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## HIGH-MAGNITUDE ROLE TRANSITION IN THE MULTINATIONAL ENTERPRISE: A SUBSIDIARY ACTOR PERSPECTIVE

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### INTRODUCTION

There is growing pressure for multinational enterprises (MNEs) to source and leverage latent potential from across their dispersed network, but understanding how individuals from local contexts effectively transition into corporate leadership roles is an important problem (Kunisch et al. 2019; Verbeke & Yuan, 2020). Scholars have considered the distinctions that exist between roles that actors perform in subsidiaries versus those carried out in corporate headquarters (CHQ) (Bartlett & Ghoshal, 2003; Kunisch, Menz & Ambos, 2015). Corporate roles are complex as they carry global responsibilities and require an international mindset with high mobility to coordinate an expansive geographic network (Verbeke & Yuan, 2020). Attentively, subsidiary roles are geographically confined, centered around building host country networks and championing locally developed initiatives (Conroy, Collings & Clancy, 2019; Meyer, Li & Schotter, 2020). A cross-border transition between these two roles would likely trigger a significant increase in intensity, complexity, and ambiguity (Ashforth et al. 2024), but we have yet to fully grasp the challenges that actors confront in this context. We draw on role transition to explore this issue.

Role transition may trigger a multitude of transition-related tensions that are psychological, relational, behavioral, and physical, and these can vary in intensity (Ashforth, 2000; George, Wittman & Rockmann, 2022). Individuals exiting subsidiary roles to advance into corporate roles are likely to confront a high-magnitude transition with significant cross-border tension in how they experience this shift. This is a crucial issue to tackle as subsidiary actors transitioning to roles that ascend the MNE hierarchy will likely experience major changes in their identity, network, behaviour, and work environment - transforming the way they think, act, and interact. To this end, our research question seeks to explore *how subsidiary actors experience and navigate the transition-related tensions of moving into a corporate role?* Our empirical context is U.S. MNEs in the Life Sciences industry, with a focus on their subsidiaries based in Ireland. We conducted qualitative interviews across 6 MNEs concentrating on subsidiary actors that had transitioned into corporate roles. A unique feature of the corporate roles that individuals transitioned to is that they did not involve a physical relocation to CHQ, but instead were operated remotely out of the local subsidiary.

### ROLE TRANSITION IN THE MNE

Role transition is defined as “a change to one’s position in a social structure, involving psychological, physical, relational, or behavioral movement” (George et al. 2022: 103). This is a challenging undertaking and the greater the magnitude of the contrast between exited and entered roles the more difficult the transition (Ashforth, Kreiner & Fugate, 2000). Difficulty may involve the effort required to engage in a series of interrelated movements such as psychologically, relationally, behaviorally, or physically disengaging from one role and engaging in another (Ashforth et al. 2024; George et al. 2022). The transition from a

subsidiary to a corporate role depends on how effectively subsidiary actors engage in these various interrelated movements, but tensions may emerge in this process.

First, the psychological movement from a subsidiary to a corporate role may create tensions in switching cognitive gears, having to think more globally, and letting go of a local mindset or identity that has become conditioned over time. This may impact their ability to shed an old identity, which can get carried over and influence how they see themselves in their corporate roles (Vora, Kostova & Roth, 2007). As such, subsidiary actors may need to engage in role identification in reframing the meaning of the new role to themselves and others across the MNE. Second, relational movement will create significant tensions for actors disengaging from an established local community and building ties with a global network. This is likely to involve a reconstruction of their social interdependence as actors are forced to weave new connections within a dispersed network. Transitioning to a corporate role may therefore trigger a need for individuals to legitimize their roles across the global network and at CHQ, searching for ways to exercise their newfound identity, authority, and influence. Third, behavioral movements in transitioning to a corporate role will involve increased responsibility, autonomy, and decision-making authority in coordinating a global network (Verbeke & Yuan, 2020). Fourth, any change in physical movement, as part of the role transition, can impact psychological, relational, and behavioral movements. Traditionally, a corporate role is based in the home country, but our study finds that individuals transitioned to a corporate role that was operating remotely out of the local subsidiary i.e. without physical relocation. Carrying out a corporate role while remaining in the subsidiary may create unique tensions in how individuals make a clean break from their exited role if they remain physically collocated in the subsidiary.

Ultimately, the transitional experience of a subsidiary actor moving to a corporate role is likely to alter their identity, network, behaviour, and work environment. We suggest that moving from a subsidiary to a corporate role signifies a highly visible discontinuity and a potentially high-magnitude transition with a variety of underlying tensions.

## METHOD

We adopt a qualitative research design which is an increasingly valuable approach in international business. Given our research question, and the notable decline in individual-level studies with primary data in international business (Cerar, Nell & Reiche, 2021), our main unit of analysis is the individual. We focused on six firms in the Life Sciences industry in Ireland, identified by the pseudonyms, MCO, PCO, HCO, BCO, TCO, and ACO. All firms in our study had a CHQ based in the U.S. and were growing significantly, while the Irish subsidiaries had advanced mandates.

Data were collected through in-depth semi-structured interviews across all firms (25 CHQ; 47 corporate roles). Theoretical sampling was used to target subsidiary actors that had transitioned into corporate roles while based in Irish subsidiaries. All these individuals were host-country nationals, having previously worked in 'local facing' subsidiary roles, before being assigned corporate roles with global responsibilities. We triangulated these insights through interviews with individuals based in CHQs, who were mostly home-country nationals. Interviewees operated across different functions, facilitating a richer and more diverse collection of responses. In their corporate roles, all interviewees had global responsibilities having direct responsibility for dispersed units. Apart from sporadic travel to CHQ, respondents did not have experience of being on international assignments in other countries/units. All CHQ interviewees had regular interactions with individuals in corporate roles. The amount of time respondents spent in local roles before transitioning varied, but most had spent at least 5 years, often longer, with some up to 10 years in local roles before

moving. We asked all interviewees to tell us about their experience in navigating their corporate role and this allowed us to capture the transitional challenges. Interviews were conducted across 6 months from April 2019 to November 2019.

We employed an abduction approach which involved iterating back and forth between collecting and analyzing empirical data while consulting pre-existing theoretical constructs. Although our analysis was iterative, we followed broad coding steps in analyzing these data (Grodal, Anteby & Holm, 2021). Having created first-order constructs which we then grouped into second-order categories, we finally constructed higher-level aggregate dimensions. Our coding structure demonstrates how, in transitioning to and enacting their corporate roles, subsidiary actors confronted a range of psychological, relational, and socio-political tensions across local, global, and corporate contexts (aggregate dimensions) but sought to ease these tensions in various ways (second-order codes). An unexpected finding that emerged early on in our abductive process was that a unique feature of the corporate roles was their physical dislocation i.e., actors did not change location but instead carried out their corporate roles remotely while based in the host country. As such, individuals were operating as an intermediary between various contexts (local, global, corporate).

## FINDINGS

### Physical dislocation - Remote corporate roles

All respondents with corporate roles were once subsidiary managers with high-level positions, but they had been ‘promoted’ to corporate roles with global responsibilities. Individuals experienced a *physical dislocation* in transitioning to their corporate roles. Physical dislocation was a distinct core feature of their corporate roles which was characterized by being *remote* and *intermediary*. In other words, instead of relocating to CHQ, individuals remained collocated in the local subsidiary, which differentiated their roles from ‘*stereotypical corporate*’ roles in the home country. Individuals in MCO commented on this unique core feature, noting; ‘*I’m a different layer within corporate*’ (Global Benefits Director MCO); ‘*you are in this touching corporate, touching local space...I interpret corporate and make it workable for them and gather up their stuff and parley with corporate...it’s almost like in that in-between space*’ (Director HR MCO). Next, we detail how this physical dislocation influenced the specific transitional tensions – psychological, relational, and socio-political - across local, global, and corporate contexts.

### Psychological tensions - local context

Transitioning to a corporate role while remaining collocated in the local subsidiary presented psychological tensions in the local subsidiary they were based. Individuals sought to ease these tensions by: (a) shifting mindset (b) local separation and (c) curtailing biases and suspicions.

**Shifting mindset.** Operating in the host country conditioned individuals with a local mindset to act in the interests of the subsidiary, which hindered their transition to their corporate roles. PCO’s Global Marketing Director who spent 6 years in local roles noted that this transition was ‘*a big mindset shift that was more than just a label...this is your home and it’s all you think about for years...you now have to think quite differently about how you’re managing*’. Many respondents spent over 10 years in subsidiary roles before moving, with some reflecting on how difficult it is to leave behind their old identity, ‘*it’s hard to leave your own identity behind...it’s always hard to have that legacy... ..and it does sour your thinking a little...I think it’s hard not to see it through that lens*’ (Director Innovation

Alliances ACO). Some alluded to a 'role reversal' problem and how their corporate role served as a foil for their former identity, which impacted the way they identified with the new role, as TCO's Senior Director of Quality Assurance noted, *'I'd always been more of a subsidiary. And when you're a subsidiary, corporate is the pain. You get a lot of things from corporate coming in and telling you to do stuff that doesn't always appear to be informed'*.

**Detachment.** An important part of this mindset change involved psychological detachment from the local subsidiary. One individual noted that his CHQ counterpart reminded him, *'when you move into the corporate role you have to distance yourself from the local site...don't get sucked into the local stuff'* (Global Director IT BCO). ACO's VP of Marketing who was 3 years in a local role before transitioning expressed that if he had physically relocated and was not operating remotely *'it would be easier to remove yourself from local demands...that is just a tension that exists'*. The detachment was important to prevent any interference to the daily activities of colleagues that moved into the exited local roles, as suggested by HCO's Director of HR, *'it's very important that I make that separation and allow my successor to sit in my seat, physically as well as psychologically'*.

**Curtailing biases and suspicions.** Being collocated meant that, when making global decisions, individuals had to minimize their local biases as well as manage suspicion from global colleagues. This involved instances of disidentification with the local role by publicly disavowing their old identity, as BCO's VP of Sales stated, *'I absolutely do not have a local agenda'*. Yet, it was clear that shedding local biases was difficult for most and often led to role relapses, as ACO's VP of Marketing outlined, *'if there's a location up for grabs, why not consider Ireland? I would naturally do that'*. Tensions also existed in attempting to manage *'bias suspicion'* from others across the MNE. MCO's VP of R&D, who was 5 years in his corporate role, noted, *'what limits you is how you're perceived. A lot of it is perception versus substance...you have to manage that perception'*.

### Relational tensions - global context

A core feature of transitioning to the new corporate role was to ensure global harmonization across a network of subsidiaries. Individuals sought to ease the relational tensions that arose from this by: (a) building a relational identity (b) creating a shared identity, and (c) modifying a network architecture.

**Building a relational identity.** Respondents noted in their old roles, *'I could walk to somebody in an office or downstairs in the factory and talk to them face-to-face'*, but now *'my stakeholders are scattered all over the place'* (Senior Director Finance PCO). Individuals sought to bridge this remote disconnect and build a relational identity with their new network. They had to adjust to more virtual mediation, noting, *'you suddenly are gone from being highly interactive with individuals on a personal level to on the phone eight, nine, ten hours a day'* (Global Director IT BCO). Individuals were uniquely positioned to *'talk to Asia in the morning and the US in the evening'* serving as a mediator between CHQ and local markets. Respondents also established temporary collocation with dispersed colleagues by engaging in extensive international travel, with some noting they *'had an office in the sky'* (VP Sales PCO) or *'some people get a bus to work. I just happen to get an airbus'* (Senior Brand Marketing Manager PCO). This was a recurrent trend, with BCO's VP of Quality Assurance adding, *'if you stay in [Ireland]...you have to travel to actually leverage the benefit of it'*.

**Creating a shared identity.** When individuals were in-market engaging with local subsidiaries they outlined the relational tensions, particularly when trying to implement changes that were seen as corporate. ACO's Director of Global Engineering who managed across APMENA, India and China, described the role stigma from other subsidiaries and how this impacts trust, *'they see corporate as a corporate policeman'*. Respondents eased these

tensions by creating a shared identity, distancing themselves from their corporate role identity, stating, *'it's more useful not to be seen as an extension of corporate. When I'm sitting with them, I come around to their side of the table, if corporate is on the other. I see my job as very much representing their interests at corporate'* (VP Regulatory Affairs TCO). A shared identity was created by invoking previous subsidiary experience, carrying over some of their old role identity and values, despite conflicting with their corporate role. The Senior Director Global Manufacturing HCO commented on his old identity as a transitional bridge, saying, *I have worked hard at keeping an identity that isn't the stereotypical corporate identity. I don't ever want to be seen as one of the guys from head office'*.

**Constructing a network architecture.** Upon moving into their corporate role, respondents faced relational tensions from not having an established network. This tension was a result of *'resourcing constraints around people'*, but individuals sought to ease it by modifying their network. Some respondents stated, *'one of the big challenges is to build that network quickly and establish credibility'* (Director of Global Engineering HCO); *Being the new kid on the [global] block...you have to get to know all these people, get to know all the links across the organization'* (Director Global Engineering ACO). Respondents also built talent pipelines to plug structural holes, noting, *'before I ended up with a vacancy for about 9 months. It was very challenging to manage Russia from here'* (VP Sales PCO).

### **Socio-political tensions – corporate context**

Transitioning to and enacting a corporate role involved remaining connected to CHQ, but physical dislocation exposed them to socio-political tensions. Respondents sought to ease these tensions in two ways: (a) proactive socialization (b) influencing corporate politics.

**Proactive socialization.** Individuals recognized that operating remotely from CHQ put them at a significant disadvantage to colleagues who were based there when remaining connected to CHQ. Many CHQ interviewees noted *'if you're not in the building, it can be very easy for people to overlook a particular individual if they're not well-networked'* (Senior Director Manufacturing HCOCHQ) and *'you miss out on important information'* (VP Quality Assurance BCOCHQ). In this sense, CHQ appeared to stereotype or identify these roles as different to collocated corporate roles. MCO's Global Director noted that the remote nature of their role was a burden that he tried to conceal as he sought to legitimize his role identity at CHQ stating, *as soon say, I'm in Ireland, it immediately throws up barriers'*. In seeking to overcome this remote disadvantage respondents detailed their proactivity in fostering ways to socialize with CHQ, particularly when transitioning early on. Interestingly, socializing with CHQ was similar to what they had done in their old roles and so acted as a transition bridge, but differences existed. This involved legitimizing the new role early on to build a role identity and ensure valuable knowledge and initiatives were transmitted. MCO's VP of Quality Services stated, [you] *'build the right connections early so that there is that trust and credibility there. And therefore, you can work anywhere people know you're committed'*.

**Influencing corporate politics.** Exchanges with CHQ across all cases were *'almost all corporate politics...people not necessarily always acting rationally'* (Director of Innovation Alliances ACO) as CHQ *'were kind of a closed club in some of the centers of power'* (VP Quality Assurance BCO). Regardless of how long they were in their roles, this exposed them to greater precarity when engaging with CHQ, as they lacked the same structural protection as their colleagues who were not based remotely. As respondents noted, *'you are floating free. You become separated from your country organization and therefore the whole business network around that'*. As such, respondents had to *'constantly justify your existence'* to CHQ to show that they *'can be trusted enough to be brought into the conversation [at CHQ]'* (VP Quality Assurance BCO).

## CONTRIBUTIONS

Our study set out to explore how subsidiary actors experience and navigate the transition-related tensions of moving into a corporate role. We make two primary contributions to existing literature.

First, focusing on the MNE context, we contribute to a richer understanding of role transitions (Ashforth et al. 2024; George et al. 2022; Shulist et al. 2022) by demonstrating how difficult it is for actors to transition from a subsidiary to a corporate role. In navigating what is a high-magnitude transition with significant role contrast and discontinuity, we identify how these actors confronted tensions across three domains a) psychological tensions due to their collocated position in the local subsidiary b) relational tensions in their remote networking with global subsidiaries and c) socio-political tensions in their remote communications with CHQ. Our findings disentangle how actors went about easing these tensions in a variety of ways such as detaching their identity from the local context, building a shared identity with and empowering a new relational structure, and proactive socialization and legitimization behaviours with the corporate echelons. This transition triggered a ‘role reversal’ where a local mindset, collocated interactions, and championing the subsidiary at CHQ had to be abandoned for a global way of thinking, acting, and interacting.

Departing from existing studies that depict this transition through geographical relocation to the CHQ home country, a unique core feature of the corporate roles in our study is that they are enacted remotely from CHQ and based out of the local subsidiary. This physical dislocation intensified the transitional tensions experienced. Contrasting with work on the distinctive roles of actors at the CHQ-subsiary interface (Bartlett & Ghoshal, 2003; Meyer et al. 2020), we argue that subsidiary and corporate roles are intimately entangled and complementary in that one may serve as a foil for the other in how they are experienced and enacted. Specifically, our findings show that intense identity conflict was evident in making the transition where actors balanced shedding their national identity while holding on to lingering organizational identities as a ‘transitional bridge’ to the new role. These insights extend research on role transition to a cross-border context and answer calls to unpack how actors grasp the complex interrelated movements in this process (George et al. 2022).

Second, we extend scholarly work on understanding how actors in the MNE enact their roles (Verbeke & Yuan, 2020), specifically how subsidiary actors ascend to roles in the corporate hierarchy. We expand the reach of studies on how subsidiary actors identify with and enact their local roles (Lee et al. 2023; Meyer et al. 2020; Vora et al. 2007; Zhang et al. 2006) by providing a more dynamic and authentic perspective on what may transpire upon exiting these roles. To our knowledge, our study is one of the first to explore the lived transitional experiences of actors exiting a subsidiary role and entering a corporate role characterized by physical dislocation. Equally, our findings shed light on the micro-level activities of individual subsidiary actors (Cerar et al. 2021; Conroy et al. 2019), specifically, their experiences of a high-magnitude transition when navigating their way out of the local subsidiary ‘ceiling’ and into the corporate echelons. Our paper ultimately argues that, although role transition provides subsidiary actors with a valuable promotional opportunity, it also challenges them to reframe their identity, network, behaviour, and physical space.

## REFERENCES AVAILABLE FROM THE AUTHOR(S)