstand</i> in Germany?	The research study on hand is to contribute knowledge to the research elements of MNCs as well as to managerial practice	Overall Research Study	Managerial implications out of MNC typology and subsidiary role model (see below)
What MNC typologies suit the characteristics and requirements of the German <i>Mittelstand</i> ?	To understand the strategic and structural MNC typologies and the characteristics and requirements of the German <i>Mittelstand</i> by reviewing existing knowledge and by examining a selected German <i>Mittelstand</i> company	Literature Review + Case Study	- MNC typology of Bartlett and Ghoshal (1989, 2002, 2014) - Integration-Responsiveness model by Prahalad and Doz (1981, 1987) - <i>Mittelstand</i> characteristics (Simon)
What existing role models for foreign subsidiaries can multinational corporations of the German <i>Mittelstand</i> take, when deciding between managing operations globally and leaving them in a local responsibility?	To refine existing role models for foreign sales subsidiaries for the requirements of German <i>Mittelstand</i> MNCs when deciding whether to manage operations globally or to leave them in a local responsibility by reviewing existing knowledge and by examining a selected German <i>Mittelstand</i> company	Literature Review + Case Study	Subsidiary role model of Bartlett and Ghoshal (1986, 2014) - Importance of local market - Competence of local subsidiary
What are the key factors influencing multinational sales management to find an “appropriate level” of local adaption and global integration considering the German <i>Mittelstand</i> characteristics?	To define key influencing factors for an “appropriate level” of local adaption and global integration by reviewing the literature of multinational management and by consulting industry experts in order to prepare the case study	Literature Review + Plausibility Check	Environmental pressures - Industry and market characteristics - Market and customer requirements MNC response with adequate - Resources, operations, and products Managerial implications - Coordination and Control - History and core competencies
What implications for multinational sales management can be applied within <i>Mittelstand</i> companies in Germany when considering the role of the foreign subsidiary?	To identify perspectives for multinational sales management of foreign subsidiaries (of multinational corporations of the <i>Mittelstand</i> in Germany) by applying the selected MNC typology and the subsidiary role model within a selected German <i>Mittelstand</i> company	Literature Review + Case Study + Synthesis	Conceptual framework with - Propositions for the MNC response to increase market importance - Propositions for the MNC response to improve subsidiary competence - Propositions for managerial implications

The following chapter describes the research methodology of this research study, which is one of the three fundamental pillars of any research besides the previously described research phenomenon and the research design, which follows in chapter four.

3 Research Methodology

Research Methodology represents “the philosophical model behind a research process” and the corresponding research design (Wahyuni, 2012, p. 70). In addition, it describes and defines “the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted” (Saunders, Lewis, & Thornhill, 2012, p. 764). This chapter links the previously described existing knowledge derived from the literature review with the research questions and research objectives stated in chapter 1 with the underlying research philosophy. Therefore, the author’s ontological and epistemological positions are established and the corresponding consequences for the research design are shown (section 3.1). Hereafter, the methodological decisions are examined by assessing the research strategy, by reflecting the research phenomenon, and by considering research ethics (section 3.2). The research methodology of the research study on hand, as one part of the research structure (presented in section 1.5) provides guidance to the previous, the present, and the subsequent chapter by linking the research phenomenon, the research methodology, and the research design.

Figure 21: Contents of Chapter 3 – Research Methodology



3.1 Selection of Basic Research Positions

Various terms are used to express the philosophical part of a research study in a similar way. These terms may be philosophical worldview, as paradigms or basic sets of beliefs, which guide action (Guba, 1990), sociological paradigms (Burell & Morgan, 1979), or simply ontology and epistemology (Easterby-Smith, et al., 2008). For this research study the descriptions of Guba (1990) are used for the paradigm, which both facilitate and guide a disciplined inquiry of a research phenomenon:

- Ontological position: What is the nature of the knowable? Alternatively, what is the nature of reality?
- Epistemological position: What is the nature of the relationship between the knower (the inquirer), and the known (or knowable)?
- Methodological consequences: How should the inquirer go about finding out and contribute knowledge?

These three concepts are described and discussed in the following subsections (3.1.1, 3.1.2, and 3.1.3) in order to provide the basis for the research design and all corresponding decisions.

3.1.1 Finding the Ontological Position

Research studies in social sciences handle people, groups or organizations, and their context rather than simply physical objects (Easterby-Smith, et al., 2008). As this research study is located within social sciences, the following verbalization of ontology is used to clarify the ontological position within the perspective of social sciences as applied in this research study.

“Ontology” is derived from the Greek word for “being” and clarifies the things, which exist (Blackburn, 2008) within the nature of reality. For researchers this is crucial as they approach their research phenomenon via implicit or explicit beliefs about the nature of the social world. This influences the selected research strategy, which clarifies how research is conducted (Burell & Morgan, 1979). Thus, ontology sets the philosophical assumptions about the nature of reality (Easterby-Smith, et al., 2008) or the social world, which are crucial for any research study. These assumptions provide the basis for the intended research including all underlying decisions. In other words, the ontological position may be defined as “how we think” about the reality and the context which is aimed to be studied and researched.

One key clarification needed when setting the ontological position is whether the reality is external, independent from social actors including their interpretations (Wahyuni, 2012)

and therefore not accessible to the researcher or whether it is a product of individual consciousness and therefore, the result of a human's mind (Burrell & Morgan, 1979). Furthermore, it needs to be clear how meaning and understanding about knowledge can be created. There are two extreme ontologies, which span the range of all ontological positions: (1) representationalism and (2) nominalism. Representationalism sets the assumptions for positivists in an epistemological way and only regards something as "true" if a prediction on facts is verified by applying certain methods although reality cannot be accessed directly (Easterby-Smith, et al., 2008). In contrast, nominalism as the counterpart to the aforementioned ontological position sees facts always as a human creation and its concept of truth depends on the establisher (Easterby-Smith, et al., 2008). According to this, nominalism sets the assumptions for interpretivists and constructivists in an epistemological way.

The author's ontological position is dominated by relativism as outlined by Easterby-Smith, Thorpe and Jackson (2008). However, the author does agree to some elements of the position and the corresponding consequences of a critical realist, as well. Therefore, the ontological assumptions about reality are located in between the extreme positions of a representationalist and a nominalist and support a relativistic set of assumptions. Hence, truth is determined through consensus between different viewpoints and facts depend on the viewpoint of the observer (Easterby-Smith, et al., 2008). This also fits the author's roles and chosen attitudes in both private and professional life according to a self-reflection of his behaviour. In addition to this relativistic ontological position, a major part of the ontological position of a critical realist is employed. This enables the author to justify his assumptions by adopting the major requirement of a critical realist approach: to identify the structures and mechanisms of the social world, i.e. the phenomenon to be researched in order to be able to understand and possibly change the social world as stated by Bryman (2007). In addition, human thoughts and human statements about the social world are not reducible to a single fact (Blackburn, 2008), which implies that the reality needs to be approached by a holistic approach. In summary, the author's ontological position is relativism with some elements of the position of a critical realist. The implications of the ontological position for the epistemological position are derived in the following subsection.

3.1.2 Clarifying the Epistemological Position

Epistemology can be defined as the "theory of knowledge", i.e. it is supposed to clarify both the origin of knowledge and the creation of knowledge (Blackburn, 2008, p. 118). In contrast to the ontological position of a researcher, the epistemological position of a researcher clarifies the general set of assumptions about how to enquire the nature of the

social world (Easterby-Smith, et al., 2008). Thus, it may be defined as how a researcher approaches the knowable content (Guba, 1990), which is necessary for the research study and how knowledge is generated, understood, and used in order to declare it as acceptable or valid (Wahyuni, 2012). It has to be stated that it is the social world, or rather a research phenomenon within that social world, which is studied. The epistemological position then sets the way “how to study” this context. When studying the context, important concerns are the nature of truth and how both experience and meaning are seen by an observer (Blackburn, 2008). Only these conditions enable a researcher to describe a fact or an observation as “true”, which is crucial for any description, explanation, or exploration, and even more importantly to derive any conclusion from it. Within a relativistic epistemological position, truth and facts may be relative to the standpoint of the judging subject (Blackburn, 2008), i.e. the researcher. This clearly shows that a relativistic position does not only consider objective, but also subjective observations, as any observation is a product of the researcher’s actions. In addition, a relativistic approach is rather holistic compared to the reductionist approach of a positivist (Bright, 1991). Therefore, relativism is an attempt to possibly take contingencies such as history, experience, culture, linguistic or psychological background of researcher or object into account, when forming truth and creating facts from the perspective of different viewpoints (Blackburn, 2008).

The author’s epistemological position is dominated by the influence of the relativistic paradigm. Resulting from the ontological position, the author also takes various aspects from the position of a critical realist into account, as this enables him to counteract his relativistic assumptions with the ones of being a critical realist by checking the entire context and embeddedness in reality. This matches his main position, as researchers with a relativistic position may have both positivistic as well as constructivist elements in the research design (Easterby-Smith, et al., 2008) by working with:

- diverse perspectives as a researcher
- different research methods and therefore
- using both quantitative and qualitative data

These assumptions and possibilities fit both into the practical work perspective as well as into the role as a researcher and allow doing both research and professional work when collecting the required data. Furthermore, the epistemological position of a relativist implies the following consequences for the research study itself (Easterby-Smith, et al., 2008):

- The basic aim of the research is exposure (description) whereas positivists would aim for explanations and constructivists for explorations (see sections 1.2 and 1.3).

- The starting points for a research are propositions, which may be derived from existing knowledge or prior research results (see section 2.5).
- The design is set to triangulate, possibly by using various investigators, multiple methods, different data perspectives and/or by relying on diverse theories (see sections 4.4 and 4.5).
- The analysis is mainly based on probabilities; whereas positivists base their analysis on verification/falsification and constructivists tend more to rely more on sense-making (see section 4.4).
- The outcome mostly strives for correlation instead of causalities and understanding which are used by the extreme epistemological positions (see chapter 5).

The next subsection shows the consequences for the research study on hand resulting from the philosophical standpoint.

3.1.3 Stating the Methodological Consequences

When selecting a certain research design, the corresponding methods and procedures need to be selected according to the researcher's philosophical assumptions about knowledge and its definitions (Bright, 1991). The following definition serves as a general orientation for the following subsections:

“Research design is the logic that links the data to be collected (and its conclusions to be drawn) to the initial question of the study”.
(Yin, 2014, p. 26)

The relativistic epistemological position allows both objective as well as subjective elements in the research study. The former suggests using a structured approach whereas the latter even allows the researcher even to add personal components to the overall picture as well (Bryman & Bell, 2007). As positivistic positions neglect such a multifaceted position, the perspective of the research study rather follows holism than reductionism. Holism emphasizes the priority of a whole over its parts (Blackburn, 2008), which also suits the stated research phenomenon described in chapter 2. Unlike the positivist position, the constructivist's or even interpretivist's position would allow a collection of data, which is subjective, in-depth, and rather undefined. However, this would not suit his ontological and epistemological assumptions and beliefs, as the author prefers a certain amount of structure and countable data.

Resulting from the selected positions, the overall research study is descriptive as the study aims to investigate “what is happening” rather than “why it is happening”, which

would then be an explanatory approach. Beyond that, an exploratory approach would neither fit the philosophical standpoint as this is more in line with constructivists (Bryman & Bell, 2007; Creswell, 2008), nor the underlying research questions and objectives, which are set prior to deciding the methodology of this research study. In contrast, descriptive research aims to gain an accurate profile of the research phenomenon (Saunders, et al., 2012, p. 171), which enables the author to test the appropriateness of existing MNC knowledge being applied to the German *Mittelstand*. However, the conclusions drawn from the results of the research also include explorative elements, as one part of the overall purpose of this research study is to provide support and guidance to managerial practice. Nevertheless, the main part of the research study is of a descriptive nature, which is also stated by the research questions and objectives.

The reasoning regarding theory and existing knowledge is deductive, as it is not intended to build new theories based on the collected and analyzed data. This is justified in the research questions and objectives stated in chapter 1, which aim to test and modify existing MNC knowledge by applying it to the population of the *Mittelstand* companies in Germany. This decision also matches the selected epistemological position as a relativist with elements of a critical realist. With this choice, the suitability of existing knowledge is critically tested and possibly modified for an extended usage at *Mittelstand* companies rather than inventing new theories by following, for instance, a grounded theory approach (Easterby-Smith, et al., 2008). Any conclusions out of this study and possible adjustments to existing knowledge may have an inductive flavour as it develops a richer theoretical perspective (Saunders, et al., 2012, p. 164), however the main reasoning is of deductive nature.

The overall research strategy is case research as the perspective of the research study is rather holistic. Thomas (2011) and Yin (2011, 2014) specifically suggest case studies for holistic inquiries as this approach suits research topics, which tend to be rather complex nature than reducible to a single item. In contrast, an experimental design, which is more supported by positivistic positions (Bryman & Bell, 2007) is not appropriate from a philosophical point of view. Therefore, the detailed research design is a case study, in which the conclusions from the collected data are drawn from one case with the support of in-depth data. The data are collected via a snap-shot observation (Thomas, 2011) instead of applying a longitudinal research. A longitudinal design is discarded in view of the feasibility of the entire conduction of the research with the selected research programme. Case studies involving various sites for collection and analysis of data often support the rationale of enabling comparisons between the observed practices (Wahyuni, 2012) in order to achieve a deeper understanding. However, statistical significance cannot be achieved with such an approach. Nevertheless, a single case study is conducted due to

the following reason. The author is convinced that the derived results of the literature review should be tested with one case and various subsidiaries first before possibly being applied in a multiple case design. Thus, a single case delivers sufficient results, which enables him to decide, whether to suggest further research by using a multiple design or not.

When a research phenomenon is seen as a complex social and organizational research problem, different viewpoints should be taken into consideration (Yin, 2014). This can be achieved by using multiple sources of data as well as both quantitative and qualitative data as suggested by Easterby (2008). This implies that the quantitative data form the basis of data to be collected. The qualitative data serve to verify and to enrich the quantitative part (Bryman & Bell, 2007) and provide an overall picture including possible contingencies in the selected case. According to Morgan's advice (1998 in Bryman & Bell, 2007, p. 646), the mixed-method approach for this research study prioritizes qualitative data over quantitative data. The sequence of data collection starts with collecting quantitative data, which is then followed by the collection of qualitative data. The findings and results out of the quantitative data facilitate and support the qualitative data (Hammersley, 1996 in Bryman & Bell, 2007) as the implications for multinational sales management shall be based on the assigned subsidiary roles of the selected case. Prior to the case study, a plausibility check verifies the results of the literature review (in particular the MNC factors) qualitatively as derived in section 2.6. Thus, the final sequence is QUAL-quant-QUAL.

The decision for the appropriate analysis is also driven by the author's epistemological position. As embedded units within a single case may have their own characteristics (Simons, 2009; Thomas, 2011), the subsidiaries of the MNC are analyzed individually. However, as the intention and interest aim both for the individual findings as well as for the overall findings, a consolidated synthesis is conducted after the individual analyses. This offers further possibilities for data analysis, using techniques like pattern matching (Yin, 2011, 2014) when comparing the individual subsidiaries with similar roles across the selected case. By expanding the overall results with such analysis perspectives, the choice of conducting a single case study is even more justified.

Resulting from the described consequences for the research design out of the ontological and epistemological position of the author, Table 14 provides an overview of the research design. A more detailed description follows in chapter 4 in order to generate and provide a case study protocol as suggested by Yin (2011, 2014).

Table 14: Overview of Research Methodology

Topic	Description
Ontology	Relativism
Epistemology	Relativist with elements of a critical realist
Research Strategy	Case research <ul style="list-style-type: none"> • descriptive study with explanatory conclusion • mixed method (both quantitative and qualitative data) approach with multiple data collection methods • deductive reasoning with inductive elements
Research Design	Plausibility check <ul style="list-style-type: none"> • industry experts with defined characteristics Case study <ul style="list-style-type: none"> • typical case, holistic approach of a defined population • single case with multiple embedded units of analysis
Sampling	Sampling strategy <ul style="list-style-type: none"> • non-probability sampling • convenience and selective sampling with defined sample characteristics
Data	Data type <ul style="list-style-type: none"> • primary data (+ some secondary data) • quantitative and qualitative data (mixed-method) Data collection methods <ul style="list-style-type: none"> • methods: multi-method approach for both qualitative and quantitative data • process: sequential as methods serve different purposes • observation: "snapshot"/concurrent • timing: sequential Data analysis <ul style="list-style-type: none"> • data: sequential and independent in order to test propositions • case: individual and consolidated
Evidence	Mixed method approach with multiple data collection methods <ul style="list-style-type: none"> • facilitation • complementarity

3.2 Examination of Methodological Decisions

This section assesses the basic elements of case research with regard to the methodological decisions (subsection 3.2.1). Furthermore, the selected research design is confronted with the research phenomenon and the philosophical positions (subsection 3.2.2). The section closes with a general consideration of research ethics when conducting this research study (subsection 3.2.3).

3.2.1 Assessing Case Research

As the usage of the term “case study” and “case research” varies within literature, the following definition clarifies this ambiguity: The term “case research” is used to express the research strategy whereas “case study” is rather used to denominate the overall research design. Following this line of thought, a case study implies more than being just a research method or a data collection method (Bryman & Bell, 2007). According to Yin (2014, p. 16) the scope of a case study is defined as:

“...an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.”

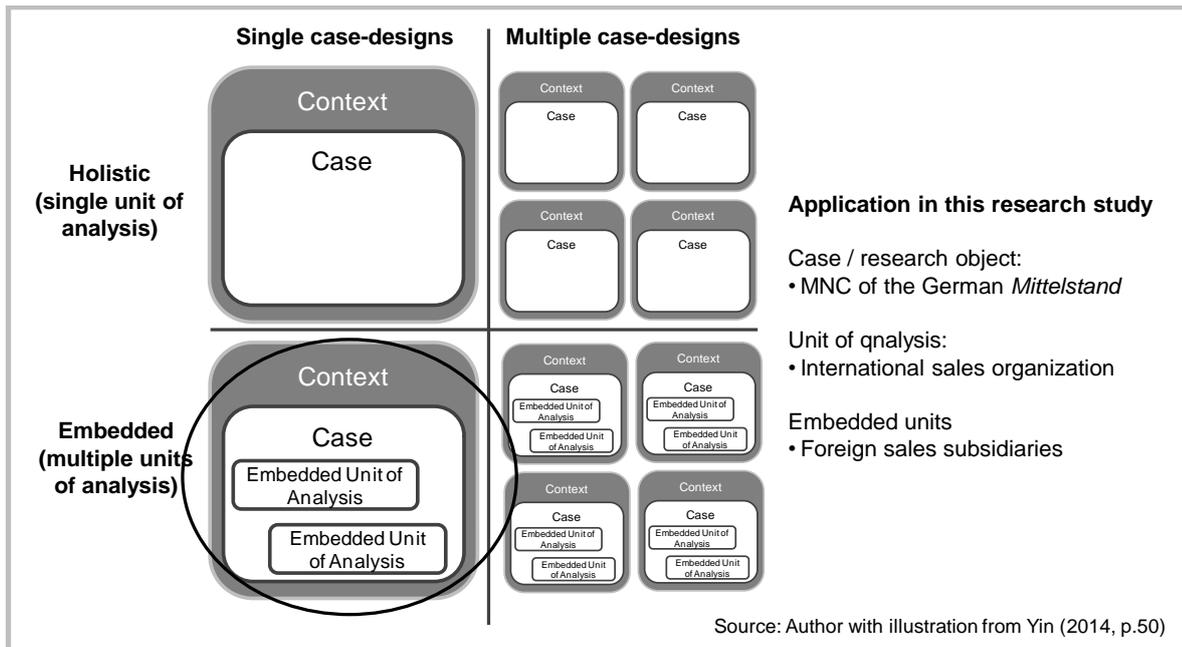
It is widely discussed and even criticized whether case research is an appropriate strategy for research (Yin, 2014). The most common criticism is that it does not follow a systematic procedure. Therefore, it is doubted that it is a repeatable approach to achieve construct validity. Thus, the results, which are drawn from data of one or a few cases, may not be used for other cases as there is a concern that generalisation to a defined population cannot be achieved by applying case research (Verschuren, 2003). This view is mainly represented by positivists (Yin, 2011, 2014). Positivists doubt the internal validity of case research, as the causal relation of the variables collected and analyzed may not be demonstrated in a sufficient way. The scepticism towards case research is strengthened by the lack of a clear approach of which data collection is used, as it is not clearly described how data were collected. However, it is more important for this research study with its objectives that the case study results contribute to knowledge to the research phenomenon (i.e. the population of the German *Mittelstand*) being studied (Verschuren, 2003). The majority of researchers like Bryman (2007) see case research only or mainly using qualitative data collection methods, whereas other researchers like Yin also suggest the possibility of using quantitative methods (Yin, 2011) or even a mixed-method approach (Cameron, 2011; Creswell, 2008). Another ambiguity is the role of the researcher. Verschuren (2003) states that some researchers play an interactive role instead of acting from distance. In the author’s a point of view, this applies to any research

to a greater or lesser extent as the researcher designs and defines both content and process of collecting and analyzing the required data.

In contrast to the above-mentioned objections to case research, Yin (2014) mentions some opportunities where other research strategies have limitations. According to him, it is possible to tackle a complex topic where both facts from structures and processes as well as human behaviour can be analyzed at the same time or within the same research study. In addition, various methods for data collection can be chosen for case research (Bryman & Bell, 2007) and it is even suggested to use more than one method for finding evidence (Yin, 2011, 2014). By doing this, a convergence of findings and conclusions can be achieved, which implies that a much deeper insight can be achieved by means of qualitative data or even a mixed-method approach. Thus, a well-constructed case study can be used to challenge an existing theory (Saunders, et al., 2012, p. 180). However, it has to be stated that the actual choice of the most appropriate methods highly depends on the research study itself and the underlying research methodology including the ontological and epistemological position of the researcher (Yin, 2014). Again, pure positivists would probably not agree to these statements. An important issue mentioned by Verschuren (2003) is the choice and the definition of the research object. The phenomenon to be researched has to be shown clearly and the boundaries of the research object have to be defined in correspondence. Moreover, it needs to be clarified whether the research object is observed as a whole or as a conglomeration of distinctive parts (Verschuren, 2003). Yin (2003) distinguishes this by differentiating between a holistic and an embedded approach as it is shown in Figure 22.

Therefore, it has to be a transparent decision whether to perform a single or a multiple case study. This may then have either a holistic design with one level of a unit of analysis or an embedded design, where different units are existent within one overall case (Thomas, 2011; Yin, 2014). The duration of the observations is clarified when defining and preparing the case study, i.e. whether it is a snapshot or cross-sectional observation in contrast to a longitudinal approach.

Figure 22: Case Study Design for this Research Study



Furthermore, it has to be clearly visible whether the process of conducting the study is (1) descriptive, (2) explanatory, or (3) exploratory (Thomas, 2011). This highly influences the choice of data (qualitative, quantitative, or mixed-method), the corresponding choice of data collection methods (single or multi-method) and the overall process to find evidence for the result aimed at during data analysis. Yin (2011, p. 10) suggests the use of theory, as it serves as a differentiation to pure qualitative research and to grounded theory. In particular, if the experience of the researcher with case studies is limited, theory helps to build a conceptual framework. In addition, the evidence needs to be ensured by design quality as well as internal validity, external validity, and construct validity. A clearly defined research design definition and the corresponding protocol (Easterby-Smith, et al., 2008) eliminate the doubt of the study not being repeatable and featuring an unstructured research design. This can be achieved by collecting and analyzing data of the selected samples in a consistent predefined way (Yin, 2011) in order to counter major critics to case research. Regarding data analysis in case studies the researcher should follow different strategies and techniques to fulfil these requirements (Yin, 2014). The strengths and opportunities of case research as well as the described requirements of conducting it are reflected in the research design, i.e. the case study protocol according to Yin, which is stated in the fourth chapter.

3.2.2 Reflecting the Research Phenomenon

According to Yin (2014), it is appropriate to use a case study to get an in-depth insight into a phenomenon that can hardly be reduced to a clear focus or amount of content. Ragin (1989 in Verschuren, 2003, p. 123) states that:

“... case oriented studies, by their nature, are sensitive to complexity... This strategy highlights complexity, diversity, and uniqueness, and it provides a powerful basis for interpreting cases historically”

In addition to these statements, Yin (2014) suggests that a case enquiry (1) copes with a distinctive situation, (2) provides results, which rely on multiple sources of evidence, and (3) may benefit from prior developments to guide data collection and analysis. Although there is no “cook book recipe” available, one has to prepare and design a case research thoroughly according to the needs and requirements of the overall research. In the following, the research phenomenon of the research study on hand, in particular (1) the defined research object, (2) the underlying research questions, (3) the required data, as well as (4) the findings aimed for are reflected in detail.

First, the research object, i.e. the case of this research study, is a company belonging to the German *Mittelstand*. Within this company, the international sales organization is examined, and serves as a unit of analysis. The corresponding target group consists of senior management of both sales and market management. Hence, two perspectives are observed concerning the same phenomenon. Social influencing factors like control (Healy, Mir, Nassiripour, & Wong, 2010; Prahalad, 1981) politics and power (Doerrenbacher & Geppert, 2011a; Dörrenbächer & Gammelgaard, 2011), perception gaps (Birkinshaw, et al., 2000; Chini, et al., 2005) or culture (Hofstede, 1983) are not directly related to the main research questions and objectives and therefore not directly observed. However, as these factors definitely influence key parts of the study, they may be addressed in RQ3 and taken into consideration when collecting quantitative data and generating qualitative data.

Second, the review of the research phenomenon above gives an overall picture of its complexity, which suggests the suitability of applying a case study (Yin, 2014). Thomas (2011) also states that single case studies have their emphasis more on the case itself whereas multiple case studies are focused more on the phenomenon researched. Furthermore, case study research designs provide the opportunity to conduct an in-depth research on one or a small number of organizations (Easterby-Smith, et al., 2008), i.e. an MNC and its foreign subsidiaries. Thus, the methodological decision of conducting case research is justified due to the complexity of the required in-depth and multifaceted research. The conceptual framework, which is stated in chapter 2, shows that four research fields are involved: (1) MNC typology, (2) subsidiary role, (3) German *Mittelstand* and MNC factors, as well as (4) multinational sales management. Whereas MNC knowledge (RQ1, RQ2, RQ3) like MNC typology (Bartlett & Beamish, 2014) and subsidiary role models (Bartlett & Ghoshal, 2002; Rugman, et al., 2011), can be derived

directly from existing MNC knowledge and can then be tested within the case study, characteristics of the German *Mittelstand* need to be integrated with the findings resulting from the MNC knowledge (RQ1-3). Before existing knowledge can be used for the *Mittelstand* case, the MNC factors resulting from the literature review are verified by a plausibility check as stated in section 2.5. In general, the research study clarifies whether and how existing knowledge may be applied to companies belonging to the *Mittelstand* in Germany. Therefore, the decision for a deductive reasoning is appropriate, although the qualitative data add an inductive element.

The data for this research are collected by applying a mixed-method approach. It is necessary to apply MNC typologies and subsidiary role models for foreign subsidiaries derived from existing knowledge (Bartlett & Beamish, 2014) to the defined cases. The MNC itself has a specific typology (Bartlett & Beamish, 2014), which is selected prior to the selection of the subsidiary roles. In addition, general data about the market as well as performance and development of the MNC and its subsidiaries are collected in order to show possible similarities or differences between subsidiaries with similar roles. The above-mentioned content is reducible to objective facts and is therefore mainly represented via quantitative data. However, further insights into managerial practice of the selected case from a headquarters perspective are provided via qualitative data. In particular, required adjustments to multinational sales management in German *Mittelstand* companies are examined. As a confrontation of existing knowledge with the derived quantitative data on MNC typology and subsidiary role is conducted with the target group of the case, qualitative data are generated to achieve this confrontation. As the topic of the research phenomenon of this study is multifaceted, the research study requires an investigation of several variables, which are connected in a real-life business context (Yin, 2014). These primary data may not be accessible by applying only one data collection method or by using one perspective for observation and analysis. This shows that both a mixed-method approach and the use of multiple data collection methods are required after the plausibility check is completed.

Third, the findings aimed for in this research can be summarized to if and how existing MNC knowledge can be applied to multinational sales management of the defined research objects (RQ overall). This is shown by an in-depth case study as described above. When conducting this, various analysis strategies and techniques are used to describe the case via categories, patterns, and the integration of various perspectives on the case (Yin, 2014). To repeat the overall aim, the research study contributes knowledge to the appropriate multinational sales management of foreign sales subsidiaries of the German *Mittelstand*. In addition, the research provides managerial support to MNCs of the

Mittelstand in Germany. Therefore, the decision for a descriptive case study with a partly explorative conclusion is justified.

Finally, the following two topics are briefly reflected in addition to the ones belonging to the research phenomenon, which have already previously been described: practicability and quality. In order to facilitate the conduction of this case study with the limited resources available, the conduction of the case study including the data collection and analysis is done in sequence with the exception of the integration of quantitative and qualitative data and the synthesis, which is done in parallel. In order to ensure a certain quality level and to counter general criticism of case research, a detailed description of the research design is provided in chapter four, which serves as a case study protocol as suggested by Yin (2014). This includes consideration of design tests on (1) reliability, as well as (2) internal, (3) external, and (4) construct validity to ensure overall quality and a possible reproducibility (see section 4.5).

3.2.3 Considering Research Ethics

While conducting research, which is involving people, ethics need to be considered constantly. The collected data and the entire process can be influenced or even manipulated by both the participants and the researcher (Booth, et al., 2003). For instance, participants within the sample company may act opportunistically, driven by personal objectives, which might be out of the scope of the research itself. Industry experts might answer incompletely in order to protect their company. Even the author, on the other hand, may act in favour of himself in order to steer the research into a desired direction. Additionally, people participating in the research need to be protected so that they are willing to openly provide valuable data without fearing any consequences.

The only way to avoid such a negative impact is to be aware of and reflective about one's own behaviour and to follow certain rules while interacting with others (Easterby-Smith, et al., 2008), which serves as a basis for this research study:

- (1) Approval and release: Get fully informed consent from participants, avoid any harm to participants, and respect the dignity of participants;
- (2) Anonymity and confidentiality: Ensure confidentiality of data and protect anonymity of individuals and organizations if necessary;
- (3) Communication and openness: Avoid any misleading behaviour and communicate transparently about the research study;

The entire plausibility check and the case study including the corresponding data collection methods is introduced to the respective participants. This reduces possible doubts, questions, and scepticism. The fact of employing a familiar case study partner

results in some advantages but also creates challenges for the entire research study, which needs to be as objective as possible. On the one hand, access and trust is easier to be gained, but this may cause bias for the research study due to familiarity, as basic or crucial questions may not be asked or answered (Bryman & Bell, 2007). In addition, the author has to cope with the situation, that he is both employee and researcher at the same time. Therefore, an agreement with the case study partner for gaining access to sensitive data must be negotiated and discussed (Saunders, et al., 2012, p. 191). Due to the reasons mentioned above, he confirms the appropriate usage of the collected data and the corresponding analyses both to the sample company and to the participants. In addition, the data is stored securely.

Gaining approval from the case study partners is a challenge when conducting case research (Wahyuni, 2012). The most important issue for all possible participants is the usage of sensitive data. The same applies to the industry experts participating in the plausibility check. Therefore, the author communicates openly and ensures anonymity and confidentiality. The target group, i.e. the participants of the questionnaires and interviews as well as the entire sample company are anonymized in the entire research study. Thus, the sample company need not fear any loss in reputation or competitive advantage. The participants do not have to suspect any organizational consequences as the participation in the study should be seen as a positive change intervention rather than an organizational realignment. In addition, a briefing as well as a debriefing is conducted and mutual agreements of the rules and usage of information are formed in order to increase the trust when collecting data from participants and the case study partner as suggested by Wahyuni (2012). This decreases possible negative effects on the data, which are analyzed within this research study.

The described ethical issues are constantly taken into consideration by the author while planning, preparing, conducting, analyzing, and finalizing this research study, as this is an integral part of the skills, which are necessary to conduct such a research study. In particular, the general ethical requirements for this research are ensured by following the “Handbook of Research Ethics” (2013) of the University of Gloucestershire. A more detailed look at the concrete actions and measures to reduce bias and potential ethical issues follows with an comprehensive description of the research design in the next chapter (see section 4.5 in particular).

3.3 Chapter Summary

Although philosophical assumptions are not always clearly visible in research, they have a major influence on the research process (Wahyuni, 2012). The described methodological decisions constitute the basis for the research design of this research study. It is shown clearly, how and why certain decisions are made from a context as well as from a philosophical point of view. Similar to the previous chapters, this section is closed by updating the thesis progression matrix by adding the sources for evidence to the research questions and objectives as well as the research design requirements.

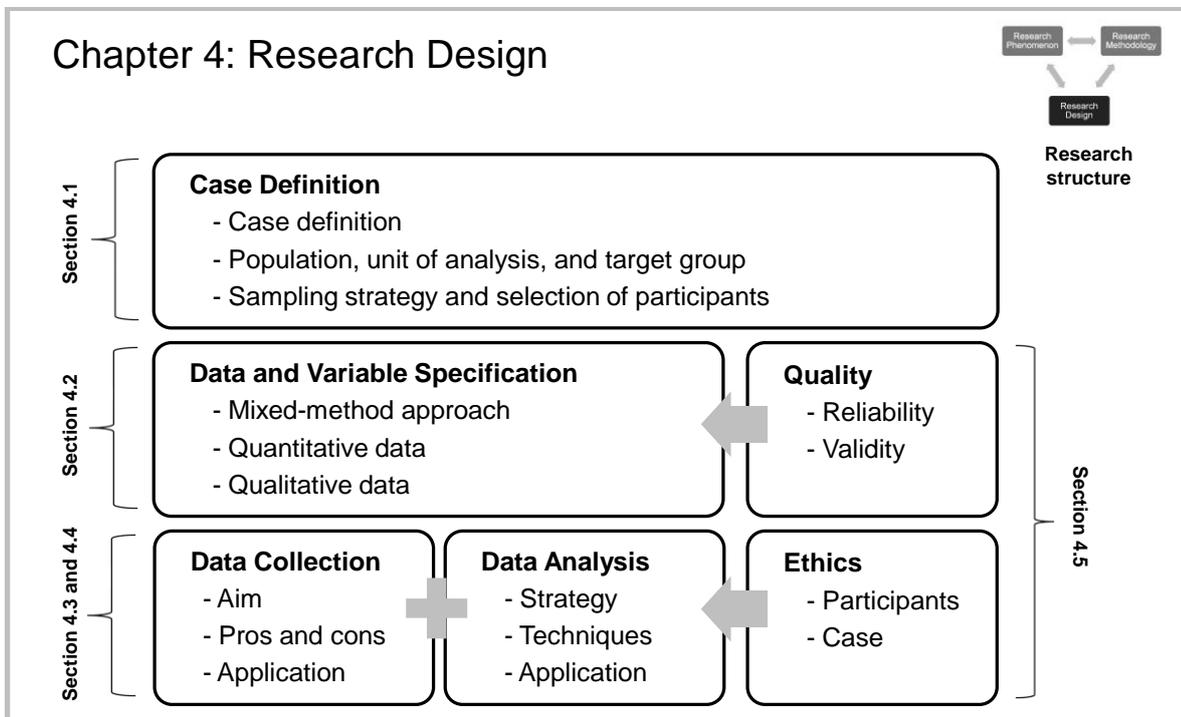
Table 15: Thesis Progression Matrix – Chapter 3

Research Question	Source	Literature Review Results	Research Design (Requirements)
How to manage foreign sales subsidiaries in multinational corporations belonging to the <i>Mittelstand</i> in Germany?	Overall Research Study	Managerial implications out of MNC typology and subsidiary role model (see below)	Case research using a mixed-method approach
What MNC typologies suit the characteristics and requirements of the German <i>Mittelstand</i> ?	Literature Review + Case Study	- MNC typology of Bartlett and Ghoshal (1989, 2002, 2014) - Integration-Responsiveness model by Prahalad and Doz (1981, 1987) - <i>Mittelstand</i> characteristics (Simon)	MNC typology of a typical case needs to be assigned via primary qualitative data in a descriptive case study
What existing role models for foreign subsidiaries can multinational corporations of the German <i>Mittelstand</i> take, when deciding between managing operations globally and leaving them in a local responsibility?	Literature Review + Case Study	Subsidiary role model of Bartlett and Ghoshal (1986, 2014) - Importance of local market - Competence of local subsidiary	Subsidiary role model needs to be applied in a typical case via primary quantitative data in a descriptive case study in order to evaluate possible implications for multinational sales management
What are the key factors influencing multinational sales management to find an “appropriate level” of local adaption and global integration considering the German <i>Mittelstand</i> characteristics?	Literature Review + Plausibility Check	Environmental pressures - Industry and market characteristics - Market and customer requirements MNC response with adequate - Resources, operations, and products Managerial implications - Coordination and Control - History and core competencies	MNC dimensions, criteria and factors need to be checked with practitioners. A plausibility check with industry experts and semi-structured interviews using qualitative data is required in order to verify the result for the application in a case study
What implications for multinational sales management can be applied within <i>Mittelstand</i> companies in Germany when considering the role of the foreign subsidiary?	Literature Review + Case Study + Synthesis	Conceptual framework with - Propositions for the MNC response to increase market importance - Propositions for the MNC response to improve subsidiary competence - Propositions for managerial implications	The overall case study, i.e. the discussion of the results within the case via qualitative data as well as a consolidated synthesis of the case study

4 Research Design

This chapter describes the research design in a detailed way and serves as a case study protocol as suggested by Yin (2014) in order to counteract possible criticism to case research as mentioned in chapter 3. It starts with the definition of the case, the specification of population and unit of analysis, the sampling strategy including the sampling characteristics and their consequences to this research study (section 4.1). In addition, the required data and variables, which are necessary to find evidence, are defined (section 4.2). After that, the selected approach regarding the data collection methods is stated and discussed (section 4.3) before the procedures for data analysis are presented (section 4.4). The intended process of fulfilling major research design requirements in order to ensure the overall quality of this research study is described thereafter (sections 4.5). Finally, a summary is given at the end of this chapter (section 4.6). Figure 23 summarizes the structure of the chapter on hand and provides guidance for the following sections and subsections. The research design represents the last of the three elements – apart from research phenomenon and research methodology - of the research structure introduced initially (see section 1.5).

Figure 23: Contents of Chapter 4 – Research Design



4.1 Case Definition

This section shows the definition of the case (subsection 4.1.1), which includes the definition of the corresponding population, the unit of analysis, as well as the target group (subsection 4.1.2), and creates the relation to the research phenomenon to be researched. Furthermore, the selection of the sample company and the participants including the underlying sampling strategy are described profoundly (subsection 4.1.3).

4.1.1 Defining the Case

It is important to have a proper definition of the case itself, as case research is often criticized as not being a structured and a repeatable approach (Yin, 2014). Ragin (1992) differentiates cases by two dichotomies, which are “the understanding” and “the conception” of a case. First, a case can be understood as an empirical unit or merely as a theoretical construct, which refers to the different ontological positions available. For instance, a realist would only perceive cases existing, which can be observed directly, whereas a nominalist would rather tend to construct a case in order to serve the interest of the investigator and the investigation itself. Second, cases can be specific and being created due to a course of research, or they can be of a rather general nature, which would be independent from any existing research. For the research study on hand, a case is defined as “an empirical unit” and of “general” conception (according to the definitions of Ragin & Becker, 1992). This implies that the selected case can be seen as an object, which is observed and examined in a real-life context.

Table 16: Map to Answer: “What is a Case?”

	Case conception: specific	Case conception: general
Case understanding: empirical units	Cases are found	Cases are objects
Case understanding: theoretical constructs	Cases are made	Cases are conventions

Source: Ragin and Becker (1992, p. 9)

This definition results from the ontological position of being a relativist, who seeks to examine the reality from different viewpoints including the lense of a critical realist, who seeks to employ any possible structures and mechanisms that construct this reality. Although, a case can be a single organization or an organizational unit, a single location, a person, a group, as well as a certain event (Bryman & Bell, 2007), this research study takes an organization, i.e. an organizational unit, as a broad boundary for the definition of the case. This boundary, which implies that an organizational unit or an entire organization is examined intensively, is also the most common usage for a case study (Bryman & Bell, 2007; Yin, 2014). Although Platt (2011, p. 40) claims that the definition of

a case may change over time as long as the research is carried out due to possible amendments or unexpected findings, the author stays with the definition of the case stated after the research design was finalized. This facilitates a case study protocol (Yin, 2014) in order not to approximate those research designs, which are criticized for inconsistency (see section 3.2 for further details).

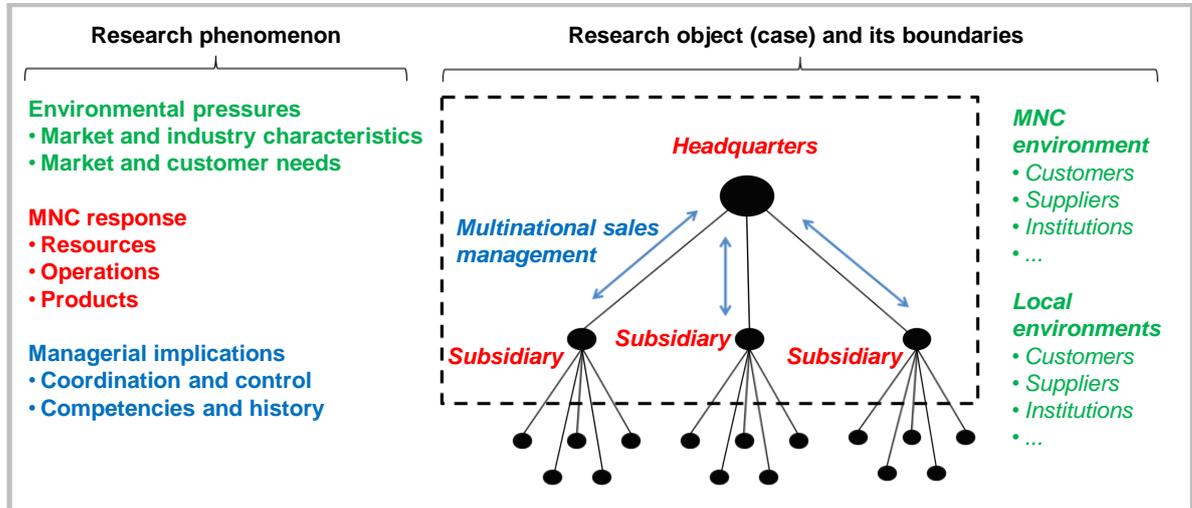
The selected case has to serve the defined requirements of the research phenomenon with the corresponding research questions and objectives of the research study. Cases may represent typical, longitudinal, extreme, or unique cases (Bryman & Bell, 2007, p. 64; Saunders, et al., 2012, p. 179). Typical cases provide an illustrative profile using a representative case for the population (Saunders, et al., 2012, p. 289). An extreme case can be used to test an existing theory or to broaden the application to a wider range of conditions and circumstances (Wahyuni, 2012). Longitudinal cases are examined if a possible change over time is researched. For this research study, the aim is to find a “typical case”, i.e. a case that represents the defined population of MNCs of the German *Mittelstand* well in order to modify existing MNC knowledge to this population. However, according to the definition of Wahyuni (2012), typical cases may have some extreme characteristics in comparison to existing knowledge in the research field of MNC. Existing MNC research rather has a focus on large MNCs whereas this research study employs an MNC belonging to the *Mittelstand* in Germany as a population. As the case definition is based on the organization in order to have an empirical unit, the case for this research study is a “typical case” of the German *Mittelstand*.

4.1.2 Specifying Population, Unit of Analysis, and Target Group

Saunders (2012, p. 260) states impracticability, time, and budget as reasons why the entire populations (i.e. the full sets of possible cases) are not taken into account for a research study. The stated research fields “MNC” and “*Mittelstand*” constitute the basis for the population of interest. The focus of this case study is the organization itself without observing the local environment like institutions, suppliers, and customers directly as explained in the limitation of the research phenomenon in chapter 2. As mentioned earlier, this research study does not have the objective of providing conclusions that can be generalized to the defined population, which would be inappropriate for case research (Verschuren, 2003; Yin, 2011). Instead, the research study aims to test existing MNC knowledge on companies belonging to the *Mittelstand* in Germany. Consequently, it is only the MNC (research object/case) itself, which is examined in detail including environmental pressures, the MNC response, and the managerial implications. Thus, the population of this research study consists of all multinational corporations belonging to the *Mittelstand* in Germany, which fulfil certain characteristics. These are derived from

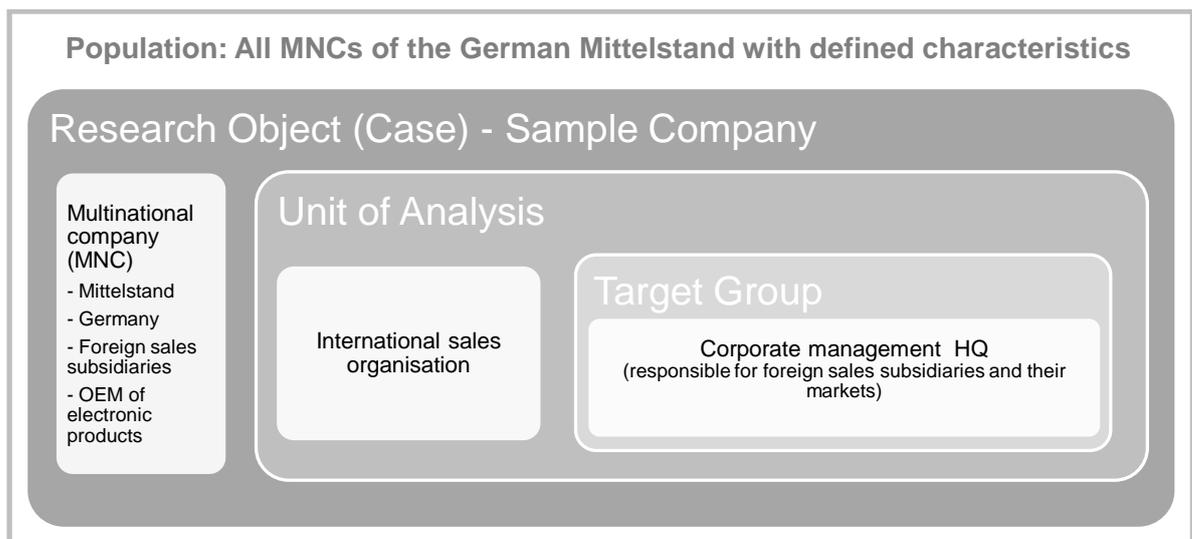
existing knowledge as well as the research questions and objectives in the next subsection. Consequently, the boundaries of the selected cases are in between the local environments of the subsidiaries and the MNC as shown in the illustration below.

Figure 24: Definition of Case and Its Boundaries



The unit of analysis is the international sales organization of the selected case. In contrast to research tradition (Bartlett & Ghoshal, 1988; Doz & Prahalad, 1991; Prahalad, 1981), which takes the entire MNC including its subsidiaries into account, the objectives of this research study, derived out of the research gaps of existing knowledge, concentrate only on intensively researching the international sales organization of an MNC. It is within the international sales organization that the required target group, i.e. the senior sales and market management, is located.

Figure 25: Overview of Sample Company, Unit of Analysis, and Target Group



The research study seeks to examine a case, which exemplifies a form of organization (Bryman & Bell, 2007, p. 64) and provides an illustrative profile (Saunders, et al., 2012, p.

289) in order to answer the stated research questions for the defined population. The definitions of sample company, unit of analysis, and target group suit the overall research aim of researching typical MNC cases belonging to the *Mittelstand* in Germany. From a sampling strategy perspective, specified sampling criteria are required (Saunders, et al., 2012) in order to ensure similar characteristics of the selected case, which serves as a sample company. These are derived in the next subsection.

4.1.3 Defining the Sampling Strategy

The selected case is defined by non-probability sampling, which is commonly used in case studies (Yin, 2014) as the case study partners need to allow their resources to participate as well as be open to share company information (Easterby-Smith, et al., 2008). When applying probability sampling, the chances of a case being selected are equal for all possible cases, whereas it is not possible to define this probability when using non-probability sampling as it includes elements of subjective judgement (Saunders, et al., 2012, p. 261). Non-probability sampling is mainly chosen when the cases are selected due to pre-determined reasons in order to pick information-rich cases (Wahyuni, 2012). However, it is not possible to draw generalizations out of a statistical basis from non-probability sampling (Saunders, et al., 2012, p. 261), which is accepted for this research study. The majority of existing MNC knowledge is based on larger statistical analyses mostly using quantitative approaches (see section 2.6 and section 3.2), whereas this research study applies in-depth case research in only one company. The author highly doubts that generalizations can be drawn from case research unless the number of cases facilitates statistical significance. This implies that the sampling error cannot be estimated for this research design, and possible sample bias cannot be determined in the data when non-probability sampling strategies are used (Abowitz & Toole, 2010). Instead, researcher bias may be present as human judgement affects the selection of samples. However, the most important reasons for taking a non-probability sampling strategy for this research study are the research questions and objectives. These require trust among all participants for gaining deep insights as well as high response rates to enable a comparability of the selected cases.

As a sampling method, selective sampling and convenience sampling are the most suitable approaches for the case study of this research study in order to handpick an organization and individuals purposely relative to the research requirements (Bright, 1991). By applying convenience sampling, the author is able to address the company, which facilitates insights and access to target group within the case. This would hardly be possible by applying other sampling methods. As a side effect, it also increases possible response rates during data collection (Easterby-Smith, et al., 2008) and facilitates the

process of introducing the research study and conduct the research in a sample company due to personal relationship and initial trust. Selective sampling is applied as the selected case represents defined criteria (Wahyuni, 2012) of German *Mittelstand* companies according to the objectives of this research study. Consequently, the selected case is carefully chosen on the basis that similar results with rich information are to be produced with similar cases, which corresponds to literal replication (Saunders, et al., 2012, p. 180). This suits to the methodological choice of this research study, which is based on deductive reasoning as it relies on theoretical propositions and applies existing theory.

According to Bright (1991), the sample size depends on population size, nature of study, type of data, data collection methods and the corresponding analysis. Furthermore, if methodological choices are made to apply theory or existing knowledge to a new population, small sample sizes seem to be appropriate. However, such a study is not used to generate probabilistic and statistical theories (Lieberson, 1992, pp. 117-118). Moreover, this research study employs a mainly deductive approach to examine whether and how general MNC knowledge can be used in German *Mittelstand* MNCs. Therefore, it is appropriate to take one MNC as a case. Thus, 8 participants (partly with multiple roles) enable the author to collect in-depth data within this case. For the plausibility check prior to the case study, 10 industry experts are selected to verify the literature review results. Appendix A3 shows a detailed examination of the sample sizes for both plausibility check and case study. The possible sampling error is low as the criteria for both population and samples are defined by the author, and the entire research study does not claim to achieve results that can be generalized to the entire population without restrictions. In addition, a possible non-sampling error, i.e. the difference between population and selected samples, which may arise from inadequate sampling or non-response (Bryman & Bell, 2007, p. 182), is low due to the selected sampling method of convenience and selective sampling, which provide reliable data due to personal relationships.

Figure 26: Sampling Strategy Summary

Topic	Choice	Reason for Choice
Sampling Strategy	Non-probability sampling (vs. probability sampling)	The overall research objective is to apply existing MNC knowledge to MNC companies belonging to the <i>Mittelstand</i> in Germany. This requires in-depth insights for carefully selected case.
Sampling Method	Selective and convenience sampling	Selective sampling facilitates an appropriate match to the required sample company characteristics. Convenience sampling ensures access to sample companies in order to gain in-depths insights with high response rates
Sample Population	Specific (vs. unspecific)	Overall aim and research objectives of study require a very specific sample as the phenomena to be observed is unique to the definition of the sample definition (MNC of large German <i>Mittelstand</i>)
Sample Size	Small (vs. large)	In-depth data is collected in one case via 3+1 data collection methods in order to investigate a complex research phenomenon

4.1.4 Selecting Industry Experts and Sample Company

The research tradition of MNC research focuses predominantly on big MNC like Philips, IBM or Unilever (Bartlett, et al., 2008) whereas this research study aims to examine MNC belonging to the *Mittelstand* in Germany. The research gaps elaborated and the conceptual framework, which is described in the summary of chapter 2, justify the choice for the following characteristics of the sample company to be selected and examined (see characteristics in section 1.3):

- (1) The MNC represents the German *Mittelstand*, i.e. companies of a certain size, as this fact is important for a possible comparison and a classification with regard to existing knowledge
- (2) The MNC is based in Germany, as the German *Mittelstand* has unique characteristics, which are taken into consideration
- (3) The MNC has foreign sales subsidiaries that are foreign direct investment (FDI) of the MNC, as the coordination and control of these subsidiaries with these characteristics are compared across the subsidiaries. In addition, the focus of this research study is on sales management, which is why other functions than sales are not directly observed
- (4) The MNC is an original equipment manufacturer (OEM) in order to enable a comparison and a transfer of findings resulting out of the chosen sampling method of selective and convenience sampling

Table 17 summarizes the sample company characteristics defined above.

Table 17: Sample Company Characteristics

Characteristic	Description	Reason for Choice and Importance
<i>Mittelstand</i> (according to author's definition, which is based on Haussmann, 2006)	The MNC has to fulfil the following characteristics: <ul style="list-style-type: none"> • Family-owned • Niche-market approach • Employees: up to 10.000 FTEs • Export share of at least 40% 	<ul style="list-style-type: none"> • Comparability of sample companies • <i>Mittelstand</i> characteristics as a research gap
Based in Germany (headquarters)	The headquarter of the MNC has to be located in Germany	<ul style="list-style-type: none"> • Insight • Access (selective sampling) • Comparability of sample companies • <i>Mittelstand</i> is a typically German phenomenon
Foreign Sales Subsidiaries (FDI of company)	The selected foreign sales subsidiaries have to be FDI (foreign direct investments) of the MNC	<ul style="list-style-type: none"> • Higher level of influence of HQ management if local organisation (foreign subs) is owned by MNC
OEM of mechanical / electrical products	The selected MNC needs to be an OEM of a B2B product	<ul style="list-style-type: none"> • Comparability of sample companies • Convenience sampling

The defined characteristics justify the selected sampling strategy (non-probability sampling) and the corresponding sampling methods (convenience and selective sampling). Thus, the most appropriate and approachable case study partner is selected to answer the research questions and to fulfil the research objectives. As the case study

partner is to remain anonymously, the pseudonym “Mittelstand GmbH” is used in order to ensure confidentiality and to protect the anonymity of individuals and groups (see section 3.2 for ethical rules). The selection of subsidiaries is made within the case after a consultation with the respective case study partner. The detailed choice and decision are shown in appendix A3, which aims to demonstrate the appropriate number of cases, units of analysis, as well as participants for a theoretical saturation (see also Krueger & Casey, 2009, p. 25).

The characteristics of industry experts for the plausibility check have to suit the characteristics of the case study (i.e. the defined population of the research study) . Resulting from the aim of the plausibility check, which is to verify and modify the MNC factors for an application to the German *Mittelstand* case, this suitability is crucial. Therefore, the following selection criteria apply:

- (1) Participants have a high level of experience with the German *Mittelstand*, either in international sales management or corporate management in order to match the case study characteristics. The appropriate job positions are CEOs, managing directors, sales directors, area directors, or comparable positions;
- (2) The *Mittelstand* company needs to deal with specialized OEM products (if possible electrical components), which require of a technical explanation. In addition, the company should act as a specialist and/or a technology leader.

Table 18: Industry Experts Characteristics

Characteristic	Description	Reason for Choice and Importance
Mittelstand and international sales experience	Job positions of CEO and or Sales Director / Sales Manager	Knowledge and experience of participant
Mittelstand characteristics	Complex products, technology leader, international sales	The Mittelstand company has to suit the population of this research study

There exists a sample selection bias for both case study and the plausibility check by applying selective and convenience sampling. The selection bias can be disregarded, as the study does not aim to generalize its findings. Instead, the study suggests a transferability of certain elements of the findings to a similar environment according to the decision of the reader (see Lincoln and Guba (1989) in Krueger & Casey, 2009).

4.2 Data and Variables

This section introduces the selected mixed-method approach (subsection 4.2.1), which uses both quantitative and qualitative data. After this, the required variables for this research study are specified (subsection 4.2.2) and deduced (subsection 4.2.3). Finally, the mixed-method approach is assessed (subsection 4.2.4).

4.2.1 Introducing Mixed-Method Research

There is a huge variety of definitions for mixed-method research (MMR). Teddlie and Tashakkori legitimate mixed-method research by methodological eclecticism, which means that a researcher makes use of

“...selecting and then synergistically integrating the most appropriate techniques from a myriad of qualitative, quantitative and mixed methods in order to more thoroughly investigate a phenomenon of interest.”

(Teddlie & Tashakkori, 2011, p. 286)

Creswell and Plano-Clark define MMR as both philosophical assumptions and methods of inquiry. This research study takes case research as a part of the research strategy, which implies that only the definition for “methods of inquiry” is of interest for this thesis:

“It (MMR) focuses on collecting, analyzing, and mixing both quantitative and qualitative data in a single study or a series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone.”

(Creswell & Plano-Clark, 2007, p. 5)

This improved understanding can be achieved as quantitative and qualitative data are used in a complementary manner, i.e. the data is collected and analyzed separately with sequential timing to support a more meaningful result (Saunders, et al., 2012, p. 166) or to triangulate data (Creswell & Plano-Clark, 2007, pp. 62-66). In addition to the definitions above, further characteristics of MMR must be stated (Teddlie & Tashakkori, 2011, pp. 286-289). The researchers name the following four items, which are discussed with respect to the epistemological position of the researcher and the research study on hand:

- (1) Paradigm pluralism, as both qualitative and quantitative data are used for research. The epistemological position of being a relativist with elements of critical realism fits this pluralism since different viewpoints are taken into consideration (Easterby-Smith, et al., 2008). Although many researchers connect pragmatism to MMR (like Creswell,

2011; Onwuegbuzie & Leech, 2005; Teddlie & Tashakkori, 2011), the fact stated above justifies the epistemological suitability for this research study.

- (2) MMR puts emphasis on continua in research rather than on a set of dichotomies. Accordingly, this research study follows a clear, but also multifaceted approach, as the major part of the research is conducted descriptively with minor explanatory elements, which are added to meet the overall aims of this research study and the practical requirements of a DBA programme.
- (3) Research is conducted by following an iterative rather than a cyclical approach. This fits the selected research design, which is applying more than one method for data collection and analysis in order to build on or supplement each other. The perspective of employing some characteristics of a critical realist, who intends to understand structures and mechanisms of a research phenomenon, justifies this choice.
- (4) The tendency of MMR towards balance and compromise suits to the author's overall ontological and epistemological relativistic position as these positions seek consensus between different perspectives (Easterby-Smith, et al., 2008, p. 62).

Consequently, a major advantage for conducting mixed-method research is filling the gaps (Bryman & Bell, 2007, pp. 642-659), which one type of data collection can provide in comparison to the other and vice versa. However, there are also objections to mixed-method research (Teddlie & Tashakkori, 2011, p. 295). First, critics name the epistemological dichotomy, which implies that it is impossible to mix quantitative and qualitative data. Second, this methodological bilinguination may be called "superficial and unworkable" as researchers, who follow contradictory paradigms may not follow them adequately (Denzin, 2008, p. 11). Third, critics mention practical logistical challenges like cost, time, and resources for conducting the research design. To a certain extent, the author agrees to the mentioned criticism of MMR. However, the possibility of taking advantage of the strengths of both quantitative and qualitative data defeats this criticism. This research study aims to achieve an in-depth insight into a defined case in order to understand the structures and mechanisms, as derived by the epistemological position of the research. Thus, MMR is the most appropriate approach.

4.2.2 Specifying the Variables

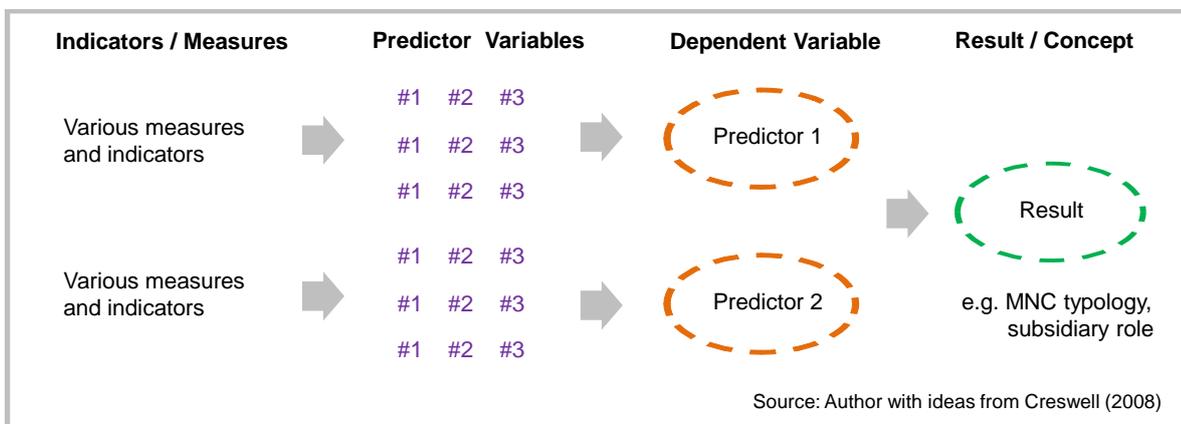
Data in general are information of whatever kind, whereas evidence is data in support of derived propositions or claims (Thomas, 2011, p. 161). The former is collected via data collection and the latter evolves from analysis of the collected data. This subsection specifies the data of this research study in order to prepare the actual data definition, data collection, and data analyses.

Bryman distinguishes causality as “a concern with establishing causal connections between variables rather than mere relationships”, which can be seen as “an association between two variables whereby the variation in one variable coincides with variation in another variable” (Bryman & Bell, 2007, p. 725 and 731). The underlying research phenomenon and the selected MNC models are multifaceted and comprise a wide scope. This implies that causalities cannot be defined. Instead, possible relationships are appraised intensively in different ways (as suggested by Saunders, et al., 2012, p. 424), in particular with by:

- Review of existing knowledge (see literature review in chapter 2);
- Discussions with supervisors (in continuous supervision meetings);
- Feedback from peers in the ALS and from colleagues/other researchers;

In addition, the plausibility check with industry experts serves to both verify the MNC factors but also to recap the entire conceptual framework. As the research study on hand does not seek statistical significance, a certain level of flexibility for the relationships of data is accepted. However, a detailed distinction of different variable types is still necessary. Saunders (2012, p. 424) defines the following variable types. First, dependent variables change in response to other variables. Second, independent variables cause change in a dependent variable. Third, mediating variables transmit the effect of an independent variable to a dependent variable. Finally, moderating variables only affect the relationship between independent and dependent variables. Easterby (2008) uses the term predicting variables and neglects the moderating and mediating variables. Thus, the sequence for the deduction of variables shown in Figure 27 is applied in the following subsection, when the actual variables are deduced from the main research fields.

Figure 27: Structure of Indicators, Measures, Variables, and Results



In addition to the definition of the variable type, the appropriate scaling and labels are important for quantitative data. Even though a detailed definition is more necessary for SPSS (see Bryman & Bell, 2007), This is defined for each variable according to the

structure in Table 19. The appropriate scaling (category, interval, ratio,...) is dependent on the type of data (quantitative or qualitative) and the corresponding type of research question. In order to achieve a transparent and consistent specification of the required variables, investigative questions are used for every research question for the deduction of the variables in appendix A2.

Table 19: Structure for Definition of Variables

Variable description	Variable name	Variable type	# of labels	Labels	Scaling	Indicators
Dependent variable for MNC dimension						
Predictor variable for criteria 1		Details are added after finalization of dimensions, criteria as well as their variables and indicators in plausibility check				
Predictor variable for criteria 2						
Predictor variable for criteria 3			See appendix A2			
...						

Source: Author with ideas from Bryman (2007)

Particularly, the following research fields (derived from the research questions) are considered according to the purpose of this research study:

(1) MNC typology and German *Mittelstand*

- Variables derived from existing knowledge, verified by plausibility check, applied in case study qualitatively as a measurement of this holistic perspective is not be appropriate in the author's point of view
- Categorical (according to choices from existing knowledge – MNC typology and German *Mittelstand*)
- No scaling and labels due to qualitative data

(2) Subsidiary role

- Quantitative measures and variables derived from existing knowledge, verified by plausibility check, applied quantitatively in case study as this enables the author to craft the subsidiary portfolio and compare the individual responses based on the data from the participants;
- Ordinal (according to choices from existing knowledge – foreign subsidiary role)
- Likert 7 response format in order to define subsidiary role (suitable to the selected subsidiary role model, in which a 2x2 matrix is used with 2 constituting dimensions)

(3) MNC factors

- Qualitative coding scheme derived from existing knowledge, verified by plausibility check in a qualitative way (in order to utilize the rich opinion data from the industry experts), finally applied in case study;

- Categorical (according to choices from existing knowledge)
- No scaling and labels due to qualitative data

(4) Multinational sales management

- Qualitative variables from conceptual framework, verified by plausibility check, confirmed by case study by the opinions of the case study participants
- Ratio or categorical (in order to define appropriate managerial implications as well as the corresponding conditions and priorities)
- No scaling and labels due to qualitative data

4.2.3 Deducing the Variables from Defined Research Fields

Saunders (2012, p. 431) names three possibilities to define the appropriate variables and questions for data collection and analysis:

- (1) Adopt variables and questions from existing knowledge (see MNC factors in section 2.2 and subsidiary role models in section 2.3)
- (2) Adapt variables and questions from existing knowledge (possibly for modified MNC factors after plausibility check in section 5.1)
- (3) Create new variables and questions (possibly for multinational sales management of foreign sales subsidiaries in section 5.3 and 5.4)

As this research study uses deductive reasoning derived from existing knowledge, variables and questions are mainly adopted and adapted from existing knowledge. The research design clearly illustrates that the literature review and the conceptual framework provide the basis for collecting and analyzing data in order to find responses to the research questions. Thus, the majority of details especially regarding the predictor variables can only be stated after the results of the plausibility check (see section 5.1 and appendix B for more details).

Research questions are considered separately and investigative questions need to be derived in order to define the required variables out of this (Saunders, et al., 2012, p. 425). Saunders therefore suggests to: (1) subdivide each research question into several investigative questions, (2) identify variables for every investigative question, (3) establish a level of detail for every variable, and (4) develop measurement questions and criteria. The above-mentioned suggestions are shown as an illustrative example in the following table. The overview of all data requirement tables including research questions, investigative questions, and the development of the respective variables - is shown in detail in appendix A2.

Table 20: Example for Variable Definition out of Research Questions

	Questions	Variables Required	Detail in which data is measured	Data characteristics
RQ1	Why do large Mittelstand companies have foreign subsidiaries?			
IQ1.1	...	Investigative questions are derived in order to define the required variables and the corresponding measures. Details for every research question are shown in Appendix A2.		
IQ1.2	...			
IQ1.3	...			

Source: Author with ideas from Saunders (2012, p.427)

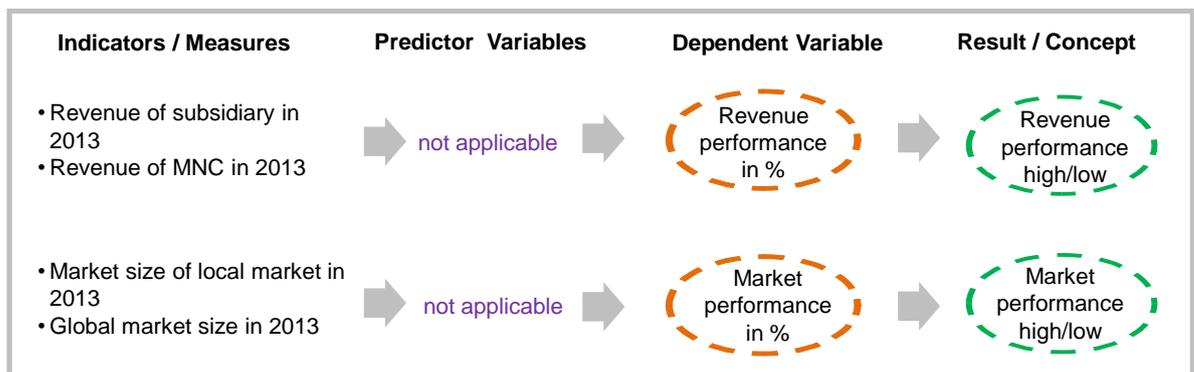
Source: Adopted from Saunders (2012, p. 427)

The path from data collection to analysis and evidence requires a definition of indicators, measures and the corresponding variables. Easterby et al. (2008) suggest using predictor variables and dependent variables for data, which are set or influenced by the predictors. In addition, indicators and measures are derived from the respective research fields and set in relation to the defined variables, as suggested by Creswell (2008) and stated in Figure 27. Resulting from the literature review and the conceptual framework presented in chapter 2, both predictor variables as well as dependent variables are defined out of the four areas of interest for the case study:

- (1) MNC performance
- (2) MNC typology
- (3) Subsidiary roles
- (4) Multinational sales management

First, as a basis, financial and organizational measures are collected in order to obtain data fundamental data of the MNC. Subsequently, the variables and measures for performance of the MNC and its subsidiaries are shown and described below. Quantitative data are often called static, but this may be helpful to uncover regularities (Bryman & Bell, 2007, p. 650) within the qualitative data to be collected. In brief, the following data are collected, which are mainly derived from the findings in chapter 2:

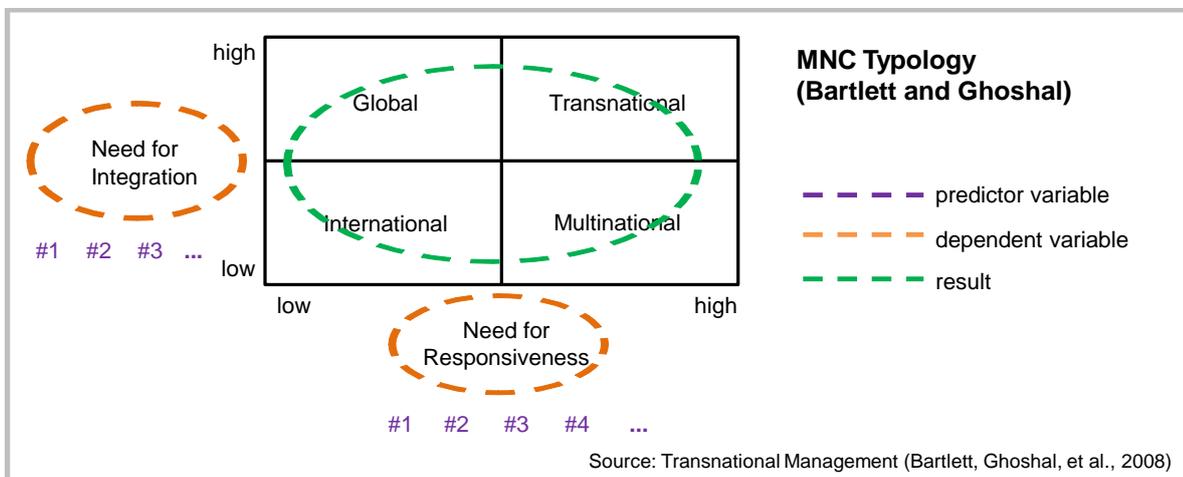
Figure 28: Definition of Variables – MNC Performance



Second, qualitative data is required for assigning the MNC typology of the sample company. The predictor variables are derived from existing knowledge shown in subsection 2.4.4, which follows the suggestion of Saunders (2012) stated in the beginning of this section. These are “structure”, “control”, and “mentality”, which are necessary to define the MNC typology out of the dependent variable “need for integration” and “need for responsiveness”. These corresponding dependent variables are derived from the collected predictor variables.

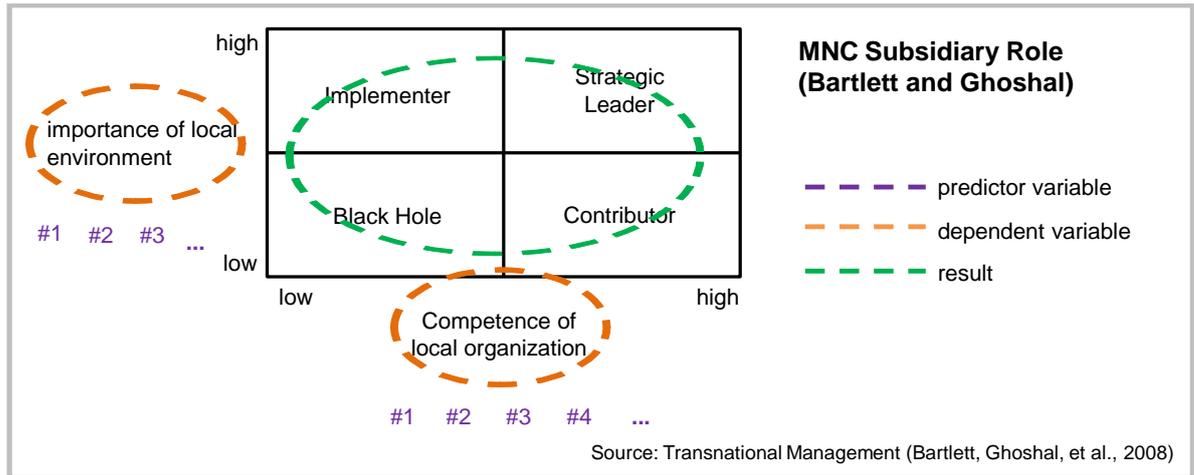
Figure 29 shows the result for MNC typology including both dependent and predictor variables derived from existing knowledge. The corresponding measures and indicators are shown in appendix A2.

Figure 29: Definition of Variables – MNC Typology



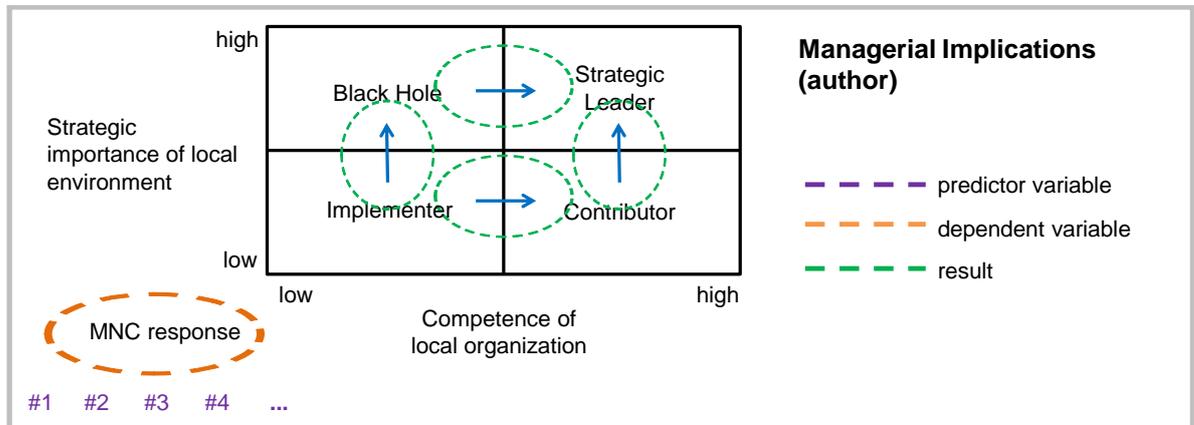
Third, additional quantitative data is necessary for assigning the roles to the examined foreign sales subsidiaries of the sample company. Again, the predictor variables are derived from existing knowledge as shown in chapter 2. The corresponding dependent variables are derived from the collected predictor variables. These are the “importance of the local market as well as “the competence of the local subsidiary” .The matrix, which describes the result, i.e. the subsidiary roles as well as the corresponding predictor and dependent variables, is shown in Figure 30. The corresponding measures and indicators are shown in appendix A2.

Figure 30: Definition of Variables – MNC Subsidiary Role



Fourth, the remaining concept multinational sales management is not predefined profoundly as non-numeric qualitative data are collected in the intended case study. This data collection is conducted based on the results of the above-mentioned data and the literature review results for multinational sales management. Figure 31 shows the general concept derived from the conceptual framework of this research study.

Figure 31: Definition of Variables – Multinational Sales Management



Appendix A2 shows a detailed description of how all variables are derived, which also includes the indicators and measures leading to the predictor variables in the figures above.

4.2.4 Assessing the Selected Mixed-Method Approach

After showing different definitions for mixed-method research (MMR), the selected wording for this research study is clarified in order to avoid misunderstanding. The research strategy of this study is “case research” by applying a “single case study”. Within this case study, a mixed-method approach, which uses both quantitative and qualitative data, is chosen. The term, mixed-method research is therefore avoided for describing the

research design. Furthermore, the term “multi-method approach” needs to be differentiated from the previously described “mixed-method approach”. Whereas “mixed-method” is used for applying both quantitative and qualitative data, “multi-method” research refers to using more than one data collection method including the corresponding analysis (Wahyuni, 2012).

As these data provide the basis for this research study, several data collection methods are required to achieve this. Yin (2011) suggests the use of multiple sources of evidence, for which multiple data sources and data collection methods are necessary. Qualitative data is usually non-numeric data whereas quantitative data is numeric data (Saunders, et al., 2012, p. 161). Each of the selected data collection methods needs to address one area of research (Bryman & Bell, 2007, p. 658), which is achieved by the differentiation of research questions in this study leading to an MMR approach. Creswell and Plano-Clark (2007, p. 85) suggest defining the following elements when designing a mixed-method research: (1) the type of the design, (2) the timing of data collection and analysis, (3) the weighing of quantitative and qualitative data, and (4) the mixing of this data for analysis. Morgan (1998 in Bryman & Bell, 2007, p. 646) further specifies this by demanding two decisions to be made when using a mixed-method approach. The priority decision, as it has to be decided which data type or data collection method is the more important one, and the sequence decision, which determines whether to conduct the data collection in sequence or in a concurrent way.

This research study applies a mixed-method approach in order to achieve:

- (1) an objective perspective of the MNC’s structure (data: MNC typology) via qualitative data,
- (2) the categorization of subsidiaries (data: MNC subsidiary role) by use of quantitative data as well as a confrontation with the MNC’s performance (data: MNC performance) and
- (3) the managerial perspective on appropriate management (data: multinational sales management) via qualitative data.

In addition, prior to the case study, a plausibility check verifies and possibly extends the results from the literature review (in particular the MNC factors) with qualitative data. Thus, the qualitative data is used to explain and enrich the quantitative data as suggested by Creswell and Plano-Clark (2007, p. 34), which is why this mixed-method approach is suitable to understand a research phenomenon both systematically and coherently within this research study (as suggested by Onwuegbuzie & Leech, 2005). The author thinks it is necessary to explain and enrich the numeric quantitative results with non-numeric qualitative data by using the opinions and discussions of persons representing the defined

target group. As noted by Wahyuni (2012), the application of case research with multiple data collection methods is performed as a two-stage research study with presenting a descriptive model and adding prescriptive suggestions. Creswell and Plano-Clark state that the quantitative part is the descriptive part whereas the qualitative part fulfils explanatory facets (Creswell & Plano-Clark, 2007). This research study follows the mentioned suggestion to take quantitative data (MNC subsidiary role and MNC performance) as a descriptive part and to use qualitative data to further explain the quantitative results (multinational sales management). Wahyuni's note is represented in the prescriptive conclusion, as the entire research study also serves as practical managerial support for MNCs of the German *Mittelstand*.

The discussion above also shows that the qualitative data is prioritized over the quantitative data, which suits the selected epistemological position relying rather on qualitative than on quantitative data. Therefore, the timing for data collection is sequential and not concurrent in order to form the data basis with quantitative data, which can then be enriched by qualitative data. Creswell and Plano-Clark (2007, p. 41) describe this choice as "QUAL→quan", which shows both the sequential order as well as the priority decision by usage of Morgan's advice (Morgan 1998 in Bryman & Bell, 2007, p. 464). For this research study, the description needs to be changed to "QUAL→quan→QUAL" in order to represent the qualitative plausibility check as well. Thus, the following data collection methods are used. Prior to the case study, expert interviews will confirm and extend the literature review results. In the case study, three data collection methods are applied. First, performance figures of the MNC and its subsidiaries are collected as quantitative data from documentary. In addition, data to assign the MNC typology are collected. Second, quantitative data are collected via questionnaires in order to define the subsidiary roles for a macro perspective on the MNC. Third, qualitative data, generated via focus group interviews of senior sales management, are collected to enrich the quantitative data and to increase understanding of the relationship between macro-view and micro-view perspective on the variables regarding the research phenomenon (Bryman & Bell, 2007, p. 654). The analysis of data introduced as "mixing" by Creswell and Plano-Clark (2007, pp. 128-149) is also conducted separately as the data are connected and not merged during analysis, or even embedded within larger design using the other type of data. Table 21 summarizes the facts discussed in this section.

Table 21: Overview Mixed-Method Approach

Characteristic	Approach
Type of Design	<ul style="list-style-type: none"> • Complementary mixed-method approach • Qualitative data explain and enrich the quantitative data • Descriptive and explanatory
Priority	Qualitative data over quantitative data – QUAL → quan → QUAL
Timing	Plausibility check (QUAL) 1. Qualitative data (MNC factors) Case study: sequential (quan → QUAL) 2. Quantitative (performance) and qualitative data (MNC typology) 3. Quantitative data (subsidiary role) 4. Qualitative data (multinational sales management)
Mixing	<ul style="list-style-type: none"> • Connecting the data (quan & QUAL) • Quantitative data define the frame, qualitative data enrich the quantitative part, both parts are collected and analyzed separately
Methods	1. Expert interviews (QUAL) 2. Documentary (quan / QUAL) 3. Questionnaires (quan) 4. Focus group interviews (QUAL)

Source: Author, acronyms adopted from Creswell and Plano-Clark (2007)

The advantages and possibilities of a mixed-method approach for this research study are the following: static figures represented by quantitative data whereas in-depth insights regarding opinions are displayed by qualitative data. This provides a better and deeper understanding of the entire case and the research phenomenon itself. The next section describes, defines, and discusses the selected methods for data collection and their application in this research study.

4.3 Data Collection

The subsequent sections specify the four selected data collection methods (subsections 4.3.1, 4.3.2, 4.3.3, and 4.3.4). This is achieved by defining the methods, reviewing general advantages and disadvantages, considering possible criticism, and showing the application of the method for the research study on hand (subsection 4.3.5). The chosen wording for both quantitative and qualitative data is “data collection” although some researchers (as described in Bryman & Bell, 2007, pp. 405-406) suggest using the term “data generation” for qualitative data collection.

4.3.1 Specifying Expert Interviews for the Plausibility Check

The main purpose of an interview is to obtain data on the knowledge, the perspectives, and the experiences of interviewees regarding a particular research phenomenon (Wahyuni, 2012). According to Saunders (2012, p. 372) the following characteristics need to be defined: (1) unstructured, semi-structured, or structured format, (2) individual or group participants, as well as the media of (3) personal, telephone, or internet (Bryman & Bell, 2007). The degree of structure in the interviews is influenced by the research design and the underlying philosophical positions. The more structure is defined, the more positivistic the design is. This then influences the extent of flexibility when asking the questions, the wording and types of questions, as well as their sequences.

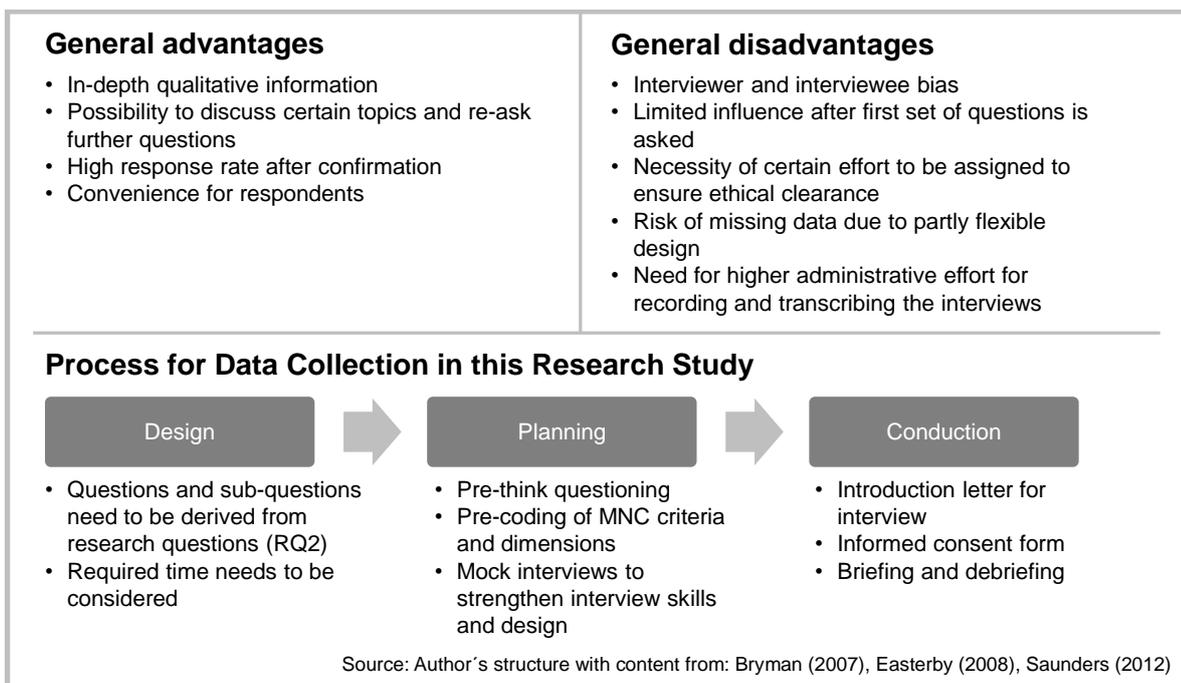
This research study checks the plausibility of the literature review results with semi-structured expert interviews. These expert interviews aim to reduce the author’s bias due to his professional experience and the corresponding selection of case study partner, which might have affected the choice and the analysis of key authors and their contributions. Fieldwork is applied as a “distinct part of the research project” (Thomas, 2011, p. 152) for collecting data and evidence based on the literature review results. In particular, the experiences and opinions of the selected industry experts serve to not only verify, but also enrich and extend the dimensions, criteria, and influencing factors of multinational sales management. The result in terms of the revised conceptual framework serves as a basis for the case study, which is intended to apply the selected models for MNC typology and subsidiary roles by using the reviewed MNC dimensions, criteria, and influencing factors.

The expert interviews aim to check the plausibility of the results of the literature review as explained above. Thus, the directed content analysis is the most appropriate choice, as the research study starts with existing MNC knowledge (Elo & Kyngäs, 2008). These initial codes (literature review results) are verified, discarded, and possibly extended as a result from the interviews and the analyses. In particular, the plausibility check seeks:

- To check, whether the basic construct of environmental pressures, MNC response, and the corresponding managerial applications is appropriate
- To verify and possibly extend the constituting dimensions and criteria of the environmental pressures, i.e. the market and industry characteristics and the market and customer needs
- To verify and possibly extend the constituting dimensions and criteria of the MNC’s response, especially concerning resources, operations, and products
- To verify and possibly extend the constituting dimensions criteria of the managerial implications, which consist of coordination and control as well as history and core competencies of the MNC

The plausibility check is conducted via 10 industry expert interviews, which take place personally and by over the phone. The characteristic of the interview is semi-structured with four main questions, which refer to the MNC factors mentioned in the second research question and the three constituting dimensions: environmental pressures, MNC response, as well as managerial implications. The derived dimensions and criteria serve as a pre-coding. With this descriptive approach, qualitative data are collected to extend and enrich existing knowledge by deductive reasoning according to the requirements of German *Mittelstand* companies. In order to represent the German *Mittelstand*, senior managers with corporate and international sales management experience within *Mittelstand* companies are selected (as explained in section 4.1).

Figure 32: Data Collection Method “Semi-Structured Interviews”



The interview guide and the consent form for participants are shown in appendices B2 and B3.

4.3.2 Specifying Documentary for the Case Study

Definitions of using secondary data from organizational documents and public databases vary but many researchers state that methods like documentary (Bryman & Bell, 2007, p. 566; Saunders, et al., 2012, pp. 307-309) or archival sources (Easterby-Smith, et al., 2008, p. 223) are often used to supplement case research. Saunders (2012, p. 307) mentions organizational databases, the communication of and within an organization like emails/memos/letters, company reports and meeting minutes, magazines, newspapers, or diaries as examples of secondary data. This research study uses the term “documentary” for the first selected data collection method of the case study and concentrates on internal organizational documents.

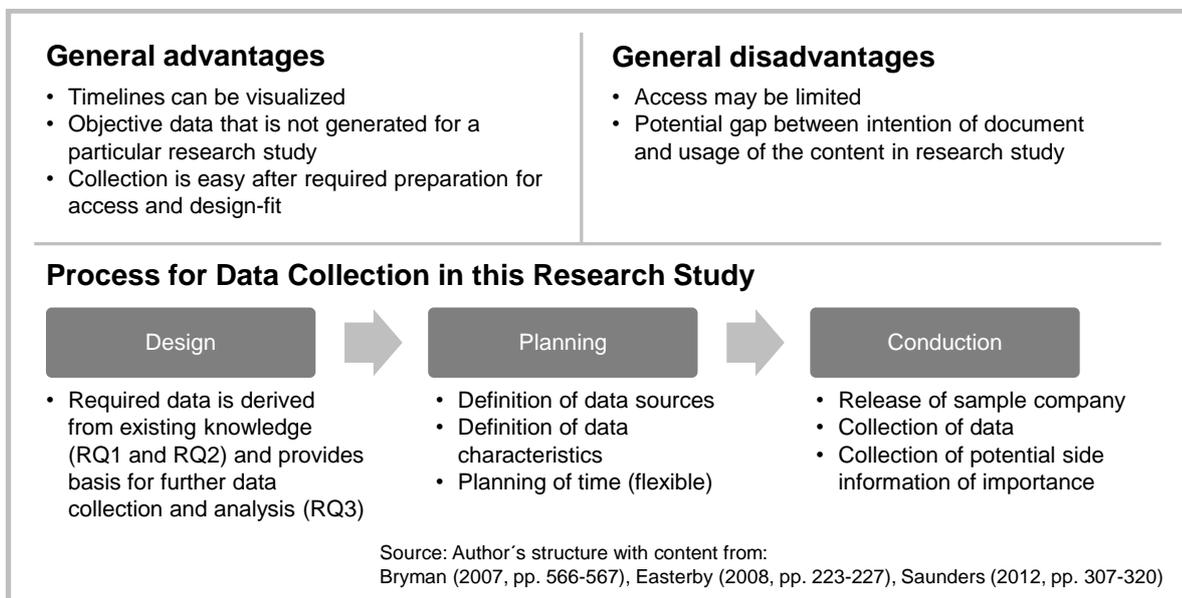
Documentary data are adjustable to the needs of a researcher as different sources may deliver different elements of the data required for the research study. This data collection method serves as a tool for the author to collect all those data, which may be helpful to understand the case entirely in order to find responses to the stated research questions. However, there are potential gaps between the initial intention of the writer of a data source and the intended usage in a research study by a researcher (Bryman & Bell, 2007, p. 567; Saunders, et al., 2012, p. 319), as it was probably written for a public or intra-organizational audience and not meant to be used as a basis for research. Therefore, the researcher’s most important task is to clarify how close the objectives of the research study are to the initial objective of the secondary source (Easterby-Smith, et al., 2008, p. 224). Furthermore, accessing data may pose challenges (Bryman & Bell, 2007, p. 566) but once access is granted, the collection of data may be economical in comparison to other data collection methods (Saunders, et al., 2012). Saunders (2012, p. 320) also mentions the disadvantage that there is hardly any real control over quality of the collected data, as the researcher simply has to rely on the secondary data.

In particular, this data collection method (documentary) aims:

- To collect the required data to assign the MNC typology to the selected MNC
- To collect the performance figures (derived from RQ1) of the selected case in this research study, which are necessary to provide a basis for RQ3 and RQ4
- To provide additional data, which might be necessary to understand and analyze the case, such as historical facts and side notes regarding the international sales organization

Although these documentary data are of secondary nature, there is no bias of the data regarding the initial purpose and the intended usage in research as data sources are clearly stated in official company documents. Furthermore, possible challenges in accessing the requested data are reduced via the selected sampling method convenience sampling. Thus, (1) revenue figures of the MNC and the affiliated subsidiaries, and (2) the market size and growth of the corresponding industry are collected from the balance sheets and appropriate global market databases. In addition, further documents serve to assign the MNC typology. Side notes that may come up besides the collected quantitative data are filed for a further preparation for the remaining data collection and analysis. Although it could be supportive to the intended research, the profit data of company and subsidiaries are not collected due to confidentiality and possible difficulties in comparability among subsidiaries.

Figure 33: Data Collection Method “Documentary”



This data collection method is conducted as the first data collection method of the case study of this research study. The corresponding data collection table is shown in section 5.2.

4.3.3 Specifying Questionnaires for the Case Study

This subsection concentrates on questionnaires without an interviewer, as interviews are specified previously. The main difference between interviews and questionnaires (or surveys) is that there is no personal interviewer in place (Bryman & Bell, 2007, p. 241). If a differentiation of surveys and questionnaires is called for, one may state the following: Both data collection methods use mostly impersonal ways to answer questions, the main difference between surveys and questionnaires is the amount of data sets that are collected, which is significantly bigger for surveys (Saunders, et al., 2012). In the end, it is

a question of wording and definition as this is used inconsistently in scientific resources. For this reason, the wording questionnaire is used for this research study. Questionnaires usually have a structured format using sets of identical questions, which are asked in a standardized format with predefined and coded answers in order to collect quantitative data (Saunders, et al., 2012, p. 372). Furthermore, they are sent to participants individually (as a self-completion questionnaire or a self-administered questionnaire), and may be conducted either personally or via telephone or internet (as a structured interview). If conducted impersonally, they are cheaper and quicker to administer in comparison to personal individual interviews (Bryman & Bell, 2007, p. 241).

In particular, this data collection method (questionnaires) aims:

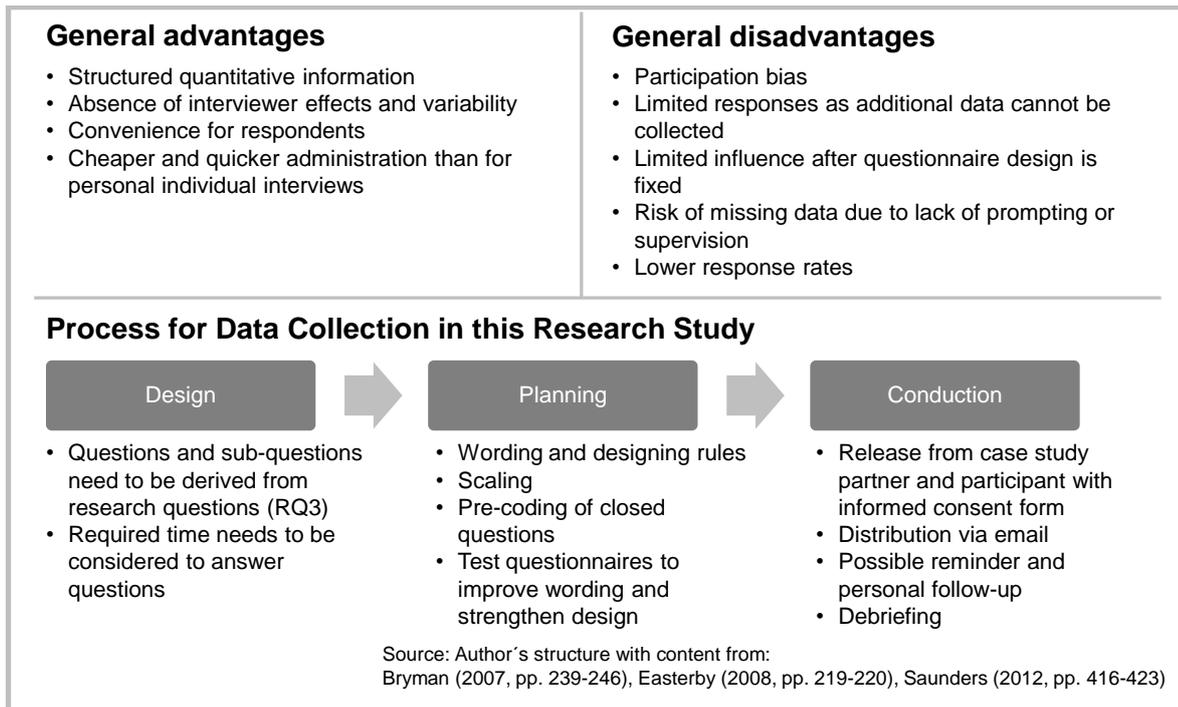
- To collect quantitative data of the selected case regarding refined MNC dimensions, criteria, and factors in order to assign the subsidiary roles of the selected MNC.

Therefore, the target group from the selected case is defined prior to data collection. 7 closed questions collect specific information, which is then analyzed quantitatively (as described by Saunders, et al., 2012, pp. 392, 416-420). For the design of the questionnaires, certain rules suggested by Easterby (2008, pp. 227-228) are applied, as the quality of a questionnaire according to Saunders (2012, p. 428) can be increased by (1) a proper design of the questions, (2) a clear structure of the questionnaire, and (3) the rigour of the pilot testing. The design rules from Easterby et al are:

- Representation of one idea by one item
- Usage of an appropriate language
- Usage of simple expressions
- Avoidance of negatives
- Avoidance of leading questions

The questionnaire is pretested in order to improve the final design, as there is only one attempt to use the tool with the selected participants. The semantic differential scaling (Sarantakos, 2013, p. 261) as a Likert response format (Carifio & Perla, 2007) and the coding of the questionnaire is described in detail in appendix C4 as a coding prior to the questionnaire both supports reflection of the questions and creates awareness for possible answers (Tranfield, et al., 2003). The questionnaire is distributed manually as the number of targeted respondents is comparably low in the selected sample company, which does not justify a web-based version. No incentives, but personal follow-up, ensure the response rate, which is high due to the selected sampling method. Figure 34 summarizes the advantages and disadvantages of the selected data collection method and outlines the procedure.

Figure 34: Data Collection Method “Questionnaires”



The questionnaire guide is shown in appendix C4. This data collection method and the previously specified documentary provide the quantitative basis for the qualitative part of the data collection, which is conducted via focus group interviews.

4.3.4 Specifying Focus Group Interviews for the Case Study

A focus group interview is a group discussion in which interviewees provide qualitative data about the group’s ideas, perceptions, attitudes and experiences on a certain topic (Marrelli, 2008). The topic and the purpose need to be clearly defined in order to achieve a meaningful discussion (Krueger & Casey, 2009, p. 17). In particular, the basic idea of focus group interviews in comparison to individual interviews is to generate data, which is stimulated and built on the group discussion and on each other’s thinking (Marrelli, 2008). The difference between focus group interview and group interviews is the role of the researcher. Within group interviews, the researcher takes a leading role and asks the group questions. Instead, in focus group interviews, the researcher acts as a moderator, who prompts the discussion in the defined group based on focus material (Thomas, 2011, p. 164). This research study uses the term “focus group interview” and the following description for the subsequent presentation of the method and for the remaining thesis.

“People, who possess certain characteristics, provide qualitative data in a focused discussion to help understand the topic of interest” (Krueger & Casey, 2009, p. 6)

In particular, this data collection method (focus group interviews) aims:

- To collect qualitative data for reviewing the results for foreign subsidiaries roles
- To verify the theoretical suggestions regarding the managerial implications based on the role of the subsidiary (from the conceptual framework)
- To identify possible conditions and prerequisites, which are of importance for multinational sales management of foreign subsidiaries

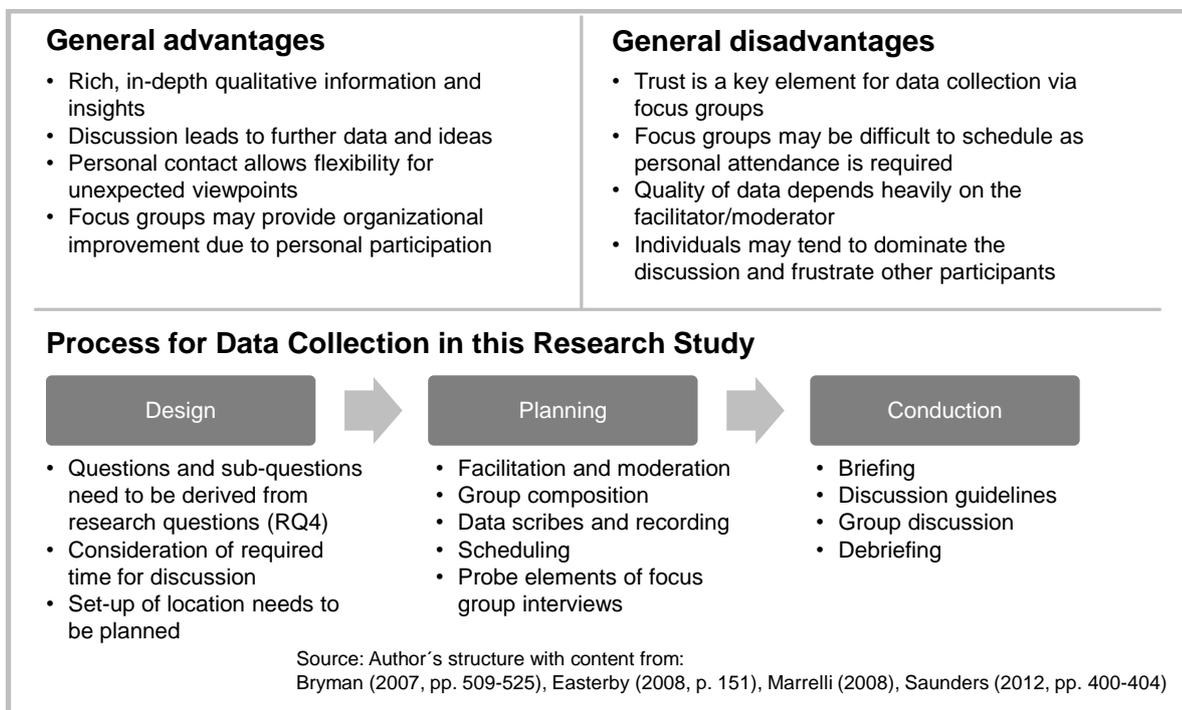
The most important advantage of focus group interviews is that they may lead to highly productive discussions, if group effects like dominance and silence of participants are moderated and managed effectively (Saunders, et al., 2012, p. 402). These discussions produce qualitative data, as the opinions of the participants and the dynamics of the group possibly stimulate the sharing of rich data (Gill, Stewart, Treasure, & Chadwick, 2008). However, bias of interviewer and interviewee are more relevant and to be more considered in focus group interviews compared to individual interviews. Saunders (2012, p. 381) describes the following:

- Interviewer bias, i.e. the way of conducting the discussion creates bias for the focus group interview. Therefore, the interviewer needs to have certain skills in order to moderate the discussion effectively.
- Interviewee bias, i.e. the perception about the interview and the interviewer may limit the discussion and possible answers. It is crucial, that all participants feel comfortable with their roles.
- Participation bias; as the focus group interview is time consuming, the participation of all the selected interviewees cannot be ensured, which then has an impact on sampling.

The bias is considered during different actions, which are described as follows. The interview procedure is split into three parts (Wahyuni, 2012): (1) designing the interview questions and developing the interview guide, (2) the process of interviewing, and (3) the analysis of the collected data. Subsequently, the first two parts are described; the latter one is presented in the next section. In order to avoid the fallacies named by Marrelli (2008), it is ensured that the facilitator and moderator is skilled and the entire discussion is recorded with the corresponding data (Gill, et al., 2008). Open and probing question are used in order to build explanations (Saunders, et al., 2012, pp. 391-392) with qualitative data on the descriptive quantitative data collected prior to the focus group interview. In order to prevent participation bias, a briefing and a debriefing with all the participants is conducted in order to ensure quality criteria as well as ethical requirements (Wahyuni, 2012).

The main reason for this choice is my belief that a discussion with a defined group leads to data of higher value compared to individual interviews. The dynamics of focus groups, i.e. how participants respond to and build (up) on each other’s ideas and opinions, enrich quantitative analysis of subsidiary roles and the managerial implications. The focus material of this research study is the results of the questionnaires, i.e. the role of the foreign subsidiaries of the selected case and the proposed managerial implications. The discussion aims to confirm and verify these managerial implications. The participants are similar to the ones, which responded to the questionnaires as this ensures both preparation and interest in the topic, as the target group is responsible for the foreign subsidiaries and their markets.

Figure 35: Data Collection Method “Focus Group Interviews”



The guide for the focus group interviews is shown in appendix C7. The next section shows and summarizes all specified data collection methods and the corresponding procedures.

4.3.5 Reviewing the Selected Data Collection Methods

This subsection summarizes the mixed-method approach and the described four data collection methods. The epistemological position usually constitutes the basis for applying certain data collection methods, which are located within that position (Easterby-Smith, et al., 2008). Although knowledge about research methods is continuously subject to criticism and change (Bright, 1991), at one point in the research journey the most appropriate methods have to be chosen. There are different strengths and weaknesses of research philosophies and their underlying methodological decisions (Saunders, et al.,

2012, p. 382), which are seen by the contrary perspectives. While constructivists believe that in-depth interviews reflect and construct reality at the time when data is collected, positivists rely more on surveys and the corresponding data in order to use statistical analysis. The value of the former is flexibility whereas the advantage of the latter is possible standardization and generalization. Thus, it is impossible to judge what is right or wrong, i.e. appropriate or inappropriate, as anything may appear meaningful from the corresponding perspective.

The decision for the choice of data collection methods is mainly based on:

- The author and whether his skills and his philosophical standpoint suit the preselected approaches,
- The research phenomenon and whether its overall objective and corresponding questions, ethics, and power suit the methods, and
- The research environment in which the research takes place with regard to industry experts, sample company and participants, as well as the overall feasibility of the study being in line with the selected approach.

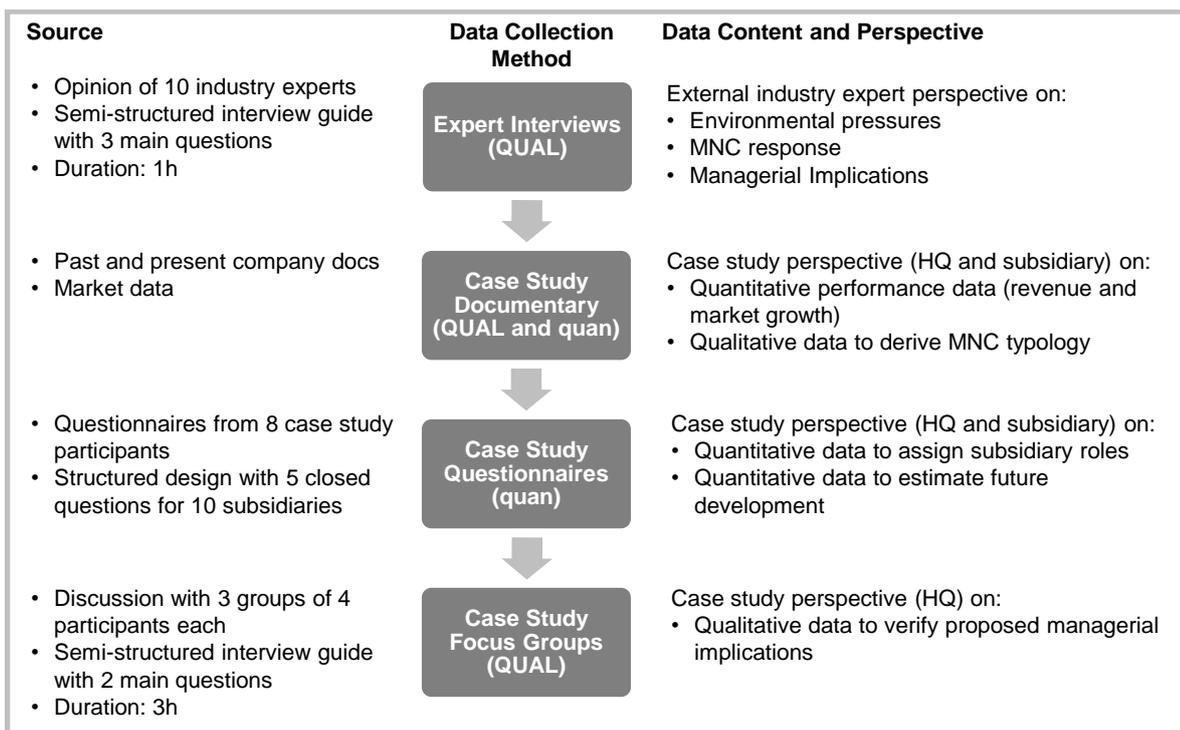
The epistemological position is situated in the relativistic paradigm (see section 3.1). The study also aims to contribute knowledge out of the conclusions drawn from the collected data. Thus, four data collection methods serve to collect both quantitative and qualitative data. After checking the literature review results via expert interviews, the process for the selected case can be divided into the three mentioned data collection methods described (documentary, questionnaires, focus group interviews), which are performed sequentially. Table 22 summarizes the data collection methods including the application design, the suitability to the research strategy, and the purpose with regard to research questions and objectives.

Table 22: Summary of Data Collection Methods

	Data Collection Method	Design of Application	Suitability for Research Strategy	Purpose towards RQ and RO
Plausibility check	Expert Interview	<ul style="list-style-type: none"> Data: qualitative Content: semi-structured Source: industry experts Media: personal or phone 	<ul style="list-style-type: none"> Nature of study: descriptive with exploratory elements Reasoning: deductive with inductive elements 	<ul style="list-style-type: none"> Plausibility check for MNC factors RQ3 in order to move forward with case study Qualitative data of MNC criteria and dimensions Confirmation of literature review results
Case study (part I)	Documentary	<ul style="list-style-type: none"> Data: quantitative and qualitative Content: structured and flexible Source: company documents 	<ul style="list-style-type: none"> Nature of study: descriptive Reasoning: deductive 	<ul style="list-style-type: none"> Basis RQ 1 and RO 1, cross-check of RQ2 and RO2 Quantitative data: "Performance" and "MNC typology" Identification of basic MNC figures for further data collection methods
Case study (part II)	Questionnaire	<ul style="list-style-type: none"> Data: quantitative Content: structured Source: individual participants Media: personal 	<ul style="list-style-type: none"> Nature of study: descriptive Reasoning: deductive 	<ul style="list-style-type: none"> RQ2 and RO2 Quantitative data: "Subsidiary Role" of case study partner Identification of general patterns
Case study (part III)	Focus Group Interview	<ul style="list-style-type: none"> Data: qualitative Content: semi-structured Source: participant group Media: personal discussion 	<ul style="list-style-type: none"> Nature of study: descriptive with explanatory elements Reasoning: deductive with inductive elements 	<ul style="list-style-type: none"> RQ4 and RO4 Qualitative data: "Multinational Sales Management" Discussion of possible required adjustments of multinational sales management

First, expert interviews verify, confirm, and enrich the identified MNC factors via qualitative data. Second, quantitative data and qualitative data regarding MNC performance is collected via documentary. Third, the refined MNC factors are used to assign the subsidiary roles with questionnaires. Fourth, focus group interviews serve for in-depth qualitative data to supplement the quantitative result from the questionnaires.

Figure 36: Data Collection Procedure



4.4 Data Analysis

This subsection describes the data analyses conducted in this research study. This includes the analysis of qualitative data from the plausibility check (subsection 4.4.1), the analysis of the collected quantitative and qualitative data of the case study (subsections 4.4.2, 4.4.3, and 4.4.4), as well as a review of the consolidated synthesis (subsection 4.4.5). The following subsections describe the analyses by discussing the following aspects for each analysis: (1) aim of analysis, (2) analysis strategy, (3) analysis technique, and (4) the application in the plausibility check and the case study. The chosen wording for both quantitative and qualitative data is “analysis” although, similar to data collection and data generation, although some researchers (as mentioned in Bryman & Bell, 2007, pp. 405-406) suggest using the term “interpretation” for qualitative data analysis.

4.4.1 Checking the Literature Review Results with Industry Experts

The aim of the analysis of the expert interview transcripts is to provide results, which lead to MNC factors suitable for the German *Mittelstand*. In particular, as mentioned in the previous section, the analysis checks overall structure of MNC factors and verifies the MNC factors regarding environmental pressures, MNC response, and managerial implications.

Content analysis is selected for the plausibility check, as the data collection of expert interviews focuses only on the textual result in the corresponding interview transcripts. The epistemological position of the author and overall research design of being descriptive and using deductive reasoning also suggest content analysis instead of grounded analysis, which is a more inductive procedure (Saunders, et al., 2012, p. 566), as codes and categories are derived from the data instead of from existing theory and knowledge. Moreover, content analysis (1) makes it possible to search for content, (2) is more deductive, (3) can be used for causally linked variables, and (4) aims for clarity and unity (Easterby-Smith, et al., 2008, p. 173).

“It (content analysis) is a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding” (Stemler, 2001, p. 8) where “the researcher interrogates the data for constructs and ideas, that have been decided in advance” (Easterby-Smith, et al., 2008, p. 173)

Hsieh and Shannon (2005) name three approaches for content analysis: conventional, directed, and summative. Table 23 illustrates the major differences regarding coding schemes, origins of codes, and timing.

Table 23: Major Differences of Content Analysis Approaches

Type of Content Analysis	Study starts with	Timing of Defining Codes or Keywords	Source of Codes or Keywords
Conventional content analysis	Observation	Codes are defined during analysis	Codes are derived from data
Directed content analysis	Theory	Codes are defined before and during analysis	Codes are derived from theory or relevant research findings
Summative content analysis	Keywords	Keywords are identified before and during analysis	Keywords are derived from interest of researcher or review of literature

Source: Hsieh and Shannon (2005, p. 1286)

Directed content analysis is selected, as the identified existing MNC knowledge benefits from further description by adding refining, extending, and enriching conceptual framework. In addition, the approach is structured, which suits the epistemological position of the author and it offers supporting as well as non-supporting evidence of a theory by predefining categories and codes (Hsieh & Shannon, 2005). Table 24 shows the initial coding, which, as mentioned, is formed based on the literature review results. The final coding scheme is derived after a repeatable recoding process (Bryman & Bell, 2007) during the actual analysis, which is illustrated in section 5.1. A certain balance has to be sought as it is possible to put the words and meaning of the interview transcripts into a few categories only, but if the qualitative data is condensed too much, then the integrity of the narrative material can get lost (Elo & Kyngäs, 2008).

Table 24: Initial Coding with Basic Categories from Literature Review

MNC Dimension, Criteria, and Factors
Environmental pressures <ul style="list-style-type: none"> • Market and industry characteristics: size and growth, competition, technology and innovation • Market and customer needs: proximity, support, products
MNC response <ul style="list-style-type: none"> • Resources: management skills, operational skills, technology, capital • Operations: strategy and structure, MNC interdependencies, sales activities, marketing activities • Products: development and adaption
Managerial implications <ul style="list-style-type: none"> • Coordination and Control: centralisation, formalisation, socialisation • History and core competencies: values and history, core competencies, depth of value adding

Moreover, the transcripts are conducted in German as well and not translated into English, as the language of the interview is German, this being the mother tongue of both interviewer and interviewees. The author is convinced that the imprecision arising from translation of the spoken word would be higher than that resulting from a translation of the coding schemes. Thus, the interview transcripts are in German and the analysis is conducted in German, but documented in English. This leads to a result in English. The

analysis of the interviews is carried out manually using MAXQDA, as the number of 10 transcripts is manageable. Due to his epistemological position, the author only analyse the manifest content and not the silent content (such as sighs, laughter, or gestures). In particular, meaning and not only words are sought in the transcripts, as purely relying on words can also lead to erroneous results as words can have multiple meanings and different significances (Stemler, 2001). However, this may lead to problems with reliability due to different word meanings, category definitions, and other coding rules (Weber (1990) in Stemler, 2001), which are all considered by the author's subjective view. Elo calls this "latent content analysis", as the author obtains the right to search meaning as opposed to only words (see Elo & Kyngäs, 2008). Thus, it makes more sense to analyze the data qualitatively as frequencies, word count, or ratios may be misleading and heavily dependent on the procedure of the interview and the way of coding and analysis. In order to increase reliability, stability and reproducibility of the method application with regard to the bias as a researcher, coding rules and instructions are shown in a detailed way in appendix C8. This also reduces the author's researcher bias when conducting the analyses.

4.4.2 Confirming the MNC Typology of the Case

The aim of the analysis of the documentary data is to provide basic information like performance data for the case study and test the MNC typology of the case. Any additional documentary data serve for the general understanding of the case and are not analyzed in a particular way.

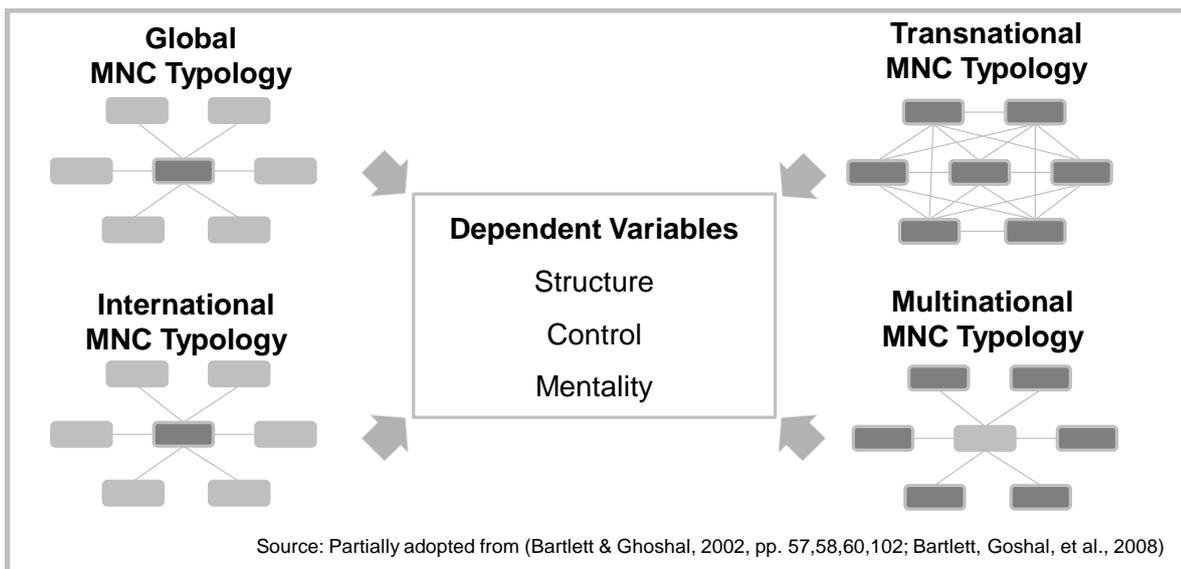
The strategy for the MNC typology is to achieve a description of the case (Yin, 2011, 2014), i.e. the entire MNC, in order to show and assign the basic situation of the case. This assignment of the respective typology of the MNC has an influence on both the structure of the subsidiaries and the corresponding management, as the typology is a result of the environmental pressures of the MNC (as discussed in chapter 2). Thus, this data analysis seeks to ensure if the proposition regarding MNC typologies for German *Mittelstand* companies can be confirmed.

For the documentary data of the selected case, content analysis with a contextual focus is applied (Sarantakos, 2013, p. 314) as a technique. This aims to relate the meaning of the collected documents to the four MNC typologies of Bartlett and Ghoshal (2014). Therefore, the most appropriate documents and data sources are selected in order to collect and analyze data, in particular for the defined dependent variables (1) structure, (2) control, and (3) mentality.

The qualitative and quantitative data, which are collected via documentary, are analyzed by taking the following dependent and independent variables regarding the MNC typology model as described in section 4.2:

1. MNC typology
 - a. Structure (responsibilities, reporting/organization chart)
 - b. Control (goal setting, controlling, reporting)
 - c. Mentality (management, products)

Figure 37: Analysis of Documentary Data for MNC Typology



The dependent variables (2a, 2b, 2c, 2d) are classified in four categories in order to assign the (nominal) result of the MNC typology to the observed MNC. The four categories of the variable result "MNC typology" are: (1) global, (2) international, (3) multinational, and (4) transnational. These resulting variables are connected with the reviewed MNC typologies (see Table 5 in chapter 2) and evaluated by a subjective judgement. The overall result of this analysis is an overview of the three dependent variables and their fit to the four MNC typologies (international, global, multinational, and transnational). This result serves as a basis for the case description, which is intended for this research study.

The performance data are only used for a comparison and confrontation with the assigned subsidiary roles, which is presented in the following subsection together with the analysis of subsidiary role data.

4.4.3 Assigning the Subsidiary Roles within the Case

The aim of the analysis of the questionnaire data is to assign roles to the foreign subsidiaries of the selected case. In addition, the analysis seeks to find out whether the assigned subsidiary role corresponds to the actual performance of the subsidiary, which leads to a confrontation of documentary and questionnaire data.

Therefore, the analysis strategy follows Yin's suggestion of developing a case description (see Yin, 2014). For this, it is decided to use the selected subsidiary role model from Bartlett and Ghoshal (1986) as an underlying framework (as stated in section 2.3). Using an open case description does not fit the approach of structuring and planning the research study prior to conduction and therefore contradicts the author's epistemological position.

For the analysis technique of the quantitative data of the questionnaires, descriptive statistics are used by applying (1) univariate and (2) bivariate data analysis. The overall sample size is too small to apply multivariate analysis techniques as statistical significance cannot be achieved, which is typical for single case studies according to Yin (2014). Nevertheless, the consequence of not achieving statistical significance is accepted, as the purpose of this research study is to obtain an in-depth insight into the selected case (Verschuren, 2003). The amount of cases, units of analysis and participants is limited, which implies that SPSS is not required. The analysis facilitates the assignment of the roles to the subsidiaries of the case by using the modified MNC factors from existing knowledge and the expert interviews.

The conduction of the analysis can be split into two steps. First, univariate analyses deliver frequency tables of the two variable results: (1) performance (from documentary), and (2) subsidiary roles (from questionnaires). These tables are used to show the different categories of the subsidiaries being studied regarding the afore-mentioned results from the dependent variables. Second, bivariate analyses are applied by using contingency tables, which serve to test predefined propositions. These tests are performed as a Fisher Exact Test, which is also applicable to small sample sizes (van der Meulen, 2008). A chi-squared test, as is usually employed for nominal quantitative data cannot be used due to the small size of the sample (Gopal, 2006). Similar to the univariate analyses, the bivariate analyses provide the basis for the qualitative analysis and the discussion of the overall case.

The expected procedures and results are as follows. First, the quantitative data that are collected via documentary are analyzed by regarding the following dependent and independent variables as described in section 4.2:

1. Performance
 - a. Revenue
 - b. Market size

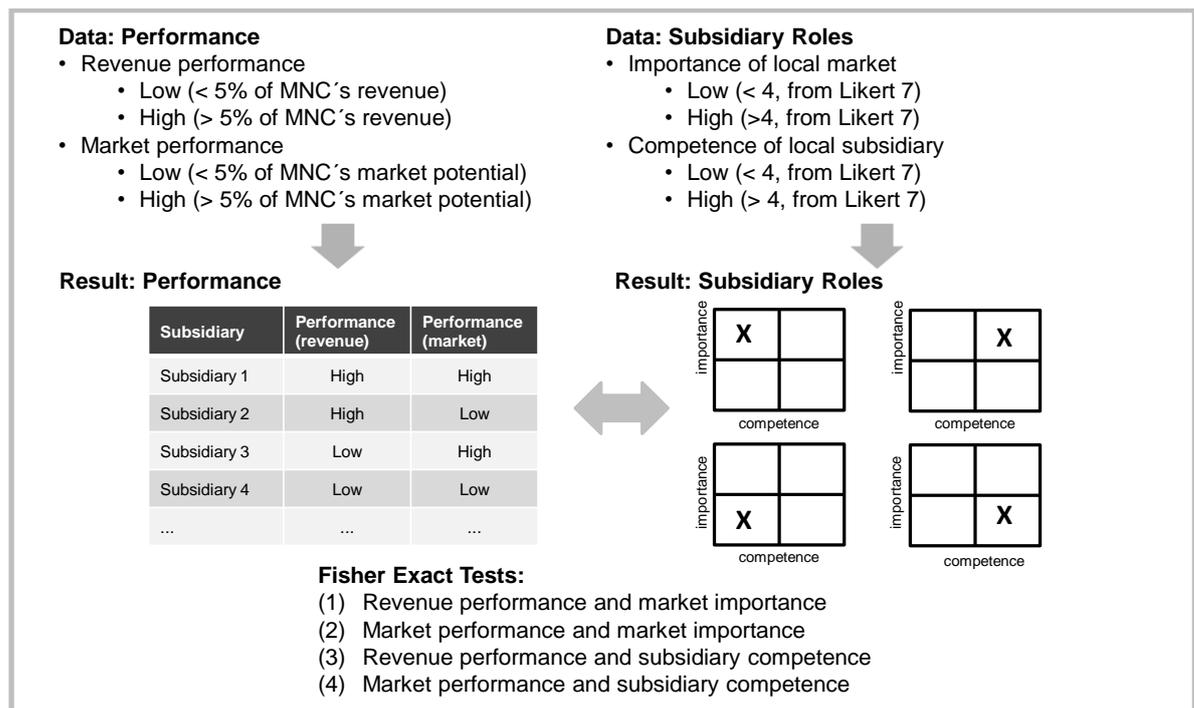
The dependent variables (1a, 1b) are classified in three categories in order to compare the individual values (ratio/interval) within a case. All dependent variables are rated in comparison to the overall figure of the MNC. Thus, the two categories for the variable result “performance” are derived as follows: (1) low performance and (2) high performance. This results in a classification of subsidiaries according to revenue and market size, which is then used in the Fisher Exact Tests when they are contrasted with the subsidiary roles.

In addition, the quantitative data collected via questionnaires, are analyzed by regarding the following dependent and independent variables regarding the subsidiary role model as described in section 4.2.

2. Subsidiary Role
 - a. Importance of local market
 - b. Competence of local organization

The dependent variables (3a, 3b) are classified into two categories respectively (high importance / low importance as well as high competence / low competence), which leads to the four subsidiary roles in order to assign the (nominal) variable result to the observed subsidiary. The four subsidiary roles are: (1) strategic leader, (2) black hole, (3) implementer, and (4) contributor. As three industry segments are considered for each subsidiary, there may be multiple roles for each subsidiary. The result of the analysis is three subsidiary roles, which are then confronted with the performance data as shown in Figure 38. The statistical method is a Fisher Exact Test (according to Fisher, 1922), as the aim of the method is to test a significance of two classifications (performance data vs. questionnaire data) for small sample sizes (Gopal, 2006).

Figure 38: Overview of Fisher Exact Tests



After the described categorisation of the dependent variables, the following tests for identifying the relationships of these variables are performed by using the Fisher Exact Test (Preacher & Briggs, 2001 - see Figure 39 for a definition of a, b, c, and n):

$$p = \frac{\binom{a+b}{a} \binom{c+d}{c}}{\binom{n}{a+c}} = \frac{(a+b)!(c+d)!(a+c)!(b+d)!}{a!b!c!d!n!}$$

The following tests are conducted:

- (1) Positive relation of market importance (data: subsidiary role) and revenue performance (data: performance)
- (2) Positive relation of market importance (data: subsidiary role) and market performance (data: performance)
- (3) Positive relation of competence (data: subsidiary role) and revenue performance (data: performance)
- (4) Positive relation of competence (data: subsidiary role) and market performance (data: performance)

The corresponding p-value is calculated according to the formula above in order to confirm or neglect the respective proposition (see section 2.5 for the overview of propositions). For the positive associations, Figure 39 illustrates the propositions and the contingency tables for the importance of the local markets. A significance level of $\alpha=0,05$ is selected (as suggested by Soper, 2014). For all p-values higher than the selected significance level, the respective null-hypothesis is rejected

Figure 39: Fisher Exact Tests I – Market Importance

		Importance high	Importance low	
P1: Local markets, which are considered as important by senior management, have a higher market performance. P0: Local markets, which are considered as important by senior management, do not have a higher market performance.	Market Performance > MNC	a	b	a+b
	Market Performance <MNC	c	d	c+d
		a+c	b+d	N
		Importance high	Importance low	
P1: Local markets, which are considered as important by senior management, have a higher revenue performance. P0: Local markets, which are considered as important by senior management, do not have a higher revenue performance.	Revenue Performance > MNC	a	b	a+b
	Revenue Performance <MNC	c	d	c+d
		a+c	b+d	N

Figure 40 illustrates the propositions and the contingency tables for the competence of the local subsidiaries.

Figure 40: Fisher Exact Tests II – Subsidiary Competence

		Competence high	Competence low	
P1: Subsidiaries, which are considered as competent by senior management, have a higher market performance. P0: Subsidiaries, which are considered as competent by senior management, do not have a higher market performance.	Market Performance > MNC	a	b	a+b
	Market Performance <MNC	c	d	c+d
		a+c	b+d	N
		Competence high	Competence low	
P1: Subsidiaries, which are considered as competent by senior management, have a higher revenue performance. P0: Subsidiaries, which are considered as competent by senior management, do not have a higher revenue performance.	Revenue Performance > MNC	a	b	a+b
	Revenue Performance <MNC	c	d	c+d
		a+c	b+d	N

The results of these quantitative data and the corresponding tests provide the basis for the usage of the derived MNC knowledge as well as for the further collection and analysis of qualitative data in order to derive the managerial implications for multinational sales management of foreign subsidiaries.

4.4.4 Verifying Multinational Sales Management within the Case

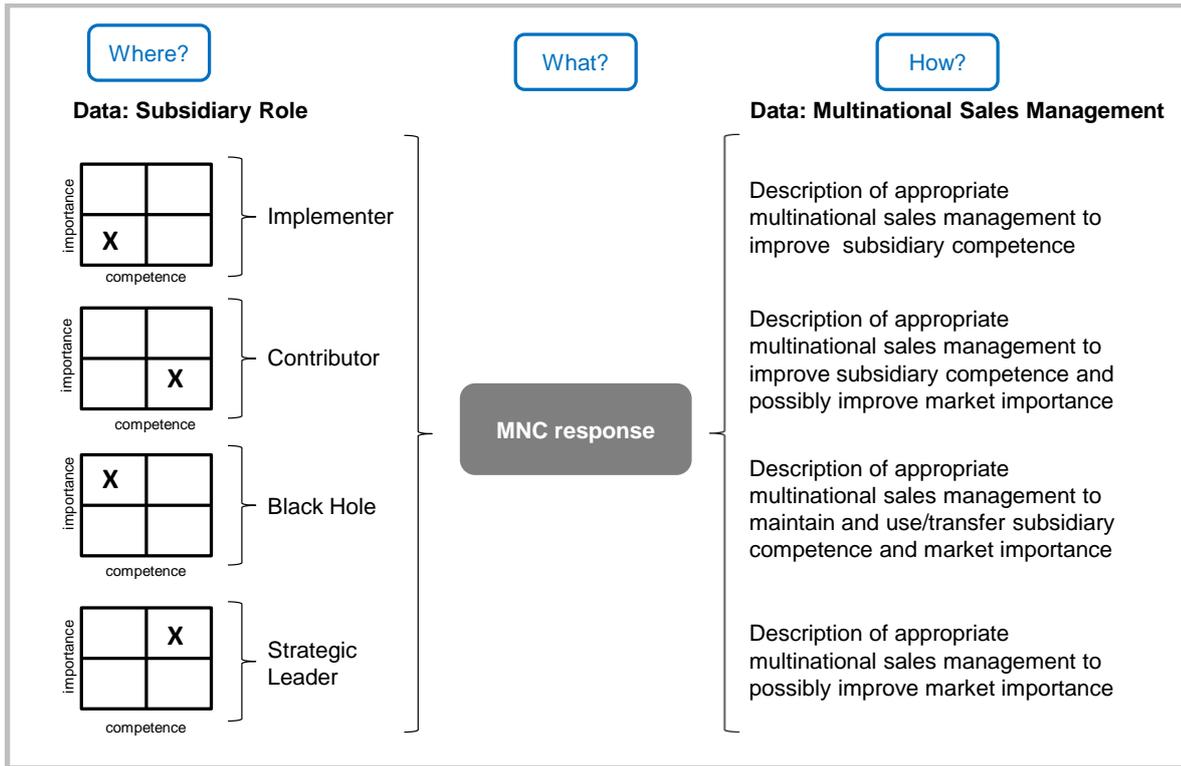
The aims of the analysis of the transcripts and results from the focus group interviews are to verify the theoretical suggestions regarding the managerial implications based on the role of the subsidiary from the conceptual framework as well as to identify possible conditions and prerequisites, which are of importance for multinational sales management of foreign subsidiaries.

The analysis strategy for the data collected from focus group interviews relies on theoretical propositions, similar as to the semi-structured interviews, which verify and confirm the literature review results. However, for this analysis, the theoretical propositions are derived from the conceptual framework of this research study, which state managerial implications based on the role of a subsidiary, i.e. the competence of the foreign subsidiary and the importance of local market. These are verified and possibly modified. In addition, the corresponding conditions and prerequisites are analyzed via taking the selected case as an example.

Similar to the analysis of the plausibility check described in subsection 4.4.2, the focus group discussion also uses directed content analysis according to Hsieh (2005), as the focus group interviews verify and possibly extend existing knowledge. Therefore, the coding is directed by existing knowledge, which serves as a lens for data analysis (Thomas, 2011). MAXQDA is used as a software tool, which facilitates a manual analysis as well. Again, the corresponding decisions resulting from the focus group data and their analysis need to be made after the focus groups interviews and the analysis by the researcher, as a consensus should not be the intention of a focus group interview (see also Krueger & Casey, 2009, p. 8).

The expected results are directions for multinational sales management on how to apply the framework for multinational sales management, i.e. for the MNC response as well as for the managerial implications in order to improve the competence of the respective subsidiary and/or increase the importance of a local market for an MNC. The MNC response (1) strategy, (2) products, (3) resources, and (4) operations serve to clarify WHAT to do in order to increase the market importance of a subsidiary as well as the competence of a subsidiary. The managerial implications (1) centralization, (2) formalization, and (3) socialization clarify HOW to achieve this. The previously assigned subsidiary role defines WHERE to apply the respective MNC response and the corresponding managerial implications as shown in the following figure.

Figure 41: Discussion of Managerial Implications out of MNC Response



Therefore, the author is using the derived and verified MNC response and the managerial implications as an initial coding scheme in order to identify patterns for a specific role (see also pattern matching in Yin, 2014). In particular, the propositions for multinational sales management (derived from existing knowledge in chapter 2, see section 2.5) represent the predicted patterns and the analysis of the focus group interviews via the MNC factors shows whether the outcome matches the prediction. Thus, these patterns, which are identified in the 33 data sets (11 subsidiaries and 3 industry segments), serve to confirm or adapt the propositions and claims regarding the appropriate multinational sales management according to the role of the foreign subsidiary. In particular, it is sought to identify the patterns showing which managerial implication (centralization, formalization, and socialization) suits which MNC response (strategy, products, resources, and operations) for each of the four subsidiary roles (implementer, contributor, black hole, and strategic leader). This results in the patterns for the four subsidiary roles of the selected case as illustrated in Table 25.

Table 25: Analysis Scheme for Multinational Sales Management

Subsidiary Role: Implementer • HQ • HQ + Sub (jointly with HQ lead) • Sub + HQ (jointly with subsidiary lead) • HQ/Sub • Sub			Managerial Implications		
			Centralization	Formalization	Socialization
MNC response	Strategy	Market strategy Sales approach Set-up and mindset	Scheme for focus group interview analysis		
	Products	Development Adaption			
	Resources	Skills and competencies Technology and knowledge			
	Operations	Sales and marketing Decision-making MNC Interdependencies			
			Note: This scheme already uses the MNC factors resulting from the plausibility check		

The identified patterns aim to show the appropriate balance between global integration and local freedom (as stated in the research questions according to the contributions from Prahalad & Doz, 1987) by stating the leading and/or driving force for multinational sales management:

- HQ: headquarters will provide guidance or actions towards the local organization
- HQ + Sub: Both headquarter and subsidiary act jointly with the corporate HQ lead
- Sub + HQ: Both headquarter and subsidiary act jointly with the local subsidiary lead
- HQ / Sub: Joint cooperation
- Sub: Local subsidiary acts with local freedom

In addition, the focus group interviews provide further information on prerequisites and conditions when managing the foreign subsidiaries in a case of the German *Mittelstand*.

4.4.5 Synthesizing the Data Collection and Analysis

After the individual data collection and analysis, all results are discussed in a consolidated synthesis. This discussion aims to summarize and consolidate all findings into a result, which may be transferred to similar cases of the defined population.

In this research study, both quantitative and qualitative data are used in order to facilitate a descriptive examination of the case (as suggested by Yin 2011; 2014) regarding performance, MNC typology, subsidiary roles, and managerial implications on multinational sales management. This corresponds to the epistemological position and the assessed mixed-method approach. An explanatory investigation creates practical managerial knowledge out of the qualitative data taken from the focus group interviews conducted with senior sales management.

Both parts of the research study, the descriptive quantitative part and the explanatory qualitative part, rely on theoretical propositions, which fits the methodological decision to use deductive reasoning as mentioned in chapter three. The propositions are derived from existing knowledge by reviewing the corresponding literature. Thus, this research study uses both quantitative and qualitative data and relies on theoretical propositions. In addition, pattern matching is applied by assigning roles to the foreign subsidiaries. With that, it is possible to compare patterns, such as similar or different implications for multinational sales management according to the MNC responses and environmental pressures on hand.

In particular, the MNC typology of the selected case is examined in order to verify the proposition from the literature review that *Mittelstand* companies mainly comply with the international typology. In addition, the modified model to assign subsidiary roles from Bartlett and Ghoshal is reviewed by considering the propositions for multinational sales management based on their model. This results in a discussion from which suitable implications for multinational sales management are derived for each subsidiary role. The previous subsections present the major facts about the individual data collection and the corresponding analysis for quantitative and qualitative data, which are summarized in Table 26 .

Table 26: Data Collection and Analysis as a Mixed-Method Approach

	Data Collection Method	Purpose of Data Collection and Analysis	Analysis Strategy	Analysis Technique
Plausibility check (QUAL)	Expert Interview	<ul style="list-style-type: none"> Plausibility check for MNC factors RQ3 in order to move forward with RQ1 and RQ2 Qualitative data of MNC criteria and dimensions Confirmation of literature review results 	Using existing knowledge (Hsieh, 2005)	Directed content analysis (QUAL)
Case study (quanQUAL)	Documentary	<ul style="list-style-type: none"> Basis for RQ1, cross-check of RQ2 Quantitative data: "Performance" Qualitative data: "MNC typology" Identification of basic MNC figures for further data collection methods 	Providing a basis for the Case Study (Saunders, 2012 and Bryman, 2007)	Univariate analysis (quan) Contextual content analysis (QUAL)
Case study (quan)	Questionnaire	<ul style="list-style-type: none"> RQ2 Quantitative data: "Subsidiary Role" of case study partner Identification of general patterns 	Developing a case description (Yin, 2014)	Univariate and bivariate data analysis (quan)
Case study (QUAL)	Focus Group Interview	<ul style="list-style-type: none"> RQ4 Qualitative data: "Multinational Sales Management" Discussion of possible required adjustments of results from MNC typology and subsidiary role 	Relying on theoretical propositions (Yin, 2014)	Content analysis (QUAL)

Source: Author with structure from Creswell and Plano-Clark (2007) and content from sources above

The following section describes, discusses, and applies research design requirements in order to ensure the quality for this research study.

4.5 Research Design Requirements

The relations and factors, which have an influence on knowing something or constituting a fact may be outside the researcher's own awareness (Blackburn, 2008) when designing and conducting the research study. Therefore, various tests and methods are used and evaluated in order to increase the overall quality of a research design. The quality of this research study is ensured through structure and pre-definition as especially case research is subject to criticism for lacking a consistent and repeatable approach (Verschuren, 2003; Yin, 2014). The subsequent subsections serve to show the adequateness of the presented research design by testing the process to achieve evidence and by reviewing the selected triangulation procedures (subsection 4.5.1), by conducting certain design tests (subsection 4.5.2), and by reducing potential bias and ensuring ethical conformity (subsection 4.5.3).

4.5.1 Achieving Evidence

Some of the major points of criticisms for case research are mentioned in chapter 3. One of them is a limited generalization of single and multiple case study designs, which only examine a small number of cases. Critics might ask how a single case can be representative, so that conclusions out of a single case can be applied generally to other cases of a certain population; the answer is that they cannot (Bryman & Bell, 2007). However, since researchers claim a degree of generalization to theory based on a case study (Bryman & Bell, 2007), similar to the purpose statement as well as the research questions and objectives of this research study, it is not aimed to achieve evidence, which can be applied without further adaption to the population of German *Mittelstand* companies. Instead, the research study examines a possible suitability of existing MNC research to the above-mentioned population of German *Mittelstand* companies. This is done via an in-depth research of a case, which employs the collection and analysis of both quantitative and qualitative data.

Before analyzing the collected data, some thoughts must be given to how to furnish evidence with the collected data. Yin (2010) illustrates, whether a convergence of evidence or a non-convergence of evidence is achieved by applying more than one data collection method. The basic difference is how the observed facts and the conclusions drawn from them can be related to a specific data collection method. In this research study, the four data collection methods serve different purposes. The documentary strives for quantitative data to examine performance figures and qualitative data to assign the MNC typology. After this, the questionnaire collects quantitative data to assign subsidiary roles to the sample company. Finally, in-depth qualitative data about multinational sales management in a German MNC with *Mittelstand* characteristics is generated by applying

i.e. the interview to generate comparable data. In addition, this does not sound reasonable and justifiable in a research study of this size. From an epistemological position, the usage of triangulation fits a relativistic position whereas positivists rather aim for experiments and constructivists tend to use reflexivity (Easterby-Smith, et al., 2008). This supports the application of methodological triangulation and the use of multiple data sources as described above with regard to the epistemological position of the author.

4.5.2 Employing Design Tests

Apart from the individual parts of the research study, the entire research design has to meet certain criteria (Bryman & Bell, 2007; Creswell; Yin, 2011, 2014). The most important criteria are: (1) reliability, (2) construct validity, (3) internal validity, and (4) external validity. There is constant debate between positivist and constructivist researchers about wording and application (Saunders, et al., 2012, p. 192). The former use “reliability”, “construct validity”, “internal validity”, and “external validity” whereas the latter assess the quality of their research with “credibility”, “transformability”, “dependability”, and “conformability”. For this research study, the wording follows the positivists’ definitions due the selected relativistic position. The application or the awareness of fulfilling these criteria is required in different stages of the entire research process (Yin, 2014).

Reliability ensures the credibility of a research study, i.e. that the case study and the corresponding data collection and analysis can be repeated and still lead to the same result (Yin, 2014). This mainly refers to the planning and the conduction of data collection in the case study, and to the findings of the research study, namely whether they are derived in a consistent and reliable way or not (Bright, 1991). In brief, reliability states whether the entire study is thoroughly thought through (Saunders, et al., 2012, p. 192). However, the assessment of reliability, especially regarding time and continuity of the research study, highly depends on the philosophical and methodological assumptions (Bright, 1991), which provide the basis for a research study. This thesis provides a detailed documentation of the major decisions and actions and provides a case study protocol to ensure reliability. If the criterion of reliability is fulfilled, the findings need to be assessed from a validity point of view.

Construct validity sets requirements, which ensure the design to have a certain quality in order to fulfil the overall research objective. These may be identifying the appropriate operational measures, which match the selected research concepts (Bryman & Bell, 2007), using methodological triangulation for the data collection or at least a chain of evidence. A case study, due to its complexity, should be reviewed by others (Yin, 2014) to check and review the design prior to data collection. This is done via a pre-definition with

the support of the ALS and the continuous support of the supervisors. In addition, certain parts of the research design are pre-tested, such as the expert interviews and questionnaires. In addition, the individual data collection methods are tested as described in subsection 4.5.3.

Internal validity minimizes the possibility of having systematic errors in the relationship of variables and therefore improves the conclusions drawn from the collected data as well. Due to this, just like any causal relationships of variables interferences of data need to be acknowledged (Bryman & Bell, 2007). In case studies, Yin (2014) also suggests the usage of specific data analysis techniques such as pattern matching to ensure internal validity when drawing conclusions from collected data, especially from a multifaceted case. This research study predefines variables, tests them via a plausibility check within the case, and uses pattern matching afterwards in a consolidated synthesis.

External validity is the criterion discerning whether or not a research study can be generalized beyond the conducted sample (Bright, 1991; Bryman & Bell, 2007). In case studies, replication logics need to be applied, especially for multiple case studies as all cases need to be investigated in a similar, comparable way (Yin, 2014). Usually, the relationship of reliability and validity is one-way (Bright, 1991), i.e. validity cannot be achieved in a research study without reliability, but a study may be reliable without being valid. However, single case designs cannot be generalized to the population as mentioned earlier. Therefore, the aim of the research does not focus on this, which is why the statement by Thomas is applied for this research study:

“You can’t generalise from a case study, but you can use your ability to put things together, to draw from experience, make informed judgements about cause and effect in this particular case”

(Thomas, 2011, p. 50)

Instead, this research study facilitates transferability (according to Krueger & Casey, 2009). This offers the possibility to select and apply certain parts of the results to a case of the same population. Table 27 summarizes the content and connects the methodological requirements to the application of this research study.

Table 27: Case Study Research Design Tests

Criteria	Possible Tactic	When to apply?	How is it applied in research study on hand?
Reliability	<ul style="list-style-type: none"> Use case study protocol Develop case study database 	<ul style="list-style-type: none"> Data collection Data collection 	<ul style="list-style-type: none"> Case study protocol is used, interviews are recorded and transcribed (audio) Not applied
Construct Validity	<ul style="list-style-type: none"> Use multiple source of evidence Establish chain of evidence Have key informants to review case study report 	<ul style="list-style-type: none"> Data collection Data collection Composition 	<ul style="list-style-type: none"> One in-depth case, 11*3 foreign subsidiaries with documentary, questionnaires, and focus group interviews Various indicators and measures lead to one dependent variable, chain of relation clearly shown (appendices) Review will be done by ALS (action learning set), supervisors, and professional experts which do not participate in research study
Internal Validity	<ul style="list-style-type: none"> Do pattern matching Do explanation building Address rival explanations Use logic models 	<ul style="list-style-type: none"> Data analysis Data analysis Data analysis Data analysis 	<ul style="list-style-type: none"> Pattern matching between subsidiaries with similar role regarding managerial implications Not applied Not applied Not applied
External Validity	<ul style="list-style-type: none"> Use theory in single case study Use replication logic in multiple case study 	<ul style="list-style-type: none"> Research design Research design 	<ul style="list-style-type: none"> Theory is used for case study on hand Case study process (planned procedure) documented for entire case (see Chapter 4 – Research Design) Replication logic may be applied in future research <p>→ External validity cannot be achieved, only transferability</p>

Source: Author with content from Bryman and Bell (2007), Yin (2014)

4.5.3 Reducing Bias and Ensuring Ethical Conformity

In addition to the design test mentioned above, several pilots are conducted prior to the finalization of the research design in order to reduce bias. For the data collection process, these are:

- Mock interviews (Wahyuni, 2012) with non-participants of the expert interviews, with and without participant background to test whether (1) the interview questions are understood by participants, (2) questions can be answered by participants, and (3) the discussion can be moderated and managed by the author in order to possibly modify the interview guide and the interview set-up
- Test questionnaires with non-participants of the case in order to check wording, understandability, and the overall feasibility of the questionnaires as suggested by Saunders (2012, p. 452), Therefore, the following questions are asked in addition to the actual questionnaire: (1) time to complete the questionnaire, (2) clarity of instructions, (3) clarity of questions including a possibility to name the ones which were unclear, (4) clarity of the layout, and (5) any further comments

Thus, two mock interviews were conducted on 21 Nov 2013 and 25 Nov 2013 with non-participants. The following facts and features have been tested and changed after the mock interviews for the semi-structured interviews with industry experts:

- Reformulation of introduction letter, aim of study, and questions in order to improve clarity and focus

- Sub-questions and general flow of questions as well as the general behaviour when conducting the interview
- Set-up of recording, informed consent form, transcription, and possible analysis techniques.

In addition, five test questionnaires were conducted with non-participants between 28 May and 10 June 2014. The test questionnaires for the case study improved the layout and questions as follows:

- Integration of sub-questions to an overall question to facilitate the assignment of a subsidiary role
- Personal structured interview with questionnaire as an interview guide in order to provide more guidance for the interviewee
- Wording of questions, instructions, and questions is changed in order to increase clarity and understandability
- Including of home market in order to facilitate a comparison with subsidiaries

The data collection process and the entire research design may cause doubts that the industry experts and the sample company including their participants are open to share this sensitive data. Therefore, all participants need to be protected as described in section 3.2 via the three stated rules. Thus, the following points are constantly considered and followed up during the entire research phase:

- (1) Approval and release: Get fully informed consent from participants, avoid any harm to participants, and respect the dignity of participants. In particular, the following actions and measures are applied:
 - Informed consent form for all participants of the plausibility check (signed during data collection from 3 Dec 2013 till 4 Feb 2014)
 - Official statement for participation from case study partner for a participation in suggested research study (signed on 3 June 2014)
 - Informed consent form for all case study participants (signed during data collection from 25 June 2014 till 2 July 2014)

The mentioned documents (forms) are attached in the appendices of the thesis. The actual signed documents are included in the documentation of the data collection and analysis, which is not published.

- (2) Anonymity and confidentiality: Ensure confidentiality of data and protect anonymity of individuals and organizations if necessary. In particular, the following actions and measures are applied:

- The answers and the comments of the industry experts are anonymized. Instead, only a random number (E1 to E10) is named to relate the answers to a particular interviewee (see section 5.1).
- Both MNC (case “Mittelstand GmbH”) and foreign subsidiaries (subsidiary “Ohm”, “Ampere”, “Coulomb”, “Farad”, “Henry”, “Hertz”, “Joule”, “Siemens”, “Tesla”, “Volt”, “Watt”) and individual participants (P1 to P8) within the case study are anonymized in order to protect sample company and its employees (see section 5.2).
- The sample company is afforded the possibility to adjust the final version of the thesis from an anonymous perspective in order to foster initial trust (see consent form between the sample company and the author as a researcher in appendix C2).

(3) Communication and openness: Avoid any misleading behaviour and communicate transparently about the research. In particular, the following actions and measures are applied:

- Introduction of the author as an interviewer and the research topic to industry experts by phone or personally to industry experts (15 Nov till 15 Dec 2013)
- Briefing and debriefing for expert interviewees before and after data collection (conducted during data collection for plausibility check from Dec 2013 till Feb 2014)
- Two presentations for management board to show the approach of research study and to clarify case study participation (26 May 2013 and 27 Feb 2014)
- Introduction of research topic to individual case study participants (June 2014)
- Briefing and debriefing of individual case study participants before and after data collection (conducted during data collection in case study from 24 June 2014 till 2 July 2014)
- Debriefing of case “Mittelstand GmbH” after the research study (19 Nov 2014 and 17 Dec 2014)

The communication and documentation mentioned is enclosed within the appendices of this research study. In addition, the following actions are conducted in order to reduce researcher bias:

- Close cooperation with supervisors during the entire research journey, but in particular before and during data collection and analysis
- Discussion of research design within ALS

However, a certain degree of subjectivity remains in the results, which must be accepted in a mixed-method in-depth case research using a prioritization of qualitative data.

4.6 Chapter Summary

Table 28 provides an overview of the stated research design, which includes the case definition, the specification of data and variables, the data collection methods, the analysis strategy, and the evidence, which this research study aims to achieve.

Table 28: Overview of Research Design

Topic	Description
Definition of Case	<ul style="list-style-type: none"> • Sampling strategy: non-probability sampling, convenience sampling • Research object: MNC belonging to the large German <i>Mittelstand</i> with specified characteristics • Unit of analysis: International sales organization • Target group: Senior sales management (headquarters and subsidiaries)
Specification of Data and Variables	Qualitative data (plausibility check): <ul style="list-style-type: none"> • Results of Literature review Quantitative data (case study): <ul style="list-style-type: none"> • Performance • MNC foreign subsidiary roles Qualitative data (case study): <ul style="list-style-type: none"> • MNC typology • Multinational sales management of foreign sales subsidiaries
Data Collection	Quantitative data <ul style="list-style-type: none"> • Documentary (50%) • Questionnaires Qualitative Data: <ul style="list-style-type: none"> • Documentary (50%) • Expert interviews • Focus groups
Data Analysis	Strategy <ul style="list-style-type: none"> • Relying on theoretical propositions • Using both quantitative and qualitative data Technique <ul style="list-style-type: none"> • Pattern matching (across subsidiaries) • Cross-case analysis (across subsidiaries) Method <ul style="list-style-type: none"> • Quantitative data: univariate and bivariate analysis as well as frequency/contingency tables • Qualitative data: (directed) content analysis
Evidence	Triangulation <ul style="list-style-type: none"> • Methodological: mixed-method, plausibility check, various data collection methods • Data source: expert interviews, case study with 11 subsidiaries and three industry segments

Finally, the thesis progression matrix is presented to link the summarized content of this chapter to the previous results and the overall progress of the research study regarding the initially stated research questions and research objectives.

Table 29: Thesis Progression Matrix – Chapter 4

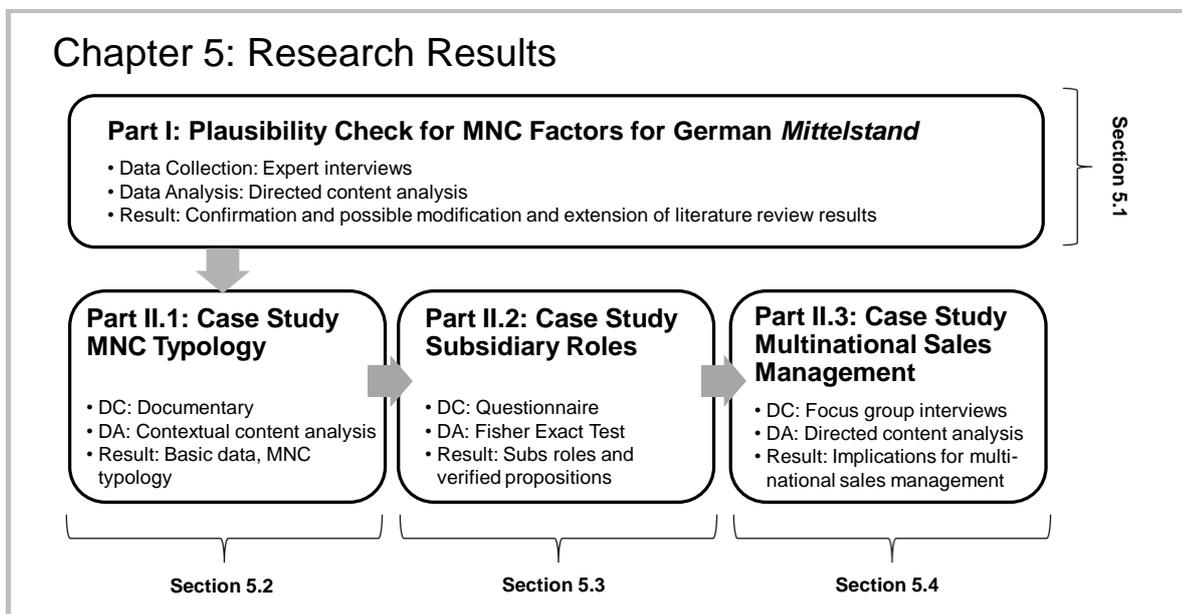
Research Question	Source	Literature Review Results	Research Design
How to manage foreign sales subsidiaries in multinational corporations belonging to the <i>Mittelstand</i> in Germany?	Overall Research Study	Managerial implications out of MNC typology and subsidiary role model (see below)	In-depth case study applying a mixed method approach via four data collection methods
What MNC typologies suit the characteristics and requirements of the German <i>Mittelstand</i> ?	Literature Review + Case Study	- MNC typology of Bartlett and Ghoshal (1989, 2002, 2014) - Integration-Responsiveness model by Prahalad and Doz (1981, 1987) - <i>Mittelstand</i> characteristics (Simon)	Qualitative Data - Documentary data to assign the MNC typology to the selected case and to collect performance data
What existing role models for foreign subsidiaries can multinational corporations of the German <i>Mittelstand</i> take, when deciding between managing operations globally and leaving them in a local responsibility?	Literature Review + Case Study	Subsidiary role model of Bartlett and Ghoshal (1986, 2014) - Importance of local market - Competence of local subsidiary	Quantitative Data: - Documentary to collect performance data - Questionnaires to assign subsidiary roles - Case description of subsidiary roles and confrontation of numeric and opinion data
What are the key factors influencing multinational sales management to find an “appropriate level” of local adaption and global integration considering the German <i>Mittelstand</i> characteristics?	Literature Review + Plausibility Check	Environmental pressures - Industry and market characteristics - Market and customer requirements MNC response with adequate - Resources, operations, and products Managerial implications - Coordination and Control - History and core competencies	Qualitative Data - Expert interviews to confirm result of literature review, i.e. the MNC dimensions and the corresponding factors
What implications for multinational sales management can be applied within <i>Mittelstand</i> companies in Germany when considering the role of the foreign subsidiary?	Literature Review + Case Study + Synthesis	Conceptual framework with - Propositions for the MNC response to increase market importance - Propositions for the MNC response to improve subsidiary competence - Propositions for managerial implications	Qualitative Data - Focus group interviews to verify and possibly adjust implications for multinational sales management

The next chapter presents the results of the plausibility check and the case study, and discusses the consolidated synthesis.

5 Results

This chapter presents and discusses the results of this research study. First, the outcome of the plausibility check is shown (section 5.1) where the results of the ten expert interviews are confronted with the results of the literature review. This serves as the basis for the case study, which is conducted in the selected sample company. The results of the data collection methods - documentary, questionnaires, and focus group interviews - and the corresponding analyses are shown in the sections 5.2, 5.3, and 5.4. Figure 43 illustrates the basic structure of the chapter on hand.

Figure 43: Contents of Chapter 5 – Research Results



5.1 Part I: Plausibility Check of MNC Factors

This section shows the conduction and the corresponding results of the plausibility check of the MNC dimensions, criteria, and factors resulting from the literature review. After the planning, the conduction and the analyses are shown (subsection 5.1.1), this section presents the individual results for the structure (subsection 5.1.2) as well as the three MNC dimensions: (1) environmental pressures (subsection 5.1.3), (2) MNC response (subsection 5.1.4), and (3) the corresponding managerial implications (subsection 5.1.5). The outcome of this plausibility check is then used to modify the selected MNC models in order to prepare for the case study (subsection 5.1.6).

5.1.1 Planning, Conducting, and Analyzing the Expert Interviews

The aim of the expert interviews is to confirm, validate, and possibly extend the results of the literature review, in particular the second research question about the key influencing factors for multinational sales management. The plausibility check therefore serves to reduce the bias as a researcher and uses the expert opinions to filter the MNC factors from existing knowledge applying senior management experience from the German *Mittelstand*. Keeping the aim of the expert interview and the corresponding research questions in mind is an essential step to being able to manage the amount of data generated (Elo & Kyngäs, 2008).

Table 30 shows the list of participants, their job positions, as well as the interview date and type. The selection is conducted according to the selection criteria described in section 4.1 in order to ensure an appropriate choice of experts. This ensures the comparability of the interviewees' business experiences with managing foreign sales subsidiaries in a *Mittelstand* company. For reasons of comparability, it is helpful if the company represents the "typical *Mittelstand* characteristics" described in chapter 2. In order to ensure the anonymity of the participants, the order of experts (E1 to E10) is not linked to the numeration of individual expert interviews in Table 30. The abbreviations, E1, E2,... stand for Expert1, Expert2,... . These are used throughout the documentation of the analysis of the expert interviews.

Table 30: List of Participants for Expert Interviews

Name	Company	Position	Date of Interview	Interview Mode
Andreas Müller	DOEPKE Schaltgeräte GmbH	Managing Director / Shareholder	03 Dec 2013	Phone
Johannes Feldmayer	Heitec AG	General Manager & Chief Representative	17 Dec 2013	Personal
Rainer Berthold	JeanMueller GmbH	Chief Operating Officer	18 Dec 2013	Personal
Stephan Neubauer	roesys GmbH	Chief Operating Officer	21 Dec 2013	Personal
Aegidius Schuster	Fränkische Rohrwerke GmbH & Co. KG	Managing Director	09 Jan 2014	Personal
Andreas Sprecker	Mennekes Stecker GmbH & Co. KG	Managing Director	10 Jan 2014	Phone
Burkard Kaiser	Kaiser GmbH & Co. KG	Managing Director	14 Jan 2014	Phone
Reinhard Wojtynek	Bedia Motorentechnik GmbH & Co. KG	Sales Director	16 Jan 2014	Personal
Thomas Sell	Theben AG	Chief Sales Officer	21 Jan 2014	Personal
Rüdiger Prill	Harting GmbH & Co. KG	Managing Director	04 Feb 2014	Phone

Source: Author (information as of February 2014)

The author conducted the interviews between 03 Dec 2013 and 04 Feb 2014 after he had introduced the research project, himself, as well as the selected data collection method to the interviewees in November 2013. It was a tremendous asset, that he was personally introduced to the interviewees, or had known them before (see selective and convenience sampling in section 4.1). Furthermore, the questions and possible sub-questions had been set prior to the interviews and tested realistically via a mock interview as described in section 4.5. The semi-structured interview guide provides a structure and reduces the possibility of leading questions of the interviewer, but also leaves a certain flexibility to ask further questions (Bryman & Bell, 2007; Saunders, et al., 2012). The structure of the interview guide corresponds to the MNC dimensions and criteria shown in Table 31. All corresponding documentation of the interviews such as (1) introduction email, (2) informed consent form, and (3) interview guide are shown in Appendix B. The final interview guide was refined (but not changed) after the conduction and the experience of four expert interviews. Six interviews were conducted personally and four interviews were conducted via phone with respect to the availability, suitability, and the distance to the location of the interviewee. The language chosen for the interviews is German, as German is the native language of both interviewer and interviewees (as suggested by Douglas & Craig, 2007). The author is convinced that, questions are asked more accurately, better understood, and potential answers are richer in content, if both interviewer and interviewee can use the language they know best. Each interview started with a briefing, in which research objective, purpose of the interview, the overall procedure, and ethical issues were clarified (as suggested by Gill, et al., 2008). According to the author's experience, this is very important in order to create a certain level of trust and security. The interviewing is closed with a debriefing and a note of thanks.

The analysis of the interviews begins with the transcription of the recorded interviews. The author is glad to have decided on doing the transcription himself. Even though it was a „painful“ process it provided time and distance to recap and understand the content (both questions and answers) more profoundly. The transcripts are in German and analyzed by focusing on the meaning and sense of the answers with respect to the predefined coding scheme as shown in Table 31. Thus, the result with a refined and extended categories and codes is in English and is described in the following subsections for the MNC dimensions (1) environmental pressures, (2) MNC response, and (3) managerial implications. With this initial coding scheme, additional codes evolved during the software analysis with the introduced approach of directed content analysis as described in section 4.4. In order to apply a consistent approach, coding rules are used and derived, which are shown in appendix B4.

Table 31: Initial Coding Scheme – Expert Interviews

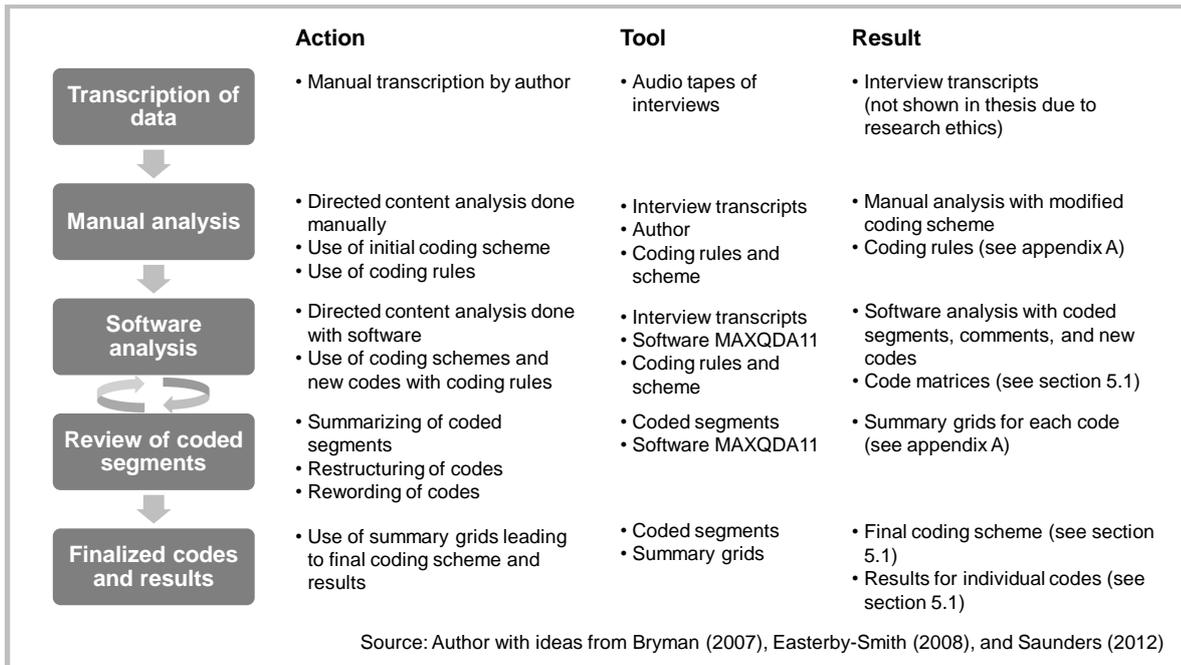
MNC Dimension and Criteria		MNC Factors
Environmental pressures	Market and industry characteristics	Size and growth Competition Technology and innovation
	Market and customer needs	Proximity Support Products
MNC response	Resources	Management skills Operational skills Technology Capital
	Operations	Strategy and structure MNC interdependencies Sales activities Marketing activities
	Products	Development Adaption
Managerial implications	Coordination and control	Centralisation Formalisation Socialization
	History and core competencies	Values and history Core competencies Depth of value adding

Source: Author – content from literature review in subsection 2.4.4 (basis for software MAXQDA 11)

The following four subsections describe and discuss the results of the expert interviews with regard to the three MNC dimensions. Each analysis follows the same structure as shown in Figure 44. First, each interview is transcribed by itself where the first action replay takes place. Second, a manual analysis is conducted using the printed transcripts and the initial coding scheme. This provides a first overview of coded segments and possible issues for assigning codes to parts of the interview. Furthermore, additional valuable context is marked in order to possibly modify and extend the initially set codes. Third, the analysis of the transcripts is carried out via the selected software and a set of coding rules (see appendix B4), which is derived during the previous step. The results consist of coded segments and the code matrices are the basic content for the analysis of

the qualitative data. The results described are reviewed and paraphrased to summarize the coded segments via summary grids in an iterative process. Finally, this enables the author to finalize the coding scheme by modifying, extending, and rewording the initial coding scheme. This content analysis aims to provide a condensed description of a research phenomenon, which results in concepts and categories describing the research phenomenon (Elo & Kyngäs, 2008) as mentioned in section 4.4.

Figure 44: Analysis Procedure for Expert Interviews

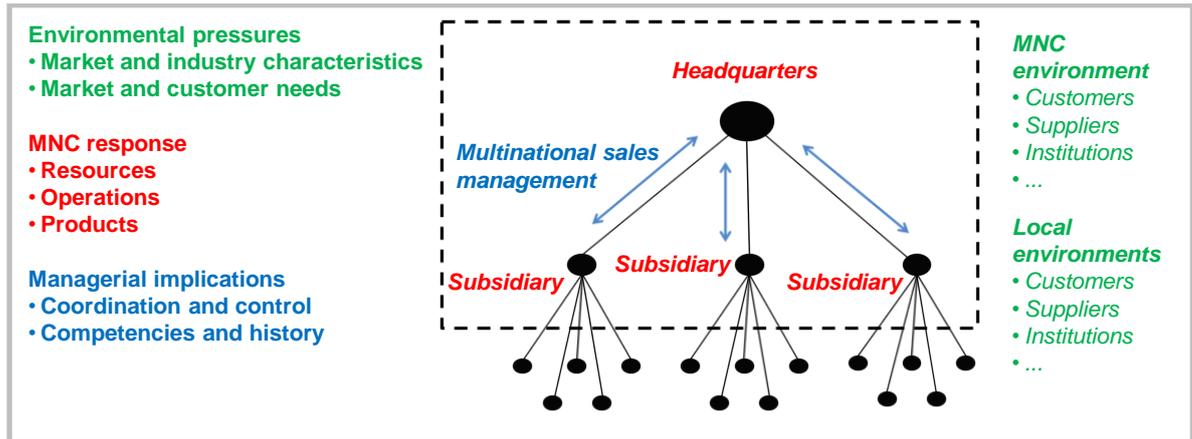


The results for the basic MNC structure and each code category are shown in the following four subsections.

5.1.2 Confirming the Structure of MNC Dimensions

The semi-structured expert interviews consist of four parts (see interview guide in appendix B3). First, the basic structure of the three MNC dimensions is introduced and verified by the interviewees, as categories have to be grounded both conceptually but also empirically (Dey, 1993, in Elo & Kyngäs, 2008). In addition, it is verified whether a typical *Mittelstand* MNC tends to follow the international MNC typology as stated in the literature review in section 2.2. This defines and limits the scope of the interview content as decided within the research design. Thus, the deductive approach aims to verify both the structure and the content of the literature review results. Figure 45 shows the illustration, which is used as a common basis and start for discussion.

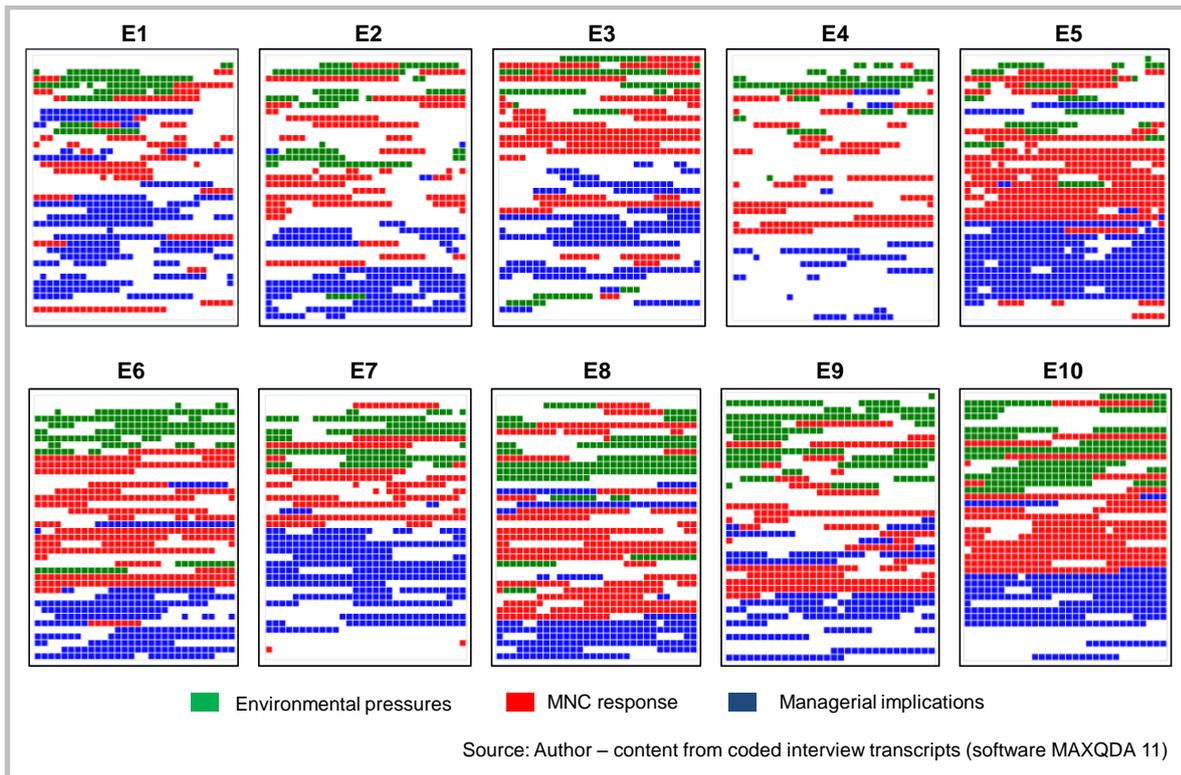
Figure 45: Illustration of Basic MNC Structure Used for Expert Interviews



The majority of interviewees agree to the structure of the three MNC dimensions (1) environmental pressures, (2) MNC response, and the corresponding (3) managerial implications. However, the detailed criteria under each of the three MNC dimensions are not confirmed in the first instance. There is a need and a wish from the interviewees' perspective to discuss the individual criteria. The practicability of the overall structure is also confirmed by the interview participants, as it may support multinational sales management in practice. This is a basic requirement of the underlying DBA programme and the key objective (see sections 1.2 and 1.3). Again, the respondents aim for discussing further details by the overall topic "multinational sales management" cannot be treated with a "binary way of thinking".

The author states, that these described results cannot be seen as a confirmation of the overall structure, but the acceptance of the interviewees enables him to move forward by verifying the three MNC dimensions and their criteria, as well as their corresponding factors influencing multinational sales management as stated in the second research question. Therefore, the following three subsections discuss and describe the results of the three remaining interview parts. These parts also reflect the segments of the semi-structured interview guide. Moreover, Figure 46 displays the distribution of the coded segments across the interview transcripts using the colours green, blue, and red, which correspond to the colour coding of the initial coding scheme (see Table 31) and the semi-structured interview guide shown in appendix B3. The illustration shows the three basic parts of the interview, and the fact that these parts overlap during the interviews and discussions. This is logical, as the three dimensions are interlinked thematically, which makes a sharp differentiation throughout the discussion very difficult.

Figure 46: Visual Portrait of Expert Interview Structure and Coding Categories



Consecutively, subsection 5.1.3 verifies the environmental pressures, illustrated in green, subsection 5.1.4 verifies the MNC response, illustrated in red, and subsection 5.1.5 verifies the managerial implications, illustrated in blue. The linking of the identified and verified MNC factors to the 10 expert interviews is shown. As stated before, the individual expert interviews are assigned randomly to the numbers (E1, E2, E3, ... E10) in order to ensure the anonymity of the industry experts.

5.1.3 Verifying “Environmental Pressures”

After checking the basic structure of the three MNC dimensions, the expert interviews search for a verification and a possible enrichment of the first MNC dimension “environmental pressures”. This dimension includes all pressures on and needs for the MNC exacted by and arising from its market, its industry, and their customers as presented in the second chapter. The coded segments are analyzed qualitatively in order to check the suitability to German *Mittelstand* companies. All changes and modifications are described below before the revised coding scheme is shown.

Changes and Modifications of Initial Coding Scheme of MNC Factors

The initial coding scheme for “environmental pressures” is split into the criteria “market and industry characteristics” and “market and customer needs”. These criteria remain unchanged. However, the factors are updated as described.

The following factors are initially set for the MNC criterion “market and industry characteristics”: (1) size and growth, (2) competition, and (3) technology and innovation. First, according to the industry experts, the market size and its growth are crucially important, as this sets the basis for sufficient business opportunities in a local market, which then possibly justifies an investment. However, the level of maturity of a market is at least equally important, as this factor determines whether a market is accessible for complex products, that are high-tech and in the upper price segment. Due to this, the scope of the factor is extended. Second, competition is mentioned by every interviewee, and the majority of respondents name local and global competition. The different types of competition act with a different market approach and need to be distinguished. Third, technology and innovation are also important. However, after conducting and analysing the interviews, the author is convinced, that this factor fits to the criterion “market and customer needs” better as it is closely related to the product, and therefore a specific requirement from a customer or even a market rather than a characteristic of an industry or a market. Instead, the factor “norms, standards, and approvals” is added as it reflects the common agreement within a certain industry or market regarding a particular product or technology. These regulations not only provide the basis for technology and product specifications and requirements, but also define markets. They deliver the technical definition of technology and products according to the local infrastructure of a market. Therefore, the factor is highly important for all companies participating in a market, as they all need to respond to this appropriately. Moreover, norms, standards, and approval may also enlarge a market size, as further local markets could also apply a certain standard.

The initial coding scheme for the MNC criteria “market and customer needs” consists of three factors: (1) proximity, (2) support, and (3) products. First, the requirements and expectations of a product are important such as technology and innovation, as well as quality, availability, and pricing. Therefore, the actual product itself is rather a mere part of the MNC response, as it is a creation according to the needs of the market and the customers. For this reason, the factor “technology and innovation” is merged with “products” and integrated here. The proximity to customers is seen as very important, as only a very close relationship to customers facilitates an understanding of the customer’s application and enables the *Mittelstand* company to provide a solution for the customer. This is crucial in the industry experts’ opinion in order to sell complex products. It is stated as one of the key characteristics differentiating between a *Mittelstand* company and a global competitor or a local company, which acts as a representative or as a distributor for a global competitor (see above). The factor “support” was renamed “support and service”, as *Mittelstand* companies not only provide unique products but also an extended service for their customers. The customers may need flexibility, also small-volume orders, and

customized solutions. This commitment often leads to a close and long-standing relationship.

Thus, the final coding scheme for the MNC criterion “market and industry characteristics” consists of the following factors: (1.1.1) size, growth, and level of maturity (1.1.2) competition, and (1.1.3) norms, standards, and approvals. In addition, the final coding scheme for the second criterion “market and customer needs” consists of the following factors: (1.2.1) technology and innovation of products, (1.2.2) proximity, and (1.2.3) service and support. Table 32 shows the revised coding results for the MNC dimension “environmental pressures” illustrating changes in red and additions in green writing.

Table 32: Coding Results for “Environmental Pressures”

MNC Dimension and Criteria		MNC Factors
Environmental pressures	Market and industry characteristics	Size and growth Competition Technology and innovation
	Market and customer needs	Proximity Support Products

↓

MNC Dimension and Criteria		MNC Factors
Environmental pressures	Market and industry characteristics	Size, growth, and level of maturity Competition Norms, approvals, and standards
	Market and customer needs	Technology and innovation of products Proximity Service and support

Source: Author – content from coding schemes after analysis of transcripts (software MAXQDA 11)

Detailed Content of MNC Factors

The following listing shows the detailed content of each MNC factor based on the analysis using summary grids for all interview transcripts. These summary grids are shown in appendix B6.

(1.1) Environmental pressures – market and industry characteristics:

Size, growth, and level of maturity: The market size and market growth (E1, E3, E5, E6, E7, E8, E9, and E10) is derived from country and industry data and analyses. The existing and potential business opportunities for the MNC (E4, E7, E8, E9, and E10) in a local market are heavily dependent on the availability and the behaviour of existing potential customers in a country. Therefore, the level of maturity is important (E1, E2, E3, E6, E7, and E10) as the selected strategy of “typical” *Mittelstand* companies aims for the niche market with high-price, high specification and not a price sensitive buying behaviour. In particular, the interviewees mention the following examples: awareness for safety and

security as well as quality consciousness, infrastructure of a local market such as labour, facilities, or transport, as well as the existence of sales channels to serve a local market.

Competition: The interviews confirm a presence of global and local competition (all experts). Global competition such as other MNC *Mittelstand* companies or big MNCs (all experts) like Siemens, ABB or Schneider (as examples for the generalists within the electrical industry sector) serve various local markets. The company types mentioned tend to serve the upper market segment with complex products (E1, E3, E9, E10). Accordingly, *Mittelstand* companies need to overrule them with a good response to customer needs and a certain proximity to their customer to be able to offer a better support and service. By contrast, local competition strives more towards the lower market segment, where pricing is more important than technology and quality but with very suitable solutions for the respective local market (E2, E3, E4, E5, E8, E10). There may be competitors that fulfil both roles, but usually they can be clearly distinguished by a different sales approach, different competencies in product and consultancy as well as different pricing. The following details on “norms, standards, and regulations” set the basic common requirements for both global and local competitors (E7).

Norms, standards, and approvals: The norms and approvals (industry level) and regulations (country level) define the technical and safety standards, which have to be fulfilled by the products in the local markets (all experts). This is an advantage for those companies, which have a certain competence in technology and innovation as well as quality (E1, E2, E3, E6, E10). This fits the defined population and target group of German *Mittelstand* companies perfectly. For companies in the electrical industry, as for most of interviewees’ companies, the important standards are those from the US (UL - Underwriters Laboratories), Europe (IEC – International Certificate Commission), and China (CCC – China Compulsory Certificate) (all experts). These international authorities are the most relevant and important ones for the population of companies within the electromechanical industry. Furthermore, there are local regulations like in Japan, Australia, as well as industry requirements. Therefore, the criterion “norms, standards and approvals” is divided according to the responses to general (all experts), industry-specific (E1, E3, E4, E5, E8, E10), and customer-specific (E8, E10).

Table 33 summarizes the descriptions above by showing the individual appearances of the MNC factors throughout the interviews. The corresponding “summary grid table”, which is used to aggregate the coded segments to the measures mentioned is shown in appendix B6.

Table 33: Code Matrix for MNC Factor “Market and Industry Characteristics”

MNC Dimension and Criteria		MNC Factors	Measures	E 1	E 2	E 3	E 4	E 5	E 6	E 7	E 8	E 9	E 10		
Environmental pressures	Market and industry characteristics	Size, growth, and level of maturity	Market size and growth	✓		✓		✓	✓	✓	✓	✓	✓		
			Sales potential and business opportunities				✓			✓	✓	✓	✓		
			Level of maturity	✓	✓	✓			✓	✓			✓		
		Competition	Global competitors (Mittelstand)					✓				✓	✓		
			Global competitors (generalists)	✓	✓	✓	✓		✓	✓			✓	✓	
			Local competitors		✓	✓	✓	✓					✓	✓	
		Norms, approvals, and standards	General	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Industry-specific	✓		✓	✓	✓					✓		✓
			Customer-specific										✓		✓

Source: Author – content from coded interview transcripts (software MAXQDA 11)

After transcribing and reading the interviews, the author must state, that a lot of answers regarding the MNC dimensions and criteria are interlinked. In addition, some MNC factors, such as fit to standards and norms are regarded as compulsory and therefore not mentioned from every industry expert.

(1.2) Environmental pressures: market and customer needs

Technology and innovation for products: This factor is important, as the customer requirements for products set the basis for the MNC’s response. For this, it is crucial whether the requirements regarding technology and innovation (all experts), quality, and pricing (all as it is seen as compulsory) are similar across local markets or not. Thus, the products have to meet customer requirements in order to be successful, whereas *Mittelstand* companies tend to “over-engineer” products, especially when they go to lower developed markets than their home market (E2). This increases the importance of a certain proximity to customers and the product and application knowledge resulting from this close relationship with the customer (see next paragraph). According to the interviewees, the brand and the label “made in Germany” could make a difference when offering German products in overseas markets (E4, E9).

Proximity to customers: Almost all interviewees consider this as very important (E2, E3, E4, E6, and E9), as it facilitates a deep understanding of the customer’s application and enables the *Mittelstand* companies to provide a solution (E3, E4, E5, E8, E9). This is one of the differentiating characteristics and leads to a competitive advantage for a *Mittelstand* company over a generalist global competitor or a local company, which acts as a representative or distributor for a global competitor. They are usually unable to provide equivalent support due to lack of flexibility (E2, E3, E5, E8, E9, and E10). This ensures a

close relationship to the customer and a certain commitment from the customers' side (see support and service).

Support and service: This factor is one of the consequences of proximity to customers as well as a certain operational flexibility. *Mittelstand* companies are often capable of supporting customers by meeting special requests like small modifications to products (E4, E6), special marking or packaging (E1, E4, E6, E8, E9). In addition, special service is offered during design phase (e.g. technical support and testing), order processing (e.g. small and fast deliveries) as well as after sales support (e.g. product rejects). This extended service to their customers increases the loyalty of the customers (E2, E6, E8; E9, and E10), which in turn enables the *Mittelstand* company to serve the customer appropriately but also improves the competence of employees and specification of products (see also Meyer-Stamer & Wältring, 2000).

Table 34 illustrates the code matrix retrieved from MAXQDA, which shows the mentioning of the single factors across the transcripts of all interviews. The corresponding “summary grid table”, which is used to aggregate the coded segments to the measures mentioned is shown in appendix B6. This overview points out that the MNC factors of the final coding scheme are represented in the majority of the interview transcripts.

Table 34: Code Matrix for MNC Factor “Market and Customer Needs”

MNC Dimension and Criteria		MNC Factors	Measures	E 1	E 2	E 3	E 4	E 5	E 6	E 7	E 8	E 9	E 10	
Environmental pressures	Market and customer needs	Technology and innovation of products	Innovation and technology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Quality and pricing	This factor is seen as compulsory by the interviewees										
			Brand and “Made in Germany”				✓						✓	
		Proximity	Close to customer requirements		✓	✓	✓			✓			✓	
			Product suitability to application		✓	✓		✓				✓	✓	✓
			Availability					✓	✓					
		Service and support	Customized solutions				✓			✓				
			Special support (logistics, packaging,...)	✓			✓			✓		✓	✓	
			Loyalty, trust, long-lasting business relationship		✓					✓		✓	✓	✓

Source: Author – content from coded interview transcripts (software MAXQDA 11)

The detailed results of the transcript are documented in appendix B6 as summary grid tables retrieved from MAXQDA.

5.1.4 Verifying “MNC Response”

The second MNC dimension provides the response of the MNC to the previously described environmental pressures from the local markets, industries, and customers. Again, the basis is derived from the literature review results presented in chapter 2.

Changes and Modifications of Initial Coding Scheme of MNC Factors

The initial coding scheme for the dimension “MNC response” consists of three criteria: (1) resources, (2) operations, and (3) products. The fourth criterion strategy is created, as various amendments and additional codes are added to all criteria, which are described below.

The latter criterion “strategy” is moved up to the front, as this is considered as the leading criterion, which has an impact on the remaining criteria. This is also confirmed by the MNC literature (see literature review in chapter 2), which is one important result of the expert interviews. The strategy within the MNC response was not pointed out clearly in the literature review. The author considers this as a major blind spot of the literature review. However, the issue that the MNC’s response includes both strategy and structure is not reflected appropriately in the result of the literature review. For this reason, the factor “market strategy” is added, as the focus market(s) and the segment in these markets is of great influence for any strategic and structural decision in a *Mittelstand* MNC (see also Radow & Kirchfeld, 2010). In addition, the selected factor “sales approach” is highly important, as it looks at how MNCs set their sales resources and activities to approach a market. This could be their own resources like subsidiaries or individual sales personnel, partner companies like representatives, distributors, or agents, as well as other sales channels like brand label partners. Finally, the “set-up and mindset” of the *Mittelstand* MNC is included, as this factor expresses the implications of the two afore-mentioned factors. *Mittelstand* MNCs of the defined population are highly specialized as they develop, produce, and offer high quality and high-tech products, which requires a unique organizational behaviour (see subsection 4.1.2).

Second, the factors of the criterion “resources” are reduced. The prior distinction of the factors reflecting both operational and management skills are merged to “skills and competencies”. This is concluded out of the interviewees’ responses, as the local resources develop over time and often start out with an individual sales person before a complete subsidiary develops. The overall size of a sales subsidiary of a *Mittelstand* MNC does not usually allow a subsidiary manager, who only fulfils only management tasks. Instead, the subsidiary manager needs to be close to the sales and marketing activities, which is again a *Mittelstand* management characteristic described in section 2.4. In

addition, the factors considering technology and capital are merged to “technology and know-how” as the differentiation is difficult. Furthermore, *Mittelstand* MNCs tend to act as international companies concentrating their R&D resources in their corporate headquarters in Germany. This fits the *Mittelstand* characteristics of being a technology leader resulting from capable and long-term employees in Germany.

Third, within the criterion “resources”, the initially separate factors of “sales activities” and “marketing activities” are merged to “sales and marketing activities. In particular, the experience from interviews shows, that it is hard to clearly distinguish sales activities from marketing activities (from a practical perspective), especially when small sales subsidiaries are considered. The factor “MNC interdependencies” remains unchanged, even though real interdependencies on a transactional level are not present and wanted according to the responses of the interviewees. Instead, communication and information exchange between foreign subsidiaries is present and supported both individually and in groups (see also Gupta & Govindarajan, 1991). However, the headquarters is informed and included in this communication and possible decisions on mutual transactions. The last factor of this criterion “strategy and structure” remains but is renamed to “strategic and structural decisions”, as the factual strategy and structure is represented by the first criterion “strategy”. The rewording adds clarity as it shows clearly, who is responsible for deciding about strategic and structural topics. Therefore, this factor clarifies the scope of freedom in decision-making when it comes to strategic and structural decisions as indicated by Bartlett and Ghoshal (2008).

For the criterion “products”, both initially set factors “development” and “adaption” remain, as they reflect the results from the interviews very accurately.

Thus, the final coding scheme for the MNC dimension “MNC response” consists of the following criteria: (1) strategy, (2) resources, (3) operations, and (4) products. “Strategy” consists of the factors (2.1.1) niche market, (2.1.2) sales approach, and (2.1.3) specialist set-up and mindset. The criterion “resources” consists of (2.2.1) skills and competencies and (2.2.2) technology and know-how. “Operations” is framed by (2.3.1) strategic and structural decisions, (2.3.2) sales and marketing activities, and (2.3.3) MNC interdependencies. Finally, “products” is composed of (2.4.1) development and (2.4.2) adaption. Table 35 shows the revised coding results for the MNC dimension “MNC response” illustrating changes in red and additions in green writing.

Table 35: Coding Results for “MNC Response”

MNC Dimension and Criteria		MNC Factors
MNC response	Resources	Management skills Operational skills Technology Capital
	Operations	Strategy and structure MNC interdependencies Sales activities Marketing activities
	Products	Development Adaption

↓

MNC Dimension and Criteria		MNC Factors
MNC response	Strategy	Market strategy Sales approach Setup and mindset
	Resources	Skills and competencies Technology and knowledge
	Operations	Sales and marketing activities Decision-making MNC Interdependencies
	Products	Development Adaption

Source: Author – content from coding schemes after analysis of transcripts (software MAXQDA 11)

Detailed Content of MNC Factors

The following listing shows the detailed content of each MNC factor based on the analysis using summary grids for all interview transcripts. These summary grids are shown in appendix B6.

(2.1) MNC response: strategy

Market strategy: The majority of interviewees state a focus on a niche market, in which product requirements regarding innovation, technology, and quality are high (E1, E3, E4, E5, E6, E8). This upper market segment allows the *Mittelstand* company to retain comparably high prices (E4, E6, E8). The competition in this segment is positioned via global MNCs. Local companies strive more for the lower industry segments where pricing is more important than technology. This enables *Mittelstand* companies to apply their corporate strategy to local markets, which means to act as a solution provider with a close and long-term relationship with the customer (see section 5.1.2).

Sales approach: The previously mentioned corporate strategy requires a direct contact with local customers (see Simon, 2012, who mentions customer proximity). This can only be achieved via a local team (E2, E3, E4, E5, E7, E8, E9, E10) or a long-lasting partner (E3, E4, E5, E7, E8, E9) in the local market, who is able to provide consultancy and support for the complex products (see set-up and mindset). Furthermore, strong support from headquarters needs to be offered to the local sales force (see managerial

implications in section 5.1). This is one consequence of the required proximity to customers. In addition to the afore-mentioned channels, the interviewees listed distribution partners or brand-labelling strategies as possible additional sales channels to strengthen their market presence (E3). However, the technical consultancy and support still has to be provided by the company. Some of the interviewees consider brand label partners as a completion of their sales approach, as these partners possess a wider market spread and a better brand recognition (E3).

Set-up and mindset: Resulting from the environmental pressures and as partially indicated above, the *Mittelstand* MNC seeks to create a set-up, which allows being a specialist and technology leader (E1, E2, E3, E5, E8, E9). This means that the necessary competences needs to be in place (E1, E2, E3, E6, E7, E10), as well as strong, long-lasting, and trustful cooperation and partnership (E3, E5, E10), as the *Mittelstand* MNC might not always be able to serve all target markets directly. From a headquarters perspective, the necessary set-up must be established to support local markets with market, product and application competence, as well as availability and flexibility regarding deliveries.

(2.2) MNC response: products

Development: According to the global structure regarding the R&D resources, the product development is performed globally (see MNC typology), mostly according to norms, standards, and approvals (E1, E6, E7, E9, E10). If a certain potential market size is achieved (E1, E2, E3, E6, E7, E10) or an important customer justifies a customer-specific development (E1, E8), the interviewee's MNC may also conduct local or customized development. Thus, the predominant approach refers to the international typology, i.e. the products are developed for the respective home market and then spread to the world market. The interviews show, that the MNCs sometimes apply a "reversed international approach", which means that a development is conducted for one local market and then spread for the home market as well as other local markets.

Adaption: The interviews show, that the *Mittelstand* MNCs are open for local adaption, if necessary. The basis for the decision is either an investment decision, which means that the benefits are higher than the costs or a conscious decision if a local market is strategically important. In the end, it is a case-by-case decision, where market size (E2, E5, E6, E8, E10), customers (E1, E3, E6, E8, E9) or local norms (E5) are taken into account for decision-making. There is a strong link to the mindset of being a specialist solution provider with a close relationship to the market and its customers.

Table 36: Code Matrix for MNC Factor “Strategy and Products”

MNC Dimension and Criteria		MNC Factors	Measures	E 1	E 2	E 3	E 4	E 5	E 6	E 7	E 8	E 9	E 10	
MNC response	Strategy	Market strategy	Niche market	✓		✓	✓	✓	✓		✓			
			Upper market segment				✓		✓		✓			
			Extension of HQ market strategy	Covered by international MNC typology										
		Sales approach	Direct sales		✓	✓	✓	✓			✓	✓	✓	✓
			Sales partners			✓	✓	✓			✓	✓	✓	
			Additional sales channels	✓		✓								
		Setup and mindset	Specialists and technology leader	✓	✓	✓		✓				✓	✓	
			Competence and consultancy	✓	✓	✓								✓
			Close relationships to customers			✓		✓						
	Products	Development	Market size	✓	✓	✓				✓	✓			✓
			Customer specific	✓								✓		
			Industry norms	✓						✓	✓		✓	✓
		Adaption	Market size		✓			✓	✓			✓		✓
			Customer specific	✓		✓				✓		✓	✓	
			Industry norms					✓						

Source: Author – content from coded interview transcripts (software MAXQDA 11)

The author must add that customer requirements such as offering products in a competitive pricing and a superior quality were seen as compulsory for the industry experts.

(2.3) MNC response: resources

Skills and competencies: According to the interviewees, the primary task and required skill of the local management is technical sales and general management, if the local team reaches a certain size (E1, E3, E4, E5, E8, E9). This means that the subsidiary manager and the corresponding team need to have sufficient market knowledge and customer knowledge (E1, E2, E4, E7, E8) as well as the corresponding product and application knowledge (E1, E2, E3, E4, E6, E8, E9). Furthermore, the local sales team needs be skilled in customer care as well as networking and relationship management, as this is required to achieve the necessary proximity to customers. Many interviewees prefer local management instead of expatriates due to a better understanding of the local requirements (In contrast, researchers like Martins & Tomé, 2014 suggest expatriates for an improved knowledge management within an MNC). Moreover, as soon as the local sales team reaches a certain size, the subsidiary manager has to have certain skills in leadership in order to manage the team and basic knowledge of accounting and

controlling in order to manage the local financials. Finally, some interviewees mention a certain level of enthusiasm, trust (E6 and E9), as well as identification with product, brand, and company as the most important success factor.

Technology and knowledge: The R&D functions are predominantly located in headquarters, i.e. in Germany (all experts). This is a consequence of keeping the knowledge centralized (see also international typology section 5.1). Some exceptions are reported, especially as soon as a local market is big enough to require local adaptation. This reflects the flexibility of *Mittelstand* companies as well as the internationalization process of *Mittelstand* companies (see section 2.4). The local adaptations are preferably carried out locally, if possible. Production is located in Germany, but also present in other countries mainly due to cost advantages. Key positions in sales are still located in Germany, mostly because they have been established there historically and local markets do not always justify such an investment. Thus, the overall structure follows the international typology (see MNC typology). There is no specified information for capital, as this is considered as sensitive information and therefore not part of the interviews.

(2.4) MNC response: operations:

Sales and marketing activities: The interviewees state that the subsidiaries enjoy local freedom regarding the major sales activities like market management, customer care and customer visits (E1, E3, E4, E5, E8, E9), pricing and quotations, as well as order processing (all experts). The justification is that sales activities need to be fulfilled according to local conditions, which cannot be fulfilled from distance by corporate headquarters. However, basic systems like CRM and ERP and structures like transfer pricing and escalation values have to be followed (see managerial implications). The same applies for the marketing activities. The subsidiaries enjoy a remarkable freedom for marketing documents like data sheets, flyers, manuals, or brochures in order to meet the local expectations (E2, E4, E5; E6, E8, E9, E10). The formalized content from headquarters is the corporate identity to ensure a consistent appearance in all markets (see managerial implications).

MNC interdependencies: Business transactions and interdependencies within the interviewees' MNCs are scant (only very limited for E2 and E10). In addition, they are not sought and supported by headquarters' management. Instead, they rather aim for communication and information exchange via phone or personal management meetings (E1, E2, E4, E6, E7, E9, E10, see also managerial implications - socialization). In any case, corporate headquarters is kept informed (all industry experts).

Decision-making: As mentioned above regarding sales and marketing activities, corporate headquarters aims to leave decisions regarding the daily operations within the local subsidiaries. Moreover, the yearly goal setting serves as directives throughout the year (all experts except E8). A reporting, conducted on a monthly or quarterly basis, supports the consistent implementation (see managerial implications). However, for strategic and structural decisions, the local subsidiaries are asked to align their decision-making with corporate headquarters (all experts except E8). This fits the risk-averse, consistent, and global management approach of *Mittelstand* companies (see also McDonald, et al., 2003; Meyer-Stamer & Wältring, 2000).

Table 37 illustrates the code matrix, which shows the mentioning of the single factors across the transcripts of all interviews. The corresponding “summary grid table”, which is used to aggregate the coded segments to the measures mentioned is shown in appendix B6.

Table 37: Code Matrix for MNC Factor “Resources and Operations”

MNC Dimension and Criteria		MNC Factors	Measures	E 1	E 2	E 3	E 4	E 5	E 6	E 7	E 8	E 9	E 10	
MNC response	Resources	Skills and competencies	Technical sales and general management	✓		✓	✓	✓			✓	✓		
			Market and customer knowledge	✓	✓		✓			✓	✓			
			Product and application knowledge	✓	✓	✓	✓		✓		✓	✓		
		Technology and knowledge	R&D resources	Predominantly in headquarters / Germany										
			HQ Technology											
			Key positions											
	Operations	Sales and marketing activities	Market management								✓			
			Customer care and visits	✓		✓	✓	✓				✓	✓	
			Pricing and quotes	Local responsibility										
			Marketing		✓		✓	✓	✓			✓	✓	✓
		Decision-making	Local strategy and products	✓	✓	✓	✓	✓	✓	✓			✓	✓
			Local resources and operations	✓	✓	✓	✓	✓	✓	✓			✓	✓
		MNC interdependencies	Transactions		✓						✓			✓
	Information		✓	✓		✓			✓	✓		✓	✓	

Source: Author – content from coded interview transcripts (software MAXQDA 11)

The next subsection shows the verification of the final MNC dimension “managerial implications”.

5.1.5 Verifying “Managerial Implications”

The third MNC dimension is the most sensitive one as it corresponds directly to the overall objective of this research study on how to manage foreign subsidiaries of multinational companies belonging to the German *Mittelstand*. Thus, the three factors “formalization”, “centralization”, and “socialization need to be set in a way, which fits the MNC’s environmental pressures and its response to them. Moreover, the typical *Mittelstand* characteristics shall be reflected in order to suit the selected population of this research study. Therefore, the expert interviews identify and show the possible managerial implications for the two criteria without claiming the right balance and emphasis for any single organization.

Changes and Modifications of Initial Coding Scheme of MNC Factors

The initial coding scheme for “managerial implications” is split into the criteria “coordination and control” and “history and core competencies”. The latter criterion is renamed to “MNC and *Mittelstand* characteristics” as this criterion represents the specifics of *Mittelstand* companies in particular. The factors for the first criterion remain unchanged as initially set: (1) centralization, (2) formalization, and (3) socialization. However, the factors for the second are reworked. The following factors are initially set: (1) values and history, (2) core competencies, and (3) depth of value adding.

As the initial factors of the criterion “coordination and control” remain unchanged, the reason for the importance is presented according to the interviewees’ responses. A certain degree of centralization is necessary, as the direct headquarters control of subsidiaries’ decision-making is important. This means, certain topics, processes, or decisions need to be set or decided in or with participation of corporate headquarters. Topics like corporate design, systems like IT or CRM, as well as processes in budgeting and corporate accounting serve as examples. Although *Mittelstand* companies aim for flexibility, the interviews show, that formalization, i.e. the use of systematic rules and guidelines, is also present for the coordination and control of foreign subsidiaries. The typical example is a certain structure for goal setting and the corresponding review scheme. Socialization as the commitment to close cooperation within the company, shared values, as well as to a common consensus, is very important according to the interviewees. For instance, a constant communication and mutual visits are seen as very important in order to exchange information, discuss business activities and results, improve skills, and set the basis for personal business networks and relationships, which simplify and improve daily business.

The reworded criterion “MNC and *Mittelstand* characteristics” aims to point out the differences of a big MNC in contrast to *Mittelstand* MNCs as described in section 2.4. Thus, the factor “values and history”, which is closely linked to the idea of administrative heritage (Bartlett & Beamish, 2014) is still important but extended by the *Mittelstand* management’s mentality and values. These are considered as an important factor for any managerial implication in a *Mittelstand* company. The second factor “depth of value adding” remains unchanged as it is seen as important measure for the company’s independence, flexibility, and control. Therefore, it can be seen as a consequence of “support and service” and the MNC response niche “market strategy” and the specialist “mindset and set-up”. The same applies to the focus on “core competencies”, because this is seen as a competitive advantage, which cannot be copied rapidly and easily according to the interviews.

Thus, the final coding scheme for the dimension “managerial implications” consists of the following criteria: (3.1) coordination and control, and (3.2) MNC and *Mittelstand* characteristics. The former one is set by the factors (3.1.1) centralization, (3.1.2) formalization, and (3.1.3) socialization. The latter consists of (3.2.1) skills and competencies, and (3.2.2) technology and know-how.

Table 38 shows the revised coding results for the MNC dimension “managerial implications”. It illustrates changes in red and additions in green writing.

Table 38: Coding Results for “Managerial Implications”

MNC Dimension and Criteria		MNC Factors
Managerial implications	Coordination and control	Centralization Formalization Socialization
	History and core competencies	Values and history Core competencies Depth of value adding
↓		
MNC Dimension and Criteria		MNC Factors
Managerial implications	Coordination and control	Centralization Formalization Socialization
	MNC and <i>Mittelstand</i> characteristics	Mentality, values, and history Core competencies Depth of value adding

Source: Author – content from coding schemes after analysis of transcripts (software MAXQDA 11)

Detailed Content of MNC Factors

The following listing shows the detailed content of each MNC factor based on the analysis using summary grids for all interview transcripts. These summary grids are shown in appendix B6.

(3.1) Managerial implications: coordination and control

Centralization (the direct headquarters control of subsidiaries' decision-making vs. local freedom): The interviewees confirmed that headquarters defines and controls certain activities and processes (E1, E4, E6, E9). The most important fact is the corporate strategy and the corporate goals, which are broken down for the local markets (E1, E2, E3, E5, E7, E8, E10). Furthermore, systems such as the global IT landscape with ERP and CRM are often managed centrally (E6, E7, E9). These systems are of great importance, as operational processes are handled with the ERP system and all customer-related documentation and activities are executed with a CRM system. However, some interviewees also admit that the foreign subsidiaries still use their local system (comparable to a multinational typology), which is subject to change in the respective MNC. Furthermore, global contracts, both for deliveries or NDAs, are managed from headquarters. Whereas market pricing is done locally (see MNC response), the corresponding transfer prices are set by corporate headquarters (all industry experts). Brand management and marketing is also mentioned as an important point, which has to be initiated and monitored by headquarters. However, the interviewees also state, that this applies mainly for corporate identity and design (CI and CD). Their implementation in local marketing material needs to be carried out according to local requirements (see MNC response) as mentioned above.

Formalization (the use of systematic rules and guidelines vs. local freedom): The overall analysis of the interviews shows that the respondents favour a certain degree of formalization. However, for the sales and marketing processes, they leave a lot of local freedom to foreign subsidiaries (see MNC response). The interviewees express that a sales operation cannot be formalized as much as other functions like production, logistics, or development (see also Adamson, et al., 2013). Nevertheless, the previously described centralized decisions regarding IT systems, policies, as well as strategy and goals implicate formalized rules and guidelines to be followed by foreign subsidiaries. The most prominent example for a formalized structure is the process for corporate planning, goal setting, as well as the corresponding review and reporting scheme (E1, E3, E4, E5, E7, E8, E9, E10). In addition, rules, guidelines, and policies like code of conduct, quality, and sales policies are also set centrally, but applied at the local markets (E1, E2, E3, E6).

Socialization (the commitment to close cooperation, shared values, and to a common consensus vs. local freedom): The selected *Mittelstand* experts emphasize the importance of constant and personal communication, cooperation, and interaction as a key success factor for multinational sales management (all experts). This ensures a mutually fruitful exchange of information regarding global headquarters information and local market

information, i.e. the exchange of market and product knowledge (all experts). Furthermore, the sales activities and their results are reviewed and discussed, which provides a better understanding than a mere reviewing of numbers. In addition, product and application training has to take place at least once a year (all experts except E8) to enhance the required competencies (see resources). The afore-mentioned communication and interaction, especially when they are conducted personally in headquarters as well as in the local market, improve the personal relationship, the company network, and the mutual understanding, which is a great basis for a cooperation (E2, E3, E4, E6, E7, E8, E9, E8). Finally, certain values and company cultures are developed in foreign subsidiaries and in corporate headquarters likewise (Nohria & Ghoshal, 1994).

Table 39 illustrates the code matrix, which shows the mentioning of the single factors across the transcripts of all interviews. The corresponding “summary grid table”, which is used to aggregate the coded segments to the mentioned measures is shown in appendix B6.

Table 39: Code Matrix for MNC Factor “Coordination and Control”

MNC Dimension and Criteria		MNC Factors	Measures	E 1	E 2	E 3	E 4	E 5	E 6	E 7	E 8	E 9	E 10	
Managerial implications	Coordination and control	Centralization	Strategy and structure	✓	✓	✓		✓		✓	✓		✓	
			Processes and activities	✓			✓		✓				✓	
			Systems						✓	✓			✓	
		Formalization	Reporting and controlling	✓		✓	✓	✓			✓	✓	✓	✓
			Rules and guidelines	✓	✓	✓				✓				
		Socialization	Training	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
			Knowledge transfer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
			Relationship		✓	✓	✓	✓			✓	✓	✓	✓

Source: Author – content from coded interview transcripts (software MAXQDA 11)

(3.2) Managerial implications: MNC and *Mittelstand* characteristics

Mentality, values, and history: The following characteristics are mentioned throughout the interviews. The MNCs apply a consistent approach to strategy and operations (E1, E4, E5, E7), which is rather long-term oriented instead of being put to test and questioned on a quarterly basis. This requires patience for the responsible management, both locally and globally (E4, E5). One consequence is, that it might take longer until a strategic decision or strategic change is initiated, which suits the risk-averse mentality of the owner and senior management, as it might affect their own investment/money (E1, E4). In addition, the cooperation within the company is much more personal (E1, E2, E3, E7, E9), which is

why relationships and networks are crucial, which corresponds to the measures stated in “socialization”. Finally, the mentality, the values, and the history of the company are a reflection of the set-up and mindset of the company namely being a specialist, which provides high-tech, quality products, and technical consultancy (E2, E6, E10).

Focus on core competencies: The interview results show that this fact is considered as a competitive advantage over global and local competition (E3, E6, E7, E8, E10). It provides a leading position in the market due to high-tech, and high-quality products as well as a superior delivery performance (link to market and customer requirements). This requires skilled employees (link to resources) and solid processes (link to operations), which protects the *Mittelstand* MNC (E2) in a way; as it is difficult to be copied since it cannot be reproduced easily. However, these core competencies need to be defined thoroughly, as not every competence or operation should be treated as such (E3). As the niche markets also get closer by becoming more and more competitive, this is an important way to differentiate oneself from competition (E2, E6, E7, E9, E10).

Deep Value Chain Activities: The majority of interviewees confirm that *Mittelstand* MNCs prefer to have deep value chain activities (all experts except E3). By doing this, the company retains full control of its operations, which allows a certain flexibility. This is important for superior support and service for the customer, especially in challenging situations (E2). Furthermore, for the management, especially for the owners, this fact entails safety and independence from suppliers and partners (E1, E4, E5, E8). Therefore, it can be seen as a consequence of “support and service” and the MNC response “specialist” and “niche market strategy”. In addition, it is also stated that for some *Mittelstand* MNCs it is difficult to reduce depth of deep value chain activities due to the relationship to the company and their employees and competencies (E5, E9, E10). However, two interviews also mention the downside of keeping too many processes in-house (E2, E4).

Table 40: Code Matrix for MNC Factor “MNC and *Mittelstand* Characteristics”

MNC Dimension and Criteria		MNC Factors	Measures	E 1	E 2	E 3	E 4	E 5	E 6	E 7	E 8	E 9	E 10	
Managerial implications	MNC and <i>Mittelstand</i> characteristics	Mentality, values, and history	Consistency and patience	✓			✓	✓		✓				
			Risk-averse	✓			✓					✓		
			Personal relationships	✓	✓	✓					✓		✓	
		Core competencies	Definition and focus			✓				✓	✓	✓		✓
			Differentiation		✓					✓	✓		✓	✓
		Depth of value adding	Deep value adding and full control	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
			Independence	✓			✓	✓				✓		
			Historical roots					✓					✓	✓

Source: Author – content from coded interview transcripts (software MAXQDA 11)

After the analysis of the expert interviews, in particular the MNC and *Mittelstand* characteristics, the author has decided to use these only implicitly for the MNC typology, but not for the implications for multinational sales management. The reason being the factors mentioned in Table 40 relate more to the entire MNC and not to the individual subsidiaries in particular.

5.1.6 Modifying the Literature Review Results

The results of the plausibility stated above support the modification of the literature review results, i.e. the selected models to assign the subsidiary roles. It is a common approach to build a model out of derived categories resulting from the literature review and directed content analysis of qualitative interviews. (Elo & Kyngäs, 2008). As this research study aims to apply existing MNC knowledge to the German *Mittelstand*, the derived MNC dimensions, categories, and factors are used to modify the conceptual framework stated in section 2.5.

Thus, the final MNC dimensions, categories, factors, and the corresponding measures are presented together with the respective results from the literature review. For possible blind spots of the initial literature review and new insights resulting from the expert interviews, an additional or a further review of existing knowledge is conducted. Actually, this is more of a rearrangement and a refinement of the existing review in order to cover the blind spots and to improve transparency for the readers. However, certain factors and measures, which are crucial for the selected models, remain in the result, even though; they are only partly confirmed by the expert interviews. Table 41 shows the final coding scheme and relates the identified MNC factors to existing knowledge. The final MNC dimensions, criteria, and factors are the basis for the case study, in which the suitability of

the modified models is tested in order to support multinational sales management of foreign subsidiaries.

Table 41: Final Coding Scheme of Expert Interviews and Further Usage

	MNC Dimension and Criteria	MNC Factors	Further Usage in Research Study
Environmental pressures	Market and industry characteristics	Size, growth, and level of maturity Competition Norms, standards, and approvals	→ Subsidiary role model (section 5.3)
	Market and customer needs	Technology and innovation of products Proximity Service and support	→ MNC typology (section 5.2)
MNC response	Strategy	Market strategy Sales approach Set-up and mindset	→ Multinational sales management (section 5.4)
	Products	Development Adaption	→ Multinational sales management (section 5.4)
	Resources	Skills and competencies Technology and knowledge	→ Subsidiary role model (section 5.3) → Multinational sales management (section 5.4)
	Operations	Sales and marketing Decision-making MNC Interdependencies	→ Subsidiary role model (section 5.3) → Multinational sales management (section 5.4)
Managerial implications	Coordination and control	Centralization Formalization Socialization	→ Multinational sales management (section 5.4)
	MNC and <i>Mittelstand</i> characteristics	Mentality, values, and history Core competencies Depth of value adding	→ Understanding of MNC Typology for German <i>Mittelstand</i> (section 5.2)

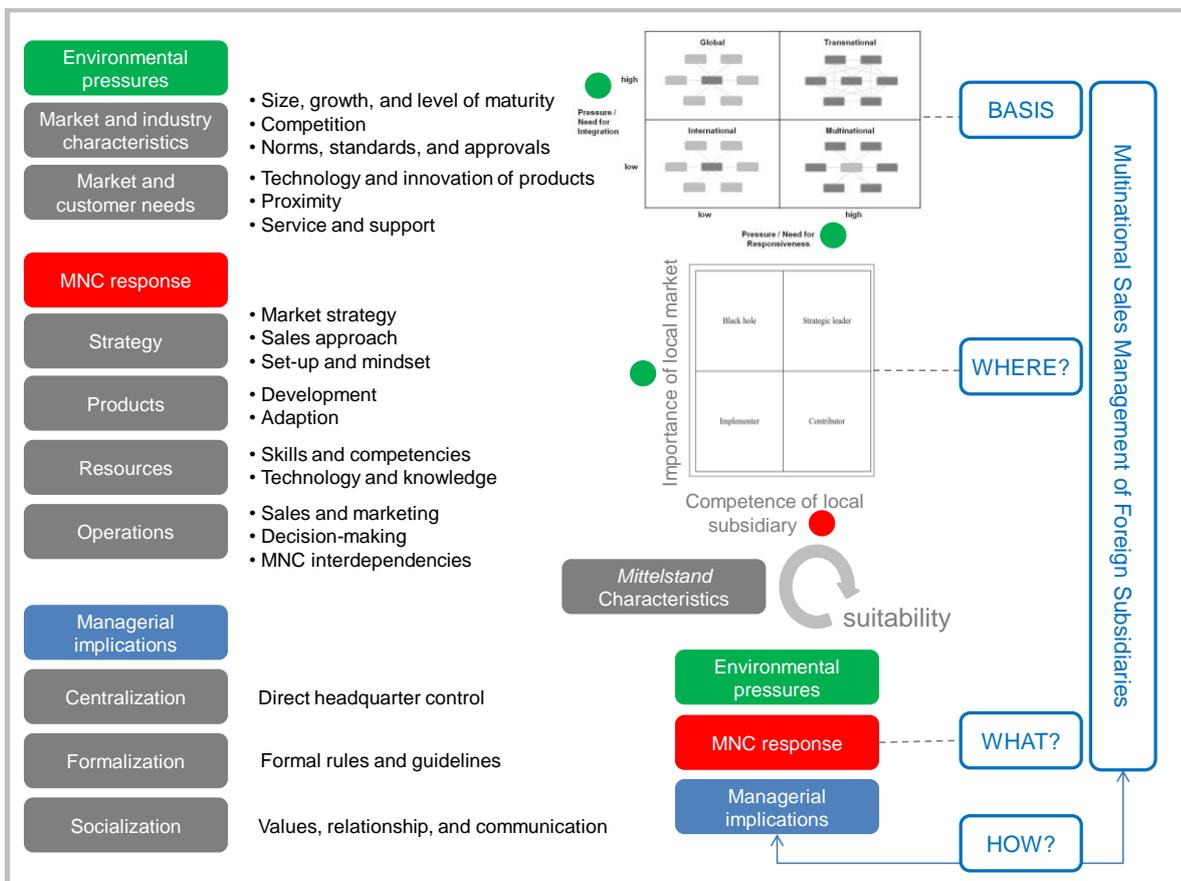
Source: Author – content from coded interview transcripts (software MAXQDA 11)

The results of the analysis of the expert interviews show that the three MNC dimensions are closely interlinked (see also Figure 46). Therefore, it is hard to differentiate between the answers regarding the environmental pressures of the MNC and the corresponding MNC response. In addition, some answers of the interview transcripts sometimes contain elements relating to several categories at once as mentioned by Elo (2008). The MNC typology is only indicated, but the international typology is the most appropriate one, as discussed in section 2.2 and 2.5. One fundamental finding is the gap between theory and management practice for the industry experts. They emphasize the importance of historical coincidence when entering markets (see also E2, E5, E9), the reliance on gut feeling and instinct regarding their local management (see also E2, E4, E10), as well as a management using common sense (tentatively valid for all industry experts according to the author's subjective judgement) in contrast to pure textbook management. This is why an operationalization of the selected MNC models is highly important and it explains the high extent of modification in the MNC response.

In particular, the following factors are included for application in the case study: The level of maturity completes the characteristics of a local market and the industry. In addition, the modified factors innovation and technology for products, proximity to customers, as

well as support and service serve as a basis for the appropriate MNC response by choosing the right market strategy, sales approach, mindset, and set-up. Regarding the products, the opinions show that German *Mittelstand* MNCs mainly follow the international typology, where products are designed for the home market and then spread to overseas markets. In some cases, when products are designed for a foreign market, the international typology is reversed. i.e. products are made for one country and are then marketed/adapted in the home market as well. The decision for product development and adaptations is usually founded on the return on investment (ROI). The expert interviews also show that socialization is a result of close international / multinational typology as well as *Mittelstand* characteristics. In addition, the opinions show that a personal network and relationship is crucial, especially in smaller companies. This is considered as one major competitive advantage with regard to big MNCs. The deep value chain activities and the focus on core competencies is a dichotomy for the respondents. However, the experts state similar reasons such as flexibility, risk control, as well as size for defending the existence of it. Figure 47 reflects all modifications in the final model for multinational sales management, which is derived from the conceptual framework from the results

Figure 47: Modification of Initial Model for Multinational Sales Management



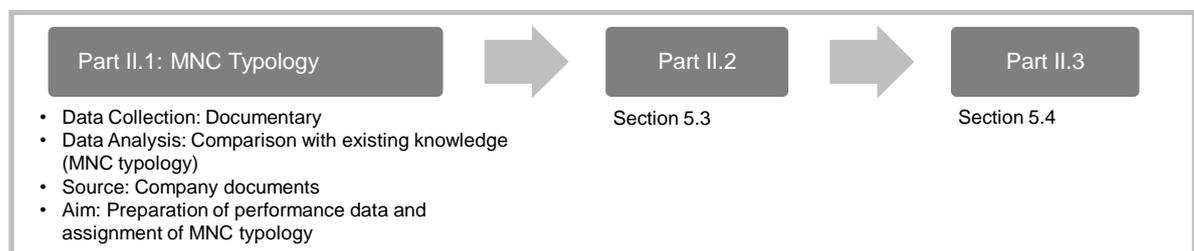
This modified conceptual framework serves as a basis for the case study with the selected *Mittelstand* company “Mittelstand GmbH”.

5.2 Part II.1: Case Study – MNC Typology

The next three sections present the case study results, which consist of the following data collection and analysis as illustrated in Figure 48:

- Documentary data to describe the MNC typology and the collected basic and performance data for the case (section 5.2)
- Questionnaire data to assign the roles to the foreign subsidiaries of the case (section 5.3)
- Focus group interview data to verify the appropriate implications for multinational sales management (section 5.4)

Figure 48: Procedure for Case Study – Basics and MNC Typology



This section presents the case (subsection 5.2.1) and provides an overview of the collection and analysis of documentary data (subsection 5.2.2), before it shows the results of performance data (subsection 5.2.3) and states the MNC typology of the selected case (5.2.4).

5.2.1 Presenting the “Mittelstand GmbH” and Planning the Case Study

The “Mittelstand GmbH” is the selected sample company according to the characteristics derived in section 4.1. The company, its participants, and any individual information is anonymized by using “placeholders” in order to protect both participants and sensitive information from the company.

The “Mittelstand GmbH” has over 60 years of experience in designing, producing and selling electromechanic and electronic products. The markets of the “Mittelstand GmbH” are the home market as well as international markets, which are served by foreign subsidiaries and sales partners. The company operates various production sites and sales subsidiaries, which are all lead by the responsible departments in headquarters. The basic structure of the case suits the characteristics of the German *Mittelstand* from an employee and revenue perspective. In addition, the ownership is exclusively in the hands of the third generation of the founders’ family, which is actively managing the company. The “Mittelstand GmbH” is considered as the world market leader within their market niche as the products and the underlying technology result from a specialist set-up with a

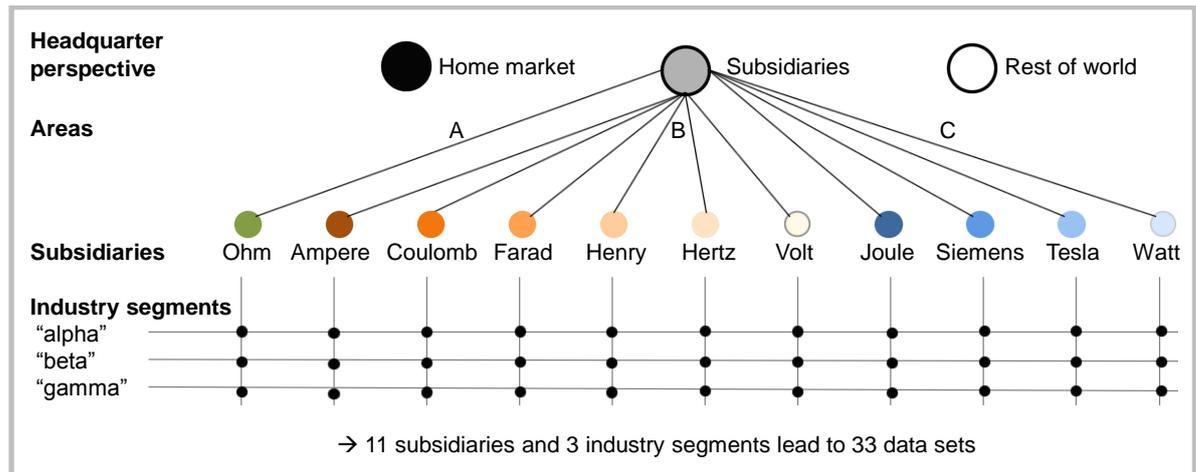
prioritization of quality, safety, and technology leadership (typical characteristic of Mittelstand companies as mentioned by Haussmann, et al., 2006). Thus, the products are regarded as complex products for the upper (high-price) market segment, which require a skilled sales organization in order to be successful within the fragmented markets.

The internationalization of the company already started in the 1950s, which is considered as very early, both with own foreign direct investments (FDI) and sales partnerships with representatives or distributors. The export share of the “Mittelstand GmbH” represents two-thirds of the annual revenue of the company. The organizational structure of the “Mittelstand GmbH” relevant for this case study is the sales organization, i.e. the responsible senior management in headquarters with geographical responsibility for the foreign subsidiaries as well as the senior market management, which directs product management, business development, and the corresponding R&D activities.

Both organizational units represent the unit of analysis in which the individual managers form the target group of the case as described in section 4.1. The opinions of the participants (P1, P2,...P8) are taken into account with the same proportion, however directors judge every subsidiary and every market segment, whereas the participants from sales only judge their respective subsidiaries and participants from market management only judge their respective industry segment.

Resulting from the organizational structure, the author selects 11 subsidiaries (“Ohm”, “Ampere”, “Coulomb”, “Farad”, “Henry”, “Hertz”, “Joule”, “Volt”, “Siemens”, “Tesla”, and “Watt”) and focuses on three important industry segments (“alpha”, “beta”, and “gamma”). The selection of subsidiaries results from taking all FDIs from a sales perspective of the case. The selection of the industry segments results from the importance of the segment for the “Mittelstand GmbH” and the fact, that two represent standard components and one rather aims for customized solutions, which facilitates a comparison between the three industry segments. This results in 33 data sets (11 subsidiaries, each with 3 industry segments), which enables the target group to provide more precise information on the subsidiaries and their local markets.

Figure 49: Unit of Analysis – “Mittelstand GmbH”



As this research study focuses on multinational sales management by considering the environmental pressures and the MNC's response. The author is convinced that better results are to be expected if there is a certain focus on both subsidiaries and industry segments - especially if the subsidiary role is assigned by looking at the market importance and the competence of a local subsidiary. With this focus, the participants can answer in a more specific way.

5.2.2 Planning, Conducting, and Analyzing Documentary Data

The data collection method aims to collect performance data of the MNC and its local markets. These performance data (resulting from documentary) are confronted with the results of the questionnaires, i.e. the roles of the MNC's foreign subsidiaries. In addition, data are collected to derive the MNC typology of the "Mittelstand GmbH", i.e. to check whether the proposition of the literature review can be confirmed. Any additional data, which may support the overall research study is also collected via documentary.

The source for the revenue performance data are financial balance sheets of the selected case. The market performance data is derived from internal strategy documents and an external market study on the product portfolio of case. Both performance data groups are of a quantitative nature. In addition, MNC typology data is collected from internal company documents, company databases, as well as participant opinions resulting from interviews. The type of the MNC typology data is mainly qualitative. Table 42 shows the data with corresponding sources and specifies the data type and the collection date. The documentary data are collected in June and July 2014 before the collection and analysis of questionnaire and focus group data, as they provide the basis for the case study. In particular, the performance data are confronted with the subsidiary roles and the MNC typology data gives further insights before the focus group interviews are conducted.

Table 42: Data Collection Table for Documentary

Data	Source	Type	Collection Date
Performance (revenue)	• Balance sheets (Mittelstand GmbH)	quantitative	June 2014
Performance (market)	• Strategy documents (Mittelstand GmbH) • External market reports	quantitative	June 2014
MNC typology (structure)	• Organization charts (Mittelstand GmbH) • Systems (Mittelstand GmbH)	qualitative	June 2014
MNC typology (control)	• Goal setting (Mittelstand GmbH) • Reporting (Mittelstand GmbH)	qualitative	June 2014
MNC typology (mentality)	• Product roadmap (Mittelstand GmbH) • Product launch process (Mittelstand GmbH)	qualitative	June 2014
Further Data	As required	both quantitative and qualitative	June/July 2014

Therefore, the performance data are only shown at this point of the research study as they are used together with the subsidiary role data (see next section). This is done by providing the results for each industry segment for both revenue performance and market performance. However, the MNC typology data are compared with the constituting dimensions (1) structure, (2) control, and (3) mentality in order to select the corresponding typology from Bartlett's and Ghoshal's typologies (2014): international, multinational, global, and transnational.

5.2.3 Preparing Performance Data of MNC and Subsidiaries

This section prepares both revenue performance data as well as market performance data for the following sections. In particular, both revenue and market potential for each industry segment are illustrated regarding home market (HOME), markets of local subsidiaries, as well as the remaining market rest of world (RoW). The data sources are internal strategy documents, as these reflect the market definitions of the "Mittelstand GmbH" more appropriately than external market studies. Nevertheless, there is a bias present in the data such as the allocation of indirect channels for the revenue performance figures and the subjective managerial element of the market performance figures. As the overall aim of this research study is to provide advice for practitioners regarding multinational sales management, the author suggests accepting the mentioned bias as one can only use the revenue data available and the subjective touch of the market data suits the subjective element of any managerial decision. The results only show ratios of market and revenue performance in order to protect the selected case.

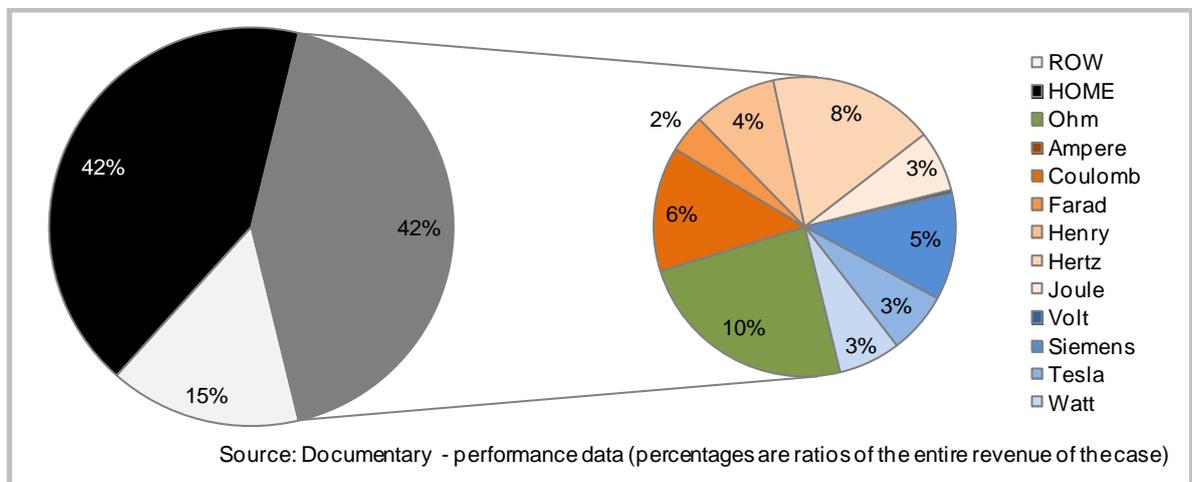
Subsequently, the results for the three selected industry segments are illustrated and discussed. First, the revenue performance is illustrated by two pie charts. One shows the distribution of revenue between home organization, local subsidiaries, and other sales partners. The other pie charts illustrate the distribution of revenue among the foreign subsidiaries, which does not reflect the effect of design-in efforts and production

relocations. Second, the same pie chart structure is used for market performance, i.e. market potentials based on the strategic data of the “Mittelstand GmbH”.

Industry Segment “alpha”

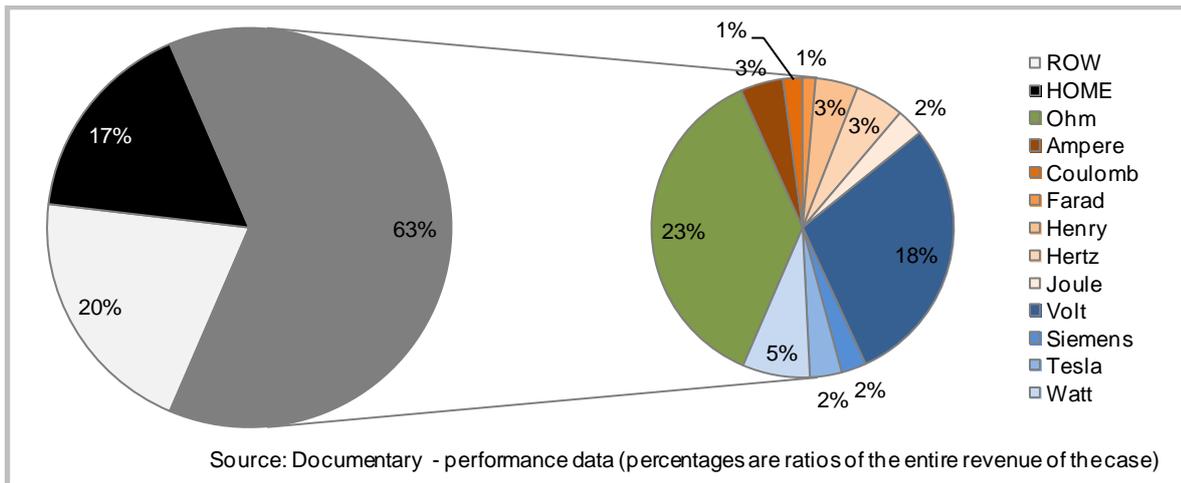
The revenue of the industry segment “alpha” is distributed 42% to the home market, 42% to foreign subsidiaries and the remaining portion to RoW. Among the subsidiaries, “Ohm” has the highest share with 10%, “Coulomb” and “Hertz” have average shares of 8% and 6% whereas the remaining subsidiaries only have low shares of the entire revenue of the “Mittelstand GmbH”. Figure 50 illustrates the homogenous distribution among subsidiaries and the equal sizes of home market and subsidiary markets’ revenue.

Figure 50: Revenue Performance for Segment “alpha”



In contrast to the revenue data, the market potential of the industry segment “alpha” is distributed only 17% to the home market, 63% to foreign subsidiaries and the remaining 20% to RoW. Among the subsidiaries, “Ohm” and “Volt” have high shares with 23% and 18%, “Watt” has an average share of 5% whereas the remaining subsidiaries only have low shares of the entire revenue of the “Mittelstand GmbH”. Figure 51 illustrates the high potential of subsidiaries’ markets, especially for the subsidiaries “Ohm” and “Volt”. It is remarkable that even the markets in RoW have a higher market potential than the home market of the “Mittelstand GmbH”.

Figure 51: Market Performance for Segment “alpha”

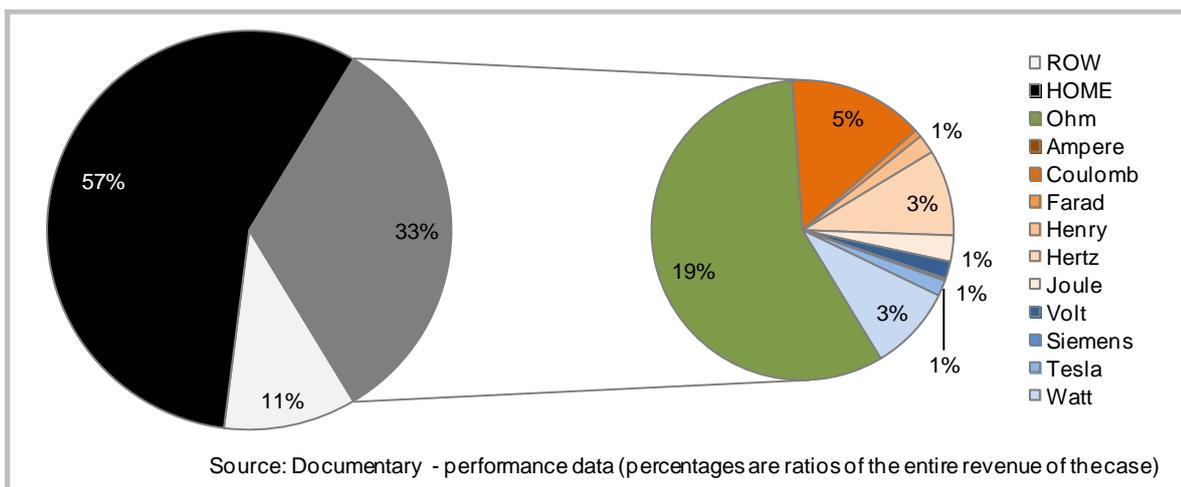


In the following, the performance data of the industry segment “beta” is shown.

Industry Segment “beta”

The revenue of the industry segment “beta” is distributed 57% to the home market, 33% to foreign subsidiaries and the remaining portion to RoW. Among the subsidiaries, “Ohm” has the highest share with 19%, “Coulomb” has an average share of 5%, whereas the remaining subsidiaries only have low shares of the entire revenue of the “Mittelstand GmbH”. Distribution is an important sales channel for this industry segment. Figure 52 shows the dominance of the home market’s revenue (57%) as well as the high revenue of 19% the subsidiary “Ohm” among the subsidiary markets (33% of the overall revenue).

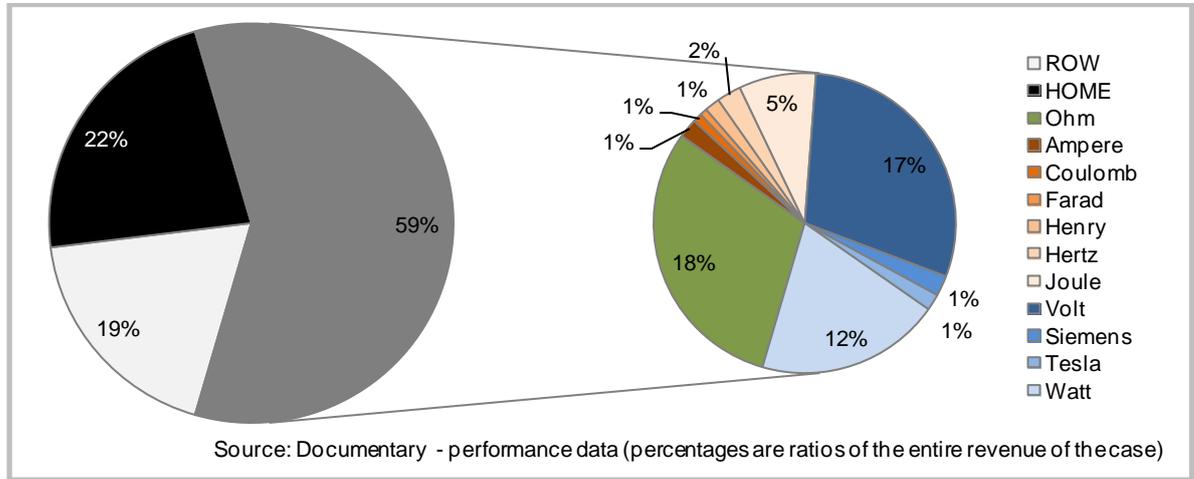
Figure 52: Revenue Performance for Segment “beta”



In contrast to the revenue data, the market potential of the industry segment “beta” is distributed only 22% to the home market, 59% to foreign subsidiaries and the remaining portion to RoW. Among the subsidiaries, “Ohm”, “Volt”, and “Watt have high shares with 18%, 17%,and 12%, “Joule” has an average share of 5% whereas the remaining subsidiaries only have low shares of the entire revenue of the “Mittelstand GmbH”. Figure

53 illustrates the high market potential of the subsidiaries' markets (59%) in comparison to the home market (22%), which is not reflected at all by the revenue figures of the "Mittelstand GmbH".

Figure 53: Market Performance for Segment "beta"

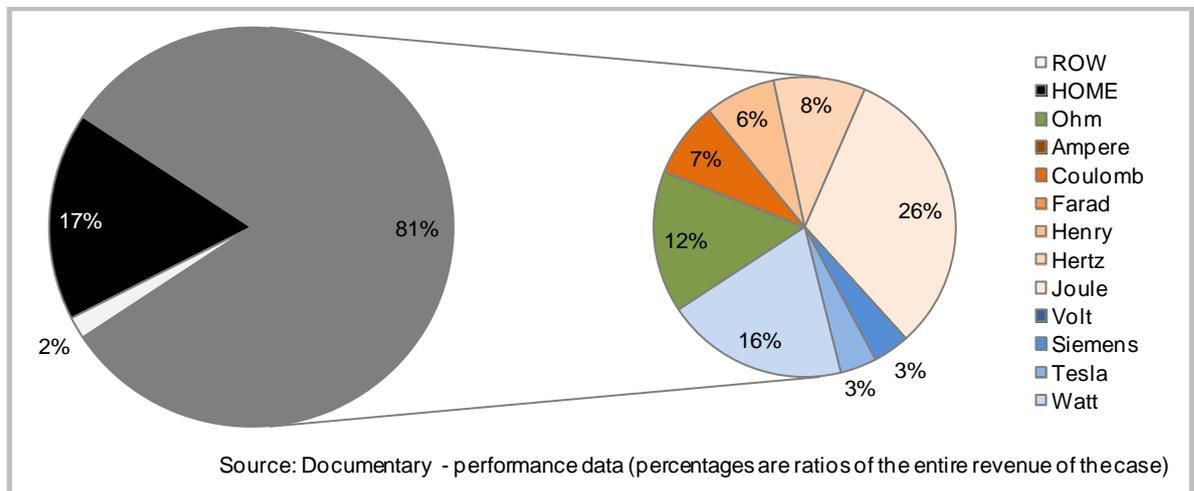


In the following, performance data of the industry segment "gamma" are shown.

Industry Segment "gamma"

The revenue of the industry segment "gamma" is distributed 17% to the home market, 81% to foreign subsidiaries and the remaining portion to RoW. Among the subsidiaries, "Ohm", "Joule", and "Watt" have high shares above 10%, "Coulomb", "Farad", and "Hertz" have average ratios of 7%, 6%, and 8% whereas the revenues of the remaining subsidiaries are negligible. Figure 54 visualizes the high shares for those subsidiaries, which have local capabilities to provide customized solutions for "gamma" (subsidiary "Ohm", "Hertz", "Henry", and "Tesla"). The subsidiaries "Joule" and "Watt" benefit from the effect of transfer projects.

Figure 54: Revenue Performance for Segment "gamma"

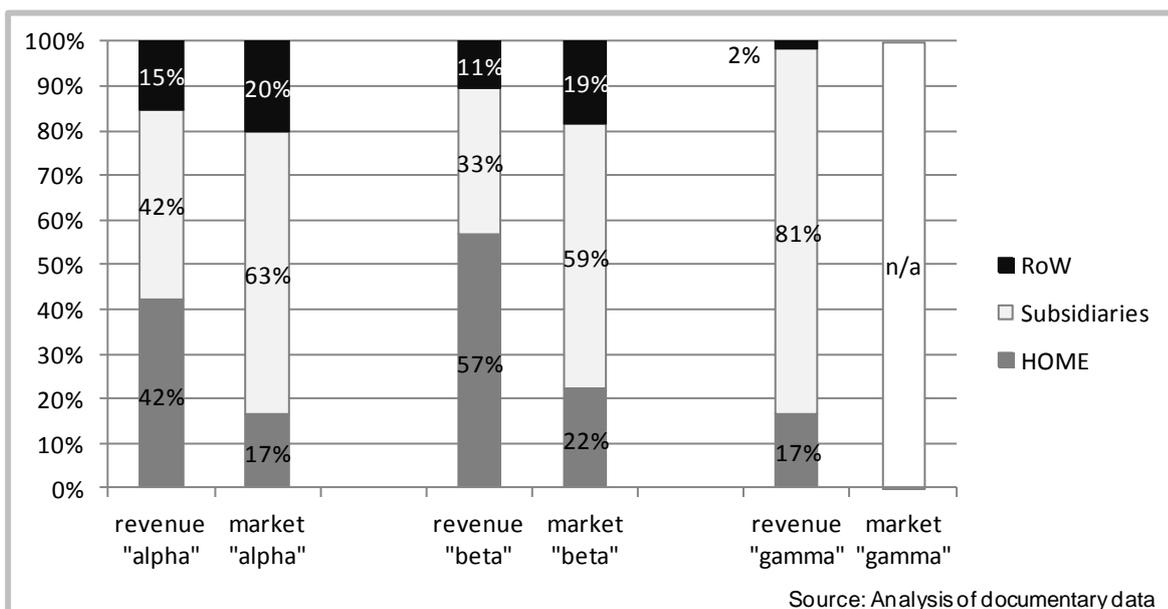


This research study does not show market data for the industry segment “gamma”, as this segment aims for customized solutions only. Therefore, the overall potential is difficult to judge in a reliable way.

Overview of Results

Figure 55 shows the level of internationalization of the three industry segments and compares the revenue performance data with the market performance data. For both industry segments “alpha” and “beta”, the home market revenue dominates the revenues in the subsidiaries’ markets. However, the market potential in the subsidiaries’ markets is higher than the revenue (63% to 42% for “alpha” and 59% to 33% for “beta”), which implies that high potential would be available for the “Mittelstand GmbH”, if internationalization efforts were accelerated. An explanation for this situation is the typical characteristics of a *Mittelstand* company as shown in chapter 2. These are characteristics such as risk-aversity, familiarity with the home market, and consistency in their decision-making.

Figure 55: Comparison of Revenue Performance and Market Performance



Furthermore, Table 43 shows the results for the individual subsidiaries, which leads to a case description when applying the following breakdown is applied (This breakdown is the author’s decision for the selected case based on a subjective judgement):

- “n/a” or “zero”
- “low”: 0% to 4% of the MNC’s revenue performance / market performance
- “high”: 5% and more of the MNC’s revenue performance / market performance

The subsidiaries Ohm, Hertz, Volt, Watt, and the home market are handled with priority as a strategic focus is assigned to them in the strategy documents of the “Mittelstand GmbH”.

Table 43: Results for Individual Subsidiaries from Performance Data

Area	Subsidiary	Segment “alpha”		Segment “beta”		Segment “gamma”	
		Revenue	Potential	Revenue	Potential	Revenue	Potential
	HOME	high	high	high	high	high	n/a
Area A	Ohm	high	high	high	high	high	n/a
Area B	Ampere	low*	low	low*	low	low*	n/a
Area B	Coulomb	high	low	high	low	high*	n/a
Area B	Farad	low	low	low	low	low	n/a
Area B	Henry	low	low	low	low	high	n/a
Area B	Hertz	high	low	low	low	high	n/a
Area B	Volt	low	low	low	low	high*	n/a
Area C	Joule	low	high	low	high	low	n/a
Area C	Siemens	high	low	low	low	low	n/a
Area C	Tesla	low	low	low	low	low	n/a
Area C	Watt	low	high	low	high	high*	n/a

* possible impact of transfer project and/or distribution

Source: Analysis of documentary data by author

This result is used for the next subsections, in particular for comparing it with the managerial opinions regarding subsidiary roles. By doing this, the purely quantitative data, which do not consider possible effects like design-in location, production locations, or transfer projects, are verified via managerial experience. These two elements then form the basis for the focus group discussion, which seeks to verify the most appropriate implications for multinational sales management of foreign sales subsidiaries of the “Mittelstand GmbH”.

These are the preliminary findings resulting from performance data:

- (1) Revenue is higher in the home market, as this is closer both from a geographical perspective and from a mindset perspective (see also Simon, 2012)
- (2) Market potentials of international markets are higher than the potentials in the home market, which would suggest to seek a higher level of internationalization. However, this might be counteracted by the *Mittelstand* mentality of being risk-averse, consistent, and home-market related (as mentioned by Meyer & Vernohr, 2007; Simon, 1992).
- (3) There are only a few subsidiaries for each industry segment with high performance figures, both for revenue and market potential, which suggests the focus and concentration on a small number of industry segments and markets.

5.2.4 Stating the Results for MNC Typology

First, the MNC typology model is assigned via the stated indicators structure, control, and mentality – as stated in the literature review and verified by the expert interviews. In addition, it is intended to clarify whether the same typology applies to the individual MNC responses (strategy, products, resources, and operations) with regard to different industry segments. In particular, the author aims to find a fit for Bartlett Ghoshal's MNC typologies and the typical characteristics of a MNC belonging to the *Mittelstand* in Germany collecting the MNC response via documentary. In order to generate a complete picture, the environmental pressures are compiled for the overall case and the three selected industry segments. The individual sources for the documentary data of the "Mittelstand GmbH" is added in brackets, which can be related to the documentary collection table shown in Table 42.

Structure

The biggest organizational resources are located in Germany, both from a sales management and a market management perspective (as of June 2014). In addition, Germany has the strongest sales force based on a headcount perspective (data source: org charts). The supervisors for the foreign subsidiaries are located in Germany. This implies that all major strategic decisions are made or at least guided by the headquarters in Germany (as implied by data source: strategy docs). However, the subsidiaries' management enjoy a certain level of freedom, as they are mostly appointed as subsidiary managers or even entrepreneurs and as sales manager as such (data source: org charts). Regarding sales and marketing activities, the subsidiaries act independently within countries with personal guidance from headquarters. A partial building and relocation of some responsibilities such as Key Account Managers and Business Development Managers to strategic focus countries can be observed by looking at the business plans and the international org charts. However, the individual structures of the foreign subsidiaries of the "Mittelstand GmbH" show huge differences in subsidiary size and set-up, which results from individual different local requirements. For instance, subsidiary "Ampere" only consists of one sales manager, whereas subsidiary "Ohm" or "Tesla" have an entire organization with functions such as sales (inside and outside sales forces), HR, finance, logistics, as well as local engineering. The subsidiaries employ mostly local staff, but if possible with certain characteristics, which suit the "Mittelstand GmbH" such as German language skills (data source: international org charts). IT structures and systems such as CRM, SAP, and additional global data bases are mainly predefined by headquarters. Again, a certain level of local autonomy is still provided to subsidiaries.

Control

The corporate strategy for the MNC is derived in Germany, upon which the foreign subsidiaries derive their business plans. Senior sales and market management from headquarters shape the sales and market strategy, for which the important markets are partially asked for input (data source: strategy documents). The yearly goal setting process sets both quantitative and qualitative goals for sales in general and for the individual areas and the corresponding foreign subsidiaries. These goals set the course of action in the local market, which is reviewed via a quarterly goal status review (data source: corporate goal setting). The corresponding subsidiary controlling is executed by headquarters in Germany. In particular, the financial data are formally reported to sales and finance management on a monthly and quarterly basis. In addition, the sales and marketing activities are reported to senior sales management via predefined reports, the global CRM system, and via personal communication. The overall goals are monitored quarterly via a shared database (data source: controlling docs). The mode of reporting (not as a process) is mainly based on personal relationships, both from a sales management as well as a market management perspective (see also *Mittelstand* characteristics).

Mentality

The product design of the selected case is conducted in Germany, as the R&D organization is based in Germany. These products are mostly designed according to German requirements, as the majority of knowledge and organizational power is available in or for the German market (data source: product roadmap). The analysis of global product and market requirements is carried out only situationally for new R&D projects, but the process is improved by having a more structured and objective approach, which includes the foreign sales subsidiaries with the requirements of their markets and customers as well (data source: process documents).

The development of the foreign subsidiaries started very early, as the first foreign market was already tackled in the 1950s. With this, and the subsequent subsidiary foundations, “Mittelstand GmbH” increased the export share of their business by selling “German products” on a global scale. Therefore, the foreign subsidiaries mainly served as appendages to the home market, as described for the international typology. This approach has somewhat changed in recent years in order to further internationalize the approach and the activities of the “Mittelstand GmbH”, however a certain degree of freedom can still be observed for some foreign subsidiaries, especially if the distances are long. There are only very limited MNC interdependencies by business operations between subs, but the information exchange has a transnational flavour, especially for global customers and projects. The identified *Mittelstand* mentality and characteristics such as

being risk-averse, long-term oriented, and working with a personal touch and personal relationship can be observed during daily work.

Overview of Results

The following table illustrates the results for the three categories (1) structure, (2) control, and (3) mentality regarding the four MNC typologies from Bartlett and Ghoshal (2014; 1988) in order to show the suitability to the “Mittelstand GmbH” (see Table 5 for details).

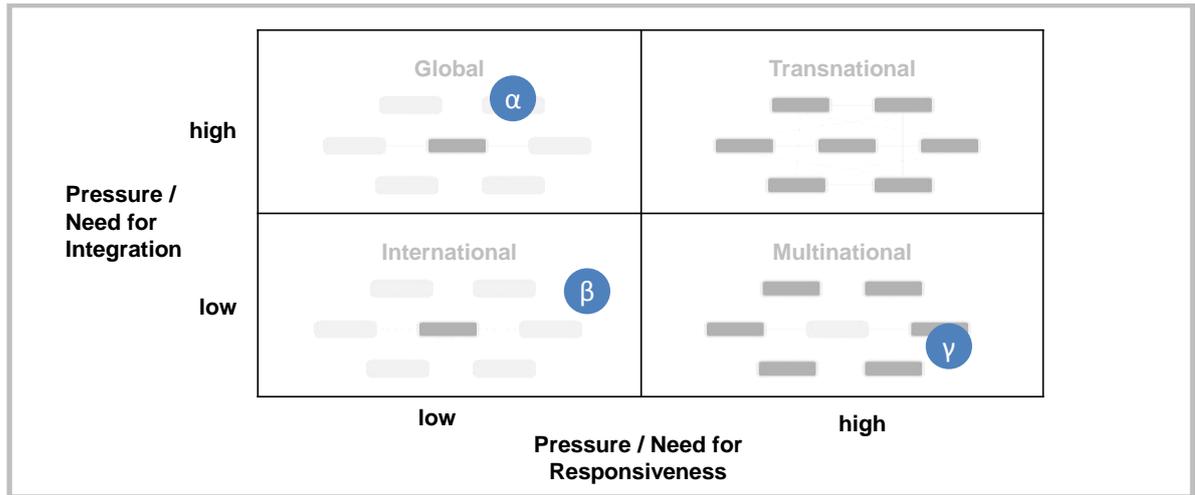
Table 44: MNC Typology of the “Mittelstand GmbH” – Perspective MNC Response

MNC Typology	Structure	Control	Mentality
International typology 	<ul style="list-style-type: none"> ✓ The strong home market of the Mittelstand GmbH ✓ The majority of organizational assets is in headquarters 	<ul style="list-style-type: none"> ✓ Control mechanism (administrative) is set by headquarters 	<ul style="list-style-type: none"> ✓ Tentatively true, as the majority sees the home market and the headquarters as the centre for all subsidiaries and partners ✓ Requirements for industry segment beta
Multinational typology 	X n/a	<ul style="list-style-type: none"> ✓ True, as formal control is overlaid by personal control (if relationship is existent) 	<ul style="list-style-type: none"> ✓ Partially true as subsidiary managers shall be entrepreneur (but only to a certain extent) ✓ Requirements for industry segment gamma
Global typology 	<ul style="list-style-type: none"> ✓ Partly true certain strategic and structural decisions 	X n/a	<ul style="list-style-type: none"> ✓ Only partially true as products are also modified for local markets ✓ Requirements for industry segment alpha
Transnational typology 	<ul style="list-style-type: none"> (X) Not true, but existent in the company as a wish/plan for the future 	<ul style="list-style-type: none"> (X) Partially for information flows and communication, however dependent on personal relationship 	<ul style="list-style-type: none"> (X) Required for all global accounts and the corresponding approaches

Source: Adapted from (Bartlett & Ghoshal, 2002, pp. 57,58,60,102; Bartlett and Beamish, 2014)

By acknowledging the differences for the three selected industry segments, which are all tackled with the same basis, i.e. with a similar MNC typology, the author states that these facts need at least to be reflected upon when choosing the most appropriate approach for multinational sales management of foreign subsidiaries. According to the opinions of senior sales and market management, industry segment “alpha” tends to have global market and customer requirements whereas industry segment “beta” is more international. The remaining industry segment “gamma” is even multinational as it is based on local customized solutions for the customer.

Figure 56: MNC Typologies for Industry Segments – External Perspective



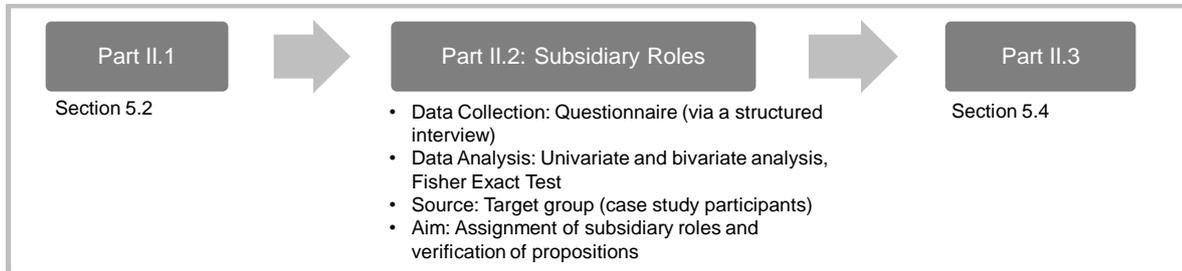
The following preliminary findings for the proposition set 1 (MNC typology) resulting from performance data are stated as a result of the analysis of the qualitative documentary data:

- (1) According to the analysis of the selected “Mittelstand GmbH”, companies of the German *Mittelstand*, i.e. belonging to the defined population have an “international typology” (according to Bartlett & Beamish).
- (2) However, the following exceptions are observed within the selected “Mittelstand GmbH”: First, the organizational structure of the foreign subsidiaries and its control, in particular the role of the subsidiary managers, also corresponds to the “multinational typology”, as the persons responsible within the foreign subsidiaries enjoy a certain degree of local freedom and act as entrepreneurs in their local market. Second, the products are usually designed for the German market before they are sold in the foreign markets. However the “Mittelstand GmbH” also presents examples where a product is meant and designed for a foreign market or key customer and is then sold in Germany and the remaining foreign market. One may call this “reversed international” typology.
- (3) Different market or industry segments within one company may have different environmental pressures, which lead to different MNC typologies for a single company.

5.3 Part II.2: Case Study – Subsidiary Roles

The following figure illustrates the context for the entire case study with regard to this section.

Figure 57: Procedure of Case Study – Subsidiary Roles



Subsequently, this section provides an overview of the collection and analysis of the collected questionnaire data (subsection 5.3.2), before it states the subsidiary roles of the selected case (subsection 5.3.3). Subsequently, the constituting dimensions of the subsidiary role model “market importance” (subsection 5.3.3) and “subsidiary competence” are tested based on the propositions from the literature review. Finally, subsection 5.3.5 prepares the focus group interviews.

5.3.1 Planning, Conducting, and Analyzing the Questionnaires

The aim of this part of the case study is to assign roles to the foreign sales subsidiaries of the selected case according to the subsidiary role model of Bartlett, Ghoshal, and Beamish (2014). This includes the external perspective by evaluating the importance of the local market and the internal perspective by judging the competence of a local subsidiary. Quantitative questionnaire data are used to assign the subsidiary roles, which then serve as a fundament to derive the most appropriate MNC response and the corresponding managerial implications for the foreign subsidiary.

The participants in the questionnaire consist of senior sales management (responsible for the areas with subsidiaries) and senior market management, which consist of business development, product management, as well as the governance of R&D. Each questionnaire collects data for each of the 11 selected subsidiaries for the selected industry segments in order to derive a complete picture of the international sales organization of the case, i.e. the unit of analysis of the research study (see section 4.1). Table 45 summarizes the anonymized list of participants and states date and mode of the structured interview, in which the questionnaire was completed. The author decided to conduct the questionnaires in a structured interview format after having conducted the test questionnaires. This enabled him to provide guidance to the interviewees for the limited amount of questionnaires.

Table 45: Questionnaire Participants

Name	Company	Focus (Area/Segment)	Position	Date of Interview	Interview Mode
Participant 1 (P1)	Mittelstand GmbH	Area 1, all segments	Sales Management	30 June 2014	Personal
Participant 2 (P2)	Mittelstand GmbH	All areas, segment "beta"	Market Management	30 June 2014	Personal
Participant 3 (P3)	Mittelstand GmbH	Area 2, all segments	Sales Management	24 June 2014	Personal
Participant 4 (P4)	Mittelstand GmbH	All areas, all segments	Director Market Management	02 July 2014	Phone
Participant 5 (P5)	Mittelstand GmbH	All areas, all segments	Director Sales Management	29 June 2014	Personal
Participant 6 (P6)	Mittelstand GmbH	All areas, segment "alpha"	Market Management	25 June 2014	Personal
Participant 7 (P7)	Mittelstand GmbH	All areas, segment "gamma"	Market Management	02 July 2014	Personal
Participant 8 (P8)	Mittelstand GmbH	Area 3, all segments	Sales Management	01 July 2014	Personal

The data collection was conducted in June/July 2014 after the overall case study was released and the individual participants were informed. The duration of one interview is not more than 30 minutes per participant. The structure of the questionnaire (see appendix C4 for further details) is split into three parts. First, basic data about the role of the participant are collected. Second, data to derive the importance of the local markets are gathered based structure on the selected subsidiary role model and the modified MNC factors from the plausibility check. Third, data to determine the competence of a local subsidiary are collected based on the same prerequisites as for the previous part. The chosen language is English as it facilitates the usage of the data for the research study. In addition, the author does not expect any negative impact due to using the participant's second language as the degree of details within the responses is not as high as for semi-structured interviews and focus group interviews.

The data analysis follows the procedure presented in section 4.4 where the questionnaires' results are summarized and the corresponding roles to the selected subsidiaries are assigned (WHERE - see conceptual framework in section 2.6). In addition, the propositions stated in the literature review results concerning the actual performance of the MNC (data: performance) as well as the subsidiary roles (data: subsidiary roles) are tested via using a Fisher Exact Test.

5.3.2 Stating the Results for Subsidiary Roles

This section states the subsidiary roles resulting from the managerial opinions of the selected case expressed in the questionnaires. The corresponding questionnaire design is shown in appendix C4, however the exact content regarding industry segments and subsidiaries is modified according to the organizational roles and responsibilities of the respective participants. One intended result of the questionnaires is the assignment of

roles to the subsidiaries of the “Mittelstand GmbH”, which result from the market importance and the subsidiary competence. Similar to the original model from Bartlett and Ghoshal (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986), the vertical axis displays the “importance of the local market“ for the selected case. The horizontal axis displays the “competence of the local subsidiary” for the selected case. In addition, the size of the data points illustrates the market potential derived from the performance data as shown in the previous section. This facilitates a comparison of the subsidiary role (resulting from the qualitative managerial opinions) and the performance data (quantitative documentary data).

The filling of the 2x2-matrix is performed by taking the responses from the Likert-7 scale, which implies that the “score 4” represents the middle of each dimension. The participant selection determines that four responses are available for each subsidiary-segment combination, i.e. two from sales management and two from market management. After evaluating the mean value for the two dimensions, the subsidiary roles are assigned. Field 1 (bottom/left) represents the role “implementer”, field 2 (bottom/right) represents the role “contributor”, field 3 (top/left) shows the role “black hole”, and field 4 (top/right) displays the “strategic leaders”.

Industry Segment “alpha”

The results for “alpha” show the highest scores in subsidiary competence and market importance for the headquarters sales organization and the corresponding home market, which leads to the role “strategic leader”. Four subsidiaries (Ohm, Hertz, Ampere, Henry) also have the role “strategic leader” but with lower scores compared to the home market and organization.

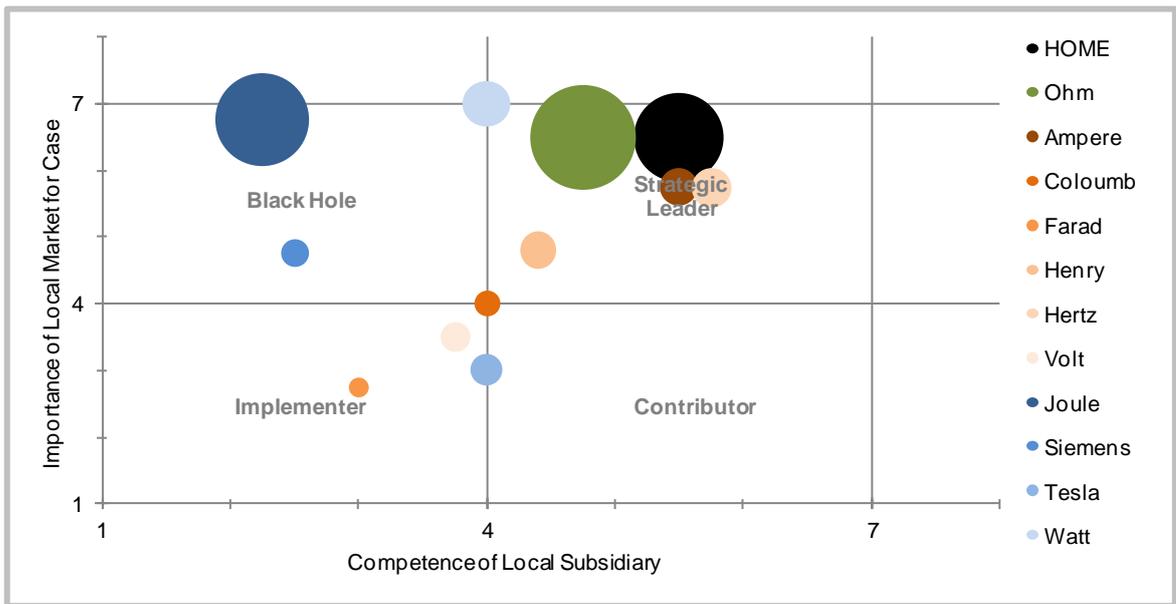
The subsidiaries Joule and Siemens are black holes according to the target group of the selected case with low scores for both market importance and subsidiary competence. Subsidiary Watt is also rated as a black hole, even though its competence score is average, as more respondents scored lower. For the subsidiary Joule, the subsidiary role is confirmed by the performance data, as the market performance is high whereas the actual revenue performance value is only average.

There is no clear contributor role within the subsidiary portfolio of the industry segment “alpha”, but both subsidiaries Volt and Coulomb are assigned to this role as their scores are in the middle of the Likert-7 scale. Both subsidiaries only show average to low revenue performance figures, which confirms the assigned roles of being a contributor, if at all.

Two subsidiaries (Farad, Volt) are implementers with low scores on both constituting dimensions. As these subsidiaries show low values for market importance and revenue performance, this judgment fits the actual performance data of the selected case for this industry segment.

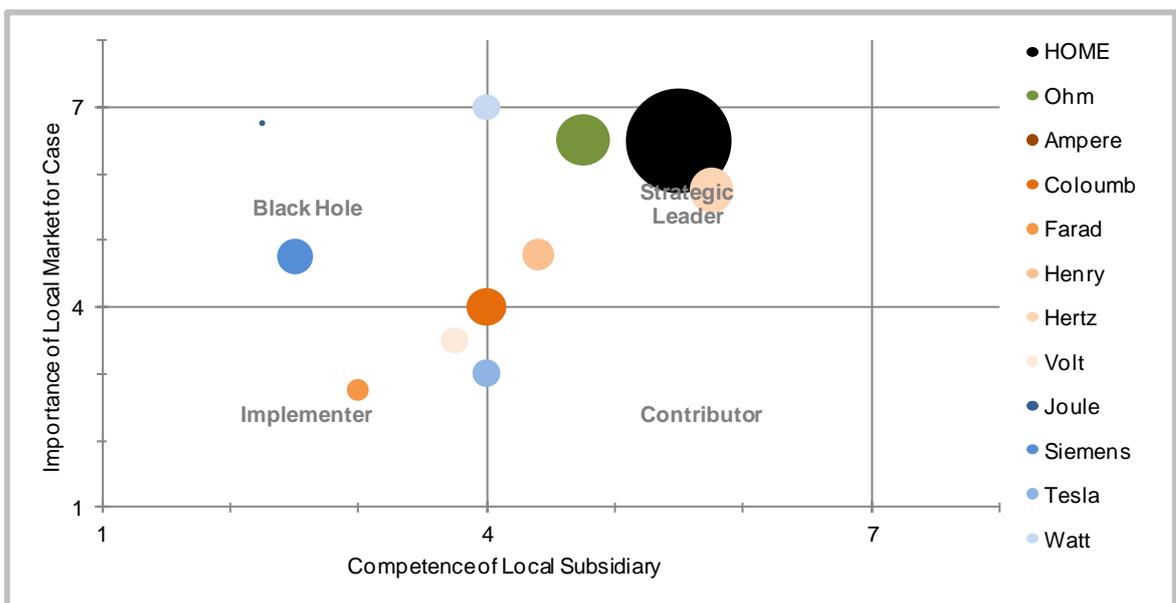
Figure 58 illustrates the subsidiary roles for the segment “alpha” with their constituting dimensions, and it confronts them with the collected market performance data shown via the size of the data points.

Figure 58: Subsidiary Roles for “alpha” – Compared to Market Performance



In contrast to the previous illustration, Figure 59 shows a comparison of the subsidiary roles of “alpha” with the actual revenue performance of the respective subsidiaries.

Figure 59: Subsidiary Roles for “alpha” – Compared to Revenue Performance



The average rating for local market importance among subsidiaries (score 5,0) is higher than the rating for subsidiary competence (score 4,0). In addition, sales management is more positive than market management regarding both the competence score (4,3 vs 3,7) as well as for the potential in the local markets (5,3 vs 4,5).

Industry Segment “beta”

The home market and the headquarters sales organization also have the highest scores for industry segment “beta” and thus they set the benchmark for the subsidiaries. There are four subsidiaries (Ohm, Hertz, Coulomb, and Volt) rated as strategic leaders. However, if this assignment is compared with the market performance data, only Ohm has a high market potential. The markets of the remaining subsidiaries are judged much more positive by senior management (questionnaire data) than the documentary data implies.

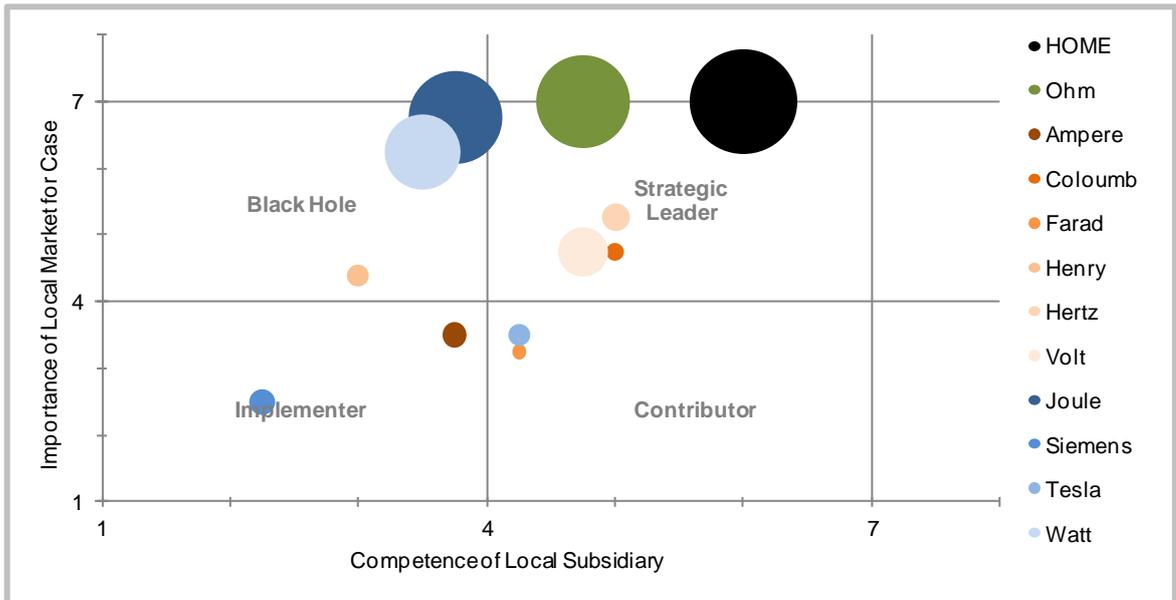
The subsidiaries Joule, Watt, and Henry are considered as black holes by senior management with a low competence and a high market importance. Two of the three subsidiaries have high market performance data. At least for these two subsidiaries, the judgment is justified from a market perspective.

Tesla and Farad have the role contributor for the industry segment “beta” as the market potential is rated low, but the competence is above average. The market potential is confirmed by the market performance data. However, the respective revenue does not reflect the role of a contributor in the overall revenue of the MNC, i.e. of the “Mittelstand GmbH”.

Two subsidiaries are implementers (Siemens and Ampere) with both low competence and low market importance. This judgement is confirmed by both revenue performance, which is almost zero, as well as market performance, which is low.

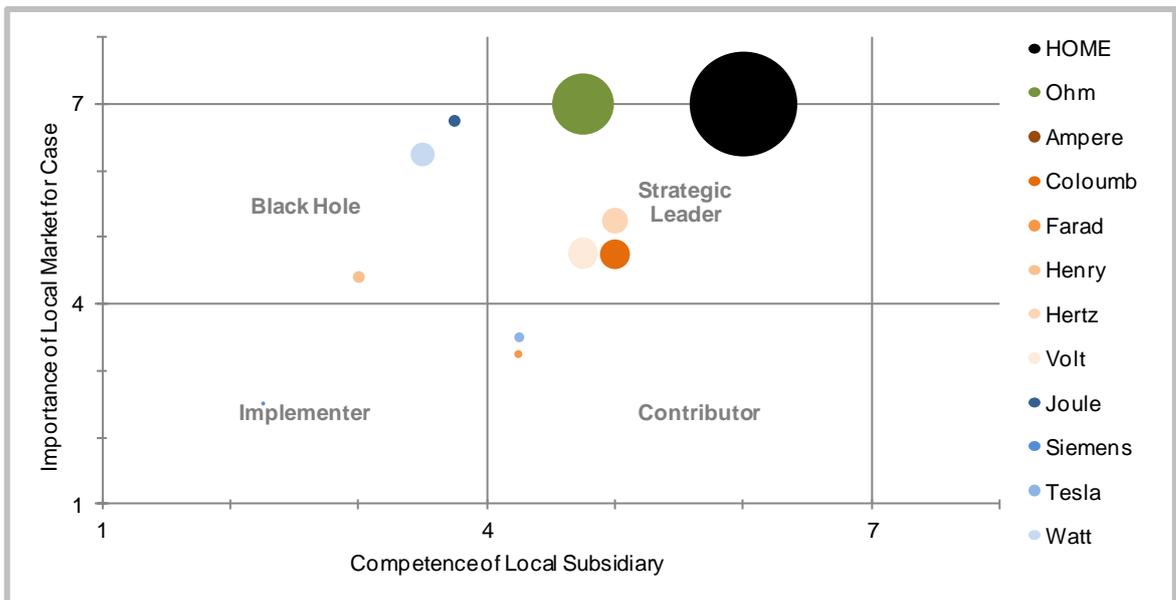
Figure 60 illustrates the subsidiary roles for the segment “beta” with their constituting dimensions, and it confronts them with the collected market performance data shown by the size of the data points.

Figure 60: Subsidiary Roles for “beta” – Compared to Market Performance



In contrast to the previous illustration, Figure 61 shows a comparison of the subsidiary roles of “beta” with the actual revenue performance of the respective subsidiaries in 2013.

Figure 61: Subsidiary Roles for “beta” – Compared to Revenue Performance



The average rating for local market importance among subsidiaries (score 4,7) is higher than the rating for subsidiary competence (score 4,0). In addition, sales management is more positive about both the competence score (4,1 vs 3,9) as well as the potential in the local markets (5,0 vs 4,5).

Industry Segment “gamma”

The results of the questionnaire assign the role strategic leader to the headquarters organization and the corresponding market similar to the previous two industry segments.

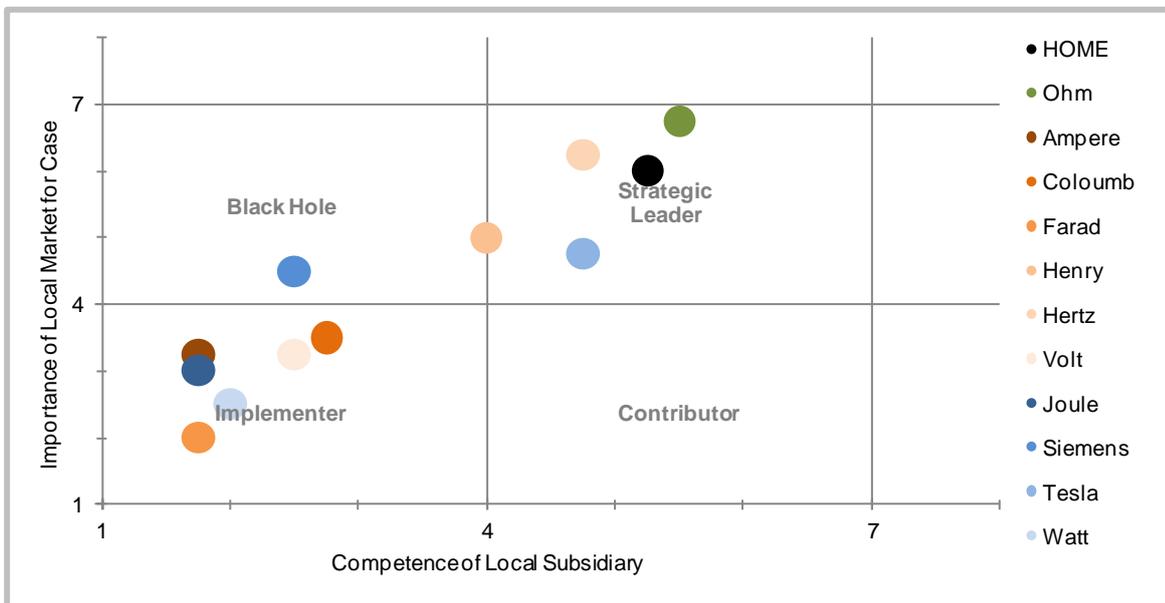
Three subsidiaries (Ohm, Hertz, and Tesla) are clear strategic leaders, whereas subsidiary Henry lies in between due to an average competence, but is also assigned the role of strategic leader due to the majority of high scores. It is remarkable that subsidiary Ohm has higher scores on market potential and competence than the home market.

Subsidiary Siemens is considered as a black hole due to the fact, that the market importance is considerably high but the local competence low. The present revenue is negligible, which confirms the managerial opinions from a revenue performance perspective.

The remaining subsidiaries are all implementers, which seems logical, as these subsidiaries do not have the local capabilities for customized solutions. The question whether this confirmation (i.e. to link the low competence of these subsidiaries to the apparent low market importance) cannot be answered here as there is no external market data available. The high revenue performance of subsidiary Volt is based on a transfer project.

Figure 62 illustrates the subsidiary roles for the segment “gamma” with their constituting dimensions. As the market performance cannot be estimated, all data points have the same size.

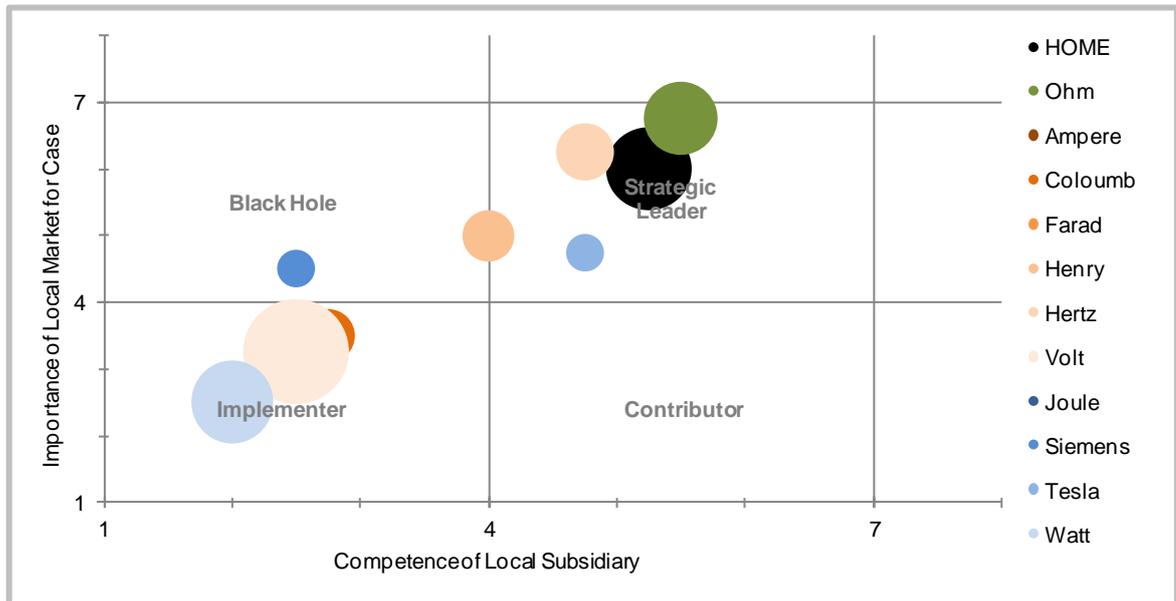
Figure 62: Subsidiary Roles for “gamma” – Compared to Market Performance



In contrast to the previous illustration, Figure 63 shows a comparison of the subsidiary roles of “gamma” with the actual revenue performance of the respective subsidiaries in 2013. The revenues of the subsidiaries Tesla, Siemens, and Coulomb are influenced by big transfer projects from international customers. The contributions for these projects are initially made by subsidiary Ohm and the home market’s organization. By acknowledging

this fact, subsidiary Ohm represents the strongest contributor for industry segment “gamma” within the case.

Figure 63: Subsidiary Roles for “gamma” – Compared to Revenue Performance



The average rating for local market importance among subsidiaries (score 4,1) is higher than the rating for subsidiary competence (score 3,1). In addition, sales management is more positive about the competence score (3,6 vs 2,6) as well as the potential in the local markets (4,1 vs 4,0).

Overview of results:

The overall responses from all participants are above average, as both mean and median are higher than “score 4,0” for all industry segments. There is a link to the participants’ personal relationship to and personal responsibility for the subsidiaries and markets, which they are in charge of. A comparison of answers between sales and market management shows this as well, as sales management rates more positively (see individual results above). In other words, the closer the respondents’ relationships to the subsidiaries are, the more positive are the answers.

The market importance is rated higher than subsidiary competence, which is also expressed by the number of subsidiary roles. In particular, there are 19 combinations with a high market importance and 14 with a low market importance as well as 16 combinations with a high subsidiary competence and 16 with a low subsidiary competence.

The data for the intensity of competition are positively related to the data of the importance of the local market (as stated in Bartlett & Beamish, 2014). In addition, the fit

of norms, standards, and approvals is very high with a “score of 6,0” and more. This fact confirms the opinions of the industry experts (see section 5.1) and the literature review (see environmental pressures in section 2.4), that the fit of required products to the company’s home market is necessary in order to be successful. This may also influence the choice of subsidiary locations. The data of the future development of the local market are used for the synthesis of the case, i.e. the appropriate implications for multinational sales management.

The operational capabilities match the judgement of the competence of the subsidiary. However, the participants also noted, that this judgement varies across countries and subsidiaries due to different internal set-ups as well as external requirements or prerequisites. This also shows that the participants employ their subjective viewpoint for their judgment, but this is acceptable, as this also applies to their real-life management decisions.

Table 46 summarizes the roles of all subsidiaries for each of the selected industry segments including the score of competence and importance from managerial judgment.

Table 46: Results for Subsidiary Roles of “Mittelstand GmbH”

Area	Subsidiary	Subsidiary Role “alpha” (competence / importance)	Subsidiary Role “beta” (competence / importance)	Subsidiary Role “gamma” (competence / importance)
	HOME	Strategic Leader (5,5 / 6,5)	Strategic Leader (6 / 7)	Strategic Leader (5,25 / 6)
Area A	Ohm	Strategic Leader (4,75 / 6,5)	Strategic Leader (4,75 / 7)	Strategic Leader (5,5 / 6,75)
Area B	Ampere	Strategic Leader (5,5 / 5,75)	Implementer (3,75 / 3,5)	Implementer (1,75 / 3,25)
Area B	Coulomb	Contributor* (4 / 4)	Strategic Leader (5 / 4,75)	Implementer (2,75 / 3,5)
Area B	Farad	Implementer (3 / 2,75)	Contributor (4,25 / 3,25)	Implementer (1,75 / 2)
Area B	Henry	Strategic Leader (4,4 / 4,8)	Black Hole (3 / 4,4)	Strategic Leader* (4 / 5)
Area B	Hertz	Strategic Leader (5,75 / 5,75)	Strategic Leader (5 / 5,25)	Strategic Leader (4,75 / 6,25)
Area B	Volt	Implementer (3,75 / 3,5)	Strategic Leader (4,75 / 4,75)	Implementer (2,5 / 3,25)
Area C	Joule	Black Hole (2,25 / 6,75)	Black Hole (3,75 / 6,75)	Implementer (1,75 / 3)
Area C	Siemens	Black Hole (2,5 / 4,75)	Implementer (2,25 / 2,5)	Black Hole (2,5 / 4,5)
Area C	Tesla	Contributor* (4 / 3)	Contributor (4,25 / 3,5)	Strategic Leader (4,75 / 4,75)
Area C	Watt	Black Hole* (4 / 7)	Black Hole (3,5 / 6,25)	Implementer (2 / 2,5)

Source: Analysis of questionnaire data by author

In summary, the following subsidiary roles and the corresponding data for these subsidiaries are used for a consolidated synthesis after the focus group discussions:

- 10 data sets with the subsidiary role: Implementer
- 4 data sets with the subsidiary role: Contributor
- 7 data sets with the subsidiary role: Black Hole
- 12 data sets with the subsidiary role: Strategic Leader

Please note that the respective roles for the headquarters' organization of the home market are not taken into consideration, as they only serve as a comparative data set for the subsidiary role data. The remaining roles, as stated above, are contrasted and tested with the results of the performance data, which are summarized in Table 43.

5.3.3 Confronting Managerial Opinions and Numeric Performance Data

The aim of the Fisher Exact Tests is to find out, whether there is a positive association of the documentary and questionnaire data or not. In particular, the tests confront the questionnaire data “subsidiary competence” and “market importance” with the documentary data “market performance” and “revenue performance”. The results show, whether there is positive association of the data described above, which is statistically significant (as suggested by Soper, 2014). However, as the entire research study is not based on statistical significance, the results rather aim to show if there is a “reliable” or objective association of the managerial opinions (questionnaire data) and the numeric performance data (documentary data).

Fisher Exact Tests are chosen as a method, since the sample size is small showing categorical data with frequencies below 5, so that a Chi-Square Test is not appropriate (Gopal, 2006). The resulting P-value is the probability, with a value ranging from zero to one, which answers the question, whether a null hypothesis can be rejected or not (Saunders, et al., 2012). For this research study, the propositions stated in chapter 2 serve as a hypothesis, as “proposition” is the wording used in this research study. The wording “hypothesis” would make it sound a purely positivistic study searching for statistical significance, which is not possible as explained earlier. Nevertheless, a level of significance of $\alpha=0,05$ is chosen. Thus, if the P-value is lower than the significance level α , the null hypothesis P_0 is rejected, which means that the association between groups and outcomes is given. In particular, the resulting P-value would be the chance that random sampling would result in an association as strong as or even stronger than in this sampling. If $P>\alpha$, then P_0 is rejected and the association between groups (high/low market importance as well as high/low subsidiary competence) and outcomes (high/low revenue and market performance) is considered not to be statistically significant (Soper, 2014).

“Local Market Importance” with “Market and Revenue Performance”

In the following, a confrontation of the two groups (high and low market importance) and the outcomes (high and low market and revenue performance) is conducted in order to judge the statistical significance of their association:

- Group 1: Local markets, which are considered as important by senior management

- Group 2: Local markets, which are not considered as important by senior management
- Outcome 1: Subsidiaries/markets with a high revenue/market performance based on numeric data
- Outcome 2: Subsidiaries/markets with a low revenue/market performance based on numeric data

The following propositions as stated in chapter two serve as hypotheses (i.e. propositions) for this test.

- P1: Local markets, which are considered as important by senior management, have a higher revenue/market performance.
- P0: Local markets, which are considered as important by senior management, do not have a higher revenue/market performance.

Figure 64 summarizes the propositions, the frequencies, as well as the corresponding results and interpretation of the Fisher Exact Tests for the market importance.

Figure 64: Fisher Exact Test Results for Market Importance

P1: Local markets, which are considered as important by senior management, have a higher market performance. P0: Local markets, which are considered as important by senior management, do not have a higher market performance. $\alpha=0,05$ $P=0,05$ P0 can be rejected. This means, the association between market importance and market performance is statistically significant.		Importance high	Importance low	SUM
	Performance Market high	6	0	6
	Performance Market low	8	8	16
	SUM	14	8	22
P1: Local markets, which are considered as important by senior management, have a higher revenue performance. P0: Local markets, which are considered as important by senior management, do not have a higher revenue performance. $\alpha=0,05$ $P=0,49$ P0 cannot be rejected. Thus, the association between market importance and revenue performance is considered not to be statistically significant.		Importance high	Importance low	SUM
	Performance Revenue high	8	4	12
	Performance Revenue low	11	10	21
	SUM	19	14	33

Source: Performance data and questionnaire data

Resulting from the tests above, the following preliminary findings (for the proposition set 2 – subsidiary role) from the confrontation of performance data and questionnaire data are stated as a result of the Fisher Exact Tests:

- (1) There is a positive association of the managerial judgement (resulting from questionnaire data) for the importance of the local markets of the “Mittelstand GmbH” and the market performance (resulting from the performance data) of these markets.

- (2) There is no association of the managerial judgement for the market importance of the local markets of the “Mittelstand GmbH” and the actual revenue performance within these local markets.

“Subsidiary Competence” with “Market and Revenue Performance”

In the following, a confrontation of the two groups (high and low subsidiary competence) and the outcomes (high and low market and revenue performance) is conducted in order to judge the statistical significance of their association:

- Group 1: Subsidiaries, which are considered as competent by senior management
- Group 2: Subsidiaries, which are not considered as competent by senior management
- Outcome 1: Subsidiaries/markets with a high revenue/market performance based on numeric data
- Outcome 2: Subsidiaries/markets with a low revenue/market performance based on numeric data

The following propositions as stated in chapter two serve as hypotheses for this test:

- P1: Subsidiaries, which are considered as competent by senior management, have a higher revenue/market performance.
- P0: Subsidiaries, which are considered as competent by senior management, do not have a higher revenue/market performance.

Figure 65 summarizes the propositions, the frequencies, as well as the corresponding results and interpretation of the Fisher Exact Tests for the subsidiary competence.

Figure 65: Fisher Exact Test Results for Subsidiary Competence

P1: Subsidiaries, which are considered as competent by senior management, have a higher market performance. P0: Subsidiaries, which are considered as competent by senior management, do not have a higher market performance. $\alpha=0,05$ $P=0,35$ P0 cannot be rejected. Thus, the association between subsidiary competence and market performance is considered not to be statistically significant .		Competence high	Competence low	SUM
	Performance Market high	2	4	6
	Performance Market low	10	6	16
	SUM	12	10	22
P1: Subsidiaries, which are considered as competent by senior management, have a higher revenue performance. P0: Subsidiaries, which are considered as competent by senior management, do not have a higher revenue performance. $\alpha=0,05$ $P=0,16$ P0 cannot be rejected. Thus, the association between subsidiary competence and revenue performance is considered not to be statistically significant .		Competence high	Competence low	SUM
	Performance Revenue high	8	4	12
	Performance Revenue low	8	13	21
	SUM	16	17	33

Source: Performance data and questionnaire data

Resulting from the test above, the following preliminary findings (for the proposition set 2 – subsidiary role) from the confrontation of performance data and questionnaire data are stated as a result of the Fisher Exact Tests:

- (1) There is no association of the managerial judgement (resulting from questionnaire data) for the subsidiary competence of the “Mittelstand GmbH” and the actual market performance (resulting from the performance data) of the corresponding markets.
- (2) There is no association of the managerial judgement for the subsidiary competence of the “Mittelstand GmbH” and the actual revenue performance within these local markets.

5.4 Part II.3: Case Study – Multinational Sales Management

The following figure illustrates the procedure for the entire case study with regard to this section.

Figure 66: Procedure for Case Study – Multinational Sales Management



This section shows an overview of the collection and analysis of focus group data (subsection 5.4.1). The MNC responses “strategy and products” (subsection 5.4.2) as well as “resources and operations” (subsection 5.4.3) are evaluated based on the opinions of the focus group participants. Finally, the managerial implications for multinational sales management are evaluated via the categories “centralization” (subsection 5.4.4), “formalization” (subsection 5.4.5), and “socialization” (subsection 5.4.6).

5.4.1 Planning, Conducting, and Analyzing the Focus Groups

The aim of the focus groups is to verify and discuss appropriate managerial implications regarding the assigned subsidiary roles. The collected qualitative data is intended to confirm and possibly modify the propositions and suggestions derived from existing knowledge and provide information on conditions as well as guidance for further research.

The participants of the focus groups are identical to those of the questionnaires to enable them to discuss appropriate implications for multinational sales management for the selected foreign subsidiaries based on their initial judgement. The participants form three groups, which are defined according to the industry segments of the case. Table 47 shows the formation and participants of the focus group and the date of conduction.

Table 47: Focus Group Participants

Focus Group	Participants (Mittelstand GmbH)	Industry segment	Date of Focus Group Interview
Focus Group “alpha” (FG α)	Sales Director, Director of Market Management, 3x Senior Sales Management 1x Senior Market Management	alpha	18 July 2014
Focus Group “beta” (FG β)	Sales Director, Director of Market Management, 3x Senior Sales Management 1x Senior Market Management	beta	28 July 2014
Focus Group “gamma” (FG γ)	Sales Director, Director of Market Management, 3x Senior Sales Management 2x Senior Market Management	gamma	01 August 2014

The three focus group interviews of this research study were conducted between 18 July and 01 August 2014 each with 5 participants. A “double layer design” is applied (as mentioned by Krueger & Casey, 2009, p. 27) as three groups are formed according to the industry segments (“alpha”, “beta”, and “gamma”) with different participant types (from sales and market management as well as from different hierarchies). This facilitates methodological triangulation (Hammersley, 2008). The duration of each discussion is 3 hours, which consist of the following: First, an introduction is presented by stating the results of the subsidiary role portfolio. Second, the author acts as a moderator in order to initiate a discussion on multinational sales management based on a predefined interview guide (see appendix C7). The interview guide is structured according to the MNC criteria of multinational sales management: (1) centralization, (2) formalization, and (3) socialization. Within each group, every subsidiary is discussed individually for a certain period. The language for the discussion is German for similar reasons as applied to the semi-structured expert interviews. This main part of the discussion generates in-depth data, which is analyzed accordingly. Finally, the session is closed by providing a debriefing and a thank you note.

The analysis of the focus group interviews starts with an abridged transcription of the recorded sessions (see also Krueger & Casey, 2009, p. 117). The reason for this choice is the wish of the “Mittelstand GmbH” to filter out sensitive parts of the opinions expressed, which are not relevant for the analysis of the focus groups data. The transcripts are in German and analyzed by focusing on the meaning and sense of the answers with respect to the predefined coding scheme as shown in Table 48. With this initial coding scheme additional codes evolved during the software analysis with the approach of directed content analysis as described in section 4.4 (analogous as for the expert interviews). In order to apply a consistent approach, predefined coding rules are used and derived, which are shown in appendix C8.

Table 48: Coding Scheme – Focus Group Interviews

	MNC Dimension and Criteria	Subsidiary Role			
		Implementer	Contributor	Black Hole	Strategic Leader
MNC response	Strategy				
	Products				
	Resources				
	Operations				
Managerial implications	Centralization				
	Formalization				
	Socialization				

Implications for multinational sales management are added via coded segments from focus group interview transcripts

The aims of the focus group interviews have to guide both data collection and data analysis (Krueger & Casey, 2009). In particular, the author aims to identify ways to find an MNC response (WHAT) as stated in the propositions given in section 2.6:

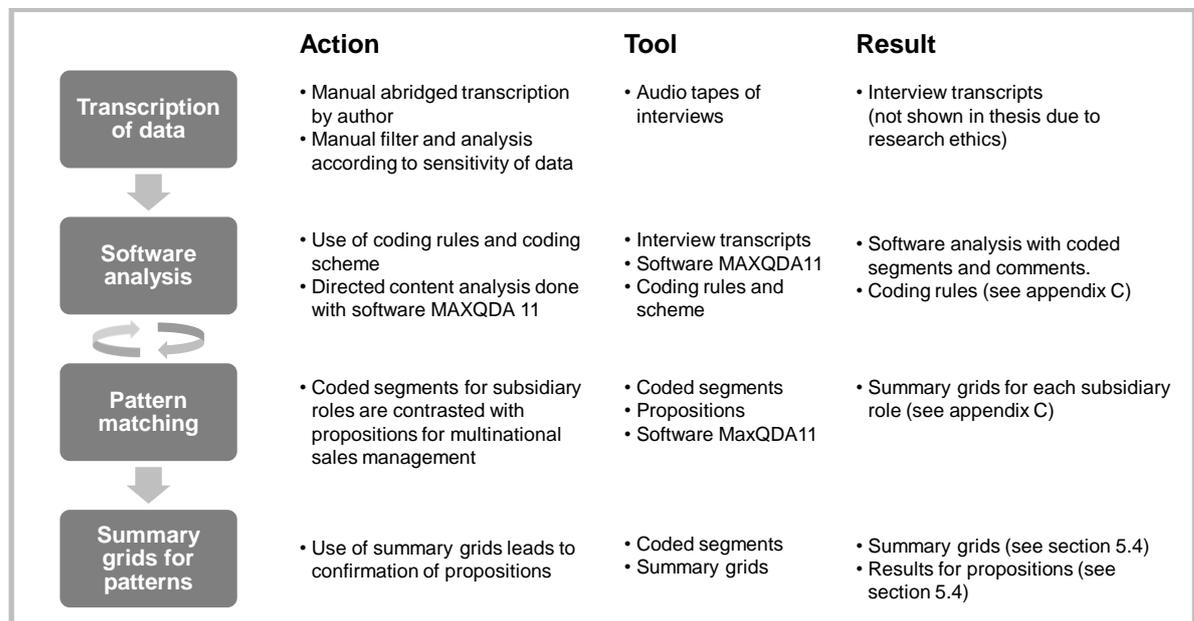
- To increase importance of local market via MNC response “strategy” and “products”
- To improve competence of local subsidiary via MNC response “resources” and “operations”

In addition, ways are sought to manage the subsidiary accordingly (HOW?) as stated in the propositions mentioned in section 2.6, via:

- Centralization (direct HQ control)
- Formalization (rules and guidelines)
- Socialization (personal contact, relationship, and corporate values)

These aims for data collection and analysis set the basis for the semi-structured interview guide in order to discuss every subsidiary with respect to its role (appendix C7 shows the detailed interview guide). Figure 67 displays the analysis procedure for the focus group interviews, which is similar to the one used for the expert interviews.

Figure 67: Analysis Procedure for Focus Group Interviews



The home market is excluded from implications for multinational sales management, which are evaluated in the following subsections, as it serves only as a comparative data set for the performance data as well as the questionnaire data of the “Mittelstand GmbH”.

5.4.2 Evaluating the Patterns for “Implementers”

This subsection shows the detailed coding results for “implementers” by both stating the individual coding results and the corresponding patterns for this subsidiary role.

Detailed Coding Results for the MNC Responses and the Managerial Implications

The following table illustrates the coding results of the three focus groups interviews (focus group “alpha”, i.e. FG α , focus group “beta”, i.e. FG β , and focus group “gamma”, i.e. FG γ) with regard to the MNC response and the managerial implications.

Table 49: Coding Results for “Implementers”

	MNC Dimension and Criteria		Coding Results for Subsidiary Role “Contributor”		
			Focus Group “alpha”	Focus Group “beta”	Focus Group “gamma”
MNC response	Strategy		✓	✓	✓
	Products		✓		
	Resources			✓	✓
	Operations		✓	✓	
Managerial implications	Centralization		✓	✓	✓
	Formalization		✓		
	Socialization			✓	✓

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

The participants of the focus groups discussed the following MNC responses for the subsidiary role “implementer”:

(2.1) MNC response: strategy

As both market importance and subsidiary competence are considered as low for “implementers”, the MNC (i.e. the headquarters) needs to check whether there is a market misfit for the local market (FG γ) or if an appropriate market strategy should be drafted in order to make the local market more attractive. If this is not possible, the MNC needs to consider the question of a possible disinvestment (FG α , FG β). The participants suggest a field sales approach (FG α , FG β , FG γ) instead of specialized sales and a business development management. However, if big international accounts are located in the implementer’s market, they should be directly supported or even managed by headquarters (FG α , FG γ). The remaining smaller accounts are managed by the implementer itself (FG α). Due to the limited resources, i.e. the limited competence, no additional sales channels are required except for a possible expansion of a specific market segment (FG β). The implementer should represent the MNC’s mindset according to the local set-up and the corresponding requirements of the local market.

(2.2) MNC response: products

Regarding the MNC's product portfolio and the respective development activities, the three focus groups show a unified opinion. The participants are convinced that the implementer's market potential does not justify a specific product development. As the market is limited, an implementer has to make use of the existing portfolio (FG α , FG γ). The same applies to product adaptation, unless it was for a very important lead customer (FG α , FG β , FG γ).

(2.3) MNC response: resources

Regarding the skills and competencies of the resources, field sales skills are regarded as sufficient (FG α). However, the local sales organization still needs to understand their local market and customer's requirements (FG γ) in order to achieve the best possible result within the limited market potential. The focus group participants suggest a limited investment in resources (FG α , FG γ), as well as in technology and knowledge. These facts are also reflected by the managerial implications, suggested by the focus groups for implementers, which are to be conducted with a limited priority from headquarters.

(2.4) MNC response: operations

The operations regarding sales and marketing are seen as a purely local responsibility. Direct operations from headquarters may be conducted if required (FG α , FG β , FG γ), in particular for customers or activities of global interest. The same applies to the decision-making. The implementer enjoys freedom as long as only the local market is concerned (FG α) so as to not utilize the resources of headquarters for a market or a customer with a low potential for the MNC. There are no MNC interdependencies to manage, as headquarters becomes involved in case an international customer is concerned.

The managerial implications below suit the subsidiary role "implementer" according to the focus groups:

(3.1) Managerial implications: centralization

As indicated above, headquarters' sales organization only applies centralization efforts, i.e. direct control in local activities, for international accounts or any activity with a possible global impact (FG α , FG γ). Otherwise, the implementer's sales organization enjoys a high level of freedom for small accounts (FG α) and all activities with a limited global significance. The main reason for the implications above is the limited resources in headquarters' sales organization (FG α), which is also confirmed by the characteristics of a *Mittelstand* company (see section 2.4).

(3.2) Managerial implications: formalization

The focus group participants do not suggest any particular formalization effort for implementers besides the regular ones, which are globally introduced for all subsidiaries independent of their role within the MNC.

(3.3) Managerial implications: socialization

For all socialization efforts, the focus groups state a limited support for implementers within their local market for customer visits and fairs (FG α). If at all, selective activities may be conducted only for important customers with an international relevance (FG α). The participants agree that the major socialization efforts from a headquarters' perspective are the regular "offers" like yearly product and application training or management meetings in headquarters (FG α , FG β , FG γ).

Patterns for the Subsidiary Role

Table 50 shows the patterns of the subsidiary role "implementer" resulting from the focus group interviews in order to compare them with the predicted patterns (proposition set 3 – multinational sales management) derived from existing knowledge.

Table 50: Patterns for "Implementers"

Subsidiary Role: Implementer • HQ • HQ + Sub (jointly with HQ lead) • HQ / Sub • Sub + HQ (jointly with subsidiary lead) • Sub			Managerial implications		
			Centralization	Formalization	Socialization
MNC response	Strategy	Market strategy Sales approach Set-up and mindset	HQ + Sub HQ + Sub HQ + Sub		HQ
	Products	Development Adaption	X (low importance) X (low importance)		X (low importance) HQ + Sub (prep.)
	Resources	Skills and competencies Technology and knowledge	HQ + Sub HQ + Sub		HQ + Sub HQ + Sub
	Operations	Sales and marketing Decision-making MNC Interdependencies	HQ + Sub HQ + Sub HQ + Sub	HQ	

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational sales management (see proposition set 3) can be stated for the subsidiary role "implementer":

(1) Strategy

- Centralization: Headquarter guides subsidiary due to its low competence with limited effort.
- Formalization: Not necessary except for overall rules and guidelines of MNC

- Socialization: HQ controls the correct set-up and mindset (unless not present). Apart from that, no specific effort necessary besides the regular MNC socialization efforts (yearly product training, meetings, and visits)

(2) Products

- Centralization: No effort for product development and adaption for the implementer's market due to low importance, unless global customers are present (initiated by headquarters)
- Formalization: Not necessary in and for local market of subsidiary
- Socialization: Only necessary for product adaptations (preparation) if subsidiary's competence improves

(3) Resources

- Centralization: Headquarters guides and supports subsidiary due to the limited local competence
- Formalization: Not necessary except for overall rules and guidelines of MNC
- Socialization: Headquarters guides and supports subsidiary due to the limited local competence

(4) Operations

- Centralization: Headquarters guides and supports subsidiary due to the limited local competence
- Formalization: Not necessary except for overall rules and guidelines of MNC and possible MNC interdependencies of global customers (HQ control)
- Socialization: No specific effort necessary besides the regular MNC socialization efforts

Appendix C10 shows the corresponding summary grids for the subsidiary role "implementer".

5.4.3 Evaluating the Patterns for "Contributors"

This subsection shows the detailed coding results for "contributors" by both stating the individual coding results and the corresponding patterns for this subsidiary role.

Detailed Coding Results for the MNC Responses and the Managerial Implications

Table 51 illustrates the coding results of the three focus groups interviews (focus group "alpha", i.e. FG α , focus group "beta", i.e. FG β , and focus group "gamma", i.e. FG γ) with regard to the MNC response and the managerial implications.

Table 51: Coding Results for “Contributors”

	MNC Dimension and Criteria	Coding Results for Subsidiary Role “Contributor”		
		Focus Group “alpha”	Focus Group “beta”	Focus Group “gamma”
MNC response	Strategy	✓	✓	✓
	Products	✓		
	Resources		✓	✓
	Operations	✓	✓	
Managerial implications	Centralization	✓	✓	✓
	Formalization	✓		
	Socialization		✓	✓

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

For the subsidiary role “contributor”, the participants of the focus groups considered the following MNC responses:

(2.1) MNC response: strategy

Due to the competent resources and the corresponding success in their limited market, the focus group participants grant contributors the right to exist as a subsidiary (FG α). However, headquarters supports their limited market potential with a limited priority (FG β), which does not lead to a strategic focus (FG γ). Therefore, as is the case for implementers, contributors also enjoy a certain freedom for the local market strategy. This means that they can shape their strategy or approach by themselves, whereas headquarters is involved only selectively. The focus group participants suggest a field sales approach (FG γ) for contributors due to their low market importance. A specialized sales force from headquarters is applied only if necessary. Analogous to the subsidiary role implementer, contributors do not require a special set-up or mindset besides the overall characteristics of the mother company, i.e. the headquarters of the *Mittelstand* company.

(2.2) MNC response: products

According to the focus group discussion, contributors have to utilize the existing product portfolio, as a specific product development for a contributor’s limited market potential is not seen as reasonable (FG α). For product adaptations, the same applies (as it does to implementers). Product adaptations may be carried out based on a case-by case decision (FG α), if at all.

(2.3) MNC response: resources

As contributors already have resources with a high skill and competence level, the focus group participants do not see a need for any specific support of the local sales force to

improve their competence (FG β). Instead, the regular training support for all subsidiaries from headquarters should be used. Concerning investments in technology and knowledge, headquarters is advised to act with a low priority due to the low importance of the local market of an implementer (FG γ).

(2.4) MNC response: operations

The focus groups suggest an integration of the sales and marketing operations in global activities wherever possible and necessary (FG β). However, a limited support from headquarters for local operations is advised (FG α) as a contributor is competent in its local sales force and their market is of low importance for the MNC from a global perspective. Analogous to implementers (which also have a low market importance) contributors shall enjoy a certain level of freedom for decision-making regarding their local operations. According to the focus group participants, headquarters becomes involved only for customers or activities, which are of global relevance (FG α). The same applies to MNC interdependencies, i.e. the direct cooperation among subsidiaries, as no interdependencies are seen by the focus group participants except for global customers (FG α , FG β , FG γ).

Resulting from the MNC responses above the focus group discussions suggested the following managerial implications for the subsidiary role “contributor”:

(3.1) Managerial implications: centralization

The focus group participants do not suggest a specific centralization effort (i.e. direct involvement of headquarters) for contributors due to the low market importance. The exception is stated for big global customers, the remaining activities can be performed by the competent subsidiary (FG β).

(3.2) Managerial implications: formalization

Contributors have to take on the standard MNC setting (FG α), as do implementers, due to their low market importance. Therefore, regular guidelines of the respective MNC for leadership, training, reporting and controlling are mentioned by the focus groups (FG α), but no further guidelines or rules should be drafted specifically for contributors.

(3.3) Managerial implications: socialization

Regarding the managerial implications for socialization with contributors, the focus group participants suggest global training to improve and maintain the competence level and to keep up a connection with the sales force of the subsidiary (FG β). Besides this, no specific local effort is seen as necessary from a headquarter perspective (FG α) except for

customer visits and local fairs, if there is a common agreement between subsidiary and headquarters.

Patterns for the Subsidiary Role

Table 52 shows the patterns of the subsidiary role “contributor” resulting from the focus group interviews in order to compare them with the predicted patterns (proposition set 3 – multinational sales management) derived from existing knowledge.

Table 52: Patterns for “Contributors”

Subsidiary Role: Contributor • HQ • HQ + Sub (jointly with HQ lead) • HQ / Sub • Sub + HQ (jointly with subsidiary lead) • Sub			Managerial Implications		
			Centralization	Formalization	Socialization
MNC response	Strategy	Market strategy Sales approach Set-up and mindset	Sub + HQ Sub + HQ Sub + HQ		
	Products	Development Adaption	X (low importance) (Sub + HQ)		X (low importance) HQ + Sub
	Resources	Skills and competencies Technology and knowledge	Sub + HQ Sub + HQ		HQ / Sub HQ / Sub
	Operations	Sales and marketing Decision-making MNC Interdependencies	Sub + HQ Sub + HQ HQ + Sub	HQ	

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational sales management (see proposition set 3) can be stated for the subsidiary role “contributor”:

(1) Strategy:

- Centralization: Local subsidiary drives strategy due to its competence and lets headquarters participate
- Formalization: Not necessary except for overall rules and guidelines of MNC
- Socialization: No specific effort necessary besides the regular MNC socialization efforts (yearly product training, meetings, and visits)

(2) Products

- Centralization: No effort for product development due to low market importance; subsidiary may initiate product adaption for the implementer’s market; if global customers are present headquarters initiates process
- Formalization: Not (yet) necessary in and for local market of subsidiary
- Socialization: Not necessary for development, headquarters guides subsidiaries with standard approach for possible product adaptations

(3) Resources

- Centralization: Subsidiary takes the lead (due to competence) and consults headquarters if necessary
- Formalization: Not necessary except for overall rules and guidelines of MNC
- Socialization: Joint approach to transfer knowledge in both directions

(4) Operations

- Centralization: Local subsidiary takes the lead due to its competence except for MNC interdependencies (e.g. global customer), which need to be controlled by headquarters
- Formalization: Not necessary except for overall rules and guidelines of MNC and possible MNC interdependencies of global customers (HQ control)
- Socialization: No specific effort necessary besides the regular MNC socialization efforts

Appendix C10 shows the corresponding summary grids for the subsidiary role “contributor”.

5.4.4 Evaluating the Patterns for “Black Holes”

This subsection shows the detailed coding results for “black holes” by both stating the individual coding results and the corresponding patterns for this subsidiary role.

Detailed Coding Results for the MNC Responses and the Managerial Implications

Table 53 illustrates the coding results of the three focus groups interviews .(focus group “alpha”, i.e. FG α , focus group “beta”, i.e. FG β , and focus group “gamma”, i.e. FG γ) with regard to the MNC response and the managerial implications.

Table 53: Coding Results for “Black Holes”

	MNC Dimension and Criteria		Coding Results for Subsidiary Role “Black Hole”		
			Focus Group “alpha”	Focus Group “beta”	Focus Group “gamma”
MNC response	Strategy		✓	✓	✓
	Products		✓	✓	✓
	Resources		✓	✓	✓
	Operations		✓	✓	✓
Managerial implications	Centralization		✓	✓	✓
	Formalization		✓	✓	
	Socialization		✓	✓	✓

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

The participants of focus groups discussed the following MNC responses for the subsidiary role “black hole”:

(2.1) MNC response: strategy

For the market strategy, there is patience necessary (FG α) as it takes time to build the required structure and to draft and conduct a suitable a manageable market strategy (FG α). In addition, the pricing strategy is considered as important by the focus groups (FG α , FG β). Primarily, a field sales force needs to be in place, followed by a specialized sales approach with a strong business development (FG α). This local sales organization is meant to sell and market the existing component portfolio. Product adaptations or customized systems may follow as soon as the structure and the competencies are built (FG γ ; see also the MNC responses for “products” and “resources”). In order to be successful in an important market, the local sales subsidiary should conduct an OEM sales approach (FG β) before implementing distribution channels. Otherwise, the required market knowledge cannot be collected for the black hole’s market by the subsidiary. The black hole should incorporate the MNC’s overall mindset of being a specialist, innovative German *Mittelstand* company (FG α , FG β , FG γ).

(2.2) MNC response: products

Due to the limited market, product, and application knowledge the organization of the black hole is not able to collect sufficient reliable information to start a product development for this local market only (FG α , FG β). Again, the existing portfolio has to be used as a door opener at important accounts in order to build up the required market knowledge (FG α). The black hole should begin with standardized components and may then move towards customized systems or product adaptations (FG γ).

(2.3) MNC response: resources

The limited competence level of the black hole’s resources has to be improved by a continuous support from headquarters (FG α), as the local skills are crucial to being successful in the local market (FG α , FG β , FG γ). The focus group participants agree that besides a consistent support, a strong leadership both from headquarters and subsidiary is required as well (FG α , FG β) in order to improve the level of competence of a black hole to make it evolve to a strategic leader. If the MNC, i.e. the headquarters, decides to develop the black hole to be a strategic leader, investments are necessary, both to build up the local organization, but also to connect the subsidiary with its market requirements to the MNC’s headquarters. This may be possible by use of an “interpreter”, i.e. a

resource, which is specifically educated and developed to fulfil a certain role for the important market of the black hole (FG α).

(2.4) MNC response: operations

As is the case for the other subsidiary roles, technical sales skills need to be in place in order to be successful in a local market (FG α , FG γ). This local set-up must be built to facilitate a possible support from headquarters (FG γ). With this local structure, joint sales and marketing activities like customer visits, fairs, and campaigns are possible to be conducted (FG β). The decision-making should generally happen in the subsidiary, however, in all structural and development decisions, headquarters needs to take the lead or should at least be closely involved in order to make sure that the black hole develops in the desired way (FG α , FG β , FG γ). The MNC interdependencies also need to be overseen by headquarters in order to directly coordinate all sales as well as marketing activities and the corresponding information for global customers directly (FG α).

Resulting from the MNC responses above the focus group discussions suggested the following managerial implications for the subsidiary role “black hole”:

(3.1) Managerial implications: centralization

Both geographical and cultural distance matters (see also Ghemawat, 2001); the focus groups state that the higher the distance, the more difficult it is to directly control the subsidiary from headquarters (FG α). Nevertheless, the focus group participants consider it as essential to have a strong headquarters influence regarding the MNC response of a black hole (FG α , FG β , FG γ). Some participants even suggest a very close control of the local sales activities (FG β) in order to develop the local subsidiary. At any rate, the responsible headquarters management team must reach a joint agreement for the centralization efforts towards the subsidiary (FG β).

(3.2) Managerial implications: formalization

The focus groups agree that the black holes need a certain degree of formalization (FG α , FG β , FG γ). The participants specifically mention rules and guidelines for objectives, reporting, incentives, and global systems (FG α , FG β). However, the implementation and the daily conduction of these formalization efforts should not counteract the activities to build a certain level of competence within the subsidiary. On the other hand, the black hole should not develop bypassing the overall formalization for all subsidiaries (FG α , FG β , FG γ).

(3.3) Managerial implications: socialization

The focus group participants suggest a consistent and long-term training and development effort (FG α , FG β , FG γ) in order to improve the competence level of the subsidiary. This would enable the black hole to both market the MNC’s products within the important market as well as to gather market knowledge to shape the required MNC response from a headquarters’ perspective. Therefore, product training both in headquarters and in the subsidiary are necessary (FG α , FG β , FG γ), joint customer visits have to be performed (FG α , FG β) and a constant communication or reporting from headquarters to subsidiary and vice versa (FG α) needs to be established. Dedicated resources like the above-mentioned “interpreter” (FG α) help to intensify these socialization efforts.

Patterns for the Subsidiary Role

Table 54 shows the patterns of the subsidiary role “black hole” resulting from the focus group interviews in order to compare them with the predicted patterns (proposition set 3 – multinational sales management) derived from existing knowledge

Table 54: Patterns for “Black Holes”

Subsidiary Role: Black Hole • HQ • HQ + Sub (jointly with HQ lead) • HQ / Sub • Sub + HQ (jointly with subsidiary lead) •Sub			Managerial implications		
			Centralization	Formalization	Socialization
MNC response	Strategy	Market strategy Sales approach Set-up and mindset	HQ + Sub HQ + Sub HQ + Sub	HQ + Sub HQ + Sub HQ + Sub	HQ + Sub HQ + Sub HQ + Sub
	Products	Development Adaption	X (low competence) HQ + Sub		HQ + Sub (prep) HQ + Sub
	Resources	Skills and competencies Technology and knowledge	HQ + Sub HQ + Sub		HQ + Sub HQ + Sub
	Operations	Sales and marketing Decision-making MNC interdependencies	HQ + Sub HQ + Sub HQ + Sub	HQ + Sub HQ HQ	HQ + Sub HQ + Sub HQ + Sub

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational sales management (see proposition set 3) can be stated for the subsidiary role “black hole”:

(1) Strategy:

- Centralization: Headquarters takes the lead and guides local subsidiary in a common approach for local strategy (due to limited local competence)
- Formalization: Headquarters takes the lead and supports local subsidiary for setting local rules and guidelines

- Socialization: Headquarters takes the lead and transfers as much MNC strategy as possible, necessary, and appropriate to the local market of the black hole

(2) Products

- Centralization: No efforts (yet) for product development for black hole's market (despite the high importance); efforts for product adaption for this important market should be done jointly under the headquarters' lead; this may serve to gain experience and improve competence
- Formalization: Not (yet) necessary
- Socialization: First efforts should be initiated for product development (preparation) and product adaption by headquarters together with local subsidiary

(3) Resources

- Centralization: Headquarters needs to strongly guide and support the local subsidiary in a common approach in order to build and develop more competence
- Formalization: Not (yet) necessary except for overall rules and guidelines of MNC
- Socialization: Headquarters needs to strongly guide and support the local subsidiary in a common approach in order to build and develop more competence

(4) Operations

- Centralization: Headquarters needs to strongly guide and support the local subsidiary in a common approach in order to set the operations according to the MNC's and the local market's requirements
- Formalization: For sales and marketing, it is a common approach under the lead of headquarters (due to the lack of competence); for decision-making and MNC interdependencies, headquarters needs to retain control until competence is built.
- Socialization: Common approach under the lead of headquarters in order to transfer knowledge and values to the local subsidiary for competence building

Appendix C10 shows the corresponding summary grids for the subsidiary role "black hole".

5.4.5 Evaluating the Patterns for "Strategic Leaders"

This subsection shows the detailed coding results for "strategic leaders" by both stating the individual coding results and the corresponding patterns for this subsidiary role.

Detailed Coding Results for the MNC Responses and the Managerial Implications

Table 55 illustrates the coding results of the three focus groups interviews (focus group “alpha”, i.e. FG α , focus group “beta”, i.e. FG β , and focus group “gamma”, i.e. FG γ) with regard to the MNC response and the managerial implications.

Table 55: Coding Results for “Strategic Leaders”

	MNC Dimension and Criteria		Coding Results for Subsidiary Role “Strategic Leader”		
			Focus Group “alpha”	Focus Group “beta”	Focus Group “gamma”
MNC response	Strategy		✓	✓	✓
	Products		✓	✓	✓
	Resources		✓	✓	✓
	Operations		✓	✓	✓
Managerial implications	Centralization		✓	✓	✓
	Formalization		✓	✓	✓
	Socialization		✓	✓	✓

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

For the subsidiary role “strategic leader”, the participants of the focus groups considered the following MNC responses:

(2.1) MNC response: strategy

The focus group participants suggest a strong involvement of headquarters for the strategic leader when drafting the local market strategy in order ensure an alignment with the global strategy as well as the important global customers (FG γ). For the corresponding sales approach, the strategic leader is supposed to utilize a specialized sales force with a business development function (FG β , FG γ). Furthermore, additional sales channels should support the OEM approach of the subsidiary’s sales organization (FG α , FG β). These partners could take care of small customers or those, which require specific delivery channels. The strategic leader is to represent the set-up and mindset of the MNC. In order to ensure the close cooperation between headquarters and subsidiary, the focus group participants insist on team players (FG α , FG β , FG γ), who considers the MNC’s overall objectives and not only those of the subsidiary.

(2.2) MNC response: products

The focus groups state that a close fit to norms and approvals is necessary both for the existing product portfolio and in particular for any product developments for the local market of the strategic leader (FG α , FG β). For any local product development, a lead customer should exist (FG α). Otherwise, the local sales organization has to gather

sufficient product know-how via the existing product portfolio, which leads to market know-how for possible new (local) products (FG α and FG β). With this, the product portfolio can be further extended (FG β). As the markets of strategic leaders are important, and the local sales organization is competent, local product adaptations are possible. However, a distinction of global and local products is necessary (FG γ), as local products may be developed locally from strategic leaders (FG γ), whereas headquarters should coordinate in case of “strategic components” relevant for the entire MNC (FG γ).

(2.3) MNC response: resources

All focus groups agree, that the specialized sales force of a strategic leader needs to be continuously developed locally and globally regarding skills and competences (FG α , FG β , FG γ). This development of strong resources starts with the sourcing and hiring process as *Mittelstand* companies tend to be restrictive and may act with caution (FG α). Thus, the sales management needs to be reflective about its own characteristics. In addition, strong local leadership is necessary (FG α), especially for strategic leaders, as these subsidiaries and markets have a big influence on the MNC’s overall performance. All focus groups emphasize the importance of skills in business development in the important markets of a strategic leader (FG α , FG β , FG γ). The technology and knowledge of a strategic leader can be strengthened, possibly for design and assembly of local solutions (FG γ).

(2.4) MNC response: operations

The local sales and marketing operations are conducted by the strategic leader, which requires a high level of sales skills (FG α , FG β , FG γ). It is also expected from the subsidiary to attend local fairs and to run sales campaigns in order to penetrate the local market (FG β). The decision-making should be conducted locally, but with a close headquarters involvement as soon as the decision has an international or global relevance (FG α , FG β , FG γ). The same applies as soon as the decision has a certain importance to the MNC (FG γ). In addition, the focus group participants suggest including the local management of a strategic leader in the decision process in headquarters if appropriate (FG β). Any MNC interdependencies like a global approach for international customers (FG α , FG β , FG γ) or possible cooperation, coordination, as well as communication among subsidiaries is supported by the focus group participants (FG γ), as long as headquarters is kept informed.

The managerial implications below suit the subsidiary role “strategic leader” according to the focus groups:

(3.1) Managerial implications: centralization

To be successful in the important market of a strategic leader, both local and global leadership is necessary (FG α , FG β). The focus groups suggest for headquarters to intervene as soon as local MNC response is not supported or appropriate from the global MNC perspective (FG α). This requires a close involvement and information sharing between headquarters and subsidiary (see also socialization). The focus groups state that the more competent a subsidiary is, the more independence a subsidiary shall enjoy. However, the more important a market is the more involvement from headquarters is necessary (FG β , FG γ). In addition, the smaller a subsidiary is, the more enhancement of local resources is necessary by additional global resources (FG γ). The focus groups also mention the prerequisites trust and teamwork, which have a certain influence on the degree of centralization (FG α , FG β).

(3.2) Managerial implications: formalization

For all subsidiary roles, but for strategic leaders in particular, clear objectives are necessary (FG α , FG β , FG γ), both for the MNC group and the subsidiary itself (FG α). The corresponding incentives result out of these objectives and become more crucial, the more important the local market is for the overall MNC (FG α). These incentives need to be set by headquarters and then agreed with by the local subsidiary (FG β). A structured reporting similar to those for other subsidiaries is suggested as well (FG β) besides common systems like CRM or ERP (FG β , FG γ). In summary, clear guidelines and the keeping of them (FG γ) are necessary for the entire subsidiary portfolio (FG α , FG β , FG γ). For a sales subsidiary, certain guidelines for sales and leadership are helpful for an effective and efficient organization (FG α) but also for the cooperation within the group (FG γ).

(3.3) Managerial implications: socialization

Headquarters should provide a profound product and application support and training (FG β , FG γ): this training also helps headquarters to better understand the local market. Thus, for all strategic leaders the knowledge transfer is to be arranged both from headquarters to subsidiary and from subsidiary to headquarters (FG α , FG β). This knowledge transfer has to be facilitated by mutual visits (FG γ), especially if geographic and cultural distance needs to be reduced. In general, all interaction like joint customer visits, fairs, international meetings, and trainings help to build socialization between

headquarters and subsidiary (FG α , FG β , FG γ). As mentioned before, the focus groups discussed as well that the closer the contact and the interaction, the more a strategic leader feels involved in headquarters’ decision process (FG β), which helps the joint efforts in the local market.

Patterns for the Subsidiary Role

Table 56 shows the patterns of the subsidiary role “strategic leader” resulting from the focus group interviews in order to compare them with the predicted patterns (proposition set 3 – multinational sales management) derived from existing knowledge.

Table 56: Patterns for “Strategic Leaders”

Subsidiary Role: Strategic Leader • HQ • HQ + Sub (jointly with HQ lead) • HQ / Sub • Sub + HQ (jointly with subsidiary lead) • Sub			Managerial implications		
			Centralization	Formalization	Socialization
MNC response	Strategy	Market strategy Sales approach Set-up and mindset	HQ/Sub HQ/Sub HQ/Sub	HQ/Sub HQ/Sub HQ/Sub	HQ/Sub HQ/Sub HQ/Sub
	Products	Development Adaption	HQ + Sub Sub + HQ	HQ + Sub Sub + HQ	HQ/Sub HQ/Sub
	Resources	Skills and competencies Technology and knowledge	Sub + HQ Sub + HQ	Sub + HQ Sub + HQ	HQ/Sub HQ/Sub
	Operations	Sales and marketing Decision-making MNC interdependencies	Sub + HQ Sub + HQ Sub + HQ	Sub + HQ Sub + HQ Sub + HQ	HQ/Sub HQ/Sub HQ/Sub

Source: Analysis of coded focus group interview transcripts (software MAXQDA 11)

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational sales management (see proposition set 3) can be stated for the subsidiary role “strategic leader”:

(1) Strategy

- Centralization: A common approach of headquarters and local subsidiary needs to be conducted as the subsidiary is sufficiently competent but the market has a superior importance for the MNC
- Formalization: The strategic leader may take the lead for local formalization efforts, however the overall MNCs rules and guidelines for strategy provide the superior guidance
- Socialization: A common approach of headquarters and local subsidiary needs to be conducted as knowledge has to flow in both directions to create a common strategy

(2) Products

- Centralization: Product developments are guided by headquarters in a common approach whereas local product adaptations may be guided by the local subsidiary as well
- Formalization: As product developments are performed by headquarters, the formalization is guided by headquarters as well; for product adaptation, the local subsidiary enjoys more freedom to guide formalization
- Socialization: For products, there must be a common and close approach in both directions (HQ→subsidiary as well as subsidiary→HQ) in order to jointly penetrate the important market

(3) Resources

- Centralization: Subsidiary guides and controls the actions regarding resources in a common approach with headquarters (due to the superior competence of the strategic leader)
- Formalization: Subsidiary sets local formalization in cooperation with headquarters while considering the overall rules and guidelines of the MNC
- Socialization: There must be a common and close approach in both directions in order to facilitate a two-way knowledge and experience transfer

(4) Operations

- Centralization: The operations are guided by the local subsidiary while keeping headquarters informed and involved
- Formalization: Possible local rules and guidelines are set by the local subsidiary while global formalization is not counteracted
- Socialization: All operational efforts should be shared in order to facilitate a best practice approach for the local market and the overall MNC

Appendix C10 shows the corresponding summary grids for the subsidiary role “strategic leader”.

5.5 Chapter Summary

This chapter closes with the completion of the thesis progression matrix, which has served as a guide after each chapter along this research study before the following chapter outlines the conclusion including synthesis, contributions, limitation, and outlook of this thesis.

Table 57: Thesis Progression Matrix – Chapter 5

Research Question	Source	Literature Review Results	Research Design	Results
How to manage foreign sales subsidiaries in multinational corporations belonging to the <i>Mittelstand</i> in Germany?	Overall Research Study	Managerial implications out of MNC typology and subsidiary role model (see below)	In-depth case study applying a mixed method approach via four data collection methods	Framework for multinational sales management with modified MNC knowledge
What MNC typologies suit the characteristics and requirements of the German <i>Mittelstand</i> ?	Literature Review + Case Study	- MNC typology of Bartlett and Ghoshal (1989, 2002, 2014) - Integration-Responsiveness model by Prahalad and Doz (1981, 1987) - <i>Mittelstand</i> characteristics (Simon)	Qualitative Data - Documentary data to assign the MNC typology to the selected case and to collect performance data	German <i>Mittelstand</i> basically follows the international typology with certain modifications
What existing role models for foreign subsidiaries can multinational corporations of the German <i>Mittelstand</i> take, when deciding between managing operations globally and leaving them in a local responsibility?	Literature Review + Case Study	Subsidiary role model of Bartlett and Ghoshal (1986, 2014) - Importance of local market - Competence of local subsidiary	Quantitative Data: - Documentary to collect performance data - Questionnaires to assign subsidiary roles - Case description of subsidiary roles and confrontation of numeric and opinion data	Both managerial opinions and external data need to be considered for subsidiary portfolio Role model provides transparent classification of subsidiaries and a tool to prepare further decisions
What are the key factors influencing multinational sales management to find an "appropriate level" of local adaption and global integration considering the German <i>Mittelstand</i> characteristics?	Literature Review + Plausibility Check	Environmental pressures - Industry and market characteristics - Market and customer requirements MNC response with adequate - Resources, operations, and products Managerial implications - Coordination and Control - History and core competencies	Qualitative Data - Expert interviews to confirm result of literature review, i.e. the MNC dimensions and the corresponding factors	Structure of (1) environmental pressures, (2) MNC response, and (3) managerial implications is confirmed Factors are modified according to <i>Mittelstand</i> characteristics
What implications for multinational sales management can be applied within <i>Mittelstand</i> companies in Germany when considering the role of the foreign subsidiary?	Literature Review + Case Study + Synthesis	Conceptual framework with - Propositions for the MNC response to increase market importance - Propositions for the MNC response to improve subsidiary competence - Propositions for managerial implications	Qualitative Data - Focus group interviews to verify and possibly adjust implications for multinational sales management	MNC response "strategy" & "products" to increase the importance of a market MNC response "resources" & "operations" to improve competence of subsidiary "Centralization", "Formalization", and "Socialization" to guide management

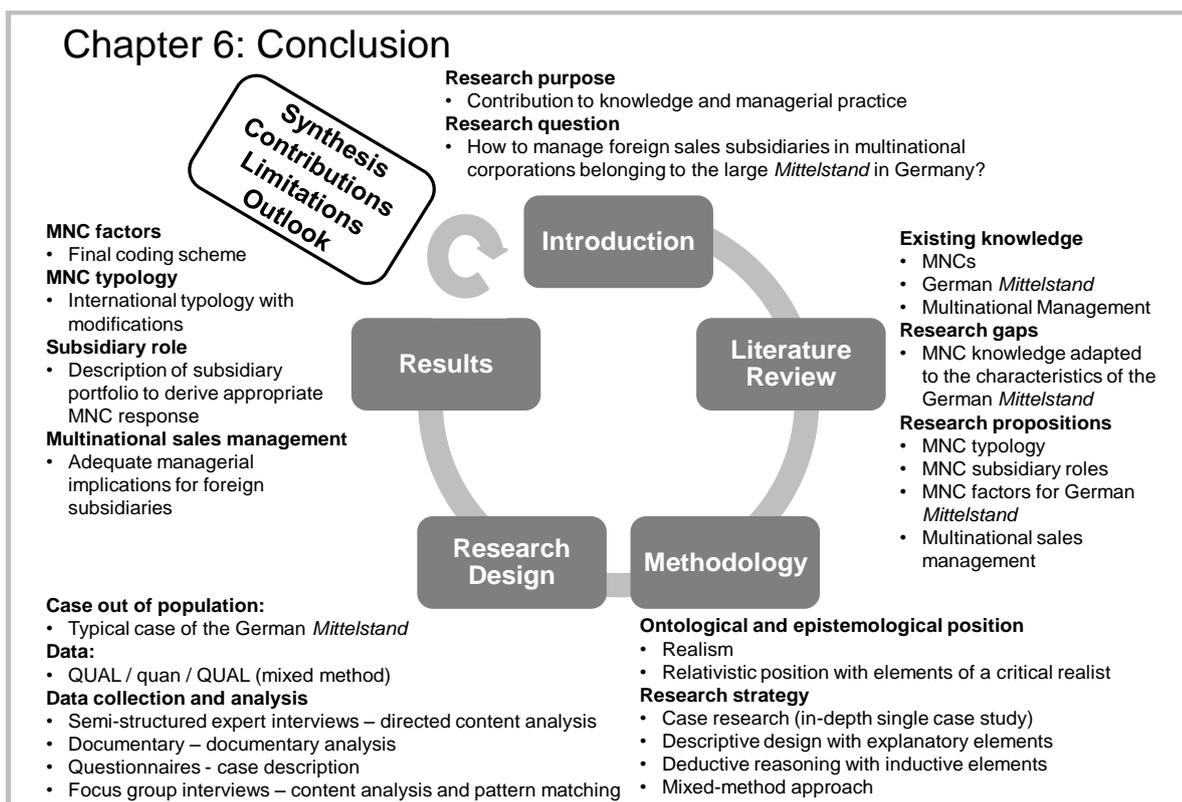
6 Conclusion

This chapter synthesizes the results of the research study (section 6.1) and shows the contributions (section 6.1), the limitations (section 6.2), and an outlook (section 6.3) for this research study and its findings.

The consolidated synthesis reviews, reflects, and discusses the results of this research study in particular towards the research questions and research objectives stated in the introductory chapter. In this way, the results for (1) the MNC typology, (2) the subsidiary roles, (3) the MNC factors, (4) multinational sales management, as well as the comprehensive framework for multinational sales management are clearly linked back to the overall question (and objective) of this research study. Accordingly, the contributions are split into an academic perspective and a managerial perspective according to the requirements of DBA and the author's personal objectives. The limitations are structured into knowledge and methodology. The final section provides an outlook for both academics regarding further research and practitioners regarding a possible application of the derived contributions.

Figure 68 illustrates the final overview of this research study by providing an snapshot of the research journey starting with introduction, continuing via the literature review, the methodology, and the research design, and ending with the results.

Figure 68: Contents of Chapter 6 – Final Overview of Research Study



6.1 Synthesis of the Research Results

This section discusses the results of the literature review, the plausibility check, and the case study in order to provide a consolidated synthesis. In particular, the results from the previous sections are used for a discussion on MNC typologies (BASIS – RQ1 – subsection 5.5.1), the application of the selected subsidiary role model (WHERE – RQ2 – subsection 5.5.2), the appropriate MNC responses for the corresponding subsidiary roles (WHAT – RQ3 – subsection 5.5.3), and the implications for multinational sales management (HOW – RQ4 – subsection 5.5.4). Finally, a synthesis is conducted for the conceptual framework of this research study (Overall RQ – section 5.5.5). Thus, the author follows the advice from Krueger and Casey to use the results of focus groups as a basis for any further actions and discussions (2009, p. 17).

6.1.1 Taking MNC Typology as a BASIS for Multinational Sales Management

After showing the results of the research study, the author reviews the results for the MNC typology (RQ1) and compares these with the initial results from the literature review and the corresponding claims and propositions. This connects to the first research question and the initial part of the conceptual framework, where the BASIS is crafted.

The review of existing knowledge has resulted in a selection of the MNC typology (from Bartlett and Ghoshal) for the German *Mittelstand*. In addition, the contributions of the integration-responsiveness grid from Prahalad and Doz (Doz & Prahalad, 1991; Prahalad & Doz, 1987) are considered in order to tackle the dichotomy of global directive and local adaption for the MNC and its foreign subsidiaries. The resulting claim for this research study consists of the three constituting dimensions (1) structure, (2) control, and (3) mentality to derive MNC typology. However, these dimensions lack clear details, in particular for an application within a case. The model rather serves as a concept from a macro-view perspective to classify an MNC than to base this on certain variables and measures. Therefore, this study aims to collect and verify the crucial MNC factors, which also serve for assigning the MNC typology to an MNC, in particular to one belonging to the German *Mittelstand*. Therefore, the author has derived the first proposition that the MNC typology serves as a BASIS for any action or decision regarding multinational sales management in an MNC. However, this requires a more practical approach than initially intended by Bartlett et al (see also section 2.2 and 2.5), which is subject of the case study in hand.

The case study leads to the result that the German *Mittelstand* follows an international typology by evaluating the “Mittelstand GmbH”. However, the assignment of one single typology (as suggested by Bartlett and Ghoshal) does not seem to be practicable, as

other typologies are also partly valid as described in section 5.2. In particular, elements such as the entrepreneurial characteristics (of a subsidiary manager) in the German *Mittelstand* (McDonald, et al., 2003) suggest the multinational approach. In addition, the product portfolio and the corresponding R&D activities have to be evaluated closely as the majority of new developments and adaptations are for the home market, but there are also activities intended solely for foreign markets as well (based on a ROI decision basis as stated by the industry experts). The author has to state that this is the result of the single case study, which implies that the results might vary for different cases.

In the author's opinion, the MNC typology is not suitable for deriving any decisions for multinational sales management, as the constituting dimensions (structure, control, mentality) and the areas of application (organizational set-up, management approach, product portfolio,...) are multifaceted. This may lead to different results for the MNC typology depending on the respective viewpoint. However, the application of the above definitely leads to awareness among the participants about the foundations and the characteristics of the MNC. In turn, this awareness could be of tremendous support for any conscious decision, especially if the viewpoints (MNC vs subsidiary, function A vs B, set-up A vs B) are both considered individually and jointly. This is also suggested by the industry experts, as they mention the contrary requirements of an MNC, when serving both local as well as global customers at the same time. Thus, there is a necessity of a case-by-case decision for local markets and their subsidiaries of an MNC, which might be in contrast to the overall MNC typology.

6.1.2 Reviewing the Subsidiary Role Model Description (WHERE)

This subsection reviews the application of the selected subsidiary role model to the selected case, which resulted in a description of a subsidiary portfolio. This is contrasted with the results of the literature review and the claims and propositions derived from it. Thus, the results are connected to the second research question and to the WHERE-part of the conceptual framework.

The literature review has revealed that various subsidiary role models are available (see Table 4). The model of Bartlett and Ghoshal is selected (see chapter 2) as the most suitable for foreign sales subsidiaries of a German *Mittelstand* company as its dimensions correspond to both *Mittelstand* and sales requirements (see section 2.5). Again, the weakness of the models with respect to the application in a selected case is the macro-view perspective on the constituting dimensions "market importance" and "subsidiary competence". This has to be overcome for the application in the "Mittelstand GmbH" in order to derive a description of the subsidiary portfolio (WHERE). The corresponding

propositions for the case check if and how the assignment of the subsidiary role (from managerial opinions) is related to the actual performance of the MNC.

The results from the case show that the application is possible and the corresponding description is of tremendous help for any decision regarding multinational sales management (also confirmed by FG α , FG β , FG γ). The author personally believes that such an exercise of applying the selected model in the suggested way creates both direction and awareness, which corresponds to the opinions of the key authors (summarized in Bartlett & Beamish, 2014). Still, the required implications for multinational sales management are missing (see section 5.3).

Regarding the rating of the sales subsidiaries, it could be observed that sales management tends to rate higher for competence, whereas market management rates higher for market potential. Thus, personal relationships and responsibilities have an impact on the results (see also sections with research ethics). In summary, the constituting dimensions of models are sometimes difficult to apply and compare, which might lead to challenges, when employing this on a larger scale by an impersonal approach. The confrontation of numeric data and questionnaire data has shown that both managerial opinions and objective performance data are necessary to obtain a complete in-depth insight into the subsidiary portfolio and their roles of a selected case, even though that insight is very subjective despite the usage of quantitative data.

The synthesis of the description of the subsidiary portfolio of the case (Figure 58, Figure 59, Figure 60, Figure 61, Figure 62, and Figure 63) enables senior management to evaluate the individual subsidiaries regarding the required MNC response and the corresponding implications for multinational sales management. As shown by the results of the case study, the rating of both market importance and subsidiary competence highly depends on the participants, on their managerial roles, and maybe even on their daily routine (as shown in subsection 5.3.2). Conversely, an objective ratio (such as a scale for market importance and subsidiary competence), which could support the classification and ranking of what stands behind subsidiary competence and market importance (as mentioned by Rugman, et al., 2011) is missing from the authors of the subsidiary role model. The most important benefits of applying the subsidiary role model within a case are the building of awareness and the common description as a basis WHERE the subsidiaries are located (regarding market importance and subsidiary competence). This enables the management to use it as a tool for further decisions, which is possible due to the operationalization conducted in section 2.5. This fact is not stated clearly in existing knowledge. Thus, this redefinition serves as a management tool rather than a conceptual model, as this is also the purpose of the DBA programme.

6.1.3 Discussing the MNC Factors for Foreign Subsidiaries (WHAT)

This subsection compares the resulting MNC factors of the conducted case study with the findings from existing knowledge, the derived claim and the corresponding propositions. Thus, the results are connected to the third research question and to the “WHAT-part” of the conceptual framework.

The literature review has identified the three MNC dimensions (1) environmental pressures, (2) MNC response, and (3) managerial implications (Nohria & Ghoshal, 1994, 1997), which provide a great overview on the area of multinational sales management (see also result of MNC factors in section 2.5). These MNC dimensions also suit the population of this research study, the German *Mittelstand* (see section 2.4). However, the most important MNC characteristics need to be implemented in the three MNC dimensions. For this reason, the plausibility check has provided further MNC factors, which are necessary for multinational sales management within the German *Mittelstand* (see expert interviews in section 5.1). In addition, the literature results in two propositions for an appropriate MNC response for increasing the market importance (via products), and improving the competence of a local subsidiary (via resources and operations).

The collection of MNC factors serves as an initial coding scheme for verification by the plausibility check. In addition, this research study then modifies the selected models for assigning the MNC typology and the roles for foreign subsidiaries (see section 2.5). Finally, the MNC response is used to derive the appropriate implications for multinational sales management. The expert interviews have confirmed the majority of the MNC factors, but it must be stated, that the three MNC dimensions are interlinked (see also the visual portraits in Figure 46).

The focus group participants have confirmed that the collection of MNC factors is helpful for managerial practice (FG α , FG β , FG γ). Therefore, the collection is a contribution to knowledge, as these factors had not been described in such a detailed and operationalized way for the German *Mittelstand*. In the author’s opinion, the MNC factors are not a blueprint for multinational sales management, but they offer and provide of support and guidance (see also FG α , FG β , FG γ), while still leaving room for “freedom” of choice as well as considering the singularities of the local subsidiaries and their markets. The focus groups confirmed the stated propositions regarding the development of a subsidiary and their market for the MNC. In particular, the MNC responses “strategy” and “products” serve to shape the local markets, whereas the MNC response “resources” and “operations” can be applied to improve the competence of a subsidiary.

6.1.4 Discussing the Implications for Multinational Sales Management (HOW)

This subsection discusses the results for the managerial implications of the selected case with the results from the literature review and the stated claim and propositions. This relates to the fourth research question and the HOW-part of the conceptual framework of this research study.

The literature review combines the MNC dimension, in particular the MNC response with the three major managerial implications (1) centralization, (2) formalization, and (3) socialization (Nohria & Ghoshal, 1994, 1997). For low competences, management has to focus on resources via centralization, whereas subsidiaries with a high competence have to be guided via formalization for resources and operations. Local markets can be shaped with the MNC response products. Again, for highly important markets, management has to apply formalization, whereas low important markets require centralization. Socialization is considered as indispensable from both the perspective of MNC (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1991; Payan & Svensson, 2007) and Mittelstand knowledge (Simon, 2012).

The MNC dimensions from Nohria and Ghoshal are selected (see initial and final coding scheme in Table 31 and Table 41). From this, the claims are elaborated for the appropriate MNC response to increase the market importance for an MNC and to improve the competence of a local subsidiary. This results in propositions for the four subsidiary roles regarding the suitable managerial implications. In particular, implementers and black holes require centralization and socialization, whereas contributors and strategic leaders need formalization and socialization.

The case study mostly confirmed the propositions, but refined the patterns for each subsidiary role (as the MNC factors were also verified and modified). Detailed descriptions of the patterns are presented in Table 50, Table 52, Table 54, and Table 56. These patterns resulting from the focus group interviews show a much higher level of detail compared to the corresponding propositions. In addition, the differentiation of the analysis according to industry segments was supportive to identify these details. Without, this differentiation, the patterns for the roles would be much more assimilated – for both market importance and subsidiary competence.

The result of this in-depth case study shows reveals the weakness of a purely quantitative approach, as this case study considers the real-life business condition of an MNC and the affiliated subsidiaries (also outlined by Yin, 2014 as a major advantage of a case study). Therefore, the modification of the models (by adding the MNC factors for the constituting dimensions) and the application of the framework show the possibilities of the existing

MNC knowledge, for both academia and managerial practice. However, the framework is not meant to be taken as a blueprint, but it facilitates transparency and may create awareness. In addition, the derived patterns and the overall framework provide ideas and guidance for both academics and practitioners.

6.1.5 Synthesizing the Framework for Multinational Sales Management

This subsection synthesizes the complete conceptual framework in order to finally reply to the overall research question of “How to manage foreign sales subsidiaries in multinational corporations belonging to the *Mittelstand* in Germany?”. The following statement from Nohria and Ghoshal (1993, p. 24), which already served for orientation in the introductory chapter, shall initiate the synthesis of the results of this research study.

“Managers need simple organization models and classification schemes as a starting point for thinking about the core attributes of their organizational needs. Similarly academics need them in order to build theory and develop analytical and testable propositions”

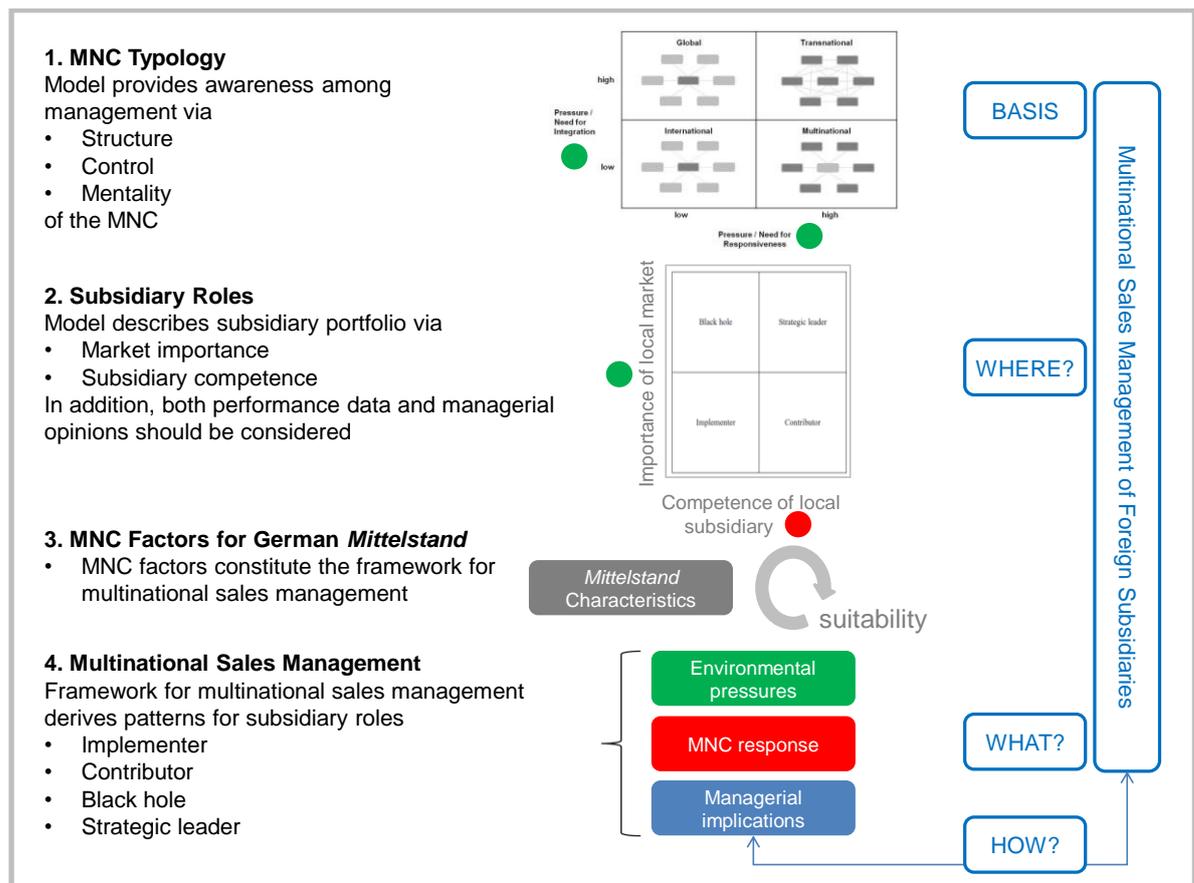
Figure 69 illustrates the final framework for multinational sales management resulting from the case study, which has evolved out of the conceptual framework after the review of existing knowledge (see section 2.5) and the modified framework after the plausibility check (see section 5.1).

First, defining or assigning the MNC typology leads to thinking about the environmental pressures according to the constituting dimensions. This is crucial for deriving the appropriate MNC responses, both for the overall MNC as well as for the subsidiaries (see also Bartlett & Beamish, 2014). After this, the subsidiary role model can be used as an instrument for a case description.

Second, the subsidiary role model serves as an instrument for practical management and as an area of research, which may be further investigated. In particular, these are the constituting dimensions of the initial model from Bartlett and Ghoshal (Bartlett & Ghoshal, 1986), i.e. the “importance of the local market” and the “competence of the local subsidiary” according to the requirements of the German *Mittelstand* with the support of the verified MNC factors (see results of the plausibility check).

Third, the two selected models and the collection of MNC factors serve as a tool for practitioners. For academics, the combination of the models together with the modification of the MNC factors makes the difference. In summary, the four steps may be used together or may be applied individually.

Figure 69: Major Results with Final Framework for Multinational Sales Management



In summary, the framework offers a structure for a guided discussion as it is an objective framework for evaluating the subsidiary portfolio and the MNC responses and managerial implications or actions for the individual subsidiaries (FG α , FG β , FG γ). The usage of such a framework requires discipline, as all participants must stick to the predefined framework. However, it also creates awareness regarding an entire set of environmental pressures, MNC responses, and the corresponding managerial implications (FG α , FG β , FG γ). A certain level of openness and the suitable attitude is necessary for applying this framework both by headquarters and its functions as well as by subsidiaries. Furthermore, all participants have to accept the “simplification” of the models, they need to distinguish between “theory” and “practice” and provide a sense for objectivity versus subjectivity.

Although the framework provides guidance and possible sets of action, it does not offer individual or general solution for a subsidiary portfolio in a real-life context. The framework should support the decision process but it does not offer a blueprint for all subsidiary roles, which can be implemented without being discussed, elaborated, and jointly agreed in a detailed way (FG α , FG β , FG γ). Therefore, the author suggests a joint discussion with the subsidiaries – if necessary and appropriate – in order to reduce possible perception gaps between headquarters and subsidiaries (see also Birkinshaw, et al., 2000; Chini, et al., 2005). The overall result is dependent on the individual case and its structure. The

nature of a sample, which in this research study is a single case, defines and limits the extent to which the results of a study can be generalized (see also section 4.5 for further details).

6.2 Contributions to Knowledge and Managerial Practice

The contributions of this research study are shown through the lens of academia as well as the lens of practical management. This is in accordance with the overall purpose of this dissertation stated in the first chapter.

6.2.1 Stating the Contributions to Knowledge for Academia

This in-depth case study modifies and extends existing MNC knowledge to the population of the German *Mittelstand*. In particular, (1 – for RQ1 and RO1) the MNC typology and (2 – for RQ2 and RO2) the subsidiary roles can be applied via (3 – for RQ3 and RO3) the MNC factors in order to facilitate (4 – for RQ4 and RO4) multinational sales management of foreign subsidiaries.

First, a company of the German *Mittelstand*, which suits the defined population, follows the international typology by Bartlett and Ghoshal (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988). However, this case study has identified the following modifications for the initial “international MNC typology”. For some sales subsidiaries, there are aspects of a multinational typology visible (see results of case study part I), which is based on a good personal relationship and trust between headquarters and subsidiaries (see plausibility check, in particular the corresponding expert interviews). Moreover, international and global interrelations (Ohmae, 2007) require a closer cooperation within the MNC. This applies to relationships both between headquarter and subsidiaries and among the subsidiaries, as suggested by the transnational typology (Bartlett & Ghoshal, 1988). However, the case study investigated in this research study neglects the appropriateness of a purely transnational approach. Instead, the case study suggests a “reversed international approach” for a certain category of the MNC response such as for “products”, as they may be developed for a foreign market and then be marketed both in the home market and the remaining foreign markets as well (in contrast to the initial characteristics of an international typology by Bartlett, et al., 2008). In summary, it does not make sense according to the author’s point of view to choose the “one” typology, but rather to choose a basic one and then select those parts of the remaining typologies which are important for certain aspects (see section 5.2, in particular Table 44 with the corresponding explanations).

Second, the existing subsidiary role model (Bartlett & Ghoshal, 1986) is modified via the stated MNC factors according to the requirements of the German *Mittelstand*. Thus, the model is applied to the selected case “Mittelstand GmbH” by using the defined questionnaire and the described analysis in order to create a description of a subsidiary portfolio and their local markets. The facilitation of this application is a contribution, as the

basic dimensions “market importance” and “subsidiary competence” are not refined in the initial model (see Figure 30). In addition, the performance data (revenue and market performance) collected in the case “Mittelstand GmbH” are influenced by the special characteristics of the German *Mittelstand* (as described in section 2.4 with citing Meyer & Vernohr, 2007; Orton-Jones, 2013; Simon, 1992). Regarding the selected subsidiaries of the case, the confrontation of subsidiary role data and performance data has shown that there is no association between market performance and the competence of a local subsidiary. However, an association can be observed for the data of the selected case between the market performance data and the importance of the respective market resulting from the subsidiary role data (see Figure 55).

Third, the MNC dimensions for multinational sales management (1) environmental pressures, (2) MNC response, and (3) multinational sales management (as suggested by Nohria & Ghoshal, 1994) are confirmed by the interviews with the selected industry experts (see section 5.1). In addition, the corresponding MNC categories and MNC factors are modified and confirmed according to *Mittelstand* requirements applicable to the population of this research study. In particular, the categories for the environmental pressures (1.1) market and industry characteristics and (1.2) market and customer needs must be assigned to the MNC typology. Moreover, the categories of MNC response (2.1) strategy, (2.2) products, (2.3) resources, and (2.4) operations serve as fields of action for the foreign subsidiaries after they have been classified. Finally, the categories of multinational sales management (3.1) centralization, (3.2) formalization, and (3.3) socialization provide the managerial implications for the foreign subsidiaries. In summary, a complete overview of MNC factors for the three MNC dimensions is provided (see section 5.1, in particular Table 31 and Table 41). These results serve as a basis for the previously mentioned applications of MNC typology and subsidiary role model.

Fourth and most importantly, the thesis provides a framework for multinational sales management for the four subsidiary roles initiated by Bartlett and Ghoshal (1986). The case study suggests advice for an appropriate MNC response (strategy, products, resources, and operations) and the corresponding implications for multinational sales management of the four roles (1) implementer, (2) contributor, (3) black holes, and (4) strategic leaders. This advice is presented in form of patterns (as suggested by Yin, 2011; Yin, 2014) for the mentioned subsidiary roles from Bartlett and Ghoshal (1986) resulting from this case study (see Table 50, Table 52, Table 54, and Table 56 for the patterns of the those roles). These patterns contribute to existing knowledge on how to manage foreign subsidiaries, especially when seeking a balance between global directive and local freedom (as mentioned by Bartlett, et al., 2008; Prahalad & Doz, 1987). For further details, see section 5.4.

Table 58 shows the selections, claims, and propositions in order to link them to the overall contributions to knowledge.

Table 58: Contributions to Knowledge

	Contribution to Knowledge	Relation to Existing Knowledge	Link to Research Gap (Chapter 2)
OVERALL RESEARCH STUDY	<ul style="list-style-type: none"> • Knowledge: see below and final conceptual framework (section 5.5) • Methodology: In-depth case study for a <i>Mittelstand</i> company 	<ul style="list-style-type: none"> • See details mentioned below (according to results of literature review in section 2.6) 	<ul style="list-style-type: none"> • Research design / population • In-depth single case study versus multiple case study using quantitative data • <i>Mittelstand</i> versus big MNC
MNC Typology BASIS RQ1	<ul style="list-style-type: none"> • Operationalization of model for the German <i>Mittelstand</i> 	<ul style="list-style-type: none"> • MNC typology by Bartlett and Ghoshal (1988, 2014) with IR-grid by Prahalad and Doz (1981, 1991) 	<ul style="list-style-type: none"> • Micro-view versus macro-view perspective
Subsidiary Role WHERE RQ2	<ul style="list-style-type: none"> • Operationalization of model for the German <i>Mittelstand</i> 	<ul style="list-style-type: none"> • Subsidiary role by Bartlett and Ghoshal (1986, 2014) 	<ul style="list-style-type: none"> • Micro-view versus macro-view perspective
MNC Factors for German <i>Mittelstand</i> WHAT RQ3	<ul style="list-style-type: none"> • Verification of MNC factors according to the characteristics of the German <i>Mittelstand</i> • Allocation and relation of the MNC factors to the selected models 	<ul style="list-style-type: none"> • MNC factors with structure by Nohria and Ghoshal (1994, 1997) 	<ul style="list-style-type: none"> • Consideration of the German <i>Mittelstand</i> and its unique characteristics versus large MNCs only
Multinational Sales Management HOW RQ4	<ul style="list-style-type: none"> • Conceptualization of models for managing foreign subsidiaries • Identification of patterns for the subsidiary roles available 	<ul style="list-style-type: none"> • MNC dimensions with modified MNC factors verified by plausibility check 	<ul style="list-style-type: none"> - Balancing global directive and local responsiveness / adaption - Providing patterns for the four subsidiary roles

The stated contributions to knowledge lead to the following contributions for practical management.

6.2.2 Stating the Contributions to Managerial Practice for Practitioners

This research study provides practitioners a framework for multinational sales management. In particular, managers can apply one or all of the following contributions for an application in a practical case similar to the one selected in this research study. Subsequently, the practical contributions for MNC typology, the subsidiary role model, the MNC factors, and the multinational sales management are shown (with regard to RQ1-4 and RO1-4).

First, the discussion, i.e. the application of the MNC typology to an existing case generates awareness of the structure, the control mechanism, and the mentality regarding strategy, products, resources, and operations of the MNC and its subsidiaries among the participants. In particular, a profound discussion can be initiated with the support of predefined model and dimensions, which might create mutual understanding in headquarters, which is essential for any implications for multinational sales management. In particular, an understanding can be fostered regarding the external requirements from markets and customers as well as the internal strategy and structure of the MNC to respond to them

Second, the procedure of stating both revenue and market performance as well applying the subsidiary role model of Bartlett and Ghoshal to an existent subsidiary portfolio and the corresponding local markets provides a profound description of the situation in an MNC. The conducted application states a further development of the initial model of Bartlett and Ghoshal (1986) as dimensions are operationalized and modified according to the requirements of the German *Mittelstand*. Practitioners can use this for a structured and profound evaluation of their foreign sales subsidiaries.

Third, the perspectives, categories, and MNC factors provide a valuable guideline to initiate a transparent and structured discussion regarding the markets, the MNC, and the subsidiary portfolio of a *Mittelstand* company (see comments from focus groups of the selected case “Mittelstand GmbH”). In particular, the overall final coding scheme (see Table 41) represents an adequate overview, which can be easily applied in practice.

Fourth, each practical case, in particular each local market and local subsidiary, might have its own requirements and characteristics, but the provided suggestions and implications provide a first guidance for managerial practice, especially when considering the following quote:

“Despite 30 years of experimentation and study, we are only starting to understand, that some managerial knowledge is universal and some is specific to a market or a culture” (Khanna, 2014, p. 59)

Table 59 illustrates and summarizes the four steps derived from the conceptual framework of this research study in order to provide guidance for managerial practice.

Table 59: Contributions to Managerial Practice

	Contribution to Managerial Practice	Relation to Existing Knowledge	Area of Application (according to case study)
OVERALL RESEARCH STUDY	• Conceptual Framework with four steps, which may be performed sequentially or individually	• See details mentioned below (according to results of literature review in section 2.6)	• Practical tool to support decision-making for foreign subsidiaries and their markets
MNC Typology BASIS RQ1	• Operationalization of MNC typology model	• MNC typology by Bartlett and Ghoshal (1988, 2014) with IR-grid by Prahalad and Doz (1981, 1991)	• Creation of awareness among the HQ management
Subsidiary Role WHERE RQ2	• Operationalization of subsidiary role model • Differentiation of numeric data and managerial opinions	• Subsidiary role by Bartlett and Ghoshal (1986, 2014)	• Structuring and categorizing the subsidiary portfolio • Strategic discussion and decision process
MNC Factors for German <i>Mittelstand</i> WHAT RQ3	• Modification of MNC factors according to <i>Mittelstand</i> requirements	• MNC factors with structure by Nohria and Ghoshal (1994, 1997)	• Categorization of MNC dimensions and MNC factors creates transparency and structure
Multinational Sales Management HOW RQ4	• Preparation of the selected models with the derived MNC factors in order to enable a practical application	• MNC dimensions with modified MNC factors verified by plausibility check	• Providing ideas and guidance to perform multinational sales management with the selected models

6.3 Limitations of this Research Study

The limitations of this research study are distinguished by (1) knowledge (i.e. the limitations regarding the contributions to knowledge), (2) viewpoints (i.e. the limitations resulting from a certain viewpoint on the research phenomenon), as well as (3) methodology (i.e. the limitation caused by the choices and decisions regarding research strategies and methods and the corresponding actions).

6.3.1 Showing the Limitations with regard to Knowledge

This research study focuses on multinational sales management of foreign sales subsidiaries as initially stated (see section 1.2 and 1.3), which results in neglecting approaches for managing (1) the subsidiaries with a focus other than sales, (2) the entire supply chain, or even (3) (value creation) networks aspects.

The main research fields of this research study are (1) MNCs (multinational companies), (2) role models for foreign subsidiaries, and the German *Mittelstand*. Any further surrounding research fields like institutional theory (see also Doerrenbacher & Geppert, 2011b), neo-institutional theory (see Kostova & Roth, 2002), or business system (see Buckley & Casson, 2009; Buckley & Ghauri, 1998) are not directly considered for the conceptual framework.

Other valuable theories and/or research fields like culture/cultural management (e.g. Hofstede, 1983), change management (like Kotter, 1996), or any further organizational and/or financial models (Daniels, et al., 2010) for MNCs are not considered for this research study for the initial definition of the overall research question, the overall research objective, and the derived research design. For further details regarding the limitation of research fields and theories, please see also the theoretical boundaries of this research, which are stated in section 2.1.

This research study focuses on the strategic perspective of managing foreign sales subsidiaries deduced from the overall research question and objective. This means that this study does not provide any contribution, advice, or suggestion on the implementation of possible findings (as it is done in change management).

In addition, the viewpoint of this research is senior sales management from the corporate headquarters perspective as stated in the definition of the unit of analysis (see section 4.1). The perspective of the subsidiary management is not considered directly, as the underlying knowledge is based on the headquarters perspective. Knowledge, which is taking the subsidiary perspective into account, like power and control (Bouquet &

Birkinshaw, 2008a; Doerrenbacher & Geppert, 2011b), or perception gaps (Birkinshaw, et al., 2000; Chini, et al., 2005) are deliberately not considered.

Finally, as the focus of this research is of a strategic nature, data from a shop floor perspective, i.e. the direct sales forces, are not taken into account either..

6.3.2 Showing the Limitations with regard to Methodology

This research study is designed as a single case study with multiple units of analysis (i.e. 11 foreign subsidiaries with three industry segments each). This research design has a major impact on the generalization of its findings: It is rendered impossible. Instead, the research study suggests a transferability of the findings (see Krueger & Casey, 2009), with the reader deciding which findings may be transferred to a similar or slightly different population/situation.

The corresponding sampling creates sample selection bias, as the number of cases and participants as well as the number of industry experts for the plausibility check may be questioned. The author is aware of potential bias and the major decisions and the corresponding background are documented in section 4.1 and appendix A3.

The applied data collection methods, in particular the interviews, require a certain level of openness from the participants. The author has conducted actions and measures in order to increase the trustworthiness of both researcher and his handling of the collected data and findings. These actions and measures are documented in section 3.2 and section 4.5 and correspond to the Handbook of Research Ethics of the University of Gloucestershire (2013). The author trusts that these actions and measures have fulfilled their purpose.

However, one must be aware that the participants have different perceptions, which might affect the rating and the corresponding results of the questionnaire in the selected sample companies. These limitations need to be accepted when dealing with data, which are collected using subjective viewpoints (Bryman & Bell, 2007; Sarantakos, 2013; Saunders, et al., 2012).

This research study comprises several areas, where a translation from German to English and/or vice versa is necessary. This occurs during (1) the review of existing knowledge including German sources, (2) the conduction and analysis of both expert interviews and case study, as well as (3) any kind of writing, discussion, and reflection within this research study, as English is not the mother tongue of the author. However, the major decisions, which can be influenced, especially during the analysis of the qualitative data in which the German transcripts are analyzed using the English coding schemes, are discussed and documented accordingly.

The author is aware of the limitations stated above and he accepts these as resulting from the research design and the respective conduction accompanied by the prerequisites and the conditions of the research environment. Those of them, which were known in advance or during data collection, are reflected within the respective part of thesis. In addition, all major decisions and their consequences are discussed and described in this thesis. Please see chapter 2 and 5 for limitations regarding knowledge, and chapter 3 and 4 for the methodological limitations of this research study. The appendices provide further information, wherever considered necessary.

6.4 Outlook for Further Research and Practical Management

The outlook is split according to the readers. Subsequently, possibilities for further research are compiled for the academic reader. Afterwards, suggestions for managerial practice are suggested for the practical reader.

6.4.1 Providing an Outlook for Further Research

The results and the contributions of this research study provide alternatives for future research both from taking the knowledge and the methodology perspective.

Knowledge Perspective

When taking the knowledge perspective, further research could also tackle the objective of this research study by taking the viewpoint of a local subsidiary into account. As this research study focuses on the headquarters perspective, in particular on how a foreign subsidiary can be managed, one continuation would be to do research on how this is received by the foreign subsidiaries and their local management. In particular, perception gaps between headquarters and local subsidiaries (Birkinshaw, et al., 2000) could be an interesting perspective to increase the effectiveness of multinational sales management.

In addition, the distribution and influence of power between headquarters and subsidiaries (Doerrenbacher & Geppert, 2011b), the attention of subsidiaries (see Bouquet & Birkinshaw, 2008b; Bouquet, et al., 2009) and from headquarters (T. Ambos & Birkinshaw, 2010) could be looked at in a detailed way. If staying with the headquarters' viewpoint, other subsidiary models (like the ones reviewed in section 2.3, see Table 6) as well as further concept and research fields, such as parenting (see Campbell, et al., 1995; Goold & Campbell, 2002) could help to identify further possibilities to manage foreign subsidiaries.

Further research could concentrate on the detailed operational topics in multinational sales management like the processes and activities in sales, marketing, and business development (as outlined by Adamson, et al., 2013; Panagopoulos et al., 2011). In addition, the necessary systems like for customer-relationship-management (CRM) or the enterprise-resource-planning (ERP) for general operations and their usage in the international sales organization of an MNC of the German Mittelstand could be subject for further research. The same dichotomy of allowing local freedom versus fostering global integration should be present (and possibly even more relevant) when taking a detailed look on the systems and the operations within multinational sales management (see also Cullen & Parboteeah, 2013, p. 19 - "The Internet and Information Technology are making it al easier").

Although the research field “culture” is deliberately limited in this thesis because of the mentioned reasons (see section 1.3 and 6.3), it is an important issue in multinational sales management. Due to this, further research could reflect the differences in culture of foreign subsidiaries regarding the framework for multinational sales management derived in this research study. In particular, the classification from Hofstede (as introduced in Hofstede, 1983) could serve as a basis for extending and possibly modifying the research results of this thesis including the derived framework (see also Qin, Ramburuth, & Yue, 2011; Schneider & Barsoux, 2008 for further ideas).

When considering the transnational typology (as suggested by Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988), modern information technologies and communication patterns could be reflected for both the internal cooperation as well as for the external communication. This might lead to completely new perspectives for multinational sales management (especially when comparing this with existing knowledge models considering information flows like the one introduced by Gupta & Govindarajan, 1991). This might become even more relevant when considering that the internationalization and the transparency within these global customers increases further as expressed by Ohmae (2007) by announcing a “borderless world”.

Methodological Perspective

When taking the methodological perspective, the consequence of this research study of only providing a possible transferability and not generalizability or external validity (see section 4.5 for more details) is one starting point for further research. The following ideas and suggestions provide a possible basis for discussion to achieve this. The number of cases as well as their participants could be increased. Thus, a multiple case study could focus on a very specific finding from this research study. This could be applying the MNC typology (see section 5.2) and/or subsidiary role model (see section 5.3) in the described way or focussing on the MNC responses or managerial implications (see section 5.4). Likewise, by employing an increased number of participants and subsidiaries in a single case study, further research could confirm the findings of this study and/or contribute new findings besides the existing ones.

In addition, future research can specify the population in a more detailed way in order to contribute knowledge about the characteristics of the German *Mittelstand*. Research studies building on this one could set a special focus on a certain industry of *Mittelstand* companies in order to even further narrow the *Mittelstand* characteristics derived in this research study (see section 5.1). Comparatively, the size of the company and some special characteristics (like privately owned and privately managed *Mittelstand* companies) would define the population in an even more accurate way than it has been

done here. Conversely, as one major contribution of this research study is an operationalization of the selected models for MNC typology and subsidiary roles for the German *Mittelstand*, future research could verify the operationalization and assess an application within big MNCs as well.

In general, research on the German *Mittelstand* has grown in importance in the last decade, which can be seen in various institutions focusing on it like (1) the “Institut für Mittelstandsforschung, Bonn”, (2) the “Institut für Mittelstandsforschung, University of Mannheim”, or (3) the “Kompetenzzentrum für Innovation und Mittelstandsforschung, Berlin” – to only name a few. Therefore, research combining knowledge from research fields like “Multinational Companies” with the characteristics of the German *Mittelstand* will gain importance, from both the perspective of theory and the perspective of practical management in the author’s point of view.

6.4.2 Providing an Outlook for Practical Management

This research study provides various possibilities for practitioners to utilize the results and the contributions in a real-life context. The corresponding contributions (see section 6.1) and the following advice provide a link to the DBA programme, which aims to provide practical advice out of theoretical knowledge. The results of the four basic areas of this research study (1) MNC typology, (2) subsidiary roles, (3) MNC factors, and (4) multinational sales management may be used together or individually. If the results are used together, the four suggested steps visualized in the conceptual framework for multinational sales management in section 6.1 could be applied (see Table 59). For a separate application, the author states the following suggestions:

First, an application of the MNC typology creates awareness of the basic position of the MNC, especially regarding the dimensions structure, control, and mentality (as outlined in chapter 2 and 5). Moreover, the external perspective of the industry and its customers with their specific pressures and characteristics should match the internal perspective. By applying the MNC typology model in a structured discussion, senior management can both benefit from the results of the individual dimensions as well as the possible overall result, i.e. the MNC typology of the respective MNC.

Second, the application of the modified subsidiary role model facilitates an objective comprehensive description of the subsidiary portfolio, which can serve as a basis for further discussions and decisions for the international (sales) organization. This subsidiary portfolio not only enables senior management to set priorities in transparent way, it also shows the areas for improvement or those ones where the individual subsidiaries might learn from each other.

Third, the MNC factors and the application of the two models mentioned above provide a structure to initiate a guided and structured discussion about the international sales organization (the portfolio of subsidiaries and their local markets). In particular, the three perspectives (1) environmental pressures, (2) MNC response, and (3) Managerial Implications show those MNC factors in a structured way, which help to manage foreign sales subsidiaries with their local competence and their relative market importance for the entire MNC.

Fourth, the implications for multinational sales management provide suggestions on how to manage the individual subsidiaries based on their assigned role within the MNC. The results of this research study can be applied to develop those subsidiaries with a low competence towards a higher one as well as to possibly shape the local markets, that they gain importance within the entire MNC. In addition, the implications presented provide suggestions for both headquarters and subsidiaries regarding cooperation and coordination of certain aspects within (1) centralization, (2) formalization, and socialization.

At any rate, the application of these results, which are included in the framework for multinational sales management, will provide ideas, support, but most importantly awareness to initiate a shaping of opinions among senior management for any practical decision. In particular, the mentioned framework covers (1) the external perspective (environmental pressures), (2) the strategic and structural perspective (MNC response), and (3) the managerial perspective (implications for multinational sales management) for all participating practitioners.

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Epilogue – Review and Reflection of My Research Journey

This epilogue reviews and reflects my research journey by considering my daily work, the underlying structure of the DBA, as well as milestones and supervision of my research study in order to show my personal and professional development during this journey.

Daily Work for Research Study

The past four years have taught me a massive amount of discipline, planning, and patience. Furthermore, I discovered the advantages and the necessity of rethinking, rereading, and rewriting paired with a continuous reviewing and reflecting of my own work (see also Schön, 1983; Thompson & Thompson, 2008). Only this facilitates a certain quality in a thesis (Packer & Timpane, 1989 served as a continuous tool).

One of my biggest “contributors” was my personal set-up, as I established a DBA office, where I could work on my thesis on a daily basis, which facilitated a constant and continuous progress of my research (even besides my job). However, it is remarkable, that some of my best ideas and ways out of “standoff situations” were not generated at my desk. Rather, these were generated while running, driving my car, getting out of the shower, or even at the beach during holidays. For this, immediate notes are necessary to take advantage of these ideas (as suggested by Lee, 2009). This set-up was accompanied by a supportive research environment of friends, colleagues, and family.

Finally, it was my intention to keep a “Work-Thesis-Life Balance”. This helped me a lot to keep the appropriate attitude towards my thesis, especially in challenging times.

DBA Modules, Conferences, and Colloquiums

The completion of the four DBA modules in the cohort “Frankfurt 2” was an essential basis for my thesis, as it provided a lot of guided thinking, writing, and designing for my initial ideas. In addition, the module phase offered a lot of structure and discipline for the preparation of my thesis. The trainings for the RD1 (Munich 2011), the viva (Cheltenham 2012), and the personal writing style (Munich 2013) taught me useful content, but more importantly, motivated me to get back to my thesis. Apart from these training sessions, I participated in five conferences and DBA colloquiums (Berlin 2012, Cheltenham 2013, Manchester 2014, Berlin 2014, and Szczecin 2015). Again, I received valuable feedback from the audience and I had great discussions with peers and professors. After all these events, I went back home and resumed the work for my thesis with new enthusiasm.

Milestones, Blind Alleys, and Flipping Points

In the following, I show some important dates, which represent integral occurrences within the last 4 years:

- 11 March 2011: My research journey began in Munich after 3 years of preparation and pre-thinking.
- February 2013: After my RD1 was approved, I started my research phase with an “empty document” but four module assignments in hand.
- June 2013: My participation in the DBA Colloquium in Cheltenham including discussions with peers and my supervisor resulted in aiming for a single in-depth case study instead of a multiple case study with three cases.
- October 2013: When designing the data collection, I removed the subsidiary management perspective due to complexity issues.
- January to April 2014: In this period, I felt for the first time some moments of relief and confidence in my ability to finish my thesis timely, as I completed the data collection and analysis for my plausibility check.
- February 2014: However, in the same period, I also had some bad moments, where I doubted that the single components of my thesis would never fit together. In addition, I destroyed the latest word-version of my thesis, which forced me to repeat one week’s worth of work...
- June 2014: I gained the ability to delete those parts of my writing, which I did not need any longer.
- October 2014: The first signs appeared that the thesis might really be completed soon!
- January 2015: First submission
- April 2015: Viva
- May 2015: Final submission

Supervision

I want to state that a constant supervision process is essential, which is only possible with a certain commitment and discipline as well as a good relationship with your supervisors (also suggested by Booth, et al., 2003; Knigge-Illner, 2002). Without Claudio and Hong, I would have never accomplished this piece of work, as it is. However, I had to learn, that writing a thesis can only be my own work – the better I was prepared, the better the supervision was.

Personal and Professional Development

Writing this research study showed me a host of new perspectives, such as looking at my professional experience through an academic lens, thinking, finding, and clarifying my ontological and epistemological position with all the corresponding self-reflection, and

meeting many new contacts. The latter resulted in interesting conversations, without which this piece of work would not have been possible. Thus, thanks again to my supervisors, my ALS, and the auditoriums of my conference participations!

In addition, conducting research requires a different working style and a special focus in comparison to my practical job profile and the corresponding tasks. This helped me and it may provide awareness to all potential new researchers. Finally, the biggest lesson for me, which this research journey has taught me over four years, is to work consistently with discipline and patience in order to achieve a long-term goal – my thesis on hand. This is illustrated in my personal motivation picture “The Turtle”, which has accompanied me throughout the entire research journey. This ink drawing “The Turtle” pushed me to decide for embarking on this research journey. I had hesitated for 3 years, as I was afraid of the amount of work and time, which is required for writing a thesis. However, in 2010 I was very positive and confident, that this would be the right decision. In December 2010, I met an artist, who created this drawing for me, adding the following advice:

*“A turtle is a wise animal, which needs some time to come from A to B.
Therefore, the turtle takes time until it makes a decision. Once the decision is made, the turtle stays with it and continues its way until the goal is achieved.”*

This experience and this drawing made me start the research journey and has accompanied me in the past 4 years, in particular during those times, when I struggled or lost motivation. Finally, I can look back and celebrate with “The Turtle”.

Figure 70: “The Turtle” (by Markus Wortmann)



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Appendix A: Further Details, Discussions, and Information

A1: Investigative Research Questions and Data Requirement Tables

The following tables specify the variables and relate them to the research questions and investigative research questions of this research study. In addition, further information such as how the data is measured and the corresponding characteristics are mentioned. Finally, the applied method for analysis completes the overview. Table A - 1 illustrates the data requirement table for the first research question.

Table A - 1: Data Requirement Table for RQ1

#	Questions	Variables required	Detail in which data is measured	Data characteristics	Check
RQ1	What MNC typologies suit the characteristics and requirements of the German Mittelstand?	Answers and variables are derived out of existing knowledge			
IQ1.1	What are the key reasons or going global ? (literature review)	Review of MNC literature required to derive categories and variables			LR
IQ1.2	What are the most typical MNC typologies? What is the relation between strategy and structure of an MNC and its subsidiaries?	Review of MNC literature to identify relevant MNC typologies			LR
IQ1.3	What are the perspectives for MNC and multinational management	Review of MNC literature required to derive categories and variables for key perspectives of multinational management			LR
IQ1.4	What are the corresponding characteristics of the German <i>Mittelstand</i> ?	Review of <i>Mittelstand</i> literature to identify relevant <i>Mittelstand</i> characteristics			LR

Source: Author – structure adopted from Saunders (2012, p. 427)

The data requirements for subsidiary roles are illustrated in Table A - 2.

Table A - 2: Data Requirement Table for RQ2

#	Questions	Variables required	Detail in which data is measured	Data characteristics	Check
RQ2	What existing role models for foreign subsidiaries can multinational corporations of the German Mittelstand take, when deciding between managing operations globally and leaving them in a local responsibility?	Models for MNC typology and subsidiary roles are identified by the review of existing knowledge and applied in the case study (questionnaires)			
IQ2.1	Which subsidiary role to assign to subsidiaries?	Variables are derived out of existing knowledge (role model for foreign subsidiaries) and applied via a questionnaire to the target group of the case			
IQ2.2	Do subsidiaries with a high competence contribute more turnover to the MNC?	<ul style="list-style-type: none"> Competence of subsidiary Revenue performance 	Mean scores of variables	association yes/no	Fisher Exact Test
IQ2.3	Do subsidiaries which are located in an important market contribute more turnover to the MNC?	<ul style="list-style-type: none"> Market Importance Revenue performance 	Mean scores of variables	association yes/no	Fisher Exact Test
IQ2.4	Are subsidiaries with a high competence located in big markets?	<ul style="list-style-type: none"> Competence of subsidiary Market performance 	Mean scores of variables	association yes/no	Fisher Exact Test
IQ2.5	Are subs which are considered as located in an important market really based in big markets?	<ul style="list-style-type: none"> Importance of market Market performance 	Mean scores of variables	association yes/no	Fisher Exact Test

Source: Author – structure adopted from Saunders (2012, p. 427)

Table A - 3 summarizes the data requirements for the MNC factors. The data requirements for multinational sales management are shown in Table A - 4.

Table A - 3: Data Requirement Table for RQ3

#	Questions	Variables required	Detail in which data is measured	Data characteristics	Check
RQ3	What are the key factors influencing multinational sales management to find an "appropriate level" of local adaption and global integration considering the German Mittelstand characteristics?	Variables are derived out of existing knowledge, then confirmed/verified and modified by plausibility check			
IQ3.1	What are the key factors resulting from environmental pressures of an MNC?	• Initial codes (lit review) and final codes (expert interviews)	occurrence in expert interviews	• Factor #1 • Factor #2 • Factor #3 • ...	Content analysis
IQ3.2	What are the key factors resulting from the MNC response of an MNC?	• Initial codes (lit review) and final codes (expert interviews)	occurrence in expert interviews	• Factor #1 • Factor #2 • Factor #3 • ...	Content analysis
IQ3.3	What are the key factors resulting from the managerial implications within an MNC?	• Initial codes (lit review) and final codes (expert interviews)	occurrence in expert interviews	• Factor #1 • Factor #2 • Factor #3 • ...	Content analysis

Source: Author – structure adopted from Saunders (2012, p. 427)

Table A - 4: Data Requirement Table for RQ4

#	Questions	Variables required	Detail in which data is measured	Data characteristics	Check
RQ4	What implications for multinational sales management can be applied within Mittelstand companies in Germany when considering the role of the foreign subsidiary?	Managerial implications are suggested via conceptual framework and then applied and verified in case study (focus groups)			
IQ4.1	How to use the conceptual framework for multinational sales management?	Actions and measures (variables) are derived out of existing knowledge (conceptual framework)			
IQ4.2	WHAT MNC response (resources) to shape local organization in order to approach local market and customers	• Initial codes (lit review) and final codes (interviews)	occurrence in focus group interviews	Priorities (MNC factors) based on subsidiary role	Content analysis
IQ4.3	WHAT MNC response (operations) to shape local organization in order to approach local market and customers	• Initial codes (lit review) and final codes (interviews)	occurrence in focus group interviews	Priorities (MNC factors) based on subsidiary role	Content analysis
IQ4.4	WHAT MNC response (strategy) to shape local environment in order to approach local market and customers	• Initial codes (lit review) and final codes (interviews)	occurrence in focus group interviews	Priorities (MNC factors) based on subsidiary role	Content analysis
IQ4.5	WHAT MNC response (products) to shape local environment in order to approach local market and customers	• Initial codes (lit review) and final codes (interviews)	occurrence in focus group interviews	Priorities (MNC factors) based on subsidiary role	Content analysis
IQ4.6	HOW to manage centralization?	• Suggestions from conceptual framework	occurrence in focus group interviews	Actions (managerial implications) based on subsidiary role	Content analysis
IQ4.7	HOW to manage formalization?	• Suggestions from conceptual framework	occurrence in focus group interviews	Actions (managerial implications) based on subsidiary role	Content analysis
IQ4.8	HOW to manage socialization	• Suggestions from conceptual framework	occurrence in focus group interviews	Actions (managerial implications) based on subsidiary role	Content analysis

Source: Author – structure adopted from Saunders (2012, p. 427)

A2: Data Definition

The following appendix A2 shows the definition of the data based on the research questions and investigative research questions (see appendix A1). The structure presented in section 4.2 (see also Saunders, et al., 2012, p. 424) is used in order to apply a common approach for (1) MNC factors verified in the expert interviews, (2) MNC typology assigned via documentary, (3) MNC performance resulting from documentary, (4) subsidiary roles assigned via questionnaires, as well as (5) multinational sales management derived from focus group interviews.

MNC Factors

The variables including their indicators and measures are shown in the initial coding scheme in Table 31 and the final coding scheme in Table 41 in section 5.1.

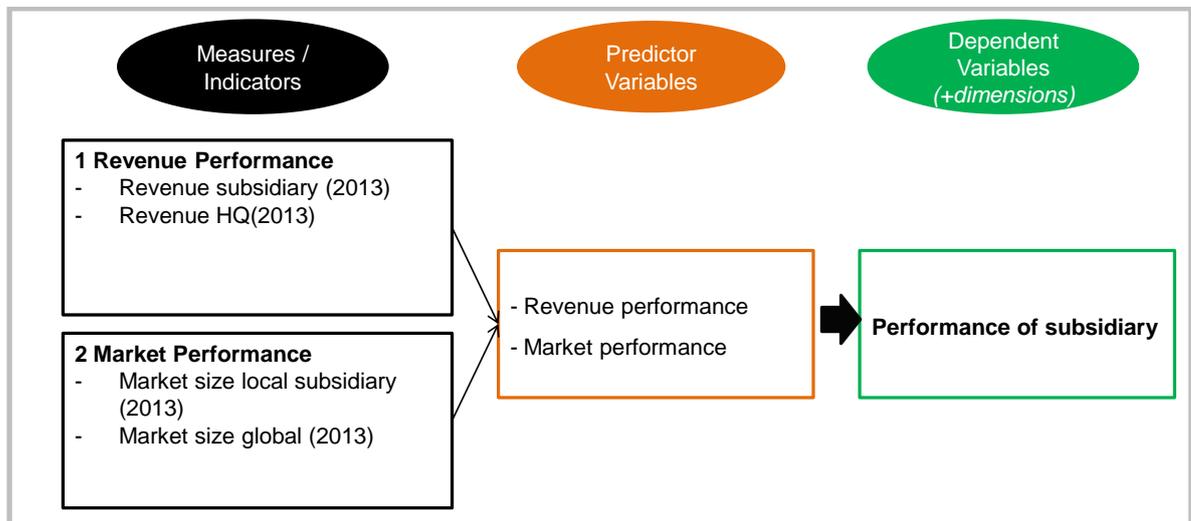
MNC Typology

The variables including their indicators and measures are shown in the data collection table, which is shown in Table 42 in section 5.2.

MNC Performance

The following figure and table show the variables for the collection of performance data for every subsidiary of the “Mittelstand GmbH”. As mentioned in the thesis, the performance is collected for each of the selected industry segments: “alpha”, “beta”, and “gamma”.

Figure A - 1: Variables and Measures – MNC Performance



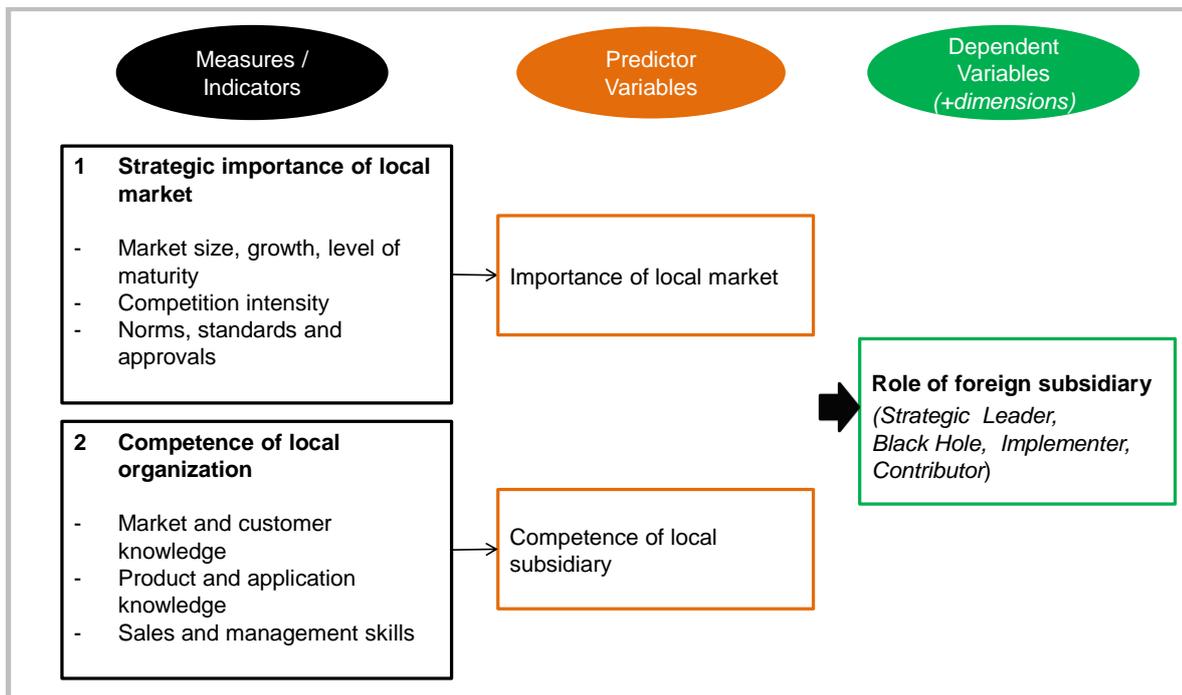
Resulting from this, the following figure defines the variables in a detailed way.

Table A - 5: Definition of Variables – Performance

Variable description	Variable name	Variable type	# of labels	Value labels	Scaling
Revenue performance subsidiary	repo_pf	ratio	2	High Low	n/a
Revenue subsidiary (2013)	rsub_pf	interval	n/a	n/a	continuous in €
Revenue HQ (2013)	rhq_pf	interval	n/a	n/a	continuous in €
Market performance of subsidiary	mape_pf	ratio	2	High Low	n/a
Market size subsidiary (2013)	Msub_pf	interval	n/a	n/a	continuous in €
Market size HQ (2013)	Mhq_pf	interval	n/a	n/a	continuous in €

Subsidiary Role

The following figure and table show the variables for the collection of subsidiary role data for every subsidiary of the “Mittelstand GmbH”. As mentioned in the thesis, the subsidiary roles are assigned for each subsidiary and each of the three selected industry segments: “alpha”, “beta”, and “gamma”. Thus, both the competence and the importance are collected and assigned three times for every subsidiary.

Figure A - 2: Variables and Measures – Subsidiary Role

Resulting from this, the following figure defines the variables in a detailed way.

Table A - 6: Definition of Variables – Subsidiary Role

Variable description	Variable name	Variable type	# of labels	Labels	Scaling	Indicators
Strategic importance of local market of subsidiary for MNC	SILM_subrole	ordinal	7	see below	Likert	Average of variables below
Market volume of local market of subsidiary	mavo_subrole	ordinal	7	1: not important at all to 7: very important	Likert	Market size, market growth, level of maturity
Competition intensity in local market of subsidiary	coin_subrole			1: not intense at all to 7: very intense		Global competition, local competition
Norms, standards, and approvals in local market of subsidiary	nsa			1: not suitable at all to 7: very suitable		Suitability of norms, standards, and approvals
Competence of local subsidiary in market and within MNC	COLS_subrole	ordinal	7	see below	Likert	Average of variables below
Market and customer knowledge of local subsidiary	macu_subrole	ordinal	7	1: very low extent to 7: very high extent	Likert	Market knowledge Industry relations Customer contacts
Product and application knowledge of local subsidiary	tkak_subrole			1: very low extent to 7: very high extent		Product knowledge Application knowledge
Sales and management skills of local subsidiary	sagm_subrole			1: very low extent to 7: very high extent		Technical sales Leadership

Multinational Sales Management

The coding scheme for the focus group interviews is shown in Table 48. The corresponding variables including their indicators and measures are based on the MNC factors for multinational sales management as finalized in Table 41.

A3: Review of Methodological Decisions

In order to make the selection and choice of case, participants, and their size more transparent, the author examines these by summarizing pros and cons with regard to the research phenomenon, research methodology, as well as the research design. The examination of sample sizes and scope of case study is done by considering the following conditions and prerequisites:

- The research study aims to apply and modify existing MNC knowledge to a selected case of the *Mittelstand* in order to check the suitability and to modify the results according to *Mittelstand* requirements
- The research study seeks an in-depth investigation
- It is accepted that the results of this research study cannot be generalized to the defined population without further research

Therefore, the (1) number of selected industry experts, the (2) number of cases within the case research, the (3) number of subsidiaries within the case, as well as the (4) number of industry segments is reviewed by comparing effort, quality of results, as well as considering the theoretical saturation (as suggested by Krueger & Casey, 2009) . The following figures illustrate the methodological decisions.

Figure A - 3: Number of Industry Experts for Plausibility Check

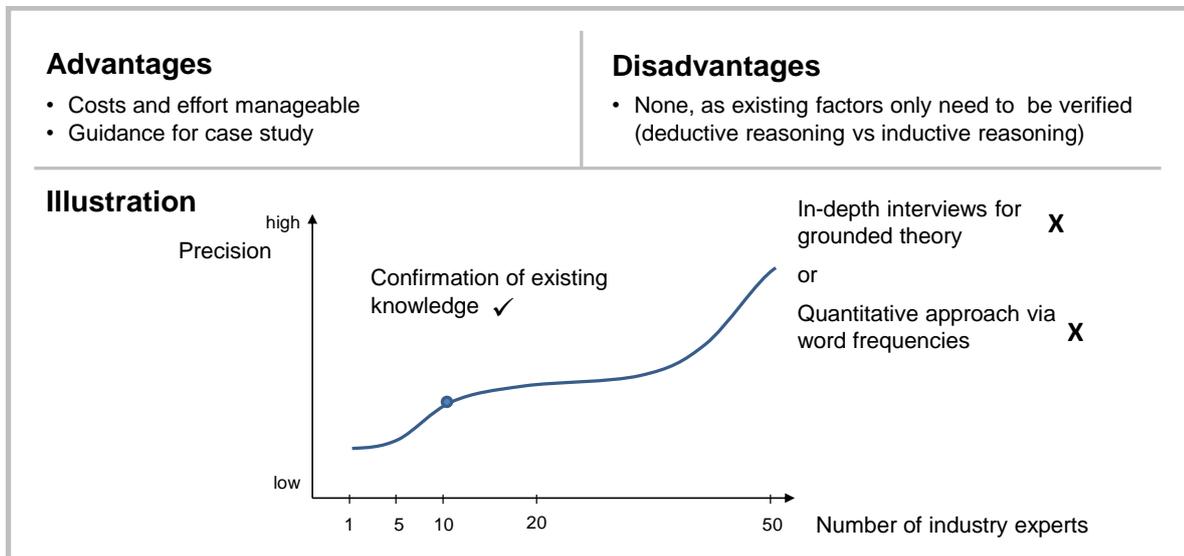


Figure A - 4: Number of Cases for Research Study

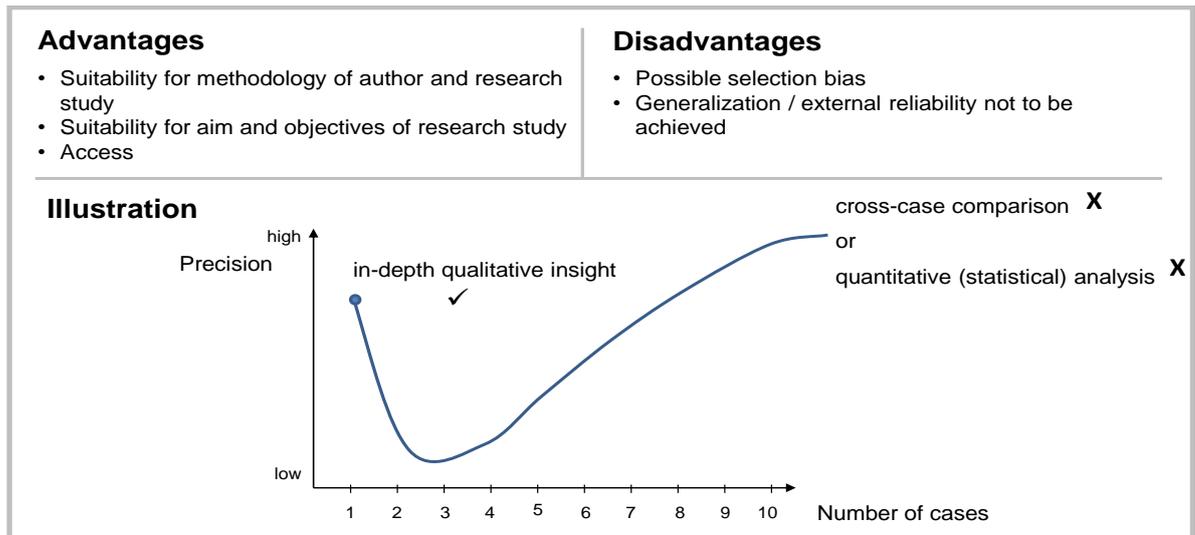


Figure A - 5: Number of Foreign Subsidiaries in Case Study

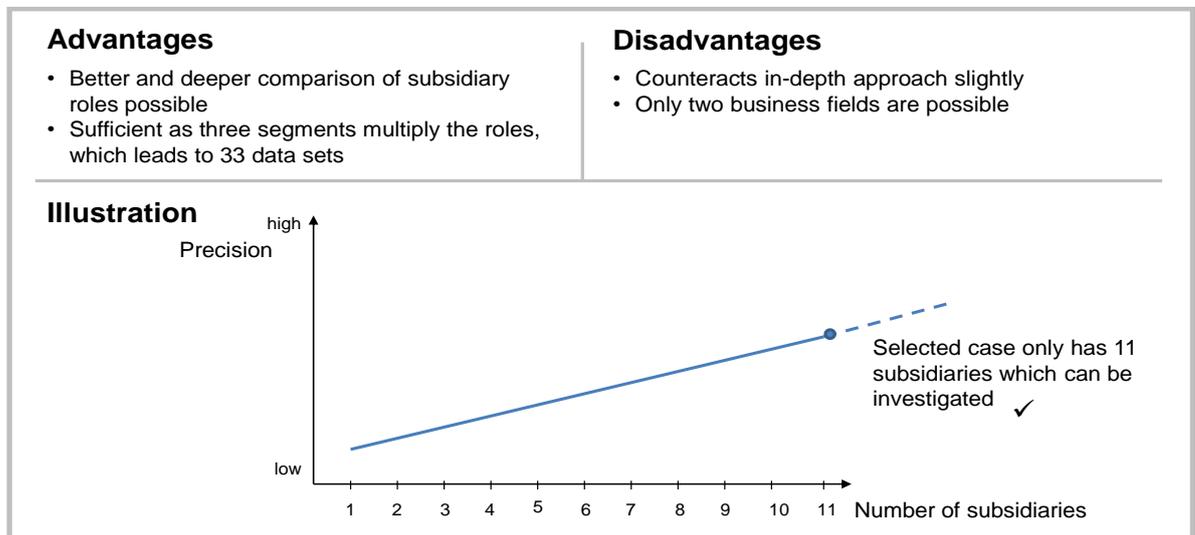
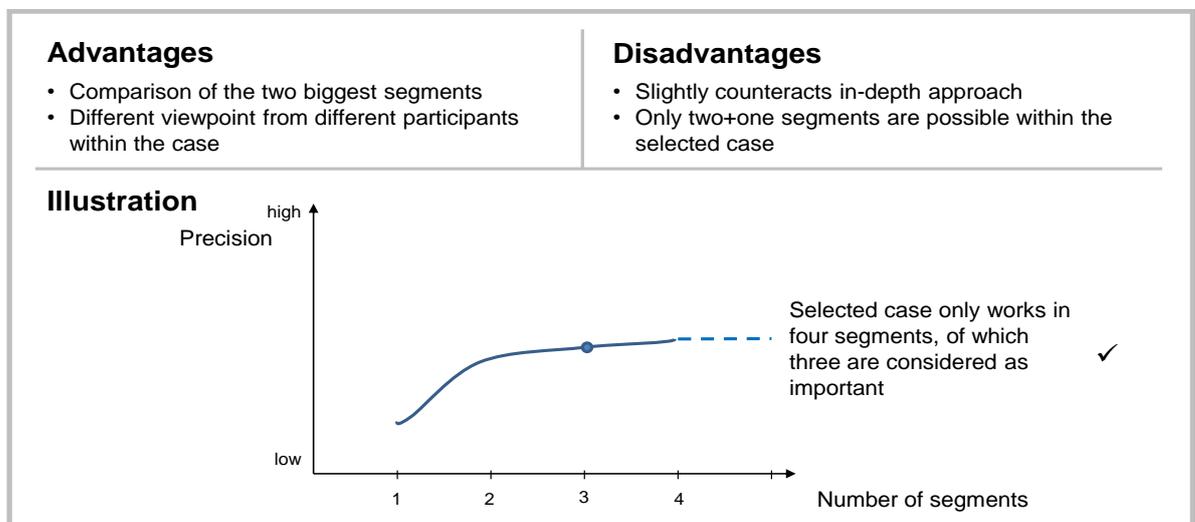


Figure A - 6: Number of Industry Segments in Case Study

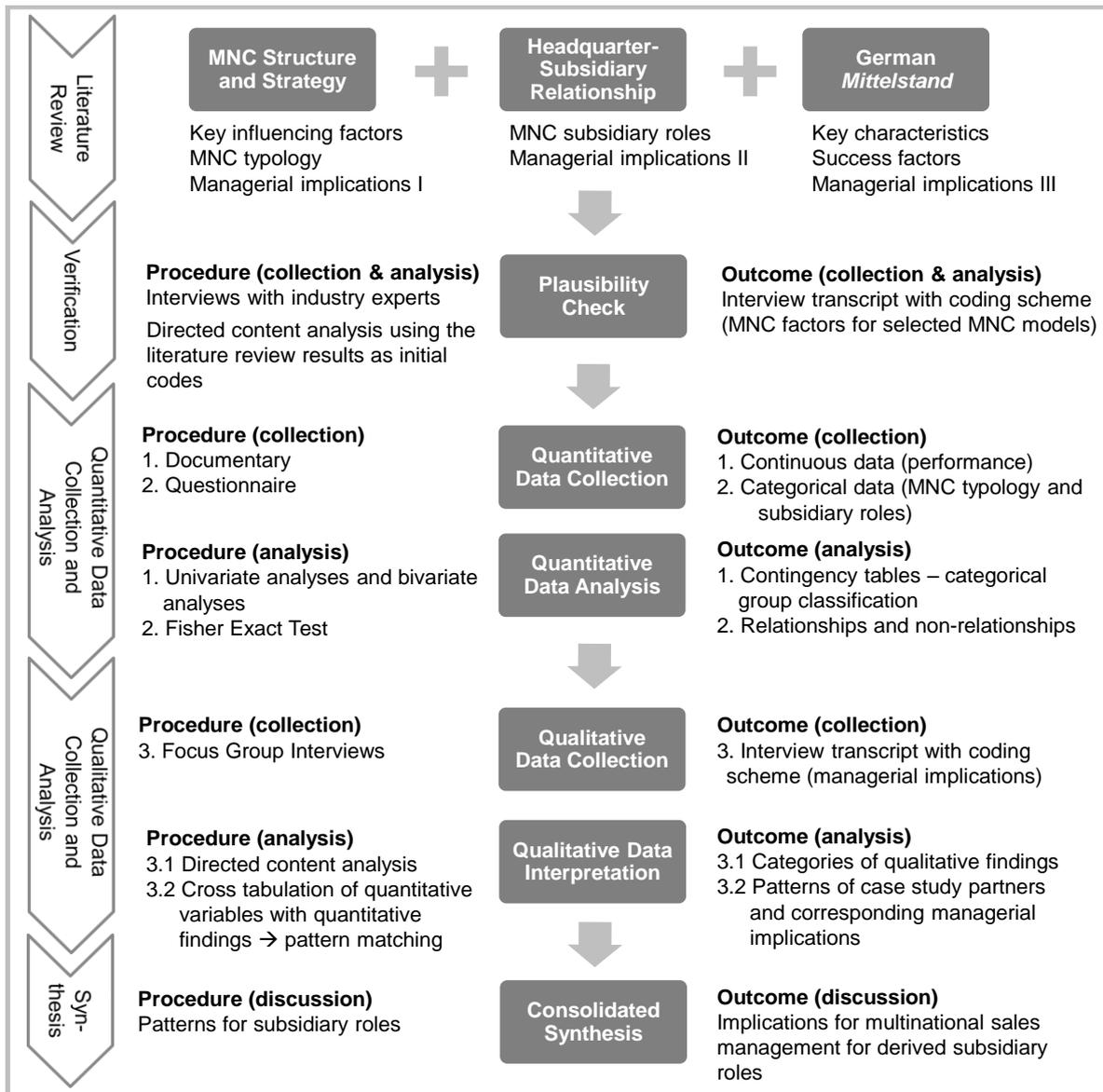


These clarifications aim to support my methodological decisions.

A4: Overall Procedure for Data Collection and Analysis

Figure A - 7 shows the overall procedures of this research study, in particular the steps of the literature review, the plausibility check, the collection and analysis of quantitative data within the case, the collection and analysis of qualitative data within the case, as well as the consolidated synthesis of the case.

Figure A - 7: Procedure for Data Collection and Analysis



Appendix B: Documentation of the Plausibility Check

B1: Introduction Email – Expert Interviews

The following figures show the email, which is used to initiate the contact with the industry experts.

Figure A - 8: Introduction Email for Expert Interviews

Sehr geehrter _____,

_____ hat mir Sie als möglichen Interviewpartner für mein Promotionsprojekt genannt. Mit dieser Email möchte ich mich und mein Vorhaben kurz vorstellen, um Sie als möglichen Interviewpartner zu gewinnen.

Mein Name ist Bernd Bernecker und arbeite seit März 2011 berufsbegleitend an meiner Promotion. Hauptberuflich bin ich bei _____ angestellt und bin im internationalen Vertrieb tätig. Hieraus resultiert der Kontakt zu Herrn _____

Im Rahmen meiner Doktorarbeit an der Universität von Gloucestershire/UK (www.glos.ac.uk) untersuche ich das Thema: „Multinational Sales Management of Foreign Subsidiaries“. Hierbei ist es das Ziel, bestehende Forschungsmodelle auf Firmen des deutschen Mittelstands anzupassen und anzuwenden. In diesem Zusammenhang möchte ich Experten für den internationalen Vertrieb im deutschen Mittelstand aus der Industrie in Form von leitfadengestützten Interviews befragen, um folgende Themen aus Sicht der Praxis zu beleuchten. Die mögliche Beantwortung der Fragen zielt auf im Wesentlichen auf das Wissen bzw. die Erfahrungen der befragten Personen ab und nicht auf spezifische Firmeninformationen.

1. Ist die folgende Gruppierung der folgenden drei Dimensionen für multinationale Unternehmen ihrer Meinung nach angemessen, um deren Strategie und Struktur abzustimmen?
 - a. Externe Anforderungen und Druck (environmental forces and pressures) mittels der Beschreibung von:
 - i. Markt- und Industrieigenschaften (market and industry characteristics) sowie
 - ii. Markt- und Kundenanforderungen (market and customer requirements)
 - b. Die resultierende Firmenreaktion (firm response) mittels der Ausrichtung von
 - i. Ressourcen (resources),
 - ii. operativem Geschäftsbetrieb (operations) und der
 - iii. Produkte (products)
 - c. Die Auswirkungen und Folgerungen des Managements (managerial implications) hinsichtlich
 - i. Organisation, Planung und Kontrolle (coordination and control)
 - ii. Berücksichtigung von (Kern-)Kompetenzen sowie der Firmenkultur und -historie (competencies and history)
2. Welches sind Ihrer Meinung nach die wichtigsten und entscheidenden Punkte hinsichtlich der „Externen Anforderungen und Druck“ (environmental forces and pressures)?
3. Welches sind Ihrer Meinung nach die wichtigsten und entscheidenden Punkte hinsichtlich der „resultierenden Firmenreaktion“ (firm response)?
4. Welches sind Ihrer Meinung nach die wichtigsten und entscheidenden Punkte hinsichtlich der „Auswirkungen und Folgerungen des Management“ (managerial implications)?
5. Welche weiteren möglichen Dimensionen und Punkte sind ihrer Meinung nach nicht in den oben genannten enthalten und sollten berücksichtigt werden?

Figure A - 9: Introduction Email for Expert Interviews (continued)

Die Arbeit wird von Prof. Claudio Vignali (cvignali@glos.ac.uk) betreut.

Ich würde mich sehr freuen, wenn ich Sie für ein 60-minütiges Gespräch (bei Bedarf müssten wir uns „beeilen“ und es kürzer gestalten) gewinnen könnte, das ich gerne im Dezember 2013 oder Januar 2014 nach gemeinsamer Terminabsprache persönlich oder telefonisch durchführen möchte. Die gewonnenen Informationen werden anonymisiert in der Arbeit verwendet, jedoch wäre es für mich hilfreich, Ihren Namen in der Teilnehmerliste nennen zu dürfen. Um eine wissenschaftliche Analyse des Interviews durchführen zu können, müsste ich unser Gespräch aufnehmen, damit ich es anschließend transkribieren kann. Auch hierfür können Sie sich wie in der beigefügten „informed consent form“ formuliert, auf eine Vorgehensweise verlassen, die der Ethikrichtlinien der Universität von Gloucestershire entspricht. Dies bedeutet vor allem, dass die Transkription nicht veröffentlicht wird und lediglich den von der Universität gestellten Gutachtern zur Verfügung gestellt wird.

Es wäre hilfreich, wenn Sie mir mitteilen könnten, ob und wann Sie für ein Gespräch verfügbar sind. _____ meinte, dass ich mit Ihrer Assistentin im Falle einer positiven Antwort einen Termin vereinbaren darf.

Gerne bin ich bereit bei Bedarf mögliche Fragen zu beantworten und weitere Informationen zu meinem Projekt zu liefern. Für Ihre Unterstützung möchte ich mich bereits im Voraus herzlich bedanken.

Mit freundlichen Grüßen,

Bernd Bernecker

B2: Informed Consent Form – Expert Interviews

The following figure shows one anonymized example of the informed consent forms for the expert interview participants.

Figure A - 10: Informed Consent Form for Expert Interviews

<p>Multinational Sales Management of Foreign Subsidiaries – A Case Study on the German Mittelstand</p>	
<h3>Informed Consent Form</h3>	
<p>Information and Purpose of the Study: The interview, for which you are being asked to participate in, is a part of a research study that focuses on the management of foreign sales subsidiaries in multinational corporations (MNCs) belonging to the large Mittelstand in Germany. In particular, models for MNC typologies and subsidiary roles shall be tested within an existing case. Thus, the corresponding MNC criteria and dimensions are identified from existing knowledge and need to be crosschecked with industrial experts.</p>	
<p>Your Participation: Your participation in this study will consist of an interview, which will take approximately 60 minutes. You will be asked a series of questions about the mentioned MNC dimensions and criteria in order to contribute knowledge to both the structural and strategic fit of multinational companies as well as the management of multinational companies belonging to the Mittelstand in Germany. You are not required to answer every question and you may pass on any question that makes you feel uncomfortable. At any time, you may notify the researcher that you would like to stop the interview and your participation in this study.</p>	
<p>Confidentiality: The interview shall be recorded; however, your name will not be recorded. Your name and any identifying information will also not be associated with any part of the written report of the study. All of the information provided in the thesis will be kept confidential and individual responses will not be shared with anyone other than the research supervisors at the university. However, your name is planned to be mentioned within the list of participants of the research study.</p>	
<p>If you have any questions or concerns, please contact the researcher, berndbernecker@connect.glos.ac.uk or his supervisor cvignali@connect.glos.ac.uk.</p>	
<p>By signing below I acknowledge that I have read and understood the above information and agree to my participation and the usage of the information out of my interview.</p>	
<p>Signature Bernd Bernecker</p>	<p>Date 19 Nov 2013</p>
	
<p>Signature</p>	<p>Date _____</p>
<p>_____</p>	

B3: Expert Interview Guide

Figure A - 11: Interview Guide for Expert Interviews

Einleitung

- Vorstellung BB
- Vorstellung Forschungsprojekt und Ziel der Arbeit
- Ziel des Interviews
- Ablauf des Interviews (60 Minuten, Anonymität, Auswertung, Veröffentlichung)
- Ablauf nach Interview (Veröffentlichung, Information, Transkript)

Fragen

1. Ist die folgende Gruppierung der wichtigsten Dimensionen für multinationale Unternehmen angemessen, um die Strategie und Struktur abzustimmen?
 - ➔ Verweis auf Abbildung!
 - a. Externe Anforderungen (environmental forces and pressures) mittels der Beschreibung von
 - i. Markt- und Industrieigenschaften (market and industry characteristics) und
 - ii. Markt- und Kundenanforderungen (market and customer requirements)
 - b. Firmenreaktion (firm response) mittels der Ausrichtung von
 - i. Ressourcen (resources),
 - ii. des internen Geschäftsbetriebs (operations) und der
 - iii. Produkte (products)
 - c. Managementauswirkung (managerial implications) hinsichtlich
 - i. Organisation, Planung und Kontrolle (coordination and control)
 - ii. Berücksichtigung von Kompetenzen und der Firmenkultur (competencies and history)
2. Welches sind Ihrer Meinung nach die wichtigsten und entscheidenden Punkte hinsichtlich der „Externen Anforderungen“ (environmental forces and pressures)?
 - a. Markt- und Industrieigenschaften (market and industry characteristics)
 - i. Size & growth (of market)
Anhand welcher Merkmale beurteilen sie diese Eigenschaft?
 - ii. Competition
Anhand welcher Merkmale beurteilen sie diese Eigenschaft?
Unterscheiden Sie zwischen lokaler und globalem Wettbewerb?
 - iii. Technology and innovation
Anhand welcher Merkmale beurteilen sie diese Eigenschaft?
 - b. Markt- und Kundenanforderungen (market and customer requirements)
 - i. Product offering
Was sind die entscheidenden Punkte beim Produktangebot?
 - ii. Support
Was sind die entscheidenden Punkte beim Produktangebot?
 - iii. Proximity
Was sind die entscheidenden Punkte beim Produktangebot?
3. Welches sind Ihrer Meinung nach die wichtigsten und entscheidenden Punkte hinsichtlich der „Firmenreaktion“ (firm response)?
 - a. Ressourcen (resources),
 - i. Operational skills
Was sind die wichtigsten Fähigkeiten?
Wie beurteilen Sie diese?

Figure A - 12: Interview Guide for Expert Interviews (continued)

- ii. Management skills
Was sind die wichtigsten Fähigkeiten?
Wie beurteilen Sie diese?
 - iii. Technology
Wie entscheiden Sie die Verteilung der globalen Technologien?
 - iv. Capital
Wie entscheiden Sie die Verteilung der Finanzstruktur?
 - b. des internen Geschäftsbetriebs (operations)
 - i. Marketing activities
Welche Aktivitäten und Prozesse sind die wichtigsten in einer Vertriebsniederlassung?
 - ii. Sales activities
Welche Aktivitäten und Prozesse sind die wichtigsten in einer Vertriebsniederlassung?
 - iii. MNC interdependencies
Gibt es diese? Wenn ja, wann? Wie stehen Sie dazu?
 - iv. Strategy and structure
Gibt es lokale Strategien und eigene Strukturentscheidungen? Wenn ja, wann? Wie stehen Sie dazu?
 - c. Produkte (products)
 - i. Development
Wann bzw unter welchen Voraussetzungen werden lokale/globale Produkte entwickelt?
 - ii. Adaption
Wann bzw unter welchen Voraussetzungen werden lokale/globale Produkte angepasst bzw. weiterentwickelt?
- 4. Welches sind Ihrer Meinung nach die wichtigsten und entscheidenden Punkte hinsichtlich der Auswirkungen auf das Management (managerial implications)?
 - a. Organisation, Planung und Kontrolle (coordination and control)
 - i. Centralisation
Wann wird zentralisiert? Wann lokale Freiheit? Welche Kriterien?
 - ii. Formalisation
Wann wird formalisiert? Wann lokale Freiheit? Welche Kriterien?
 - iii. Socialisation
Wie werden lokale Einheiten an Unternehmen angegliedert (Training, Besuche, regelmässige Kommunikation,...)?
 - b. Berücksichtigung von Kompetenzen und der Firmenkultur (competencies and history)
 - i. Core competencies
Fokus der Gesamtfirma und der lokalen Einheiten? Tendenz?
 - ii. Depth of value adding
Lage der Gesamtfirma und der lokalen Einheiten? Tendenz?
 - iii. Administrative heritage
Ist das wichtig bzw wird das berücksichtigt?
- 5. Welche weiteren Punkte/Kommentare sind Ihnen zu den oben gestellten Themen und Fragestellungen wichtig und sollten demnach Relevanz in der Untersuchung finden?

B4: Coding Rules for Expert Interviews

The following coding rules are applied during the analysis of the transcripts:

- The coding process consists of two phases. First, a manual coding is conducted in order to reread the transcript, to understand and pre-analyse the meaning, and pre-structure the coding scheme. Second, a further coding phase ensues using the software MAXQDA.
- The relevant content of the transcript are the answers of the interviewees. Therefore, only the meaning of the answers is taken into consideration to be matched with initial codes as well as possible adjusted to new codes. The text of the interviewer is only considered, if the respective answer is directly confirming the content of the question.
- Only the third category (MNC factors) is used for coding in order to specify the content with as much detail as possible
- The following colours are used for the defined coding categories and the corresponding sub-codes for the MNC factors:
 - (1) Environmental pressures → marked in green,
 - (2) MNC response → marked in red,
 - (3) Managerial implications → marked in blue
 Any further information is marked in yellow (within the first manual coding phase) and edited with a memo or possibly shifted to a new code (within the second coding phase using MAXQDA).
- The following guideline supports the researcher in conducting a consistent analysis across all transcripts and provides transparency for the reader:
 - (1) Environmental pressures: A code of this coding category is selected, if the interviewee mentions, describes, or discusses an external pressure to the MNC, which may be “market and industry characteristics” or “market and customer needs”.
 - (2) MNC response: A code of this coding category is selected if the interviewee mentions, describes, or discusses an MNC response, which may be regarding “resources”, “operations”, or “products”
 - (3) Managerial implications: A code of this coding category is selected if the interviewee mentions, describes, or discusses a managerial implication, which may be “centralization, “formalization”, or “socialization” with coordination and control, as well as comments to “mentalities, values and history”, “core competencies” and “depth of value chain activities” with regard to characteristics of *Mittelstand* MNC.
- All MNC factors influencing multinational sales management are sought, which fit to one of the code categories mentioned above. A new code is added, as soon as the majority (5 interviewees) mention the same MNC factor

B5: Example of Transcript of Semi-Structured Interviews

The following figure shall provide an insight into what a transcript of the expert interviews looks like. The screenshot is taken from the software MAXQDA.

Figure A - 13: Extract of Expert Interview Transcript

The screenshot displays the MAXQDA software interface. On the left, a 'Code System' tree is visible, listing various categories such as 'Environmental pressures', 'Market and industry characteristics', 'MNC response', 'Strategy', 'Resources', 'Operations', 'Products', and 'Managerial implications and control'. The right pane shows a 'Document Browser: E4' with a transcript of an interview. The transcript is in German and includes several paragraphs of text, with line numbers 34 through 43 visible. The text discusses business operations, market characteristics, and regulatory requirements. The interface also shows a 'Document System' pane at the top left and a 'Project' menu at the top.

Document System

Document Browser: E4

Code System

34 Also wir versuchen natürlich unsere assets rauszukehren, also ein asset, wie Du schon gesagt hast, USA, Saudi-Arabien, der ganze Osten, ist made in Germany. Das ist auf jeden Fall. Wir benutzen z. B. nur deutsche Komponenten, wir entwickeln das selber, wir bauen das selber, wir testen selber, das machen wir wirklich hier. Wir machen das in Espelkamp.

35 BB: Also größtmögliche Wertschöpfungstiefe auch?

36 Hier bei uns, wobei der Fokus auch nicht auf me-too, sondern auf me-only liegt und das Schaffen von Spitzenexpertise, also das Wissen schaffen. Das ist eigentlich unser... wir entwickeln Dinge, die andere so halt nicht haben. So wir können dann was Spezielles, was die anderen nicht können.

37 BB: Und das muss dem Kunden auch so kommuniziert werden?

38 Das wird so kommuniziert. Es kommt auch vom Kunden, also wir gehen auf Kundenwünsche ein, weil die Großen das nicht können. Weil sie einfach die Flexibilität dazu nicht haben.

39 BB: Gibt es normative oder gesetzliche Anforderungen?

40 Ja ok. Wir sind natürlich sehr stark eingebunden durch das Medizinproduktegesetz, durch das neue europäische Medizinproduktegesetz und natürlich durch die lokalen Märkte. Also Amerika hat ja seine FDA, Canada hat... FDA ist die food and drug administration, die die Gesetze überprüfen für Produkte, die nach USA müssen. Da gibt es verschiedene Klassen, die machen das, Canada hat sein eigenes. Die meisten Orientalen hängen sich an die US-FDA. Dann natürlich normative Probleme entstehen durch embargos, wo Du dann halt aufpassen musst. Wir müssen schauen, dass wir kein waffenfähiges Material liefern und all diese Dinge und trotzdem die Märkte bedienen können.

41 BB: Ok.

42 Und lautere solche Sachen. Es gibt ja viele Population. In... Darstellungen. Wir dürfen keine nackten Frauen darstellen in...

Simple query (OR combination) 1 / 1

B6: Summary Grids of Final Coding Scheme

The following tables show all summary grid tables resulting from the expert interviews retrieved from MAXQDA.

Table A - 7: Summary Grid – Environmental Pressures I

1.1 Market and industry characteristics				
	1: Documents	2: Size, growth, and level of maturity	3: Competition	4: Norms, standards, regulations
1	E9	Size Growth Opportunities	Local and global competition Global competition more generalists Different competences, different sales approach	European, US and Chinese norms
2	E8	Business opportunities Sales potential Market size Level of maturity (purchasing power)	Competition of big MNCs	Norms, standards approvals - industry specific - customer specific
3	E7	Opportunities / Sales potential Market size Market growth	Global competition is also limited by norms/standards/approvals	Norms, standards approvals define sales area/territories
4	E6	Market size Level of maturity (safety and security behaviour) Existing distribution structures	Local competition Global competition Generalists / big MNCs	Norms, standards approvals differences in markets due to norms
5	E5	Market size	Global competition acts as local competitor Local competition Big MNCs	Norms, standards, approvals define sales area and opportunities
6	E4	Business opportunities	Local and global competition	Norms, standards approvals
7	E3	Market size Level of maturity (safety and security, purchasing behaviour)	Global competition has similar challenges and requirements Local competition is technically less competitive but the pricing is very competitive	Norms, standards, approvals industry specific
8	E2	Level of maturity (security awareness, product characteristics)	Local competition Global competition	Norms, standards approvals - technology
9	E1	Market size Market growth Level of maturity (safety and security)	Big MNCs, global competition	Norms, standards, approvals - industry
10	E10	Size (market analysis) Growth Existing customers and business opportunities Level of maturity	Intensity of competition Local competition (price) Global competition (quality, technology)	Cooperation with Associations Norms, approvals, standards are important

Table A - 8: Summary Grid – Environmental Pressures II

1.2 Market and customer needs				
	1: Documents	2: Customer focus and proximity	3: Technology and innovation for products	4: Customer support and service
1	E9	Complex product for customer application Close and competent consultancy required Brand name, Made in Germany	Technical requirements Technology Quality	Customer want direct service and support
2	E8	Proximity to customer Knowledge of customers application	Technology	Flexibility Proximity Special support (small orders, difficult situation) leads to relationship Knowledge of customers application
3	E7		Technology Innovation	
4	E6	Availability Important for complex products	Quality High-Tech	Service
5	E5	Close to market/customers (geographically) Solution Provider	Technology Innovation	
6	E4	Meet customer 's requirements	Technology Innovation (Made in) Germany	Flexibility Customer needs
7	E3	Application Knowledge Consultancy Market knowledge	Technology Innovation	
8	E2	Proximity to customers Positioning of products with close relationship To experience customer needs Show commitment to customers	Technology	
9	E1		Innovation	
10	E10	Long-lasting relationship with customers Technical support	Demand for products compared to product portfolio Distinction of own product portfolio (technology, pricing)	Product quality Delivery performanc Special support

Table A - 9: Summary Grid – MNC Response I

2.1 Strategy			
1: Documents	2: Market strategy	3: Sales approach	4: Setup and mindset
1 E9		Subsidiary provide a closer and more competent approach Control and time for subsidiary	Competence Fast deliveries Technology, Quality, Brand
2 E8	Niche market strategy, high price, high specification	Sales structure: subsidiary, rep, disty Sales approach: technical sales	Technology Innovation Quality High-tech Long-term relationship
3 E7		Sales Structure: own vs partner Internationalization process: importer, rep, employee, sub	Innovation protects against competition
4 E6	Niche market strategy, high price, high specs Brand	Sales approach: technical sales, Application knowledge	
5 E5	Niche market --> definition of niche important	Sales structure: export from Germany vs local structure sales channels Sales approach: proximity generic growth strategy	High Tech, not low price Quality Service
6 E4	Niche market: high price, high spec, highly specialized	Sales structure according to market opportunities	
7 E3	Niche market: specialist	Sales structure: own vs partner Sales channels	Consultancy
8 E2	Upper market segment competes with global competition Lower market segment more with local competition Niche market: unique product specs		Unique product features for niche market Technology
9 E1	Concentration on niche market		Specialist for niche market / niche application Specialist Technology leader Striving for innovation
10 E10	General objective in market strategy (market share, profit, volume,...)	Direct sales in order for customer proximity	

Table A - 10: Summary Grid – MNC Response II

2.4 Products		
1: Documents	2: Development	3: Adaptions
1 E9	Global developments according to norms in markets	Local adaption if necessary but with quality requirements Future more openness to local adaptions
2 E8	Customer specific developments	Local development only if reasonable
3 E7	Global development for home market / industry Local developemnts only if certain market size is there	Local adaption according to local market size
4 E6	Global developments for international norms	Local adaption needs to be a reasonable investment
5 E5	Global development for Germany Local norm adaption Only standardized products	If local market is seen important, I have to invest in local adaptions
6 E4		Extreme customizing
7 E3	Global dvelopments for Germany Local adaption done locally	Global developments (for Germany), local adaptions if reasonable Local developments may be returned to global products
8 E2	Gobal development for Germany Local adaption only successful with local production and development	Global developments Local adaption necessary according to local market needs Local adaptions done locally if possible
9 E1	Customer specific, local and global development possible if reasonable Developemtn according to corporate strategy and global resources	As a specialist, customized solution, local developments, local adaptions and global developments are done
10 E10	Global product portfolio Development according to industry norms All local markets are considered for development decisions	Local adaptions according to costs/benefits

Table A - 11: Summary Grid – MNC Response III

2.2 Resources			
	1: Documents	2: Skills and competencies	3: Technology and know-how
1	E9	Product and Application knowledge Market knowledge Network Enthusiasm Entrepreneur Identification with product and company	Central structure International communication and knowledge flows
2	E8	Customer knowledge Application knowledge Product knowledge Customer care (visits, relationship,...)	Technology centralized Some exceptions Development in Germany
3	E7	Market knowledge	Technology centralized
4	E6	Application knowledge Product knowledge Identification with brand/product/company Trust	Most of technology central Only local if certain turnover size is achieved Development in Germany
5	E5	Sales, sales, sales Customer Care	Development in Germany Production local
6	E4	Market knowledge Application knowledge Product knowledge Customer care	Development central in Germany All important functions in Germany
7	E3	Technical Sales Product knowledge Customer care	Important functions are central If local market has an appropriate size, local functions are necessary
8	E2	Local staff	
9	E1	Market knowledge Application knowledge	
10	E10	Local staff Market knowledge Customer knowledge Product knowledge Networking / Relationship Technical sales	Central/global structure Key resources in Germany, some exceptions in local market Market size to justify local key resources

Table A - 12: Summary Grid – MNC Response IV

2.3 Operations				
	1: Documents	2: Directions and decisions	3: Sales and marketing activities	4: MNC interdependencies
1	E9	All strategic decisions agreed with HQ	Corporate design and identity Local adaption	No interdependencies Only information and knowledge exchange Reduced intercompany business
2	E8		Flyers, Brochures Corporate identity, corporate design	
3	E7	All group relevant strategic decisions are made in Germany Local strategies are made local, if required joint coordination		Interdependencies only with communication and ideas Global coordination of interdependencies among subs
4	E6	The bigger local market, the more decentralized decisions Sales strategy/policy is a group decision Strategy is agreed, any deviations have to be re-agreed Phases of internationalization important for strategic decisions	Brand management Communication: data sheets, flyers, brochures (global directive and local adaption)	Flexible approach, but HQ is informed Only few interdependencies
5	E5	Size matters, the bigger local market, the more independent local management Goal and planning process is important, as all directions for the year are set here	Corporate design (global) Local presence/local approach/local translations	No interdependencies
6	E4	Dependent on company philosophy and structure	Local manuals Local advertisement	Direct approach/connection is always easiest Relationship is important No examples of interdependencies
7	E3	All major decisions and directions are set in goals and planning process		No interdependencies due to structure (no local production)
8	E2	Sales approach, processes and activities are more independent than other functions Sales channels are set global and decided local	Marketing documents (local)	Very limited, central coordination
9	E1	Local managing make all local decisions with global supervision Sales channels are decided central/global Brand labelling is decided central/global	Corporate design/corporate identity (global) Brand management (global) Local documents	No interdependencies Only information exchange
10	E10	Operational decisions local Strategic decisions aligned with headquarters	Customer care Typical sales processes Local market have individual requirements	Information exchange Business transactions very limited and only possible with headquarters' involvement

Table A - 13: Summary Grid – Managerial Implications I

3.1 Coordination and control			
1: Documents	2: Centralisation	3: Formalisation	4: Socialisation
1 E9	CI/CD Website IT system Goal setting with min. requirements	Goals and plans as directive, local freedom Structured management meetings	Mutual visits Training Market and customer know-how Communication (personal, phone, video)
2 E8	Contracts and decisions for market strategy done centrally	Repports on market activities	Visits subs in HQ HQ visits subs
3 E7	IT (central) Goals and directives from HQ	Goal and planning process	Quarterly meetings Mutual visits in markets for knowledge transfer Training (products, applications)
4 E6	IT (ERP system) Product training (central aspects) Brand CI/CD Sales policy	Goal setting CRM system Advertisement documents	Management meetings Mutual visits Local and global trainings
5 E5	Goals and planning (sales, costs, profit)	Goals and planning process CI/CD	Mutual visits, Constant communication Regional meeting Identification with products and company Networking and relationships Training
6 E4	Marketing CI/CD	CI/CD Sales management, reporting	Constant communication Mutual visits Training
7 E3	Goals and Planning (sales, costs, profit)	Goals and Planning process Guidelines for large quotes, order and low pricing	Best practice in management meetings Information exchange Product training Mutual visits Customer visits
8 E2	Reporting	Reporting process Goal and planning process	Identification with products and company Mutual visits, mutual support Market knowledge for HQ Training Networks and relationships
9 E1	Goals and Planning (sales, costs, profit) Rejects, NCR	CI/CD Code of conduct Sales and Goal planning	International business meetings Mutual visits Training
10 E10	Corporate strategy serves as global directive for local strategies Implementation in local markets	Structures goal setting process, review, and content	Consistent communication Product training Relationship, networking

Table A - 14: Summary Grid – Managerial Implications II

3.2. MNC and Mittelstand characteristics			
1: Documents	2: Mentality, values, and history	3: Core competencies	4: Depth of value adding
1 E9	Specialist Strategic decisions for new business models or mergers Flat hierarchies Appreciation for employees Communication, Competence Leading by example, Values	Competence in-house	Deep value chain activities But no dogma
2 E8		Focus on core competencies, clear definition, clear commitment	No deep value chain activities, only core competencies in-house
3 E7	Independence Consistency Sustainability Risk-averse	Keep core competencies and knowledge in-house	Deep value chain activities (for independence and flexibility)
4 E6	Consistency Long-Term relations and thinking Identification of employees with company	Core competencies in-house	Deep value chain activities for independence and flexibility
5 E5	Historic developments	Focus on core competencies Basis for competitive advantage	Deep value chain activities Basis for competitive advantage
6 E4	Stick to decisions Entrepreneurship Contact to employees, and to core business	Competences which are competitive advantage against global and local competition	Deep value chain activities
7 E3	Long-term relations	Focus on core business	Deep value chain activities for flexibility and independence from big suppliers
8 E2	Personal contacts Identification with company and products Local reputation	Focus on core competencies (as niche markets get more and more competitive)	It is difficult to reduce depth of deep value chain activities due to relation to company, function, competencies and people
9 E1	Sustainable growth and development Specialist in niche market Sustainability Close to employees, social standards Identification with company Close to operations	Core competencies are rason for success	Deep value chain activities
10 E10	Long-term approach, patience Personal, less anonym	Core competencies for independence	Deep value chains for flexibility and independence

B7: Overview of Final Coding Scheme

The following figure shows both the final coding scheme and the frequencies and occurrence of the codes within the transcripts of the expert interviews retrieved from the software MAXQDA 11.

Figure A - 14: Details of Final Codes of Expert Interviews

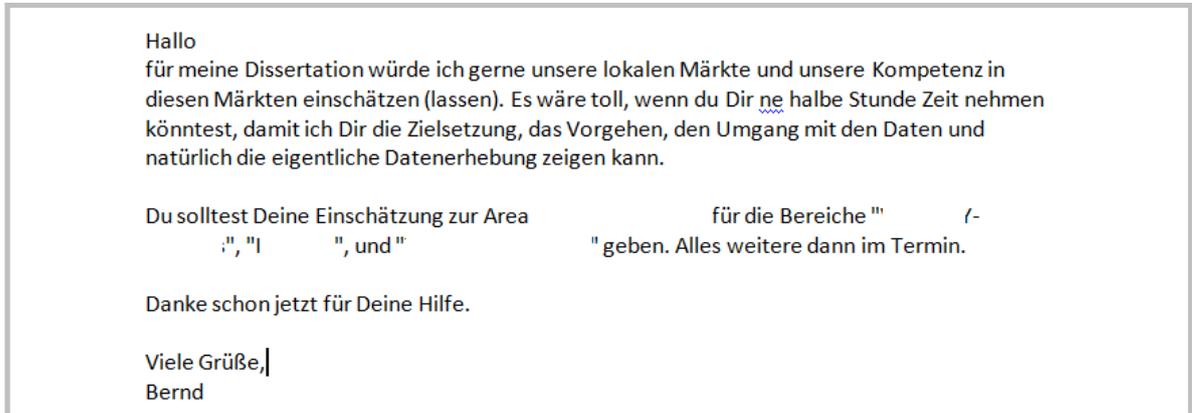
Parent code	Code	All coded segments	All coded segments %	Documents
	Environmental pressures			
	Environmental pressures			
	Environmental pressures\Market and industry characteristics			
	Environmental pressures\Market and industry characteristics	39	5,92	10
	Environmental pressures\Market and industry characteristics	29	4,40	10
	Environmental pressures\Market and industry characteristics	37	5,61	10
	Environmental pressures			
	Environmental pressures\Market and customer needs	23	3,49	8
	Environmental pressures\Market and customer needs	25	3,79	10
	Environmental pressures\Market and customer needs	9	1,37	5
	MNC response			
	MNC response			
	MNC response\Strategy	19	2,88	8
	MNC response\Strategy	21	3,19	8
	MNC response\Strategy	24	3,64	7
	MNC response			
	MNC response\Resources	59	8,95	10
	MNC response\Resources	24	3,64	8
	MNC response			
	MNC response\Operations	31	4,70	9
	MNC response\Operations	36	5,46	9
	MNC response\Operations	18	2,73	9
	MNC response			
	MNC response\Products	24	3,64	9
	MNC response\Products	25	3,79	10
	Managerial implications			
	Managerial implications			
	Managerial implications\Coordination and control	35	5,31	10
	Managerial implications\Coordination and control	36	5,46	10
	Managerial implications\Coordination and control	47	7,13	10
	Managerial implications			
	Managerial implications\MNC and Mittelstand characteristics	51	7,74	10
	Managerial implications\MNC and Mittelstand characteristics	25	3,79	10
	Managerial implications\MNC and Mittelstand characteristics	22	3,34	10

Appendix C: Documentation of the Case Study

C1: Introduction Email – Case Study

The following figures show the email, which is used to initiate the contact with the case study participants.

Figure A - 15: Introduction Email for Case Study Participants



C2: Informed Consent Forms – Case Study

The following figures show one anonymized examples of the informed consent forms for the case study participants, i.e. both sample company and individual participants.

Figure A - 16: Informed Consent Form for Sample Company of Case Study

Multinational Sales Management of Foreign Subsidiaries –
A Case Study on the German Mittelstand



Informed Consent Form

Information and Purpose of the Study: The research study investigates the management of foreign sales subsidiaries in multinational corporations (MNCs) belonging to the large Mittelstand in Germany. In particular, models for MNC typologies and subsidiary roles shall be tested within an existing case. Thus, the corresponding MNC models are applied to the subsidiaries of the selected case with the support of your participation.

Participation of E-T-A: The data collection within the "Case E-T-A" consists of three parts. First, general data regarding the history and the performance of the MNC and its subsidiaries are collected via documentary. Second, senior management in sales and divisions is asked to complete a questionnaire in order to deduce the roles of E-T-A's subsidiaries. Third, the same participants are asked to participate in a group discussion (focus group interview). In these interviews, the groups are asked to evaluate suggestions for the appropriate multinational management of the subsidiaries mentioned above. The overall time for participation is 3.5 hours for 10 participants. The participants are not required to answer every question and they may pass on any question that makes them feel uncomfortable. At any time, they may notify the researcher that they would like to stop the interview and their participation in this study.

Confidentiality: The above mentioned data and information are only used for this research study. All names (both from the participants and from the sample company) and any identifying information are anonymized and will not be presented in any part of the written report of the study. All sensitive information provided during the data collection for the thesis will be kept confidential and individual responses will not be shared with anyone other than the research supervisors at the university. The researcher will keep the corresponding documents from data collection and analysis by himself.

The results of the research study will be presented, if required, to the management of the "Case E-T-A". However, the results are modified to ensure the anonymity of the participants. The relevant parts of the thesis, which present the results of the "Case E-T-A" will be shown to the management of the selected case for final approval within 2 weeks before the thesis is finalized and submitted. If you have any questions or concerns, please contact the researcher, berndbernecker@connect.glos.ac.uk or his supervisor cvignali@connect.glos.ac.uk.

By signing below I acknowledge that I have read and understood the above information and agree to my participation and the usage of the data collection within the selected case E-T-A.

Signature CEO 1

Date

Signature CEO2

Date

Signature Bernd Bernecker

Date 01 June 2014

A handwritten signature in blue ink that reads "Bernd Bernecker".

This research is being conducted under the guidelines of the Handbook of Research Ethics (University of Gloucestershire, 2013). The research plan has been approved by the University, but the contents and opinions expressed in this research instrument are those of the researcher and in no way represent those of the University of Gloucestershire.

Figure A - 17: Informed Consent Form for Participants of Case Study

<p>Multinational Sales Management of Foreign Subsidiaries – A Case Study on the Mittelstand in Germany</p>	 <p>UNIVERSITY OF GLOUCESTERSHIRE</p>
<p>Informed Consent Form</p>	
<p>Information and Purpose of the Study: The questionnaire and the focus group interview, for which you are being asked to participate in, is a part of a research study that focuses on the management of foreign sales subsidiaries in multinational corporations (MNCs) belonging to the large Mittelstand in Germany. In particular, models for MNC typologies and subsidiary roles shall be tested within an existing case. Thus, the corresponding MNC models are applied to the subsidiaries of the selected case with the support of your participation.</p>	
<p>Your Participation: Your participation in this study will consist of two parts. First, you are asked to complete a questionnaire. You will be asked a series of question about the market and the competence of the local subsidiaries. This will take approximately 30 minutes. Second, you are asked to participate in a group discussion (focus group interview). In this interview, you will be one part of a group, which is asked to evaluate the series of suggestions for the appropriate managerial implications of the subsidiaries mentioned above. This focus group interview will take approximately 3 hours. You are not required to answer every question and you may pass on any question that makes you feel uncomfortable. At any time, you may notify the researcher that you would like to stop the interview and your participation in this study.</p>	
<p>Confidentiality: Both parts of the above mentioned parts are only used for the research study. Your name and any identifying information will also not be associated with any part of the written report of the study. All sensitive information provided during data collection for the thesis will be kept confidential and individual responses will not be shared with anyone other than the research supervisors at the university. The researcher will keep the completed questionnaires by himself. The focus group interview shall be recorded; however, your name will not be recorded. The corresponding audio tapes will also stay with the researcher only.</p>	
<p>The results of the research study will be presented, if required, to the management of the “Case E-T-A”. However, the results are modified to ensure the anonymity of the participants.</p>	
<p>If you have any questions or concerns, please contact the researcher, berndbernecker@connect.glos.ac.uk or his supervisor cvignali@connect.glos.ac.uk.</p>	
<p>By signing below I acknowledge that I have read and understood the above information and agree to my participation and the usage of the information out of my questionnaire and my interview.</p>	
<p>Signature Bernd Bernecker</p>	<p>Date 01 May 2014</p>
	
<p>Signature</p>	<p>Date</p>
<p><i>This research is being conducted under the guidelines of the Handbook of Research Ethics (University of Gloucestershire, 2013). The research plan has been approved by the University, but the contents and opinions expressed in this research instrument are those of the researcher and in no way represent those of the University of Gloucestershire</i></p>	

C3: Documentary Collection Table

The documentary collection table is also shown in Table 42 in section 5.2 in order to describe the data collection method in a detailed way within the main text body.

C4: Questionnaire Guide and Questionnaire Design

The following figures show the questionnaire guide of the case study, which was conducted as a structured interview (as explained in section 4.5)

Figure A - 18: Questionnaire Guide

**Multinational Sales Management of Foreign Subsidiaries –
A Case Study on the Mittelstand in Germany**



INSTRUCTIONS

This questionnaire is one part of the data collection and aims to get your management opinion on the importance of the local markets and the competence of the local subsidiaries of the case “E-T-A”.

The questions are categorised in three sections: (1) basic data, (2) importance of local markets, and (3) competence of local subsidiary. It is important for the research study to categorise the answers according to your corporate role. Therefore please do also provide the basic data, which is not meant to be published.

Please note, that all answers to the questions below shall represent your opinion about your view on the local markets and the local organisation for the business field/area, which you are responsible for. Please evaluate the markets and the subsidiaries via considering the conditions and requirements as well as the opportunities for the “case E-T-A”.

Please note that an evaluation of “4” is average important / average competent.

1 BASIC DATA

1.1 Management role:

- Headquarters (Divisions)
- Headquarters (Sales)
- Subsidiary

1.2 Strategic Business Field:

- Automation
- Systems
- Transportation

Figure A - 19: Questionnaire Guide (continued 1)



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2 IMPORTANCE OF LOCAL MARKET

2.1 Estimation of market size, growth and level of maturity by considering:

- pure market size and growth
- sales potential and business opportunities (SAM-serviceable available market)
- level of maturity of market

			1	2	3	4	5	6	7	
Subsidiary A:	not important at all	<input type="checkbox"/>	very important							
Subsidiary B:	not important at all	<input type="checkbox"/>	very important							
...	not important at all	<input type="checkbox"/>	very important							

2.2 Estimation of the intensity of competition in the local market of the subsidiary (in comparison to the other markets of the company) by considering:

- global competition (SME/Mittelstand)
- global competition (generalists like ABB, Siemens,...)
- local competition

			1	2	3	4	5	6	7	
Subsidiary A:	not intense at all	<input type="checkbox"/>	very intense							
Subsidiary B:	not intense at all	<input type="checkbox"/>	very intense							
...	not intense at all	<input type="checkbox"/>	very intense							

2.3 The suitability of the norms, standards, and approvals of industry and products in comparison to the existing ones in the company (i.e. the company's home market) is:

- industry norms (e.g. IEC, CCC, UL, and others)
- industry and product norms (e.g. NEC, SAE, and others)
- product approvals

			1	2	3	4	5	6	7	
Subsidiary A:	not suitable at all	<input type="checkbox"/>	very suitable							
Subsidiary B:	not suitable at all	<input type="checkbox"/>	very suitable							
...	not suitable at all	<input type="checkbox"/>	very suitable							

2.4 The importance of this local market (for the selected sample company regarding the selected business field) will develop to be:

			1	2	3	4	5	6	7	
Subsidiary A:	less important	<input type="checkbox"/>	more important							
Subsidiary B:	less important	<input type="checkbox"/>	more important							
...	less important	<input type="checkbox"/>	more important							

Figure A - 20: Questionnaire Guide (continued 2)

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3 COMPETENCE OF LOCAL SUBSIDIARY

3.1 Estimation of skills and competencies of the local subsidiary by considering:

- knowledge on market and customers
- knowledge on products and applications
- skills in technical sales and general management

		1	2	3	4	5	6	7	
Subsidiary A:	very low extent	<input type="checkbox"/>	very high extent						
Subsidiary B:	very low extent	<input type="checkbox"/>	very high extent						
...	very low extent	<input type="checkbox"/>	very high extent						

3.2 Estimation of abilities in conducting the local sales and marketing activities and operations by considering:

- marketing and market management (product management and business development)
- customer care and visit frequency
- sales operations

		1	2	3	4	5	6	7	
Subsidiary A:	very low extent	<input type="checkbox"/>	very high extent						
Subsidiary B:	very low extent	<input type="checkbox"/>	very high extent						
...	very low extent	<input type="checkbox"/>	very high extent						

3.3 The overall competence of this local subsidiary (regarding the selected business field) will develop to be:

		1	2	3	4	5	6	7	
Subsidiary A:	less competent	<input type="checkbox"/>	more competent						
Subsidiary B:	less competent	<input type="checkbox"/>	more competent						
...	less competent	<input type="checkbox"/>	more competent						

Thank you very much for completing this questionnaire. The answers will be used to assign roles to the foreign subsidiaries of the sample company. The result is then discussed with you in the scheduled focus group interviews (July and August 2014).

Bernd Bernecker

Bernd Bernecker

C5: Detailed Questionnaire Results

The following table displays the results from the questionnaires both from the perspective of participants and industry segments.

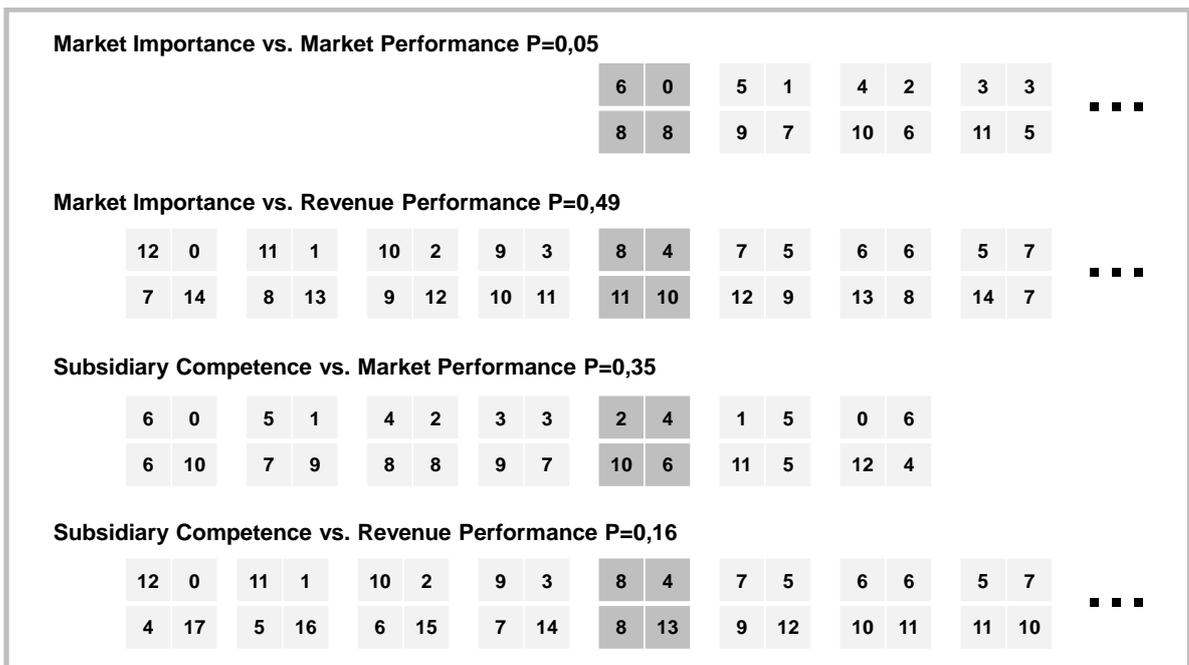
Table A - 15: Detailed Results Questionnaire

Questionnaire Results	Sales management			Market management			all			Sales Total	Market Total	all Total
	alpha	beta	gamma	alpha	beta	gamma	alpha	beta	gamma			
2.1 Market importance	5,4	5,0	4,1	4,5	4,5	4,0	5,0	4,8	4,1	4,8	4,3	4,6
2.2 Competition intensity	4,9	5,1	4,5	4,5	4,9	4,0	4,7	5,0	4,3	4,8	4,5	4,7
2.3 Norm/standard/approval suitability	5,7	5,5	4,9	6,6	6,0	5,7	6,2	5,8	5,3	5,4	6,1	5,7
2.4 Development of market importance	5,3	5,4	5,0	4,3	4,6	4,1	4,8	5,0	4,6	5,2	4,3	4,8
3.1 Subsidiary competence	4,3	4,1	3,6	3,7	3,9	2,6	4,0	4,0	3,1	4,0	3,4	3,7
3.2 Sales and marketing abilities	4,3	4,2	4,1	4,1	4,3	2,5	4,2	4,3	3,3	4,2	3,6	3,9
3.3 Development of subsidiary competence	5,0	4,7	4,3	4,5	4,5	3,4	4,8	4,6	3,9	4,7	4,1	4,4

C6: Confrontation of Performance Data with Questionnaire Data

The following illustration presents the 2x2 matrices of the four Fisher Exact Tests in order to show the two extreme configurations, which lead to the P-value. The configurations illustrated in a darker grey colour are the observed configurations.

Figure A - 21: Extreme Configurations of Fisher Exact Test Results



C7: Focus Group Interview Guide

The following two questions served as an interview guide for the three focus group interviews:

- WHAT MNC response to shape local organization in order to approach local market and customers?
- WHAT MNC response to shape local environment in order to approach local market and customers?

The conceptual framework with the structured MNC dimensions and factors provided additional guidance for the two questions. Therefore, the factors of the MNC response were visualized in the location of the interview for all participants of the group.

C8: Coding Rules for Focus Group Interviews

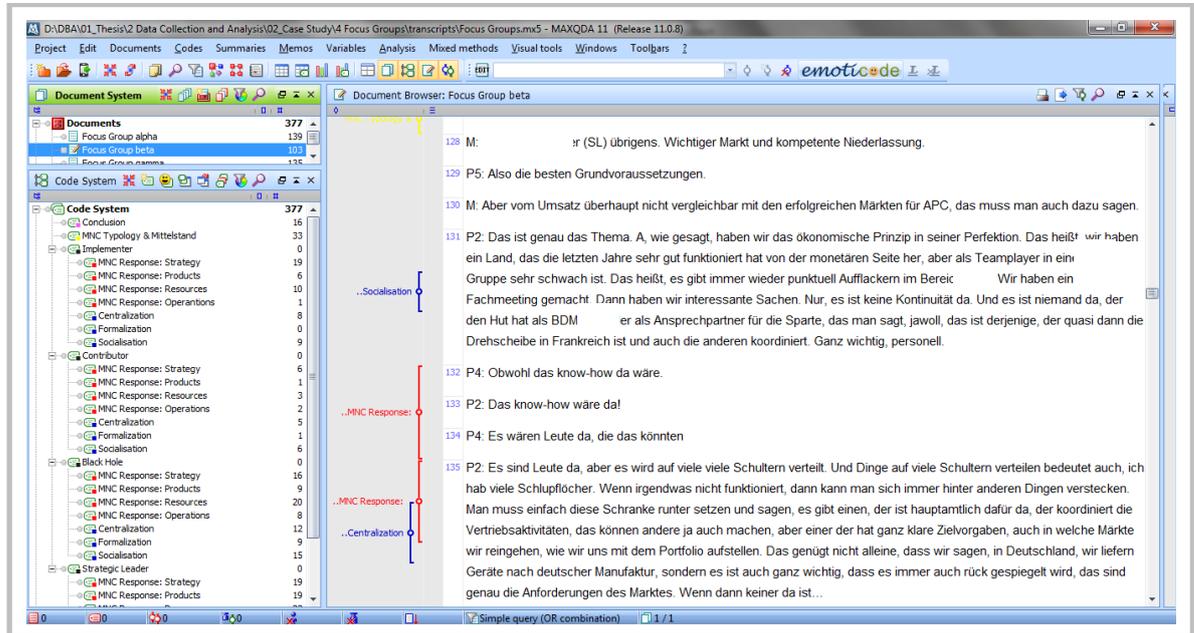
The following coding rules are applied during the analysis of the transcripts:

- The coding process consists of two phases. First, a manual coding is performed in order to reread the transcript, to understand and pre-analyse the meaning, and pre-structure the coding scheme. Second, a second coding phase ensues using the software MAXQDA.
- The relevant content of the transcript are the answers of the group discussions. Therefore, only the meaning of the answers is taken into consideration to be matched with initial codes. The text of the interviewer is only considered, if the respective answer is directly confirming the content of the question.
- Only the second category (MNC criteria) is used for coding in order to specify the content with as much detail as possible for the respective subsidiary role
- The following colours are used for the defined coding categories and the corresponding sub-codes for the MNC factors:
 - (1) Environmental pressures → green (not relevant for the focus group discussions),
 - (2) MNC response → red,
 - (3) Managerial implications → blue.
- The following guideline supports the researcher in conducting a consistent analysis across all transcripts and provides transparency for the reader:
 - (1) Environmental pressures: n/a for the focus group discussion
 - (2) MNC response: A code of this coding category is selected if the interviewee mentions, describes, or discusses an MNC response, which may be regarding “strategy”, “resources”, “operations”, or “products” for the subsidiary in discussion.
 - (3) Managerial implications: A code of this coding category is selected if the interviewee mentions, describes, or discusses a managerial implication, which may be “centralization”, “formalization”, or “socialization” for the subsidiary in discussion.

C9: Example of Transcript of Focus Group Interviews in Case Study

The following figure shall provide an insight into what a transcript of the expert interviews looks like. The screenshot is taken from the software MAXQDA 11.

Figure A - 22: Extract of Focus Group Interview Transcript



The respective participants agree to publish this anonymized part of the focus group discussion.

C10: Summary Grids for Subsidiary Roles

The following tables show all summary grid tables resulting from the focus group interviews retrieved from MAXQDA 11.

Table A - 16: Summary Grid – MNC Response for “Implementers”

MNC Response - Implementer				
1: Document	2: MNC Response: Strategy	3: MNC Response: Products	4: MNC Response: Resources	5: MNC Response: Operations
1 Focus Group alpha	Big / international customers by HQ Small customers by subsidiary No strategy (required) Possibly deinvest	Limited input for products	Limited investment in resources	
2 Focus Group beta	Field sales, rather than specialized sales or BDM Possibly deinvest		Field sales	
3 Focus Group gamma	Market misfit Market size not sufficient Pricing strategy Big / international accounts by HQ Small accounts by subsidiary	Products misfit Limited market for products	Resources required to understand market BDM required to identify business Limited investment in resources	Direct operations from HQ (for gamma)

Table A - 17: Summary Grid – Managerial Implications for “Implementers”

Managerial Implications - Implementer			
1: Group	2: Centralization	3: Formalization	4: Socialisation
1 Focus Group alpha	Direct control for bis/international accounts Less centralization due to limited HQ resources/priorities Direct control dependent on geographic and cultural distance		Limited support in joint visits and training Joint visits for important customers
Implementer Focus Group beta			Regular trainings to understand markets and to improve competence
3 Focus Group gamma	Justify centralization efforts by deinvestment in subsidiaries (for implementers) Punctual centralization for important markets and customers		Distance vs socialisation Socialisation requires time

Table A - 18: Summary Grid – MNC Response for “Contributors”

MNC Response - Contributor				
1: Document	2: MNC Response: Strategy	3: MNC Response: Products	4: MNC Response: Resources	5: MNC Response: Operations
1 Focus Group alpha	Right to exist as a subsidiary Structural importance	Limited potential for products		Local operations
2 Focus Group beta	Limited potential, limited priority		Competent resources with limited potential	Integration in global operation where possible (campaigns, fairs)
3 Focus Group gamma	No strategic focus Pick-up business		Resources in field sales	

Table A - 19: Summary Grid – Managerial Implications for “Contributors”

Managerial Implications - Contributor			
1: Document	2: Centralization	3: Formalization	4: Socialisation
1 Focus Group alpha	Distance creates freedom and requires discipline and trust No specific focus for direct control except for big customers	Leadership, reporting and controlling	
2 Focus Group beta	Priorities		Training to increase local competence and to understand market requirements Limited priority
3 Focus Group gamma	Distance vs socialisation Focus required		Distance vs socialisation Socialisation requires time

Table A - 20: Summary Grid – MNC Response for “Black Holes”

MNC Response - Black Hole				
1: Document	2: MNC Response: Strategy	3: MNC Response: Products	4: MNC Response: Resources	5: MNC Response: Operations
1 Focus Group alpha	Long-term strategy required Long-term approach to build structures Filed sales and then BDM Pricing strategy	Limited market and product knowledge "Interpreter" required Existing products as door opener	Competence needs to be improved by local support# Leadership, both in sub and in HQ, required First field sales, then specialized sales force and BDM Competent sales force essential	Sales skills required More focus on sales Sales operations need to be in place
2 Focus Group beta	OEM approach and/vs distribution Pricing strategy	Market and product knowledge required	Competent resources required Leadership required	Joint sales activities like campaigns, fairs
3 Focus Group gamma	Strategic focus First components, then systems	First components, then systems	Local skills essential to develop market	Technical sales Local sales operations essential to prepare HQ approach

Table A - 21: Summary Grid – Managerial Implications for “Black Holes”

Managerial Implications - Black Hole			
1: Document	2: Centralization	3: Formalization	4: Socialisation
1 Focus Group alpha	Distance matters HQ influence essential for important markets Freedom, Discipline for local management	Clear role descriptions Incentives Reporting CRM Directives	Support necessary Distance matters "Interpreter" required, BDM or PM Two-way communication Joint customer visits Training in subsidiary and HQ Personal relationship
2 Focus Group beta	HQ influence to guide sales activities HQ agreement necessary	Guidelines required Reporting essential	Training required Reporting required Joint customer visits required Consistency required
3 Focus Group gamma	Shift of resources Focus		Distance matters Time is required

Table A - 22: Summary Grid – MNC Response for “Strategic Leaders”

MNC Response - Strategic Leader				
1: Document	2: MNC Response: Strategy	3: MNC Response: Products	4: MNC Response: Resources	5: MNC Response: Operations
1 Focus Group alpha	International customers require global focus Team players required Strong partners	Product fit Product know-how via existing products Market know-how via existing products Both product and market know-how needs to be further improved Norm and Approval fit Example for a local development Lead customer necessary	Competent resource necessary, needs to be hired and developed Strong local leadership necessary Teamplayer necessary Business Development necessary Global (transnational) cooperation necessary for important/big customers	Market penetration Sales operations
2 Focus Group beta	Focus necessary Strategy necessary Sales (to OEM and via partner) approach	Market know-how important Product fit Product portfolio can be further extended	Specialized sales force necessary BDM necessary Competent and resources with focus	International dependencies Campaigns Fairs Sales operations
3 Focus Group gamma	Strategic focus	Component business necessary for system business System business on a local basis (design and development as well as manufacturing) Global Global coordination only for USP/strategic components Clear distinction of global and local products/systems	BDM necessary Competent resources with focus For systems, design and possibly assembly resources are necessary	Sales skills Strategic and operational Cooperation, coordination, and communication Sales operations

Table A - 23: Summary Grid – Managerial Implications for “Strategic Leaders”

Managerial Implications - Strategic Leader			
1: Document	2: Centralization	3: Formalization	4: Socialisation
1 Focus Group alpha - Strategic Leader	Local and global leadership More centralization if HQ does not agree to local MNC response Trust required Certain degree of centralization necessary in strategic focus countries Team required	Local vs global success, incentives are important, especially for international business Group vs subsidiary Guidelines for local sales and leadership Reporting and follow up The bigger subsidiary, the more independent it seems. incentives and guidelines necessary	Knowledge transfer HQ-sub and sub-HQ Binding and commitment to MNC via socialisation Subs and HQ need to seek contact Team aspects required
2 Focus Group beta	Centralization necessary for strategic focus countries Cooperation and communication necessary Team required	Clear objectives and guidelines Reporting, both financial data as well as sales activities Common systems	Product and application support and training Knowledge transfer from sub-HQ and HQ-sub Training and knowledge transfer help to understand the local market (for HQ) Joint international meetings for training, knowledge transfer, and relationship Distances need to be reduced Socialisation may incorporate subsidiary in decision process Joint customer visits HQ visits sub, sub visits HQ
3 Focus Group gamma	Certain level of centralization necessary Local responsibility for BDH Leadership from HQ Enhancement of local resources by HQ (especially if subsidiary is small) Language, Distance to be considered	Incentives need to be set by HQ Guidelines for cooperation in group Keeping of guidelines Common systems Cooperation between sub-HQ and possibly even between sub-sub	Distance can be reduced via socialisation Team aspects required (openness) Information exchange via communication Joint customer visits HQ visits sub, sub visits HQ Time is required Product and application training

C11: Overview of Final Coding Scheme

The following figure shows both the final coding scheme and the frequencies and occurrence of the codes within the transcripts of the focus group interviews.

Table A - 24: Details of Final Codes of Focus Group Interviews

	Parent code	Code	All coded segments	All coded segments %	Documents
		Conclusion	16	4,24	3
		MNC Typology & Mittelstand	33	8,75	3
		Implementer			
	Implementer	MNC Response: Strategy	19	5,04	3
	Implementer	MNC Response: Products	6	1,59	2
	Implementer	MNC Response: Resources	10	2,65	3
	Implementer	MNC Response: Operations	1	0,27	1
	Implementer	Centralization	8	2,12	2
	Implementer	Formalization	0	0,00	0
	Implementer	Socialisation	9	2,39	3
		Contributor			
	Contributor	MNC Response: Strategy	6	1,59	3
	Contributor	MNC Response: Products	1	0,27	1
	Contributor	MNC Response: Resources	3	0,80	2
	Contributor	MNC Response: Operations	2	0,53	2
	Contributor	Centralization	5	1,33	3
	Contributor	Formalization	1	0,27	1
	Contributor	Socialisation	6	1,59	2
		Black Hole			
	Black Hole	MNC Response: Strategy	16	4,24	3
	Black Hole	MNC Response: Products	9	2,39	3
	Black Hole	MNC Response: Resources	20	5,31	3
	Black Hole	MNC Response: Operations	8	2,12	3
	Black Hole	Centralization	12	3,18	3
	Black Hole	Formalization	9	2,39	2
	Black Hole	Socialisation	15	3,98	3
		Strategic Leader			
	Strategic Leader	MNC Response: Strategy	19	5,04	3
	Strategic Leader	MNC Response: Products	19	5,04	3
	Strategic Leader	MNC Response: Resources	22	5,84	3
	Strategic Leader	MNC Response: Operations	17	4,51	3
	Strategic Leader	Centralization	29	7,69	3
	Strategic Leader	Formalization	27	7,16	3
	Strategic Leader	Socialisation	29	7,69	3