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## Multilevel theorizing in international business: the case of research on strategy implementation in MNCs

**Author(s):** Šilenskytė, Aušrinė; Smale, Adam

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## **Multilevel theorizing in international business: The case of research on strategy implementation in MNCs**

### **Abstract**

**Purpose:** This paper aims to illustrate why an understanding of how levels of analysis interact is an essential part of multilevel research in the field of International Business (IB). Using research on strategy implementation (SI) in multinational corporations (MNCs) as an example, we develop a taxonomy and research agenda that demonstrates the key role critical scholars can play in advancing multilevel theorization.

**Design/methodology/approach:** Drawing on the assumptions of methodological collectivism and individualism, the paper presents a four-step framework: 1) defining the theoretical boundaries of the selected subject; 2) juxtaposing theoretical arguments with empirical work; 3) identifying single- and multi-level theories; and 4) developing a research agenda.

**Findings:** Research on SI in MNCs has been dominated by one type of theorizing that focuses on the designs of organizational systems or the power of institutions. Multilevel theorization grounded in methodological individualism would offer new knowledge by including the views of under-represented stakeholders, questioning the justice of established systems, and overall implications of MNC operations.

**Research limitations/implications:** The proposed four-step framework encourages scholars to adopt a systematic approach to multilevel theorizing and draw upon the untapped potential of IB theories.

**Originality/value:** The paper contributes to the IB field by introducing an approach to assessing IB research from a multilevel theorizing perspective. The actionable research agenda on SI and the taxonomy of SI research can assist scholars in making aligned choices on study design and envisioning research questions that yield meaningful contributions to theory and practice.

**Key words:** multilevel theorizing, strategy implementation, MNC, critical and mainstream IB studies, microfoundations

**Paper type:** Conceptual paper

## 1. Introduction

The need to build and enrich theories that are capable of reflecting the complex, multifaceted, multilevel reality of multinational corporations (MNCs) is increasingly being recognized in the literature (Rousseau and Fried, 2001; Roth and Kostova, 2003; Cheng, Birkinshaw, Lessard, and Thomas, 2014; Andersson, Cuervo-Cazurra, and Nielsen, 2014). For instance, empirical studies show that planned structures, practices and processes within the MNC are likely to be interpreted and enacted differently than initially intended (e.g., Geppert, Williams, and Matten, 2003; Värlander, Hinds, Thomason, Pearce, and Altman, 2016). Questions such as whether MNCs ‘as firms’ can be rational and socially responsible, if individuals working in them are prone to various biases and misbehaviors, have been raised, but remain unexplored (Devinney, 2013). As a consequence, mainstream international business (IB) research is criticized for its continued focus on advanced statistics that intend to test simplistic questions that are often distanced from real-world problems (Dörrenbächer and Gammelgaard, 2019).

More than decade ago, Hitt and colleagues (2007) argued that organizations should be seen to comprise multiple nested arrangements, where individuals reside within teams, teams reside within larger units, larger units reside within business units, etc. They argued that a deeper understanding of these nested arrangements (interactions and connections within and across levels of analysis) is necessary if scholarship aims to develop theories that are capable of reflecting the lived reality of organizations. Whilst it is widely acknowledged that individuals in MNCs reside within nested arrangements (e.g., Andersson *et al.*, 2014), still relatively little is known about how individual heterogeneity, immediate contexts and more distal contexts interact in the production of individual and organizational outcomes (Minbaeva, 2016). Even

fewer studies theorize about the mechanisms that drive cross-level interactions (Foss and Pedersen, 2019).

This is problematic since studies investigating MNC management with single-level theories, i.e. those that focus on links between variables at a single level of analysis, suffer from not being able to integrate simultaneously explanations about contextual effects and explanations that derive from perceptions and agency that operate at lower levels. There is growing consensus within mainstream IB research that we need to understand better the interlinkages *between* multiple organizational levels, and concomitantly the levels of analysis in the theories that are used to explain MNC management (e.g., Foss and Pedersen, 2019; Meyer, Li, and Schotter, 2020). In response, there is an emergent body of literature grounded in the multilevel paradigm that is considered to offer more nuanced explanations of how organizations work (e.g., Klein and Kozlowski, 2000; Mathieu and Chen, 2011; Felin, Foss, and Ployhart, 2015).

Considering the recent interest in multilevel thinking, we suggest that it is important for critical IB scholarship to engage in this debate for three main reasons. First, the critical IB research community has espoused goals to continue strengthening its focus on real-world problems of individuals, companies, and states residing within a relatively integrated global economy (Roberts and Dörrenbächer, 2016; Dörrenbächer and Gammelgaard, 2019; Dörrenbächer and Michailova, 2019). The multilevel paradigm is argued to possess significant potential to open up avenues for new theory and knowledge development that embody real-world organizational challenges (Hitt *et al.*, 2007).

Second, we have witnessed the rapid adoption of complex, multilevel statistical methods. However, these developments are often not accompanied with a deeper and more critical discussion about how multilevel studies could contribute to our knowledge about MNC

management as a social phenomenon, and the implications this has for IB theories that attempt to explain it. Consequently, there is comparatively less guidance on how multilevel thinking could and should be applied in *theorizing* about particular research topics.. Critical IB scholars, differently from mainstream IB researchers, have the possibility to build upon examples of multilevel theorizing available within the critical scholarship tradition (e.g., works of Roemer (1981) and Elster (1982) (see Udehn (2002) for a detailed commentary)).

Finally, the critical IB community stands for multi- and interdisciplinary research approaches (Dörrenbächer and Gammelgaard, 2019) that are frequently overlooked in mainstream IB research. Theorizing across levels of analysis typically requires the integration of theory from more than one discipline (Molloy, Ployhart, and Wright, 2011; Andersson *et al.*, 2014).

Adding or combining variables from multiple levels of analysis (Klein, Tosi, and Cannella, 1999), or “adding another moderating variable, even at different level of theory” (Andersson *et al.*, 2014, p. 1068) do not necessarily lead to multilevel theorizing or theoretical contribution. We argue that cross-disciplinary, critical IB scholarship is well positioned to advance multilevel theorizing in IB.

In this paper, we illustrate how theorization about MNC management can be systematically evaluated against the promise and potential of multilevel theorizing, and how this can lead to the creation of a meaningful research agenda for both mainstream and critical IB studies. We do this by introducing an instrumental approach to performing this theoretical evaluation, and demonstrate its utility in a specific area of IB research concerning strategy implementation in MNCs. Strategy implementation, or the enactment of strategic plans, within MNCs has been largely overlooked as a phenomenon in IB, international management (Piekkari and Welch, 2010; Brumana and Delmestri, 2012; White III, Guldiken, Hemphill, He, and Khoobdeh, 2016), as well as the strategic management literature (Hitt *et al.*, 2017). Strategy implementation possesses significant potential for multilevel investigation (Greer, Lusch, and

Hitt, 2017) and, since it is considered to be among the top challenges for executives (Sull, Sull, and Homkes, 2015), it qualifies as a ‘real-life problem’.

To achieve the above, we first discuss perspectives on theorizing about social phenomena.

This provides the foundation for what type of theories are available in the social sciences and how they incorporate multiple levels of analysis. Second, we introduce an instrumental approach to formulating a multilevel research agenda on a specific topic. This approach is then carried out on the topic of strategy implementation in MNCs, whereby extant empirical research and its theoretical foundations are evaluated against the underlying assumptions of multilevel theorizing. Based on this, we conclude by outlining a future research agenda for strategy implementation in MNCs and suggest how this approach can be applied in research areas related to SI in MNCs important to critical IB research.

The paper’s main contributions are threefold. First, the paper contributes to the general IB literature by introducing an instrumental approach, grounded in theorization about social phenomena, to evaluate the state of theory in IB and develop a multilevel research agenda, which speaks to both mainstream and critical studies. Second, by introducing this approach to assessing IB theories from a multilevel perspective, we offer a way to bring back real-life problems, and real-life observations into IB research (Buckley, 2002; Doh, 2017; Dörrenbächer and Gammelgaard, 2019). This is because multilevel theorizing invites phenomenon-based research, a diversity of methodologies, and is capable of simultaneously embracing dominant, positivist IB perspectives (Cairns, 2019) as well as the actor-driven, value-laden, or political agenda frequently associated with critical studies. And third, the paper makes a specific contribution to the area of strategy implementation in MNCs via means of a systematic review and multilevel research agenda. The resulting taxonomy of strategy implementation research within each perspective on theorizing goes beyond existing general thematic reviews on international strategic management (White III, Guldiken,

Hemphill, He, and Khoobdeh, 2016) as well as the narrative overviews of strategy implementation in the field of IB (Qi, 2005; Greer *et al.*, 2017).

## **2. Perspectives on theorizing about social phenomena**

In the social sciences, two major perspectives on theorizing (i.e., “how should theories be constructed and evaluated” (p. 580)) co-exist – methodological collectivism and methodological individualism (Felin *et al.*, 2015) – that differ significantly in their position about the importance of an individual for explaining social outcomes. Methodological collectivism (e.g., Durkheim, 1962) assumes that the society in which individuals reside has superiority over individual interests or actions, i.e. society shapes individuals and renders them dependent on powerful, higher constructs (Agassi, 1960). Methodological individualism, on the contrary, assumes that society does not exist without individual actions and interactions, and the latter is what shapes society as it is (Agassi, 1960).

Methodological collectivism is more unified with its arguments, whereas methodological individualism has different shapes and levels (see Udehn, 2002 for a review). These two perspectives have a long history of competing with each other in terms of which perspective offers a better explanation of social phenomena. For example, in the field of international management, methodological collectivism has dominated the research, while methodological individualism has been largely underutilized due to the current training of scholars, strong focus on the contexts within which managerial decisions take place, and the costs associated with incorporating lower levels of analysis (cf. Foss and Pedersen, 2019).

Theories built upon the logics of two different perspectives to theorizing typically comprise various ‘levels’. *Level of theory* refers to the phenomenon (e.g., individual, firm) “to which generalizations are designed to apply” (Mathieu and Chen, 2011, p. 613). Level of theory can be two kinds: single-level and multi-level (Klein and Kozlowski, 2000). Single-level theories

consider variables within a single level of analysis; whereas multilevel theories span different levels of analysis by explaining how one level influences the other (Devinney, 2013). *Level of analysis* refers to “the unit to which data are assigned for hypothesis testing and statistical analysis” (Rousseau, 1985, p. 4). Level of analysis is measured by *level of measurement* that “refers to the unit to which data are directly attached” (*ibid*); and is expected to always be the same as level of analysis or there should be a clear theoretical explanation how the two are linked (Mathieu and Chen, 2011). For example, data may be obtained from MNC managers (individual level of measurement) about MNC performance (organizational level of analysis) and their individual strategic behaviors (individual level of analysis) in order to produce, develop, or test single-level, or multilevel theory.

Single-level theories can be, for example, *Organizational-level (O-level)* and *Individual-level (I-level)* theories (Devinney, 2013). *O-level theories* represent the organizational perspective (Hitt et al., 2007) and are related to the systems established within organization (e.g., structures, processes, policies) or joint group/collective actions (e.g., organizational culture) (Devinney, 2013). O-level theories assume that social behavior is regular (Klein and Kozlowski, 2000), and therefore represent the logics of methodological collectivism.

*I-level theories* theorize about individual actions and behavior “without recourse to discussion relating to higher levels of analysis” (Devinney, 2013, p. 82). I-level theories are solely orientated to individual-level factors and downplay contextual factors that can restrict the effects of individual diversity and lead to more united collective responses (Klein and Kozlowski, 2000). These theories are not particularly relevant in explaining social phenomena since they are more focused on individual-level actions and outcomes, although in certain cases generalization to a small group could be made (see examples in Felin et al., 2015). In some classifications, I-level theories fall under the early versions of methodological individualism in which social phenomena comprise individuals (cf. Udehn, 2002).

Multi-level theories are diverse and can be grouped under the label of *Aggregation-level*<sup>[11]</sup> (*A-level*) theories (Devinney, 2013, p. 83). The connections across the levels of analysis in these theories are *two-sided*. This means that lower levels of analysis are also considered to have influence on the higher levels of analysis, while higher-level systems will have different (not regular) effects on lower levels of analysis (these effects can be direct or act as moderators) (Klein and Kozlowski, 2000). A-level theories comprise arguments of later versions of methodological collectivism (cf. Udehn, 2002) that acknowledge interactions between individuals and social systems.

For multilevel theories, it is equally important to examine the factors that originate from different levels of analysis (e.g., HQ, subsidiary, team, individual), and to understand *how*, according to theory, *these levels of analysis interact*. If lower levels are considered to influence the behavior of the entire system, then it is likely that theory is multilevel or represents methodological individualism. If an organizational system is cascaded down through different organizational levels without considering the influence of lower levels, or without considering possible irregularities across levels of analysis, then the theory is single-level and stands for methodological collectivism, despite incorporating different levels of analysis (e.g., HQ, subsidiaries, or teams).

In many empirical studies with multilevel *models*, the direction of cross-level influence, as well as a position on which level of analysis offers the best explanation, are frequently not specified and are left for empirical investigation. Such studies are “theoretically agnostic” (Felin *et al.*, 2015, pp. 587-588) and belong neither to methodological collectivism, nor to methodological individualism. Whilst multilevel theories and models are considered to be superior over single-level theories and models, the inclusion of multiple levels of analysis is not always needed, or better (cf. Klein and Kozlowski (2000) for a detailed list of conditions).

In the field of management studies, A-level theories are most often applied in reference to Coleman's methodological individualism (Coleman, 1990), or 'microfoundations' (Felin and Foss, 2005; Barney and Felin, 2013), despite 'microfoundations' being used in many different ways (cf. Felin *et al.*, 2015). Coleman's methodological individualism is classified under the later versions of methodological collectivism (cf. Udehn, 2002) and is more specific in its belief that the lower levels, including individual level of analysis, are where the explanation of social outcomes resides (Barney and Felin, 2013; Felin *et al.*, 2015). Although one macro-level issue seems to be influencing another macro-level issue, their relationship can be only explained through the transition between macro-micro-macro level processes; and therefore through understanding the conditions of individual actions and how individual actions emerge to social outcomes (Coleman, 1990; Felin *et al.*, 2015). Consequently, the 'microfoundations' movement, grounded in Coleman's ideas, has sought to 'bring back' the individual to organizational theories (Felin *et al.*, 2015) without disregarding the power of social systems and institutions.

To conclude, by examining the level of theory, or the position of theory about interactions across levels of analysis, scholars can better understand the *causal mechanisms* applied by a given theory and therefore theory's view on the *power* of various variables, including individual actors. Analyzing the level of theory also allows us differentiate between multilevel modeling and theorizing, and enhances our understanding of the extent to which theories are capable of explaining social phenomena.

### **3. Multilevel theorizing: the case of research on corporate strategy implementation in MNCs**

Since a multilevel perspective requires a holistic view (Greer *et al.*, 2017), we have developed an instrumental<sup>[2]</sup> approach for evaluating theorizing on a certain phenomenon.

This approach is firstly introduced and then applied specifically to the research regarding strategy implementation in MNCs.

### ***3.1. Instrumental approach to assessing research from a multilevel theorizing perspective***

The instrumental approach to assessing academic research from the multilevel theorizing perspective (see Figure 1) is intended to guide researchers through a process of examining key assumptions of theories utilized in studies within a certain research domain, comparing their key assumptions with the level of theorizing, and observing how theoretical assumptions are represented or challenged in empirical work. This approach was built upon multiple discussions intended to encourage and guide multilevel work in IB and general management research domains (e.g., Foss and Pedersen, 2004; Hitt *et al.*, 2007; Devinney, 2013; Andersson *et al.*, 2014; Felin *et al.*, 2015) and serves as a tool for the meta-analysis of theoretical assumptions about a certain social phenomenon.

-----INSERT FIGURE 1 ABOUT HERE-----

This evaluation shifts the focus away from mere discussion about the levels of analysis to the theoretical *mechanisms*. In this way, the assessment of academic research within the social sciences becomes more rigorous and meaningful, and offers a stronger foundation upon which to build a future research agenda. Analyzing and comparing both the theoretical assumptions and the empirical work reveal where empirical studies lack or offer weak theoretical explanations, where empirical observations are not covered by existing theorization, or where theorization may be inconsistent or insufficient. Assessing a research problem from the perspective of multilevel theorizing encourages reconciliation among different streams of thought and allows for accumulative knowledge development, rather than infuses defensive arguments about one or the other way of theorizing and conducting empirical research. In addition, it allows for the positioning of critical studies in the field of IB, not as ‘outsiders’, or those which intend merely to confront the dominant academic

discourse, but rather as a valued, integral part of developing holistic, theoretically-grounded insights.

We now apply this approach in reviewing some of the research on strategy implementation in MNCs. Following the four steps, the theoretical boundaries of the research on corporate strategy implementation in MNCs are identified, the benefits and shortcomings of relevant theories on strategy implementation phenomenon are discussed, and a multilevel research agenda is developed.

### ***3.2. Step 1. Defining the theoretical boundaries of corporate strategy implementation in MNCs***

Corporate strategy is a plan made by an enterprise, which defines boundaries of the firm, organizational outlook and culture, intended contributions to stakeholders, and the key goals that company seeks to achieve (Andrews, 1980, pp. 18-19). Strategy implementation, too, has multiple definitions (cf. e.g., Noble, 1999). However, it can generally be defined as actions taken and processes leading to the enactment of a strategic plan within all organizational levels (i.e., corporate, unit, and individual). Every corporation recognizes the importance of strategy implementation since any strategy is only meaningful when it is implemented (Noble, 1999).

IB scholars have been investigating issues related to strategy implementation in MNCs by focusing on, for example, organizational structure and culture, corporate governance, and subsidiary-HQ relationship within established control and coordination systems. Significantly less discussion is available on how these elements of strategy implementation fall under the dominant theories in the field of IB and how major IB theories conceptualize and theorize about MNC corporate strategy and their implementation.

In order to identify the theoretical assumptions about corporate strategy implementation (CSI) within the MNC, we adopted one of several possible classifications of IB theories – Forsgren’s (2017) six major views of the MNC that provide a ‘road map’ relevant for both mainstream and critical IB scholars of any level (Piekkari (2009)). These ‘views’ do not explicitly discuss terms such as corporate strategy or its implementation; rather they focus on the question of why MNCs exist and how they manage their operations that implicitly comprise aspects of corporate strategy and its implementation. Therefore, building on this classification and delving deeper into the original works placed under each view, in Table I we have compared and contrasted major assumptions about CSI making them explicitly available for IB scholarship.<sup>[3]</sup>

-----INSERT TABLE I ABOUT HERE-----

With the focus on MNC management, and in line with Forsgren’s (2017) classification, we compare and contrast CSI assumptions within the Dominating MNC (Industrial Organization theory); Coordinating MNC (Transaction Cost theory); Knowing MNC (Organizational capability/Evolutionary theory); Designing MNC (Contingency theory); Networking MNC (Business Network theory); and two interpretations of Politicizing MNC (Institutional theory): one with a focus on institutional embeddedness (Traditional), and one with a focus on agency (Contemporary) (see Table I). From this comparison, we can conclude that the majority of theorization on CSI within the field of IB tends to represent top-down theorization typical of methodological collectivism. However, CSI within the Knowing MNC and within the contemporary interpretation of the Politicizing MNC are closer to ‘I-level’ theories and early thinking within methodological individualism.

Although the six views of the MNC mostly represent mainstream IB research, only two views (Dominating and Coordinating) suggest MNCs having ultimate power above both its external environment and internal organization. Other views and interpretations consider that the

MNC is only able to control its internal organization (Designing, Knowing, Traditional interpretation), or is not able to control either internal or external environments (Networking; Contemporary interpretation). Thus, in the views that assume the possibility to control both or at least the internal environment, CSI is straightforward and possible at least ceremonially; while according to the others, it can be planned, but not likely to be achieved as intended. The Networking view offers an exception, since the possibility to control both environments is denied, but subsidiaries are largely expected to behave in line with external higher-level factors, i.e. business networks, under certain circumstances.

Similarly, the relevance of corporate strategy and the *need to implement it* will depend on assumptions about control. For example, in the Dominating and Coordinating views, HQ are able to control both environments, thus corporate strategy remains within HQ as the other levels rationally respond to planned and imposed systems. The opposite is true in, for instance, the Contemporary interpretation of the Politicizing view of the MNC, where individual agents steer the MNC. Here, control is intended, but negotiated across organizational levels, and consequently the need for CSI across organizational levels varies depending on actor interests. Moreover, among various *mechanisms of control* considered by mainstream IB theories, there is one ‘guided by social justice’ (Knowing MNC).

### ***3.3. Step 2. Juxtaposing theoretical assumptions with empirical observations***

Fulfilling Step 2 requires the analysis of empirical work. Thus, we conducted a systematic review of the empirical work on strategy implementation within the field of IB. Details about the systematic review methodology and findings are available in Šilenskytė (2020). This process, conducted at the end of 2018, generated 31 empirical studies in total. Only four views of the MNC out of six (Knowing, Designing, Networking, and Politicizing) are represented in empirical studies, of which two of them (Designing and Politicizing) seem to dominate.

The Politicizing view of the MNC has attracted the largest amount of empirical studies,, but there are only a handful of studies that focus on the power of agents (contemporary interpretation), whereas five out of 11 empirical studies are conducted from a perspective close to A-level theorizing..

### ***3.4. Step 3. Identifying O-, I-, and A- level theories about strategy implementation in MNCs***

Based on the analysis of the IB theories and empirical work, Step 3 assesses the theoretical arguments and empirical observations in terms of perspectives on theorizing about social phenomena. This section first provides a short explanation of why each view of the MNC was placed under a certain type of theory (see Table II), and discusses the kinds of causal mechanisms that relate to each type of theory and their effectiveness in explaining strategy implementation. Second, it draws conclusions arising from the juxtaposition of theory and empirical work on strategy implementation in MNCs.

-----INSERT TABLE II ABOUT HERE-----

*O-level theories of Strategy Implementation in MNCs.* The Dominating, Coordinating, Designing, and Politicizing views of the MNC (focus on institutional embeddedness; traditional interpretation) can be considered to be representative of O-level theories. The Dominating view accepts the power of hierarchy. The Coordinating view suggests that economically grounded management systems within the MNC should prevail over individual opportunism. The Designing view suggests that the MNC responds to the external environment and individuals within MNC rationally conform to MNC systems due to shared corporate values. The Politicizing view (traditional interpretation) emphasizes the power of institutions, which shape the operations of the MNC. The Networking view does not necessarily represent O-level theory. Its positioning is complicated as Business Network theory denies the overarching power of HQ. However, it considers that business networks

largely shape MNC behavior, which reflects the logics of a superior system having consistent effects on lower levels of analysis. Furthermore, Business Network theory suggests how business network relationships are built, but does not analyze the individual foundations of these relationships and their effects on MNC management in more depth. If the latter would be performed, as has been recently called for (Vahlne and Johanson, 2019), Business Network theory would represent methodological individualism.

Nevertheless, five out of six views (which are also the most widely established and dominating the IB field) represent O-level theories. Some empirical studies comprising critical elements (e.g., Geppert, Williams and Matten 2003; Matten and Geppert, 2004), in line with mainstream empirical work, belong to the dominant way of theorizing about social phenomena in IB.

Empirical work challenges O-level theories by revealing certain unaddressed issues. These include, for example, diversity issues within each country (e.g., Moore and Rees, 2008), ignorance to agency power (Drori and Ellis, 2011), individual-level factors (Osmundsen, 2013), subsidiary motivation (Shah and Arjoon, 2015) and values (Hamprecht and Schwarzkopf, 2014), as well as individual-system interaction aspects (Hernes *et al* 2015; Bjerregaard *et al.* 2016; Acquier *et al.* 2018). These empirically challenge the explanatory power of well-established systems. Some scholars claim that ignorance towards individual-level aspects, such as the role of language and discourses in strategy implementation, leaves strategy implementation processes without sufficient explanation (Piekkari and Welch, 2010; Logemann and Piekkari, 2015).

Systems might be more effective in some situations than in others (cf. MNCs with hierarchical structures operating in industries where both pressure for global integration and local responsiveness are low are likely to succeed in producing desired organizational behavior by

observing and monitoring established organizational systems and structures. However, this is unlikely to be the case in MNCs operating in highly complex, dynamic and multi-dimensional environments with continuous internal changes. Here, a lack of understanding about individual differences and individual behaviors more generally, would render the predictability of MNC outcomes as more challenging.

*I-level theories of Strategy Implementation in MNCs.* In the IB literature, two views could be said to represent the I-level theory type (and, therefore, early versions of methodological individualism (cf. Udehn, 2002)): the Knowing view (Evolutionary theory) (e.g., Söderberg, 2014) due to its focus on social group processes, and the contemporary interpretation of the Politicizing view (e.g., Drori and Ellis, 2011; Lønsmann, 2017) due to its focus on the power of agency. In the general strategic management literature, I-level theories have emerged as a response to the problems faced by O-level theories: if O-level theories are insufficient in explaining how and why people in organizations enact strategy, then scholars should investigate individuals and what individuals in organizations do (e.g., Floyd and Wooldridge, 1992; Buss and Kuyvenhoven, 2011).

Thus, the strategy-as-practice literature, which Evolutionary theory in IB identifies with, provides a deeper understanding of the processes occurring in the realms of top-, middle-, and operational-level managers; sheds light on what managers actually do, their routines, and management techniques; and reveals how external stakeholders, such as customers or consultants, influence strategy making in the organization. These types of empirical studies are not widely utilized within the field of IB.

*A-level theories of Strategy Implementation in MNCs.* Only a limited number of conceptual pieces within the IB literature could be classified as A-level theorization. These are Foss and Pedersen (2004; 2019) (microfoundations of Knowing MNC) and Powell and Colyvas (2008)

(microfoundations of Politicizing MNC). Whilst there are a number of empirical studies that acknowledge or observe the importance of multiple levels of analysis, they mostly refrain from fully integrating multilevel theorizing (see Table II). Nevertheless, we suggest how these empirical studies placed under A-level theorization are likely to offer significant potential for theory development, if more systematic approach in theorizing would be applied.

First, A-level theorization is argued to be capable of incorporating interactions of both rational and perceptual- or power-related factors at multiple levels of analysis. For example, Perrot (2017) demonstrates the process of shifting initially negative management perceptions towards favoring BOP strategies via various interactions between system and individuals. Hernes *et al.* (2015) illustrate how an implementation process faced an unexpected turn due to shared employee perceptions.

Second, it is claimed that A-level theorization is capable of revealing hidden influences and unexpected processes, and is therefore gaining increasing recognition as a way to resolve ‘anomalies’ (cf. Mathieu and Chen, 2011). The study by Moore and Rees (2008) illustrate that in some situations real problems in strategy implementation were not known by the management of the subsidiary, because their (micro-level) interpretations of strategy implementation were bounded by corporate communication and general interaction with HQ (macro level). This study also provides insights into how employee diversity (micro level) and type of work contract (meso level) affected individual interpretations of strategy, and how this manifested itself in the performance of a subsidiary (macro level).

Empirical studies within A-level theorizing draw upon a diverse range of theoretical frameworks. Moore and Rees (2008) build upon the convergence-divergence debate; Bjerregaard *et al.* (2016) apply the practice approach. Most IB researchers are familiar with

these two theoretical positions. Other studies build theorization on the learning perspective (Osmundsen, 2013), issue selling (Hamprecht and Schwarzkopf, 2014), self-determination theory (Shah and Arjoon, 2015), sensemaking (Brumana and Delmestri, 2012; Hernes *et al.*, 2015), and manager's institutional work (Acquier *et al.*, 2018) that are probably much less familiar to IB scholars.

None of these empirical studies placed under A-level theory in Table II position themselves as multilevel or grounded in microfoundations. When a clear labeling regarding perspective on theorizing is not provided, this creates at least two significant challenges. First, it is difficult to accumulate knowledge on the topic, because multilevel theorizing has so many shapes and forms. When theoretical frameworks are applied without clarity on which perspective on theorizing was utilized, studies become less comparable. Second, multilevel research requires a cross-disciplinary approach (Molloy *et al.*, 2011; Andersson *et al.*, 2014). However, the diversity of theories used may be considered irrelevant or not suitable for the IB domain, authors and reviewers may face difficulties evaluating the alignment of the theoretical framework with the study's empirical design. To address these challenges in multilevel theorizing, in Step 4 we develop a multilevel research agenda.

### ***3.5. Step 4. Developing a multilevel research agenda on strategy implementation in MNCs***

In order to develop a meaningful research agenda, first an explicit conceptualization of strategy implementation under each perspective on theorizing is provided in Table III<sup>[5]</sup>.

Based on this, we suggest how to develop knowledge within each perspective on theorizing about strategy implementation in MNCs.

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Table III summarizes the key features of strategy implementation typical for each perspective on theorizing. This taxonomy is designed to serve as a useful starting point for scholars who

are engaging in future research on strategy implementation in MNCs. The taxonomy: a) encourages scholars to consider what type of theorizing about strategy implementation they are planning to pursue; and b) provides a checklist intended to align decisions about research design. Based on this, we suggest ways to conduct empirical and conceptual work on strategy implementation within MNCs according to O-, I-, and A-level theorizing, and suggest what kind of contributions each type of theorization could yield to research and practice.

*O-level theories of Strategy Implementation in MNCs.* Multilevel theorizing suggests that it is erroneous to claim that systems (even if these are institutions) will always be able to explain strategy implementation processes within MNCs. Instead, more research under the O-level theory perspective is needed that is capable of revealing under what conditions intended systems are more effective. These kinds of empirical studies would allow for the extension of dominant theories in IB by: a) establishing a focus on strategy implementation challenges and processes within each view of the MNC, b) revealing what intended systems and under what conditions they might be effective, and c) where single O-level theorization is sufficient and where additional insights, possibly from A-level perspectives on system-individual interactions, are likely to be more sustainable in explaining strategy implementation. Critical studies under the Politicizing view (focus on institutional embeddedness) could go on to specify what kinds of institutions, and under what conditions, influence strategy implementation processes.

*I-level theories of Strategy Implementation in MNCs.* I-level studies are needed in order to provide insights on ‘strategizing’ at team and individual levels of analysis within MNCs. Such studies would allow for new knowledge creation on how individuals use their power within a geographically-dispersed network of MNC subsidiaries, as well as what kinds of power – and at which organizational levels – internal and external agents are able to utilize during the strategy implementation processes (Politicizing view, focus on agency). Empirical

studies under I-level theorization would also be able to shed light on many aspects that more general Evolutionary theory does not specify (Knowing view). For example, how ‘higher-order organizational principles’ grounded in ‘social justice’ are formed/emerge; what specific practices support or hinder knowledge-based strategy implementation; or how corporate-intended routines and practices are actually used in culturally and structurally diverse MNC units. Since I-level theories in the IB field are largely concerned with power, agency, and societal interconnectedness, this perspective on theorization is likely to deliver significant input while incorporating critical perspectives on strategy implementation in MNCs.

*A-level theories of Strategy Implementation in MNCs.* Through the perspective of Coleman’s methodological individualism, or interpretation of microfoundations, with the aim of bringing the individual back to management research (Felin *et al.*, 2015), critical scholars have the opportunity to incorporate the themes of voice, justice, power, inequality, and counter managerialist logics to mainstream IB research on strategy implementation and possibly other topics. As such, a research agenda built upon A-level theorizing can serve to bring the two currently divided research streams within IB research domain (Dörrenbächer and Gammelgaard, 2019) a bit closer.

Coleman’s focus on conditions of individual actions rather than minds and psychology of individuals alone (Udehn, 2002) encourage new research questions such as: How just MNC strategy implementation processes seem for diverse units, teams, and individuals, and what effects this observed (in)justice at various levels of analysis has on overall MNC performance or strategy implementation process and outcomes? How does the implementation of MNC strategies affect diverse groups of stakeholders outside the MNC, even if overall economic growth within a particular country/region indicates positive outcomes of MNC operations? When answering these and other similar questions, a normative stance is possible because multiple levels are interacting, and therefore, individual behaviors can be altered by structural

initiatives, but also individuals possess the power of responsible change agents and can influence the (unfair) system.

In addition, because system-individual interaction is acknowledged in A-level theorization, policy maker or/and individual/group activist perspectives can be incorporated in critical and mainstream studies while developing applicable research results. A-level theorization encourages investigation into the extent and the ways individuals and teams within (HQs and foreign units) and outside the MNC can alter or recreate corporate-level decisions. For example, how can individuals (utilize ICT and social media to) alter the implementation of certain MNC's (irresponsible or unsustainable) strategies? How do personal relationships between MNC managers and certain stakeholders (e.g., political parties) influence MNC strategy implementation practices and processes? How do individual characteristics of the CEO or management team of the MNC influence strategy implementation processes and practices, as well as their influence on various groups and individuals within the MNC? Investigating such questions is likely to provide valuable insights on both MNC strategy implementation processes as well as post-colonial, voice, and corporate social responsibility debates. They would also help to address changes in the IB environment related to, for example, climate change or digital transformation (Roberts and Dörrenbächer, 2016).

Finally, since the need for research on microfoundations has been strongly advocated in mainstream IB research (e.g., Foss and Pedersen, 2019; Meyer *et al.*, 2020), critical scholars adopting this perspective and openly positioning their studies in this way, will not need to prove first the need for adopting a system-individual perspective, but rather will be able to proceed directly to the reasoning why certain cross-disciplinary theories have been adopted to advance multilevel theorization in the field of IB. Adopting a consistent labelling in reference to certain perspective on theorizing would render studies more comparable and would

therefore benefit the development of an eclectic research stream on strategy implementation (Noble, 1999) in the field of IB.

#### **4. Conclusion**

There has been little discussion about how different perspectives on theorizing about social phenomena can be applied to specific research topics. This has contributed to multilevel theorizing being significantly underutilized in the field of IB in comparison to developments in the use of multilevel modeling. This, we believe, is one of the reasons why the IB research domain is accused of running out of a research agenda (Buckley, 2002; Peng, 2004). In this paper, we suggest a four-step framework that guides the necessary meta-analysis of theoretical assumptions on theories and empirical work, which helps to provide suggestions about the promise and potential of multilevel theorizing for a given area of research. We suggest that IB scholars should not only focus on the inclusion of variables from multiple levels of analysis, but more importantly should focus on understanding the underlying theoretical mechanisms that explain how these levels interact. Building on this, we have classified research on strategy implementation in MNCs and provided taxonomy of strategy implementation conceptualization to be utilized in the future research.

We discussed the shortcomings and potential of O-, I-, and A-level theories. For critical scholars, A-level theorization, and Coleman's methodological individualism in particular, can serve as a vehicle to bring the perspectives of undervalued stakeholders into mainstream IB research, showing that critical perspectives are necessary if we wish to improve theorization about the MNC. We have provided several examples of how mainstream research questions on strategy implementation can combine various important issues from critical perspectives. Multilevel theorizing and the four-step framework also invite a re-evaluation of the extent to which critical theories are capable of reflecting nested arrangements within and outside an

MNC, bringing researchers closer to solving real-world problems and questions that arise from a complex and interlinked IB environment. Finally, since multilevel theorizing allows for reconciliation among different types of theorizing, requires multiple perspectives and integration of disciplines, we believe that the critical IB community is well positioned to advance multilevel theory development in the field of IB given the cross-disciplinary nature of critical IB research.

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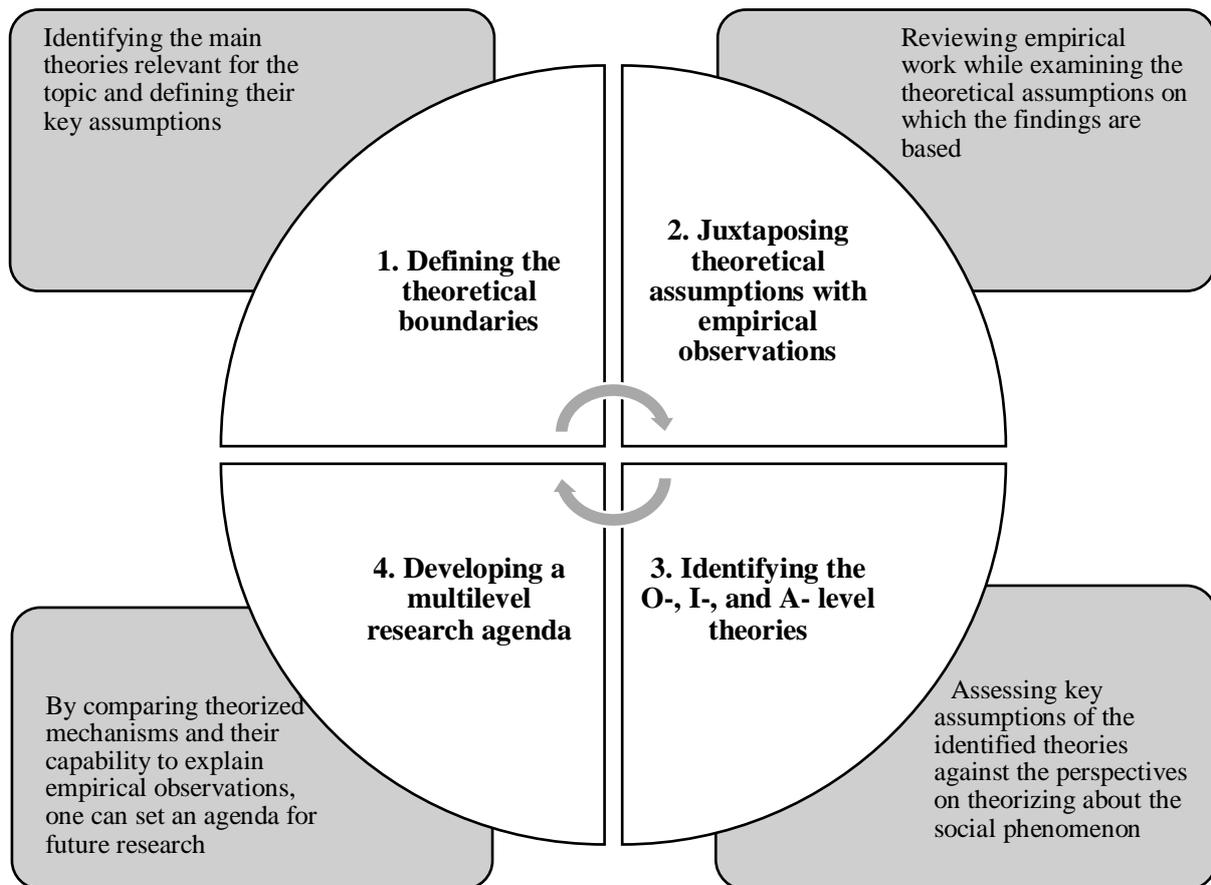
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**Figure 1.** Framework for evaluating research from a multilevel theorization perspective

**Table I.** Conceptualizing corporate strategy and its implementation in IB research: A comparison between the six views of the MNC (adapted from Šilenskytė (2020))

Views of the MNC:	Dominating MNC	Coordinating MNC	Knowing MNC	Designing MNC	Networking MNC	Politicizing MNC - interpretation:	
						Traditional	Contemporary
<i>Theoretical foundations</i> (based on Forsgren, 2017)	Industrial Organization theory, e.g., Hymer (1972; 1976)	Transaction Cost theory (Internalization theory), e.g., Buckley and Casson (1976); Dunning (1988)	Organizational Capability theory (Evolutionary theory), e.g., Kogut and Zander (1992, 1993, 1996)	Contingency theory, e.g., Ghoshal and Bartlett (1990); Hedlund (1986); Ghoshal and Nohria (1989, 1997)	Business Network theory, e.g., Johanson and Vahlne (1977); Forsgren, Holm, and Johanson (2005)	Institutional theory by Powell and DiMaggio (1983)	
						Focus on institutional embeddedness, e.g., Kostova and Zaheer (1999); Kostova and Roth, (2002)	Focus on agency, e.g., Kostova, Roth, and Dacin (2008)
<i>Direction of theorizing in explaining CS and its implementation</i>	Top-down	Top-down	within societal level: unclear	Top-down	Top-down	Top-down	within individual level: Bottom-up
<i>Levels that are considered when discussing corporate strategy implementation</i>	HQ Regional centers Local branches Top management Middle management Employees	HQ Subsidiaries	Network Organization Group Individual	External environment HQ Subsidiaries	Business Networks HQ Subsidiaries	Organizational field (defined as host and home states predominantly) HQ Subsidiary	Org. field defined in a broad sense HQ, Subsidiaries Groups and individuals, who act as powerful agents
<i>The need for corporate strategy implementation across organizational levels</i>	CS belongs to corporate headquarters and remains at corporate level	CS belongs to corporate headquarters and remains at corporate level	CS is social, it connects all organizational levels, its implementation emerges from social interaction	Depends on MNC type: e.g., in Transnational MNC CS is relevant to all levels due to high interdependence; in Multi-Domestic – to HQ	Depends on the strategy planned, if subsidiaries have similar interests to HQ, then CS is also their concern	Depends on subsidiary mandate, relationship between HQ and subsidiary, and tensions arising from institutional duality	Corporate strategy is socially constructed by agents bargaining across all organizational levels

**Table I (cont.)**

	<b>Dominating MNC</b>	<b>Coordinating MNC</b>	<b>Knowing MNC</b>	<b>Designing MNC</b>	<b>Networking MNC</b>	<b>Politicizing MNC</b>	
<i>The nature of corporate strategy 'implementation'</i>	Implementation is direct (what is planned is achieved throughout the MNC)	Implementation is direct (what is planned is achieved throughout the MNC)	Implementation is a social process expressed by continuous learning and shared routines	Implementation is direct (what is planned is entirely achieved in whole MNC), although it may take time	Implementation is difficult to achieve due to continuous bargaining between HQ and subsidiaries	Implementation is challenging, but achievable at least ceremonially	Implementation is a social process constructed by the actions of agents; its ease depends on power and interests of agents
<i>Mechanisms of control and coordination in CSI across organizational levels</i>	Imposing hierarchical structure where labor is united by functions, but divided by power	'Fine-slicing' operations across different units and controlling their behavior or output, rewarding for desired behavior or set output	Natural means/ no control: group that identifies with MNC is guided by its 'higher-order principles' based on perceptions of justice; will naturally achieve strategic goals	Control is executed by establishing relevant structures and supporting coordination tools, which fit external environment and MNC strategy	Learning by doing: continuous process of adaptation and managing different interests. Control is intended, but mostly ignored	Evaluating institutional pressures and transferring practices to the best possible extent. Control is intended, but challenged by institutions of local units	Bargaining and continuous negotiations between the agents (if planned goals can be achieved in general). Control is intended, but negotiated
<i>Aligning the workforce, that resides at different organizational levels, to act according to CS</i>	Strong hierarchy 'locks' workforce at different organizational levels leaving no options for different behavior than the one which was intended	Occurs via direct top-down control by defining and rewarding behaviors; where HQ cannot make clear control system, units are left to align workforce by themselves	'Naturally' aligned through shared identity and self-initiated behaviors according to accepted behavioral principles	Occurs via shared values accepted by everyone	Workforce aligns with network preferences (but not always to CS) via established relationships	Workforce is aligned with institutional environment more than with CS	Everyone acts according to their own individual interests; alignment is questionable

**Table II.** Strategy Implementation Research in IB: A Multilevel Review (adapted from Šilenskytė (2020))

	<b>O-level theories</b>	<b>I-level theories</b>	<b>A-level theories</b>
<b>Level of analysis</b>	Macro (organizational) level (Macro-> macro)	Micro (individuals and groups) level (Micro-> micro)	<i>Interaction</i> between organizational and individual levels (Macro-> Micro -> Macro)
IB views of the MNC (from Table I)	Dominating MNC; Coordinating MNC; Designing MNC; Politicizing MNC (focus on institutional embeddedness); Networking MNC	Knowing MNC (Evolutionary theory); Politicizing MNC (focus on agency)	Knowing MNC (Foss & Pedersen, 2004; 2019); Politicizing MNC (Powell & Colyvas, 2008)
Empirical research in IB on SI	Designing MNC (9): Doz & Prahalad (1981), Roth, Schweiger, & Morrison (1991), McKinlay & Starkey (1992), Kim & Mauborgne (1993), Pinkse, Kuss, & Hoffmann (2010), Kleinbaum & Stuart (2014), Bondy & Starkey (2014), Espinosa, Reficco, Martínez, & Guzmán (2015), Choua & Liao (2017); Politicizing MNC (institutional embeddedness) (4): Poynter (1986), Geppert, Williams, & Matten (2003), Matten & Geppert (2004), Friel (2005); Networking MNC (1): Santangelo & Klaus (2011); Dominating MNC (0); Coordinating MNC (0).	Politicizing MNC (agency) (2): Drori & Ellis (2011), Maclean, Harvey, Sillince, & Golant (2018) Not belonging to any views (2): Judge & Stahl (1995), Lønsmann (2017); Knowing MNC (1): Søderberg (2014)	Not belonging to any MNC view (6): Webb & Dawson (1991), Moore & Rees (2008), Olsen & Boxenbaum (2009), Shah & Arjoon (2015), Hernes, Hendrup, & Schäffner (2015), Perrot (2017); Politicizing MNC (5): Brumana & Delmestri (2012), Osmundsen (2013), Hamprecht & Schwarzkopf (2014), Bjerregaard, Linneberg, & Lauring (2016), Acquier, Carbone, & Moatti (2018).

**Table III.** Taxonomy of strategy implementation in MNCs within each perspective on theorizing

	<i>O-level theories</i>	<i>I-level theories</i>	<i>A-level theories</i>
Towards representative conceptualizations of strategy implementation	“Implementation is a series of interventions concerning organizational structures, key personnel actions, and control systems designed to control performance with respect to desired ends” (Hrebiniak and Joyce, 1984 in Noble, 1999, p. 120).	Strategy implementation is a mutually constructed process shaped by managerial behaviors and manager interaction with organizational members (adapted from Jarzabkowski, 2008)	Strategy implementation is “the communication, interpretation, adoption, and enactment of strategic plans” (Noble, 1999, p. 120).
Phases of strategy implementation	Planned implementation that follows after strategy creation	Strategy formation and implementation are entwined, i.e., emerging strategy	Strategy is planned in advance, but also emerging over the implementation process
Who/what possesses the power to achieve strategy implementation	Organizational and external systems, top managers who establish the system	Actions and interaction of: top and middle-level managers, consultants, management teams, and members of external organizations	Organizational and external systems, actions and interaction of managers and employees, and external to organization individuals
Strategy implementation process	The power of well-established structures, systems, and organizational processes as well as strategy execution in a predominantly top-down manner will result in implemented strategy	Behavior, consensus, bargaining, and interaction of managers construct strategy implementation	Strategy implementation emerges from interpretation, (not) adoption, and strategic behaviors of managers and employees, that are influenced by individual, organizational, and external factors
Representative factors influencing SI	Communication, implementation tactics, alignment of goals, organizational structure, control mechanisms, designed and imposed organizational culture	Praxis; practices; organizational members and their traits; and extra-organizational actors	Strategic plan, systems and practices in organization, individual characteristics, actor interactions, and organizational environment

## Notes

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<sup>[1]</sup> We use the term ‘aggregation’ level theories because multilevel strategies include diverse, and sometimes unspecified, theoretical positions about how lower levels of analysis aggregate to produce higher-level outcomes. Aggregation level theories grounded in methodological individualism (cf. Udehn (2002) for in-depth explanation on methodology, epistemology, and ontology of different kinds of methodological individualism), on the other hand, are based on specific sociological theories about the ways in which individuals together with other lower-levels of analysis shape higher-level outcomes.

<sup>[2]</sup> With the label ‘instrumental’ we mean that the suggested approach is useful as a tool that is “important in causing something to happen” (Cambridge Academic Content Dictionary, Cambridge University Press). In this case, our instrumental approach is useful in producing a multilevel research agenda on a specific topic and offers a deeper understanding about the status of multilevel theorizing in that specific area of research.

<sup>[3]</sup> One could argue that change management, strategy-as-practice, or practice adoption theorization and assumptions might be included within the scope of this review. However, since the focus is on *corporate* level strategy of the MNC, it is essential to start analysis with MNC specific theories that represent reasons for the MNC to exist. At a later stage, other theoretical perspectives, which are more related to different types of strategy implementation, and which may or may not be originally developed for the MNC context (cf. Roth & Kostova, 2003), can be incorporated.

<sup>[5]</sup> The conceptualizations of strategy implementation in MNCs is developed upon the multilevel review in this paper and strategic management research. Addition of strategic management literature is necessary, because IB has limited discussion on strategy implementation issues; moreover, both research domains originated from and have been heavily influenced by the language of economics and industrial organization (Pettigrew, Thomas, & Whittington, 2002; Forsgren, 2017); therefore, they have similar path of development and to certain extent can supplement each other.