



**Strategy in Multinational Corporations (MNCs) – An exploratory  
study of the subsidiary perspective in an emerging market.**

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A thesis submitted in partial fulfilment of the Doctor of Business Administration (DBA)  
at the University of Central Lancashire (UCLan)

January 2024

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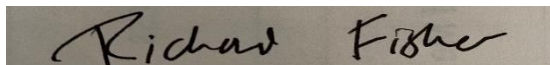
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## **Abstract**

Despite the recent growth of the Turkish economy and its success in attracting Foreign Direct Investment (FDI) – especially within its banking sector – the context has received little attention in the literature. Moreover, previous studies – including strategy research – tends to focus on narrow operational issues, such as efficiency, profitability, and competitive structure, and in doing so overlooks the influence of context and other nuances which are implicit in strategy formulation. In contrast, this thesis utilises a broader methodology – a qualitative multiple case study – and applies a Practice Theory lens to construct a nuanced and contextualised view of strategy in the field of global banks operating in Istanbul from the subsidiary perspective.

The purpose of this thesis is to explore strategy within the subsidiaries, guided by the research question: *What are the key influences on strategy development within the context on MNCs subsidiaries?* The research is based on data from 30 semi-structured interviews with practitioners at 5 MNC subsidiaries in Istanbul, supported by secondary data, such as reports produced by the subsidiaries studied. The findings provide insights into the influences on strategy in this particular context and are grouped into insights to strategy, culture and headquarters – subsidiary relations, the latter two facilitated by the use of subsidiaries in an emerging market as vehicle in which to study strategy.

To summarise, the research provides a nuanced understanding of strategy within the chosen context which contributes to knowledge within the field of International Business. Theoretically speaking, the thesis adopts an integrative lens consisting of several strands of Practice Theory and applies it in a largely underexplored context. This subsequently makes a methodological contribution by presenting a qualitative case study in a field dominated by quantitative studies which essentially adds a context bound study in a field which is largely context free. The contribution of the research to

practice consists of a series of managerial recommendations, supported by the findings on how to improve strategy formulation processes in MNC subsidiaries.

Like any research, the study has its limitations, and due to its underlying qualitative approach certainly lacks generalisability, although given the focus on context, objectivity is not something that this type of research seeks. Finally, the thesis uncovered some potentially interesting avenues for future research.

## **Acknowledgements**

I would like to dedicate this thesis to my friends and family who have shown endless support and belief in me throughout.

Sincere thanks go to my Director of Studies, Professor Richard Sharpley, for his guidance, wisdom, and support. Richard has over 35 PhD and DBA completions to his name, so I always felt like I was in safe hands.

Having spent a decade of my life lecturing in Turkey, followed by almost a decade back home, I feel that writing the thesis has helped me to keep in touch with both.

# Table of Contents

ABSTRACT .....	iii
ACKNOWLEDGEMENTS.....	v
LIST OF ABBREVIATIONS .....	xii
LIST OF FIGURES.....	xiv
LIST OF TABLES .....	xv

## **1. Chapter 1 Introduction and background**

1.1 Introduction, rationale & Context for the research.....	1
1.1.1 The Organisational Context – Multinational Corporations (MNCs).....	1
1.1.2 The National Context .....	4
1.1.3 The Sectoral Context.....	6
1.2 Theoretical foundations of the research .....	8
1.2.1 Strategy (‘old school’ and ‘new school’) .....	9
1.2.2 Culture: Cross-culture operations and strategy .....	11
1.2.3 International business literature: MNCs and strategy.....	12
1.3 Aims and objectives of the research.....	13
1.4 Contribution of the research to knowledge and professional practice.....	14
1.4.1 Contribution to knowledge.....	14
1.4.2 Contribution to practice.....	16

1.5 Summary of the approach to research .....	17
1.6 Structure of the thesis .....	18
1.7 Summary .....	18
<b>2. Chapter 2 Understanding strategy: A review</b>	
2.1 Introduction: Understanding strategy .....	20
2.1.1 Strategic Management: An overview... ..	21
2.2 Strategic management: Mainstream approach.....	24
2.2.1 Early Strategy Research.....	24
2.2.2 Transaction Cost Economics .....	26
2.2.3 Upper Echelons Theory .....	28
2.2.4 Managerial Discretion... ..	29
2.2.5 The Positioning School: The influence of industrial economics.....	31
2.2.6 Resource Based View.....	34
2.2.7 Processual perspective of strategic management: laying the foundations for SAP.....	38
2.3 Structure, agency, and structuration .....	39
2.3.1 Structuration Theory: Giddens and Bourdieu.....	40
2.3.2 New Institutionalism.....	42
2.4 The 3Ps of SAP: Practitioners, Practices and Praxis.....	46
2.4.1 SAP-Practitioners.....	45
2.4.2 Practices and Praxis.....	48
2.5 Strengths and limitations of SAP .....	50

2.5.1	The strengths of SAP.....	50
2.5.2	Limitations of SAP.....	52
2.6	Conclusions. ....	51
2.7	Introduction: Cross cultural and international business .....	52
2.8	National culture and international business: The functionalist perspective ....	53
2.8.1	Limitations of the functionalist perspective .....	60
2.9	Organisational Culture: The interpretivist perspective.....	61
2.9.1	Limitations of the interpretivist perspective.....	66
2.10	Practice approach to organisational culture.....	66
2.11	Conclusion: Cross cultural studies.....	68
2.12	Introduction: The international business literature.....	69
2.12.1	International Business: MNC structure and strategy formulation.....	70
2.12.2	International Business: The rise of the voice of the subsidiary.....	78
2.12.3	International Business: Towards a Practice Theory of the subsidiary's role in strategy.....	80
2.13	Summary: International business.....	81
 <b>3. Chapter 3 Research Methodology</b>		
3.1	Introduction: Research methodology.....	83
3.2	Research philosophy.....	83
3.2.1	Research philosophy: Ontological approach.....	84
3.2.2	Research philosophy: Epistemological approach.....	85
3.3	Research Strategy: Multiple case study approach.....	86



3.4 Sampling.....	88
3.5 Data collection.....	92
3.5.1 Semi structured interviews .....	92
3.5.2 Secondary data.....	99
3.6 Research quality .....	100
3.6.1 Research quality measures.....	100
3.6.2 Interview bias: Role of the research .....	103
3.6.3 Reflexivity – role of the researcher .....	104
3.6.4 Ethical considerations.....	105
3.7 Data analysis.....	106
3.8 Conclusion: research methodology .....	108
 <b>4. Chapter 4 Findings and Discussion</b>	
4.1 Introduction: Findings and Discussion.....	110
4.2 Theme 1: Strategy and strategy formulation: An overview.....	111
4.2.1 Theme 1: Strategy and strategy formulation - Sub-theme - Formal planning – Findings.....	111
4.2.2 Theme 1: Strategy and strategy formulation - Sub-theme - Formal planning – Discussion.....	113
4.2.3 Theme 1: Strategy and strategy formulation - Sub-theme - Profit maximisation – Findings.....	115
4.2.4 Theme 1: Strategy and strategy formulation - Sub-theme - Profit maximisation – Discussion.....	116

4.2.5	Theme 1: Strategy and strategy formulation - Sub-theme - Attaining competitive advantage – Findings.....	117
4.2.6	Theme 1: Strategy and strategy formulation - Sub-theme - Attaining competitive advantage – Discussion .....	118
4.2.7	Theme 1: Strategy and strategy formulation - Sub-theme – Top-down approach - Decision making and internal communications - Findings.....	119
4.2.8	Theme 1: Strategy and strategy formulation - Sub-theme – Top-down approach - Decision making and internal communications - Discussion .....	122
4.2.9	Theme 1: Strategy and strategy formulation - Sub-theme – Flexible versus fixed rate of strategy set - Findings .....	124
4.2.10	Theme 1: Strategy and strategy formulation - Sub-theme – Flexible versus fixed rate of strategy set – Discussion.....	126
4.3	Theme 2: Culture - An Overview .....	127
4.3.1	Theme 2: Culture: Findings.....	128
4.3.2	Theme 2: Culture: Discussion.....	135
4.4	Theme 3: Headquarters Versus Subsidiary influence.....	138
4.4.1	Theme 3: Headquarters Versus Subsidiary influence: An Overview.....	138
4.4.2	Theme 3: Sub-theme – Head office dominance – Findings .....	138
4.4.3	Theme 3: Sub-theme – Subsidiary influence – Findings .....	141

4.4.4	Theme 3: Headquarters Versus Subsidiary influence - Sub-themes – Head office dominance & Subsidiary influence – Discussion.....	144
4.5	Findings and Discussion – Conclusion.....	146
<b>5. Chapter 5 Conclusions, Recommendations and Future Research</b>		
5.1	Introduction.....	150
5.2	Thesis summary.....	152
5.3	Review of research aims and objectives.....	153
5.4	Key Conclusions.....	155
5.5	Contribution to knowledge.....	167
5.6	Contribution to practice – Recommendations.....	170
5.7	Future research.....	174
5.8	Limitations of the research.....	176
	REFERENCES.....	177
	Appendices.....	211
	Appendix 1 Participants Information Sheet.....	211
	Appendix 2 Participants Consent Form.....	213
	Appendix 3 Theoretical Framework Map.....	214
	Appendix 4 Literature Tree Map.....	215

## **LIST OF ABBREVIATIONS**

ATM	Automated Teller Machine
BBVA	Banko Bilbao Vizcaya Argantaria
BCG	Boston Consulting Group
BRSA	Banking Regulation Supervision Agency
BRICS	Brazil, Russia, India and China
CAGE	Cultural, Administrative, Geographic and Economic
CEO	Chief Executive Officer
CD	Cultural Distance
COLL	Collective
EPG	Ethnographic Polycentric and Geocentric
FDI	Foreign Direct Investment
HI	Horizontal Individualism
HQ	Headquarters
HVIC	Horizontal and Vertical and Collectivism Scale
IB	International Business
IJV	International Joint Venture
IND	Individual
IMF	International Monetary Fund
IT	Information Technology
KS	Kogut and Singh
IO	Industrial Organisational
KNB	Knowledge Based View
MINT	Mexico Indonesia Nigeria and Turkey
MNC	Multinational Corporation
PD	Power Distance
RC	Region Centric
R&D	Research and Development
RBV	Resource Based View

SAP	Strategy as Practice
SOB	State Owned Banks
SWOT	Strength Weaknesses Opportunities Threats
TCE	Transaction Cost Economics
TIO	Turkish Investment Office
ROI	Return on Investment
VRIO	Value Rarity Imitability Organisation

## LIST OF FIGURES

FIGURE 2.1: Development of the Strategic Management Literature .....	23
FIGURE 2.2: The competitive structure of an industry – Five Forces .....	33
FIGURE 2.3: The 3Ps Model of SAP .....	47
FIGURE 2.4: Schwartz’s Cultural Values.....	59
FIGURE 2.5: Managing International Operations .....	74
FIGURE 3.1: The research process – the research ‘onion’ .....	84
FIGURE 4.1: Word Cloud.....	147

## LIST OF TABLES

TABLE 1.1: National economies in comparison to the top 10 global MNCs.....	2
TABLE 2.1: The VRIO Analytical Framework... ..	36
TABLE 2.2: The Firm's Resources.....	37
TABLE 2.3: Table of Scott's (2013) Pillars.....	45
TABLE 3.1: Overview of the Interviews... ..	97
TABLE 3.2: Demographics of the Participants.....	98
TABLE 4.1: Highlights of findings summary linked to themes .....	148

# Chapter One

## Introduction and background

### 1.1 Introduction, rationale & research context

#### 1.1.1 The organisational context – Multinational Corporations (MNCs)

Multinational Corporations (MNCs) are a type of organisation which forms the focus of this study and can be viewed as organisations which are pivotal to international business. These global organisations are an ever-increasing presence in the global economy and are now significant actors in employment, finance and FDI; they are also dominant actors within international trade in general. An effective way of demonstrating their scale and scope is that, by the end of the last millennium and if MNCs could be thought of as countries, out of largest 100 national economies or global MNCs, 51 would in fact be corporations and only 49 of them countries. In other words, as businesses, many MNCs are now larger than the economy of the average nation state (Anderson and Cavanagh, 2000). While there is no consensus with regards to defining an MNC (Mazikana, 2023), it is widely acknowledged that an MNC is ‘an enterprise that engages in foreign direct investments (FDI) and which owns or, to a certain extent, controls value-added activities in several countries’ (Dunning and Lundan, 2008, p. 3). MNCs, therefore, play a fundamental role in the global economy and, whilst the foundations of some can be traced back over centuries, they have grown significantly in scale and influence over the last seven decades to the point where they are major actors across the manufacturing and service sectors globally (Cadestin et. al., 2018). Implicitly, therefore, they are also interesting from a cultural studies point of view, since their organisational structures automatically expose them to the differing (and perhaps competing) national culture of the home country headquarters and local culture of the subsidiary satellite branches.

Table 1.1 below further illustrates the substantial size of MNCs relative to nation states in comparison to a global spread of the largest and smallest national economies in each region. Whilst MNC revenues and nominal GDP are not perfectly comparable measures, Table 1.1 clearly demonstrates that MNCs are larger than many nations.



Therefore, MNCs are powerful global institutions in terms of the size of their revenues which, as noted above, are in some cases large enough to match or exceed the GDP of many nations. From an alternative viewpoint, however, Table 1.1 also shows that the largest developed economies in the world still dwarf even the major global MNCs and retain their place as economic leaders.

Strategy, often perceived in daily business as a ‘roll out’ or execution of a particular initiative, is commonly seen as essential to maintaining the success of any businesses (Neilson, Martin and Powers, 2008). However, effective strategy is arguably a particularly critical contemporary business issue for MNCs, which face ever-growing financial pressures as they operate in a fiercely competitive global marketplace where competition is tough, especially in emerging markets (Lang et al., 2018)

**Table 1.1:** National economies in comparison to the top 10 global MNCs

Largest and Smallest economy by region GDP	Country 2022 Nominal GDP Million USD		Top 10 MNCs by size Ranked by top 10	Largest MNCs by Revenue per million dollars 2022
	Country	GDP		
America	USA	25,462,700.00	1 <sup>st</sup> Walmart	572,754
	Dominica	612.05	2 <sup>nd</sup> Amazon	469,822
Middle East	Turkey	905,987.82	2 <sup>nd</sup> State Grid	460,617
	Yemen Republic	21,606,16	4 <sup>th</sup> China National Petroleum	411,693
Asia	China	17,963,170.52	5 <sup>th</sup> Sinopec Group	401,314
	Timor Leste	3,163.32	6 <sup>th</sup> Saudi Aramco	460,399
Europe	Germany	4,072,191,74	7 <sup>th</sup> Apple	365,817
	San Marino	1,855.38	8 <sup>th</sup> Volkswagen Germany	295,820
Africa	Nigeria	477,386.12	9 <sup>th</sup> China State	293,712
	Sao Tame and Principe	546.68	10 <sup>th</sup> Volkswagen USA	292,111

**Source:** World Bank and Fortune 500

The topic of strategy is also of great importance to business practitioners. Various commentators (for example, Boxall and Purcell, 2022; Williams and Lewis, 2008), albeit assuming a traditional interpretation of the concept, note that strategy is an indispensable tool for organisational success in a wide variety on institutions and

contexts. However, although researchers and practitioners agree on the importance of strategy, there is little consensus on how strategy should be conceptualised, understood and ‘done’. Much of the early management theory, namely the Scientific Management approach, paved the way for the later strategy literature and, overall, the formal literature now dates back over a century. This is a perspective which will be explored in detail in Chapter 2.

Turning to the context of the research, owing to its free market driven business culture, Turkey is a fascinating (and perhaps surprisingly under-researched) context in which to study strategy in MNC subsidiaries. However, Foreign Direct Investment (FDI) rates in Turkey should initially be viewed as part of a number of wider trends, such as high domestic economic growth, neo-liberal economics and increased levels of FDI in emerging markets in general.

Turkey has experienced substantial economic growth by global standards. According to the OECD (2018), prior to the Covid-19 pandemic Turkey’s economy grew by 7.4% in 2017, 5.1% in 2018 and 4.6% in 2019, described by the OECD (2018) as representing ‘very fast’ growth. In 2021, the Turkish economy grew by 11%, making it the fastest among the G20 countries. However, this figure was returned in the context of relaxing Covid restrictions, which may help explain the unusually high figure (World Bank, 2021). In contrast to this positive picture of growth – the economy continued to grow by 5.6% in 2022 (Devrenoglu and Kucukgocmen, 2023) and 4.2% in 2023 (Reuters, 2023), however, the OECD report referenced above also highlights the fact that macroeconomic indicators, such as high inflation, increasing government debt and unstable exchange rate, all appear to be deteriorating at an alarming rate. Nevertheless, to put things in perspective, the Turkish economy previously witnessed substantial macroeconomic instability during large parts of the 1980s and 1990s (Onis, 2004) yet recovered in the 2000s. In overall terms, Turkey’s economy is relatively large, typically ranked around 16<sup>th</sup> in the world and 6<sup>th</sup> in Europe (FCO, 2014), and despite falling to 19<sup>th</sup> place globally by 2022 (World Bank, 2022), it remains a potentially sizeable market for inward FDI. However, it must be noted that, by their very nature, emerging markets are volatile and fast changing. During the course of this research, economic indicators have fluctuated considerably, and this may well be the case looking forwards.

In recognition of Turkey's recent economic growth which has cemented the nation as a leading emerging market, Jim O'Neil, the former Goldman Sachs Economist, included Turkey amongst a new group of rising emerging markets collectively identified by the acronym MINT: Mexico, Indonesia, Nigeria, and Turkey (Kwan Yuk, 2013). These nations have been identified as emerging markets which, based on their potential economic growth, are likely to be amongst the top ten global economies within the next two decades (FCO, 2014). Nevertheless, it must be noted here that, at the time of writing and in light of the global economic uncertainty introduced by the Covid-19 pandemic, it is increasingly difficult to make predictions about the future of emerging markets which are, by their nature, potentially volatile. Moreover, the destruction caused by the recent tragic earthquake in south-eastern Turkey and Syria in February 2023 will undoubtedly have serious long term social and economic consequences for both countries.

Having considered the broader issues which sustain Foreign Direct Investment (FDI) rates in Turkey, such as high domestic economic growth, neo-liberal economics and increased levels of FDI in emerging markets in general, the following section reviews Turkey as an FDI host country, followed by a justification of the choice of the Turkish banking sector as the focus of this research.

### **1.1.2 The National Context**

When viewing Turkey's as an FDI host country, and as observed earlier in this chapter, multinational corporations (MNCs) play a significant role in shaping the global economy (Kim and Milner, 2019). FDI has several significant advantages to host companies and, in addition to providing a source of foreign capital, FDI also contributes to technological development, management quality, market accessibility and economic growth (Aldalou and Sarsour, 2022). Therefore, volumes of this type of investment can be seen as a measure of economic success. Turkey has strived to put an effective structure in place to attract FDI and this can be traced back much further to earlier economic reforms; it is now evident that contemporary FDI volumes reflect the fact that 'Turkey has been striving to promote inward FDI as early as the mid-1980s' (Demirbag, McGuinness and Altay, 2010: p. 211). Far reaching neo-liberal economic reforms were made domestically during the 1980s, such as liberalisation, trade de-regulation and the opening of the trade account, and these reforms have been seen as a success in terms of

their impact on trade. However, 2001 marked another turning point in Turkish economic liberalisation. The country experienced a domestic economic crisis, leading to a major devaluation of the Turkish lira and, in particular, to a banking crisis which led to bankruptcies and increased unemployment (Akyuz and Boratav, 2003). In 2000, the Banking Regulation and Supervision Agency (BRSA) had been established and this regulatory body was tasked with the regulation and supervision of the financial system (Yayla, 2006). A key regulatory FDI reform in 2003 was the introduction of full freedom of capital and earnings transfer and the complete removal of property restrictions which are supported by the right to international arbitration in Law 6224. This is widely seen as a significant move forward in terms of making Turkey attractive potential investors (Aydin, 2021).

According to the Turkish Investment Office (2021), in overall terms, the cumulative amount of inward FDI in Turkey has amounted to \$225 billion USD FDI since 2002. To put this in perspective, up to the late 1990s FDI inflows were at a low level – less than US\$1 billion per annum. However, this increased rapidly, peaking at US\$22.05 billion by 2007 but it has since fluctuated, dropping to US\$12.51 billion in 2018 (World Bank, 2021). The last full year figure available shows that in the post-pandemic world economy, inward FDI stood US\$6.48 billion in 2022 (US Department of State, 2023). In terms of comparative performance to other countries in terms of attracting FDI, Turkey is the second highest performing country in the region after Russia. Again, these figure pre-date the rapidly changing face of the Russian economy which, at the time of writing (2023), is subject to sanctions introduced following the country's conflict with Ukraine. Within the region, three nations – Russia, Turkey and Poland – dominate FDI inflows, accounting for 46.7% of all FDI to central and eastern Europe between 2005-2019 (Turkish Investment Office, 2021). In terms of relative share, the same report states that over the same period, Russia's share of total regional FDI inflows was 26.3%, Turkey's 10.8% and Poland 9.8%. However, the key point is not to dwell on statistics in isolation but to recognise that overall volumes are significantly higher since a multitude of reforms have laid the groundwork for attracting investment. Again, it must be stressed that emerging markets are by their very nature volatile, and that the macroeconomic environment overall in Turkey, especially regarding high inflation, is far less positive than the economic growth statistics and FDI levels may indicate in isolation (World Bank, 2021).

### **1.1.3 The Sectoral Context – Turkish Banking**

Turning to Turkey's banking sector and the host advantage it offers, it is essential to stress that a nation's banking sector can be thought of as an essential component in an 'engine' which is a common analogy for an economy (European Central Bank, 2023). Banking – the focus of this study – is the sector of the Turkish economy that attracts the greatest share of the country's inward FDI (Turkish Investment Office, 2021) and this has been estimated as around a 20% share of all inward FDI since the Turkish economy first began to attract FDI (Yapi Kredi, 2023). The structural reforms of the previous decades discussed above and, in particular, the establishment of the Banking Regulation Supervision Agency (BRSA) have resulted in a robust banking system that allowed Turkey to largely avoid the global financial crisis of 2007-08 (Bakir 2009). Therefore, the regulator has introduced stability to the Turkish financial system, encouraging confidence in the resilience of the country to external shocks (Yapi Kredi, 2023). Within this backdrop, one high profile market entrant is the Spanish banking giant Bilbao Bank (BBVA), which is currently planning full longer takeover of a leading Turkish bank in which it already owns a large stake, which highlights a number of opportunities for banks in Turkey which may attract investment (BBVA, 2021).

This, in turn is reflective of the success Turkey has seen in terms of attracting FDI into its banking sector from global MNCs. These operations in Turkey are classified as foreign banks by the Turkish Banking Regulation Supervision Agency (BRSA) and fall under its regulatory scope (Presidency of the Republic of Turkey, 2023). Foreign banks are the exclusive focus of this research due to its focus on FDI and sit alongside domestic private bank rivals, State Owned Banks (SOBS) and Participation banks or Islamic Banks, and account for over 20% of banking sector assets (IMF, 2023). There are a total of 21 foreign banks in Turkey (The Banks Association of Turkey, 2022) and it is this type of banks that forms the universe for this qualitative case study – see Chapter 4

Positive factors identified include the relatively large population of 84 million which offers a potentially large volume of customers. Moreover, opportunities are very high as household debt accounts for just 17% of GDP in comparison to a much higher European average of 69%, meaning that there is scope for the expansion in consumer credit

(BBVA, 2021). Perhaps most appealing are the bottom-line figures of growth and profitability in banking – the sector returned an average profitability rate of 19% per annum and an asset size growth rate of 21% between 2002-2021, figures which are seen as high (Yapi Kredi, 2022). Another point to make on the future potential of the sector is that there is strong scope for growth in current accounts because just 31% of Turkish people currently hold a bank account (Yapi Kredi, 2022). Therefore, Turkey’s banking sector appears to offer relative stability due to strong regulation and the potential to grow significantly in the future. Continuing with this issue, private debt stood at just 7.5% of GDP in 2021, suggesting considerable room for growth in banking products (IMF, 2023). In addition, Turkey offers a sizeable market for MNCs to draw upon due to its relatively large population size, particularly when the favourable demographics are considered. The country has a total population of 85,341,241 (World Bank, 2023) and is predicted to grow to 97,960,000 by 2059 (World Population Review, 2023). In addition to a large overall population, the median age stands at a relatively young 33.1 years old (Turkish Statistical Institute, 2023). This bodes well for current and future demand for financial services, and the demographics support the long term growth of the banking sector which makes it an attractive future market for investors.

Lastly, Istanbul’s unique geographical location spanning Europe and Asia attracts FDI and the recent opening of the Istanbul Financial Centre (IFC) boasting 1.4 million square meters of office and retail space (Office of Turkish Presidency, 2023) which is comparable in size to London’s Canary Wharf (Knight Frank, 2023). This helps harnesses the strategic location advantage that Istanbul’s offers whilst bringing the city firmly into the digital age in terms of office space. In fact, the initial impetus for this inquiry was sparked by the author’s personal interest in and experience of Turkey, a country where ‘East meets West’, and his connections with Istanbul, a city which sits on the Bosphorus Straights that separate Europe and Asia. Few nations have a more established and diverse culture than that of Turkey – Istanbul, its largest city, was the capital of the Roman, Byzantine and Ottoman empires, a history which endows both the city and the country with a strong claim to be one of the cradles of civilisation. The Turkish banking sector is equally fascinating. Its history similarly dates back centuries to when the ‘Galata Bankers’, named after the historic trade centre of Istanbul at the time, played an important role in financing the Ottoman Empire (Kaya and Collu, 2020). However, the focus of this study is on present-day multinational corporation (MNC) banks operating in Istanbul’s state-of-the-art financial district which has

attracted substantial inward Foreign Direct Investment (FDI) over recent years (Vollers, Yavan and Franz, 2021) as Turkey has taken its place amongst the leading emerging markets. Turkey is currently actively pursuing membership of and participating in the BRICS – a group of five leading emerging economies, namely, Brazil, Russia India, China and South Africa (Bacik, 2013; Lissovolik and Vinokurov, 2019). The challenging current economic situation faced by BRIC member Russia must be noted as following Putin’s invasion of Ukraine, the nation has now become the most heavily sanctioned country in the world (Wadhams, 2022).

## **1.2 Theoretical foundations of the research**

The thesis adopts a broad conceptualisation of Practice Theory as its theoretical foundation and, in particular, is strongly influenced by Structuration Theory (Giddens, 1976, 1979, 1984; Bourdieu, 1977, 1986, 2014). Due to the focus of this thesis on strategy in business, the wider practice theory application of Strategy of Practice (SAP) is also utilised (see Fieldman and Orlikowski, 2011; Nicolini, 2012) as a stream of Practice Theory. Similarly, the organisational setting of this multiple qualitative case study – MNC subsidiaries – allows the inclusion of an additional stream of Practice Theory, namely New Institutional Theory (DiMaggio and Powell, 1983; Scott, 2013; 2013; Whittington, 2006, 2007; Vaara and Whittington, 2012; Kohtamaki et al., 2022; Jarzabkowski, Seidl and Balogun, 2022) to be drawn upon (see Fieldman and Orlikowski, 2011; Nicolini, 2012). It should be noted that considerable overlap exists between these streams, particularly between the fellow travellers of SAP, Structuration Theory and New Institutionalism (Abbot, 1992) and their shared focus on organisations in general and on the micro-foundations of what actors actually do in particular, leading to these two alternative approaches being perceived as complementary to each other (Suddaby, Seidel and Le, 2013). The various streams of Practice Theory – Structuration Theory, SAP and New-Institutionalism – which inform this study are presented and critically reviewed in further detail in Chapter 2 and are revisited in the discussion of the findings in Chapter 4 and the concluding chapter (Chapter 5).

The research in this study is also underpinned by the strategy, culture, and international business research. This interdisciplinary approach is consistent with the overall purpose of the thesis, this being to seek a nuanced insight into strategy within MNC subsidiaries

operating in an emerging market context. These strands of the literature are introduced below (see Sections 1.2.1 – 1.2.3) and critically reviewed in Chapter 2. Along with Practice Theory (see above) the literature utilised informs the semi structured interview – see Chapter 3 and subsequent findings outlined in Chapter 4. Practice Theory is then utilised to aid interpretation of the findings/ discussion section outlined in Chapter 4 and when drawing conclusions in Chapter 5.

### **1.2.1 Strategy: ‘Old school’ and ‘new school’**

By way of brief introduction to the strategy literature, it is important to emphasise that it offers a wide range of often disparate interpretations and approaches to the concept of strategy. In broad terms, a distinction exists between what may be described as old school and new school approaches, although this is far from an absolute dichotomy. An analysis of both these broad approaches – the newer ‘sociological eye’ of Strategy as Practice (Whittington, 2007; Jarzabkowski, Seidl and Balogun, 2022; Kohtamaki et al., 2022) which contrasts with the older mainstream economic view – is central to attaining a nuanced view of the research context. Additionally, the inclusion of these various streams of literature contribute to the objective of providing a critical appraisal of the literature supporting an exploratory study of the industry and location-specific global organisations which are the focal point of this study, together with providing an insight into the theory which may influence the practitioner perspectives which the research also explores.

To elaborate, ‘old school’ is a term that can be applied to perspectives on strategy labelled as ‘mainstream’ by some Strategy as Practice scholars (see Blom and Alvesson, 2015; Golsorkhi et al., 2010). This encompasses approaches such as the early strategy research (Ansoff, 1965; Chandler, 1962; Learned et al., 1965; MacIntosh, Maclean and Robinson, 2023) and the later Industrial Organisational (IO) economics-derived research (Porter, 1973; 1980; 1985; 1990; Memon et al., 2021). It could also be extended to include the Transaction Cost Economics (TCE) perspective on strategy (Coase, 1937; Williamson, 1975; 1985) and the later Resource Based View (RBV) on strategy (Rumelt, 1984; Barney, 1991). Whilst these mainstream perspectives are largely derived from economics, substantial differences exist between the methodological approaches and branches of the respective economic influences. For instance, the early strategy research is often case study-based and emerged from the forerunners of strategic management research, such as the Scientific Management



perspective (Jessop, 2005; Taylor, 1911) which was based largely on quantitative experimentation and observation. Alternatively, later studies derived from Industrial Organisation economics (Porter, 1973; 1980; 1985) and were based on large scale statistical research. In contrast to these, the contemporary Strategy as Practice (SAP) lens could be labelled as the 'new school'. The key distinction is that the move to SAP can be seen as a 'practice turn' (Whittington, 2007) in strategy introducing insights from sociology and more, specifically, from Practice Theory.

Understandably, the mainstream economics-influenced strategy literature and the SAP perspective have often been seen as competing approaches. The rationale for viewing the two perspectives as divergent is that SAP represents a shift away from strategy research with a focus on performance to a wider in-depth inquiry into what really happens in strategy formulation, strategic planning, and its implementation (Golsorkhi et al., 2010). Whittington (2007) views SAP as the 'sociological eye' on strategy, strategists and strategizing. Whilst the assumption that economics sociologically derived perspectives should be automatically viewed as alternatives is understandable, the landscape is more complex than this simple dichotomy suggests. Indeed, an alternative view is that SAP can be seen as a complementary to, at least in part, rather than competing with the mainstream approach to strategy. The 'old' school versus 'new school' debate is explored in detail in Chapter 2 of the thesis (see Sections 2.2 and 2.4) and informs the conclusions of the thesis (see Section 5.4).

More specifically, Blom and Alvesson (2015) advocate the 'bridging' of SAP with earlier perspectives whilst, in particular, SAP has been viewed as complementary to the Resource Based View (Johnson et. al, 2003; Regner, 2003). In brief, the reasoning behind this is that an SAP lens could uncover the actual dynamics involved in the creation and development of the organisational assets, that is, the resources and capabilities that, according to the RBV perspective, drive competitive advantage (Barney, 1991). Putting this another way, SAP builds upon its predecessors to overcome the critique that earlier lenses including RBV overlooks human actors and their actions (Jarzabkowski, 2005; Jarzabkowski and Spee, 2009).

In addition, when considered as a contemporary stream in the strategy literature, SAP itself relates to previous work within the strategic management literature. One notable influence is the earlier work of Mintzberg (1973) and Pettigrew (1977) who also viewed

strategy as emergent rather than deliberate and sought to uncover the ‘black box’ of strategy. ‘Strategizing’ (Whittington, 2007) is a term coined by SAP scholars as a means of emphasising the active, dynamic nature of strategy as perceived by those who research from this perspective. In brief, SAP ‘focuses on the micro-level social activities, processes and practices that characterize organizational strategy and strategizing’ (Golsorkhi et al., 2010, p.1). One of most widely cited proponents of SAP is Richard Whittington who, in his seminal paper (Whittington, 2006: 2007), proposed an alliterative ‘3Ps’ model of strategy making comprising Praxis, Practice and Practitioners. Praxis is the work of strategizing undertaken by actors in an organisation, whilst practice comprises the tools or routines and resources used in strategy work.

In a sense, this is a development of established sociological theory which could be adapted for research in business schools. That is, Whittington’s dimensions are loosely based on concepts originating in social practice theory and bridge the dichotomy of structure versus. agency in social practices (Bourdieu, 1977; Giddens, 1979). Giddens was also a practice theorist, and his Structuration Theory (Giddens, 1984) – based on the concepts of agency, structure and structuration – is of intrinsic importance to Practice Theory (Golsorkhi et al., 2010; Nicolini, 2012) and, many would argue, remains its central tenet. Putting this another way, SAP is ‘concerned with the doing of strategy; who does it, what they do, how they do it, what their use and what implications this has for shaping strategy’ (Jarzabkowski and Spee, 2009 p.69). It is, therefore, rich with agency and offers amongst other things, the advantage of a focus on micro activities and with it the potential to uncover deep insights.

### **1.2.2 Culture: Cross-culture operations and strategy**

In this study, MNC subsidiaries are employed as a vehicle to conduct research into practitioners’ perspectives on alternative theoretical approaches to understanding strategic management. Studying these organisations also opens up potentially interesting insights into culture. That is, the international nature of their operations introduces the dynamics and potential tensions of local and global culture. More specifically, this research seeks to identify, from the practitioners’ perspective, a nuanced insight into strategy formulation in Istanbul based subsidiaries of five global banks. It also, therefore, provides a context-laden insight into a specific area of international business. Inevitably, given the global nature of MNC operations and their

role is cross-border trade, this also provides a solid environment for an inquiry into cross-cultural influences on strategy within this context.

Culture and its influence on business operations can be studied at different levels – the individual (employee) level, the organisational level and the national level. Within the social context of an MNC in particular, the headquarters introduce an element of home country national level culture, whilst the affiliates introduce local culture. At the same time, it is also important to remember that local subsidiaries act as firms in their own right within the overall structure of the MNC; hence, they provide a valid context in which to study culture at the organisational level. In addition, employees who play a role in strategy processes are themselves a unit of analysis from a cultural perspective. Indeed, there have been calls for more research into the interplay between these different ‘levels’ of culture (Erez and Gati, 2004). Again, a case study exploring MNC affiliates provides an ideal backdrop for such research.

Lauring, Bjerregaard and Klitmoller (2018) introduce a distinction between ‘functionalist’ and ‘constructionist’ approaches to culture. Researchers who approach culture from a functionalist stance (Hofstede, 1980; House et al., 2004; Triandis, 1995; Sent and Kroese, 2020) view national culture as categorisable and measurable and, consequently, tend to base their research on large-scale quantitative studies. In contrast, researchers approaching culture from a constructionist stance acknowledge that national culture is influential but would position this as an ‘imagined community’ (Lauring, Bjerregaard and Klitmoller, 2018); rather, culture is a dynamic influence which is ‘constructed’ by an individual within a particular nation. Romani, Sackmann and Primecz (2011, p.2) note that culture is a deep concept and based on ‘someone’s experience, their ways of thinking, their sense-making and how they talk about it...’ The emphasis, therefore, is on the individual who will also be an employee (actor) and a citizen. This approach is, arguably, more fitting to explore the influence of culture on strategizing in MNC subsidiaries.

### **1.2.3 International business literature: MNCs and strategy**

Research within this stream of the literature focuses on strategy in MNCs and explores a variety of issues, such as optimal strategies to manage across borders, the impact of the structures adopted by these global actors and the degree of influence which originates respectively from the centre and periphery. The early international business literature

assumed that the HQ in the home nation is the dominant power within these organisations and, consequently, that strategic decisions were top down in nature (Levitt, 1983; Prebisch, 1959). Again, the literature is dominated by economics-derived approaches and the influence of HQ relative to that of its affiliates on group strategy has informed a number of rationalist typologies that seek to provide managerial insights (Bartlett and Ghoshal, 1988; Dunning, 2001; Ghoshal and Noria, 1989). As the literature evolved, however, there is evidence of an increasing awareness of the contributions of subsidiaries as local actors (Begley and Boyd, 2003; Paik and Sohn, 2004). Nevertheless, the underlying rationalist perspective and supporting quantitative methodologies remained consistent within the international business research. However, just as in the strategy literature in particular, the sociological approach of Practice Theory has been increasingly applied to the study of international business more generally (Bjerregaard and Klitmoller, 2016). This is a substantial development because it represents a shift in emphasis towards considering the impact of practices on strategy. This change of focus, debatably, has the potential to deepen the focus on the workings of MNC subsidiaries which, in turn, could substantially increase understandings of the localised ‘voice’ within overall MNC groups. It should be noted here that there is substantial crossover between an MNCs structure and culture. This research uses MNC subsidiaries as a context for exploring the influence of global and local culture on their strategies. Local MNC branches are an interesting environment in which to research this issue owing to their home Headquarter (HQ) and host country-based subsidiaries, which automatically leads them to absorbing different cultural influences, thereby rendering them a particularly rich organisational context in which to research culture on multiple levels.

The multidisciplinary literature which informs this research is outlined in detail in Chapter 2 of the thesis.

### **1.3 Aims and objectives of the research**

As established above, the primary aim of this research is to explore strategy in MNC subsidiaries and, in particular, how it is influenced by local factors. To do so, Practice Theory is utilised as a theoretical framework underpinned by relevant multidisciplinary literature – focusing on strategy, culture and MNCs - so that a more nuanced view of strategy formulation in MNC subsidiaries might be achieved. To actualise this, an exploratory qualitative multiple case study of the subsidiaries of international banks

operating in Turkey will be undertaken. By exploring practitioners' perspectives on strategy in the field, this study seeks to be of practical significance to subsidiary managers / staff. Therefore, the overall research question that this study addresses is:

*What are the key influences on strategy development within the context of MNCs subsidiaries?*

In order to meet the primary aim outlined above, the research has the following objectives:

1. To carry out primary research exploring practitioner's perceptions of their experience of strategy in emerging market based MNC subsidiaries to contribute to constructing a nuanced and contextualised view of strategy formulation in practice.
2. To explore the interplay between strategy and social context (organisational culture and national culture) by investigating whether head office or subsidiaries lead strategy.
3. To critically appraise the literature informing the research – the strategy, culture and international business literature – within the context of the study to draw out the functionalist and constructivist threads within it and unpack the historical and contemporary roots of each stream.
4. To draw conclusions and develop focused recommendations to practitioners in the field on how to enhance strategy formulation processes in this specific context supported by the findings of this research.

#### **1.4 Contribution of the research to knowledge and professional practice**

This study's significance and its contributions to existing knowledge and professional practice are summarised below, and are explored in further detail in the concluding section in Chapter 5:

##### **1.4.1 Contribution to knowledge**

With regards to contribution to knowledge, this research firstly seeks to provide a nuanced understanding of strategizing in MNC subsidiaries. It does so by adopting a Practice Theory lens and supporting this with multidisciplinary insights from the strategy, culture and international business literature. Therefore, this broad framework

addresses a notable gap in the literature by offer a more nuanced understanding of strategizing in MNC and a fresh and varied perspective into the operational dynamics of emerging market based MNC subsidiaries from the perspective of practitioners in the field. In doing so, the study utilises input from different levels of analysis – micro, macro and mesa – enabled by an application of the Practice Theory lens. In addition, the threads of practice theory, interpretivist led and rationalist based, are explored in supporting literature (strategy, culture and international business) which are critically reviewed and subsequently drawn upon both in the discussion of the findings and the conclusions.

Secondly, a limitation of previous research within the context of emerging markets banking, and more specifically in Turkish banking, is the dominance of quantitative methodologies. At its extreme, the perceived prevalence of qualitative studies and associated positivist assumptions within the area of International Business (Welch et al, 2020; 2022) has led to possible accusations of ‘physics envy’ (Collinson, 2017). To help overcome this, the thesis will employ a qualitative approach by utilising a multiple qualitative case study exploring five subsidiaries of international banks operating in Istanbul. Qualitative research offers the scope to uncover rich data by gauging the views of subsidiary professionals directly using primary research. Perhaps surprisingly given the rapid growth in the Turkish financial services within the general trend of the growth of emerging markets, there are relatively few studies on Turkish banking. Moreover, extant quantitative studies tend to be based on narrow technical issues, such as profitability efficiency measures (e.g., Dincer and Hacioglu, 2013; Kirikkaleli, 2016). As far as the author is aware, there are no previous studies on strategy on Turkish MNC banking subsidiaries in the literature employing a qualitative multiple case study approach, Hence, Turkey is an original setting for this type of study and the thesis makes a novel contribution. By adopting an exploratory qualitative multiple case study approach, this research aims to provide an understanding of strategy in a specific social context in contrast to extant approaches to researching financial institutions in Turkey which, as noted above, tend to be based on quantitative methods.

Thirdly, following on from the above, contextualisation is an important issue in International Business; however, the local perspective continues to be largely underemphasised in the literature overall. Therefore, there have been repeated calls to emphasise context within this field (e.g., Teagarden, Von Gilnow and Mellahi, 2018).

By its very nature, the field is differentiated by its international dimension and given the broader trends of the rapid growth of emerging economies – Turkey in the case of this study – and the internationalisation of senior management (Boone et al, 2018), diversity of the context driving studies should necessarily follow. In keeping with the above, this thesis also offers insights into MNCs, which are a unique type of organisation owing to their home/ host country presence, and their strategizing from a local perspective. These organisations are of significance globally owing to the size and scope of their operations. In general terms, Turkey is an emerging market with a rapidly growing economy that has received less attention in the literature than its FDI and economic growth record may warrant and, by interviewing local MNC subsidiary staff based in Istanbul, this thesis offers an emerging market perspective on strategy, a field which overall remains Western dominated.

Lastly, returning to the theoretical framework, as a study within International Business research rooted in the context of emerging market MNC subsidiaries, the thesis contributes to the continued integration of Strategy-as-Practice within the various strands of Practice Theory, together with the suggestion to look outside to other disciplines – namely international business (Jarzabkowski, Seidl and Balogun, 2022). The contributions outlined above are returned to and expanded upon in Section 5.5.

#### **1.4.2 Contribution to practice**

As part of a professional doctorate, this thesis seeks to make an evidence-based contribution that is of practical use to professionals in the field. The empirical research is based upon a qualitative multiple case study to explore practitioners' perceptions of strategy within MNCs. The outcomes of this research form the basis for a set of recommendations for improving strategizing designed for use by MNC subsidiaries in practice. Therefore, the findings of this study will support recommendations to be put into action in real world business as a contribution to guiding subsidiary policy formulation – see Section 5.6.

## **1.5 Summary of the approach to research**

As outlined in the research methodology section of the thesis detailed in Chapter 4, this research is based on the paradigmatic claims of constructivism, embracing the ontological assumptions of relativism and a subjectivist epistemology (Lincoln, Lynham and Guba., 2011). In keeping with the nature of the topic, that is, an exploration of strategy from a practitioner centric perspective, a qualitative case study approach is utilised to enable a deeper understanding of complex social phenomena (Eisenhardt, 1989; Yin, 2003; 2017). Silverman (2013, p.87) suggests that the key advantage of a qualitative approach is that it can more fully address the ‘whats’ and ‘hows’ of lived experience and enable the exploration of circumstances and situations that may ‘escape the gaze of quantitative research’. The organisations studied consist of 5 subsidiaries of global banks operating in Istanbul and these cases are presented as ‘multiple bounded systems’ (Creswell, 2013, p.97) and studied using a combination of primary and secondary research. As previously established, the cases were drawn from Foreign Banks, the relevant type of bank – global banks operation in Istanbul – and the choice of 5 cases offers the potential to garnish insights into these organisations in a specific context, from a relatively small universe - see Chapters 4 and 5. The primary research is based on 30 semi-structured interviews with practitioners in the field, and supported with secondary data, including internal organisational reports, published reports and websites, gathered from the organisations researched in this thesis. These provide a snapshot of practitioners’ perspectives and insights into the daily working lives of the participants thereby offering the potential for rich contextual insights into the influences on strategy in the context which the thesis explores.

## **1.6 Structure of the thesis**

The structure and content of this thesis can be summarised as follows:

*Chapter 1:* The introductory chapter of the thesis sets out the context of this research by providing an overview of the broad themes of the topic, outlining the theoretical framework and supporting literature, aims, objectives and central research question of the study and introducing the methodology devised to meet them.



*Chapter 2:* Comprise the literature review of the study. It critically reviews the strategic management, cross cultural studies and international business literature together with the intertwined practice theory which informs the research. The underlying functionalist and constructivist elements of the streams of the research which support the thesis are also highlighted. The material critically appraised in these chapters act as lenses through which to explore strategy within context of this inquiry – MNC subsidiaries of international banks operating in Istanbul.

*Chapter 3:* Outlines the research design and methodology of the thesis by establishing and justifying the researcher's interpretivist stance and the choice of a qualitative multiple case study to underpin this multiple case study. Details of the data collection phase of the thesis are outlined in this chapter, which establishes that the study is informed by semi-structured interviews with practitioners in the field and triangulated by organisational publications by the financial institutions in the study. The coding and thematic analysis processes undertaken during data analysis stage are subsequently outlined in this chapter.

*Chapter 4:* Outlines the results of the study which are categorised into themes (see Chapters 3, 4 and 5) followed by a discussion of the findings. The discussion sections link back to the relevant literature, thereby supporting and interpreting the key findings.

*Chapter 5:* The concluding chapter of the thesis reviews how the study meets its aims and objectives. It proceeds to present and discuss the contributions made to practice and knowledge. Finally, the chapter outlines the limitations of the research and offers suggestions for future research.

## **1.7 Summary**

In summary, the thesis seeks to explore the research question: *What are the key influences on strategy development within the context of MNCs subsidiaries?* In doing so, an exploratory qualitative case study is undertaken to gauge practitioner perspectives on alternative theoretical approaches to understanding strategic management – namely, the established approaches of early strategy research, mainstream theory and the alternative SAP approaches. MNC subsidiaries are employed as a vehicle to conduct research into strategy, enabling culture and international business to support strategic

management as a theoretical lens. Therefore, this broad framework adds to the literature by forming a more nuanced understanding of strategizing in MNCs, providing in-depth insights into the operational dynamics of emerging market MNC subsidiaries based on primary research in the field. Exploring strategy from a localised practitioner perspective paves the way for a set of recommendations aiming to guide subsidiary managers improve strategizing in practice. In light of this, the initial task is to consider the strategic management, culture and international literatures; this is the focus of the following chapter (Chapter 2) of the thesis.

## Chapter 2

### Understanding strategy: A review

#### **2.1 Introduction – Understanding strategy**

The purpose of this chapter is to critically review previous studies in the strategic management literature that underpin and inform this research. To do so, the chapter initially reviews the forerunners of strategic management, the earlier strategy research, Transaction Cost (TCE) derived studies, the industrial economics inspired Positioning School, the Resource Based View, and finally the Strategy as Practice approach.

In addition, the contemporary SAP school as a ‘sociological eye’ (Whittington, 2007), along with its Practice Theory roots – Structuration Theory and New-Institutional Theory – form a critical part of the review and feeds into the theoretical framework which guides the study. In keeping with research objective, the underlying functionalist and constructivist threads of the strategy literature are unpacked through an analysis of the historical and contemporary roots of the strategy research stream of literature. The practice theory approach which forms the theoretical framework of the thesis is also reviewed as it informs the SAP literature – through Structuration Theory – and extends it through New-Institutional Theory based in organisational studies.

Subsequently, the cross-cultural studies and international business literatures are also reviewed in this present Chapter . Collectively, these literatures help inform the research whilst it explores strategy in a specific context, namely, the Istanbul-based subsidiaries of international banks.

In short, the purpose of this and the following chapter is to cover the content which guides the theoretical framework and to critically review the underlying literature that informs the study. This is to inform the research in this thesis through an investigation of the relevant extant literature in order to gain a deeper and more nuanced understanding of the field of strategic management. Moreover, as outlined in the later chapter on methodology (Chapter 4), the approaches and insights emerging from this literature

review direct the later data collection stage of the research, informing the questions asked during the interviews / primary research and acting as ‘scholarly data’ that inevitably guide the researcher by influencing the subsequent data analysis (Bowen, 2009).

### **2.1.1 Strategic management: An overview**

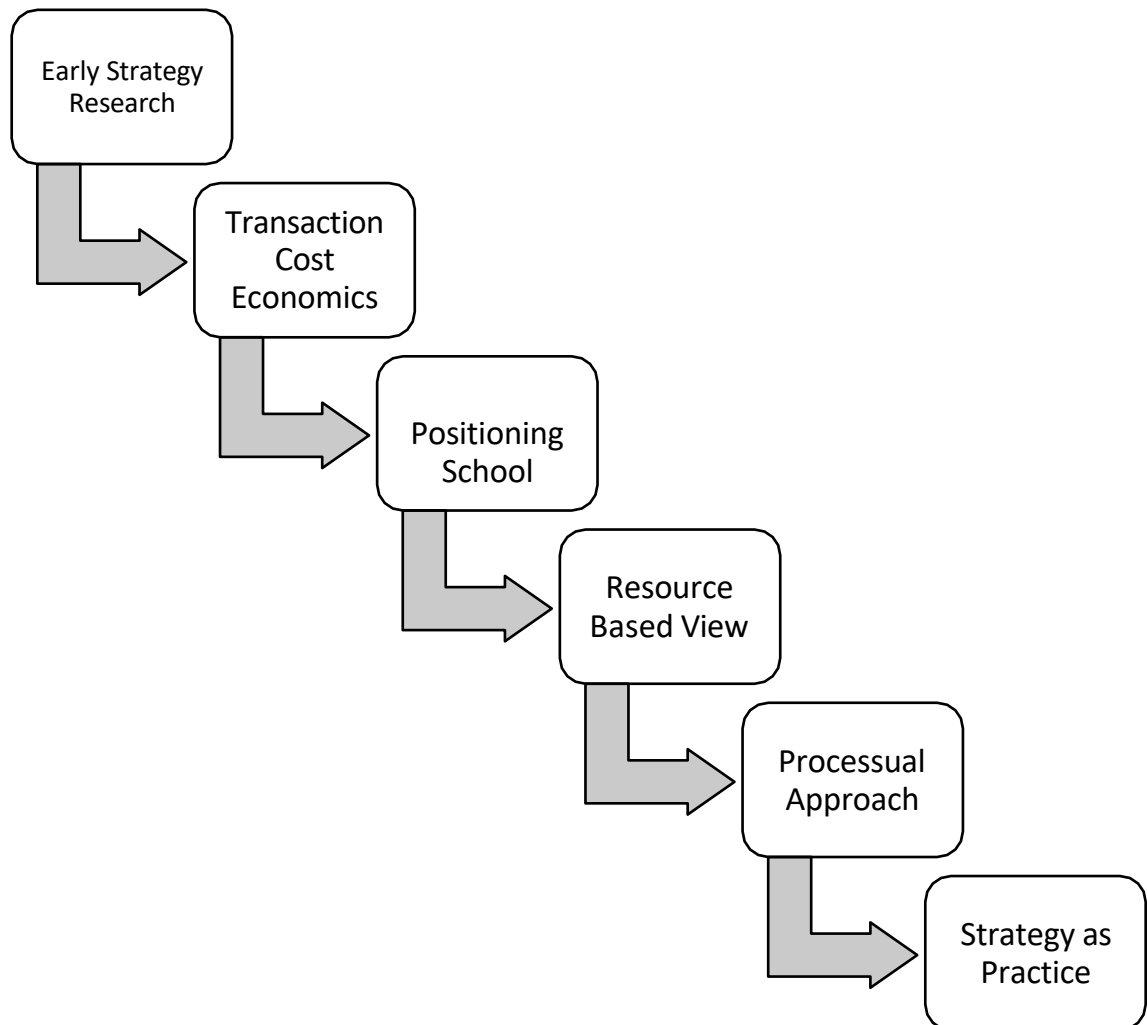
The following sections of this chapter review the main elements of the strategic management literature, commencing with a discussion of the mainstream approaches. The purpose of doing so is to both highlight their contribution to the field and the potential limitations of each of the competing schools of thought within the strategic management literature overall.

There are differing definitions and approaches to the concept of strategy, the key concept within this study. There is no clear consensus on how to define strategy. However, the two common yet contrasting approaches in the literature are, first, a focus on strategic content, which in essence views strategy as something that an institution ‘has’ and, second, a focus on strategic processes which views strategy as something that an institution actually ‘does’. The former is concerned with strategy implementation or roll-out, whilst the latter is concerned with strategy making. Rumelt et al. (1991, p.53) define strategy as ‘a set of objectives, policies and plans that define the scope of the enterprise and its approach to survival and success’. This represents the approach adopted by scholars who tend to focus on the content of strategy rather than process; it is this approach that influences the bulk of the conventional or mainstream “old school” strategic management research. With regards to strategic process, there exists another distinction between, on the one hand, the view that strategy is deliberate in nature and, on the other hand, the alternative approach which sees strategy in terms of emergent processes. Deliberate planning involves formal planning by top management, whereas emergent strategy involves experimentation and learning that emerges over time (Johnson et al., 2008). Hence, the former (deliberate strategy) is largely associated with earlier mainstream strategic management studies (e.g. Ansoff, 1965; Chandler, 1962) together with the Industrial Economics-based research (e.g. Porter, 1980; 1985) whilst the latter (emergent strategy) applies to the more contemporary SAP approach (e.g. Vaara and Whittington, 2012; Whittington, 2006; Whittington et al., 2007). This study which aims to explore critically the perspectives and lived experience of practitioners – that is, MNC subsidiary staff – in the field.

SAP views strategy as primarily being emergent. More specifically, however, it focuses on strategy as an engagement with practice (Golsorkhi et al., 2010; Jarzembowski and Spee, 2009; Johnson et al., 2007; Whittington, 2006). Therefore, the practitioners who engage with strategy are central to the study of strategy whilst, more generally, work in any organisation is viewed as a form of socially embedded practice. The routines that practitioners follow day-to-day are the tools of strategizing, whilst praxis describes the activities used in the strategy development process. Definitions of strategy from an SAP perspective are in keeping with the processual approach to strategy that considers how strategy is formulated. Hence, the SAP approach employs the verb ‘strategizing’ rather than the traditional term / noun ‘strategy’. This is deliberate and aims to demonstrate that strategy work is a continuous and non-static activity (Whittington et al. 2006). Putting it another way, it is the active element of strategy that is the focus of SAP and, consequently, strategizing has been defined as, ‘comprising those actions, interactions and negotiations of multiple actors and the situated practices that they draw upon’ (Jarzabkowski et al., 2007, p.7-8). There is, therefore, a clear distinction between the traditional approach of researching strategy content or formal planning and this more active approach that explores how strategy emerges in daily work from strategizing.

To sum up, the strategic management literature can be grouped into several streams (see Figure 2.1). Amongst these, all but the processual and SAP perspectives can be firmly classed as mainstream owing to their shared ontological and epistemological stances. However, as will be discussed below in detail, the mainstream literature fails to recognise agency in strategy; this is seen as a limitation of traditional strategic management thinking. SAP can be seen as sharing key similarities to the processual approach in that both share sociological roots, and the nascent perspective of SAP introduced the practice turn into the field of strategic management. The next section now reviews mainstream strategic management perspectives.

**Figure 2.1** The Development of the Strategic Management Literature



## **2.2 Strategic management: mainstream approach**

### **2.2.1 Early strategy research**

The early strategy research consists of largely economics-derived studies within the strategic management literature, and the key studies within this classical work are outlined below. These earlier studies appear to be a disparate collection of research spanning a period of around 30 years, and typically focused on aspects of planning and design. Several common themes can be identified in the research subscribing to this perspective; these are reviewed below to highlight commonalities within the school. The main distinguishing feature of these studies is the emphasis placed on the importance of both formal strategic planning within the organisation and also of the organisation's internal processes, and design, which are closely overseen by senior managers who are tasked with delivering effective strategy. Selznick (1957) surmises that upper management set goals accounting for internal factors, and external factors or market expectations and demand.

The common threads, therefore, that run through the seminal papers within this perspective are planning based on top-down management and the importance of internal structures and processes, along with an emphasis on a successful outcome of growth (Andrews, 1971; Ansoff, 1965; Barnard, 1938; Chandler, 1962; Isomura, 2021). In terms of research methodology, studies of strategy from this perspective are often based on case studies of practice in the field. These are potentially insightful; however, they also tend to be prescriptive in nature since the research aims to produce results that can be generalised, a feature more typical of objectivist deductive research pursued by the later positioning perspective strategy researchers. Therefore, the early strategy research can be seen as important within the discipline of strategic management because it paved the way for the later positioning school perspective (Porter, 1973; 1979; 1980; 1985). As discussed below, this is also an economics-derived approach to strategic management, albeit from the alternative branch of industrial economics rather than the largely microeconomic-focused earlier research.

The top-down planning approach to strategy typified by the planning perspective unsurprisingly attaches great significance to the importance of managerial contributions;

it is an approach commonly adopted in these early strategic management studies whereby senior managers are seen as contributing substantially to strategic management. In simple terms, senior management is, as noted above, tasked with shaping strategy. The strategic contributions made by the internal functions within a business, including internal cooperation within the firm and its processes, together with the key function of management, are highlighted as drivers of strategy by scholars such as Barnard (1938). According to him, effective strategic management arises from the effectiveness of these processes and functions which are closely directed by senior managers. Strategic management, therefore, can be seen as an outcome of 'orders' issued by management, whose authority rests not only in the quality of these decisions but also on the assumption that these decisions are accepted by their subordinates tasked with implementing them (Barnard, 1938).

Ansoff (1965) also views strategic decisions or managerial direction as the essential component of strategic planning. He posits that once corporate strategy is established, it becomes the aligning force between a firm's activities, products and markets. Strategic decisions, therefore, involve analysing events, signals and challenges and developing the concepts, tools and policies to manage them. Such decisions can be categorised as either strategic, administrative or operational. Strategic decisions are focused on products and markets with the aim of maximising return on investment (ROI) and achieving synergies through this 'common thread'. In addition, strategic decisions are a mechanism to guide an organisation in establishing the type of markets or business it should enter. Again, a prescriptive approach was taken and fittingly Ansoff's defines strategy in terms of strategic decisions which are '...primarily concerned with... problems of the firm and specifically with selection of the product mix which the firm will produce and markets to which it will sell' (Ansoff, 1965, p. 95). Internal firm characteristics, such as strong management and capabilities, therefore, take centre place whilst directing the company in order to effectively supply the external product market. Moreover, Ansoff (1965) clearly also highlights the importance of a firm's external environment or the marketplace, albeit by simultaneously maintaining the focus on internal capacities.

In summary, the earlier works discussed in this section tend to emphasise the importance of management-led 'best practices' in ensuring growth, which can be seen as a proxy for strategic success. Whilst the internal workings of the firm are the primary



focus of the early strategy research, the external environment – the marketplace – is also considered (Andrews, 1971; Ansoff, 1965; Rabetino, Kohtamaki and Federico, 2021). Tall hierarchy as a form of firm structure is assumed and top-down management (albeit based on cordial relationships to ensure alignment with strategy) is the assumed managerial approach (Barnard, 1938). Early scholars were in the position of establishing the strategic management field of research and felt that the most valid method to achieve this was to use case studies to develop their field. The methodology used in the early strategic management literature was inductive and qualitative; this allowed researchers to provide detailed and rich insights into strategic management. Inductive methods were used by early researchers because, since the study of strategy is complex, then in-depth case studies were deemed the best approach to study them. This earlier literature was highly focused on managerial practice in the field and these studies largely aimed to develop generalisable prescriptive best practice which could be used across business sectors. Moreover, strategy was seen as something that could be rolled out by senior managers which again is consistent with the later Positioning School but, as explained later in this chapter, runs counter to the approach of the alternative SAP approach.

### **2.2.2 Transaction Cost Economics (TCE)**

Transaction cost economics also originated in classical economic assumptions; however, it has developed into a theory that informs a strategic management perspective and is one which is also has behavioural economics underpinnings.

Coase (1937) introduced the notion of transaction costs to explain why firms exist as an alternative to dealing directly with markets. According to this theory, it is transaction costs, such as partnership procurement, information gathering and bargaining, which result in the widespread formation of firms. Therefore, Coase's (1937) transaction cost paradigm suggested that the very existence of firms which provides a vehicle to internalise the production of goods and services acts as a cheaper method of completing transactions as opposed to the alternative option of going direct to market.

Scholars (Abdul-Aziz and Zaini, 2022; Williamson, 1975, 1985) built on this and sought to explain why organisations exist, again focusing on the idea that they offer a cheaper approach to executing transactions. Firms, therefore, are a mechanism to minimise potential transaction costs. In effect, firms are an outcome of market failure.

Simon (1957) introduced the notion of bounded rationality and, in doing so, approached decision making from a behavioural economics perspective. Simon's (1957) bounded rationality essentially holds that individuals do not make optimal and rational decisions due to restrictions on their cognitive ability – challenges in attaining and processing the required information – and social ties within their social networks.

This marked a shift from classical economics which holds that complex economic decisions are explicable by rational choice theory. Actors are seen as acting as the rational 'homo economicus' or as a 'rational person'. In turn, this assumes that markets are perfectly efficient, and that perfect knowledge guides all market transactions and by decisions (Scott, 2000). Chandler (1962), who, as previously discussed, was an important contributor to the early strategy research stream, posited that multidivisional structure of firms, or the allocation of profit centres based on product and/or geographical locations, is based on transaction cost economics.

Whilst bounded rationality is now a key part of this perspective, the importance of transaction costs derived from classical economics remains central to it. Williamson (1975; 1985) introduced several assumptions which developed the perspective. He viewed behaviour as potentially arising through opportunism which may prove deceitful either before or after entering into the contracts which is the central focus of the transaction cost approach. Opportunism means that contracts are never cost free, and this fact is a central argument for the need for firms as opposed to the alternative mechanism of market transactions. The concept of bounded rationality (Simon, 1957) was also integrated into Williamson's (1985) work who recognised the 'limits' to decisions in reality, even in spite of rational intentions. In brief, this suggests that the firm may be more efficient than markets in terms of organising or undertaking transactions.

### **2.2.3 Upper Echelons Theory**

Upper Echelons Theory is effectively an extension of a key component of Transaction Cost Economics, that is, bounded rationality. Upper Echelons Theory (Hambrick and Mason, 1984; Nielsen and Nielsen, 2011) posits that the Top Management Team (TMT) play a fundamentally key role in influencing key strategy decisions and, in turn, in determining organisational performance. In fact, this influence is allegedly so great that Hambrick and Mason's (1984) seminal paper presented organisations simply as a 'reflection' of its top managers.

In this sense, Upper Echelons is a top-down perspective. Power rests with the CEO who acts as the most valuable source of intellectual capital that an organisation has, and whose effect on the firm's strategy and organisational outcomes is significant (Hambrick and Mason, 1984). Therefore, it follows that while power and influence does not necessarily rest solely in the Chief Executive Office (CEO), it is certainly highly concentrated among a few senior leaders. Hence, Upper Echelons Theory is partially complementary to the New Institutional (NI) lens (Scott 2013) because it shares the same underlying assumption that organisations are vehicles of change, although from the NI perspective attention is placed firmly on the internal resources of the firm, namely the upper echelons of senior management.

By advancing the concept of Bounded Rationality (Jones, 1999; March and Simon, 1993), the Upper Echelons perspective considers earlier classical rationalist approaches within management, which also share a focus on the role of senior management in directing strategy (Ansoff, 1965; Chandler, 1962; DuCoin and Kuo, 2023; Zugay and Zakaria; 2023), could be supplemented by an emphasis on the importance of a person-centric approach. To re-cap, bounded rationality suggests that 'behaviour is substantively rational when it is appropriate to the achievement of given goals within the limits imposed by given conditions and constraints' (Simon, 1982, p. 130). Therefore, there is space in decision making for a rational approach together with a recognition of limits the human element may introduce.

As the managerial insights that guide decisions in an organisation are necessarily bounded to the extent that they pertain to the subjective managerial experience – which whilst often industry specific – they will undoubtedly be limited or restricted and undoubtedly subjective. In other words, it might be assumed that organisations are led

by skilled and experienced managers but, in reality, any perspective held is subjective and to some extent sub-optimal. Thus, the focus on people within a firm introduces a behavioural factor and this recognises that key strategic decisions are guided by how leaders perceive a situation.

Upper Echelons Theory, then, inherently recognises the potential limitations that people bring to the table during decision-making and leadership, namely, their subjectivity based on a wide variety of factors, such as their educational background, socioeconomic background, gender, individual experiences, and age/ tenure (Tian, 2022). Therefore, many resonate with the theory because any organisation is based on a hierarchy and management holds the power to direct resources and influence. The issue is that the idiosyncratic characteristics of an upper management team may introduce potential biases or weaknesses into managerial decisions (Neely et al., 2020). Nevertheless, the individual strengths of senior managers also have the potential to strengthen an organisation and to act as the locus and knowledge necessary in important strategic areas, such as internationalisation (Maitland and Summartino, 2015; Piaskowska, 2017) and bridging cross cultural differences central to international business (Nebus and Chai, 2014; Piaskowska and Trojanowski, 2014).

#### **2.2.4 Managerial Discretion**

Another of Oliver Williamson's theories helps explore the significant role upper management play in directing strategy. Originally introduced by Williamson (1963), Managerial Discretion also suggests that the focal point of strategy formulation rests with senior managers who enjoy significant volition in how they shape strategy. However, managerial discretion can be seen as the latitude of action afforded to managers, the inference being that their influence over strategic choices is unlikely to be absolute (Wangrow and Schloemer, 2019). Hence, the theory holds that managerial influence is a balance between rational – albeit bounded – choices within a manager's control and environmental forces. These environmental pressures are present in any industry and may be mainly out of a manager's control (Hambrick and Finkelstein, 1987).

In keeping with the other mainstream strategy approaches outlined in this section – see above – this strategy approach is derived from microeconomics. It is similar to Upper Echelon Theory inasmuch as it is a people centric lens; that is, it recognises the contribution of internal human resources, albeit upper management. Additionally, it also

integrates the behavioural assumptions of bounded rationality (Simon, 1993). Moreover, its central claim is that managerial discretion, or choices, direct resource allocation and that these top-down goals and decisions shape strategy. Due to its economics roots, profit maximisation is the clear overarching goal of the firm and is the ultimate goal of the firm (Williamson, 1962). As the perspective developed within the management literature, its central assumption of bounded rationality was the focus of research. Hambrick, Finkelstein and Mooney (2005) found that bounded rationality is revealed in practice with CEOs, as with all people, being ‘flawed’. Nonetheless, this did not restrict their substantial influence on company outcomes.

Aside from bounded rationality, research on managerial discretion has searched for factors which impact the level of management’s influence. One such moderator is corporate governance mechanisms (Ataay, 2020). Similarly, the wider board of directors and the level of investor protection in a national and organisational setting acts to constrain managerial discretion (Garcia-Sanchez, Martinez-Ferrero and Garcia-Benau, 2018). Other research explores the role of superior managers and their ability to utilise discretion in increasing firm’s cash holdings – a financial measure of organisational performance (Magerakis, 2021). Additionally, a number of studies have highlighted the link between an externally appointed CEO’s – and the underlying people strategies – influence and organisational performance (Haveman, 1993) and strategic change (Lin and Liu, 2012; Karaevli and Zajac, 2013).

Gumpta (2019) returned to the bounded rationality element of this perspective given that the person who holds the key CEO role is the focal point of the strategic influence emanating from the boardroom (Finkelstein and Hambrick, 1996). Gumpta (2019) emphasised the cognitive dimension of the perspective by empirically seeking dispositional sources of managerial discretion. The research found that extremes in CEO personality could influence strategy. Narcissists, for example, tended towards downsizing while extraverts tended to invest in Corporate Social Responsibility (CSR). This offers a nuanced theory on CEOs influence by studying the effect of a CEOs dispositional nature and corroborates just how much an influence a CEO has in practice. One possible restraint is an ethical business culture – an organisational characteristic (Key, 2002).

Dong-Kyoon, Son and Zamanian (2007) researched managerial discretion in an international setting. Results showed that multinationals, based on the managerial discretion measure of financial reporting methods, tend to have greater managerial

discretion than local companies. Another study within and international context (Lin, Li and Olawoyin, 2020) found that CEO overconfidence – a individual characteristic – could lead to higher degree of internationalisation, and that if managerial discretion is pronounced this effect will be strengthened. Finally, in a study based on America's largest companies, almost all of which are MNCs, it was found that there was a strong positive effect of CEO entrepreneurialism on strategic change and that managerial discretion may increase the magnitude of this relationship.

### **2.2.5 The Positioning School – The influence of industrial organisational economics**

The Positioning School is a later perspective within the strategic management literature which is heavily influenced by Industrial Organisational (IO) economics. This perspective assumes that strategy is a task directed by senior management and something that is the outcome of developing a formal strategic plan. However, the approach can be differentiated by the fact that it adopts an industry level view and assumes that the external environment is the clear primary focus of strategy formulation. Strategic planning involves the coordination of various company departments along with their various sub-strategies, and the role of senior management is to closely oversee strategy development and implementation. Planning or strategic 'positioning' is used by managers as a competitive tool to out-manoeuvre the competition and to gain a competitive advantage over them. A variety of strategic tools, techniques and models allow executives to develop strategies to meet any contingencies that may arise externally. The focus on this perspective is the position of a firm vis-à-vis the rest of the company's industry level competition, and the impact of strategic decision making from the top is paramount (Souza et al., 2023). The Positioning School may be seen as a development from the earlier strategic management perspectives, and this thesis seeks to test this perspective in the field, along with the competing SAP approach which will be later in this chapter.

As determined above, the positioning perspective represents a significant development in terms of theory and methodology from preceding studies. Therefore, with its evolution, the field of strategic management moved closer towards industrial economics, or the study of firms, industries and markets. The inductive case studies that dominated earlier research came to be replaced by deductive, large scale statistical analyses which sought to validate hypotheses to increase the generalisability and

validity of their findings. By adopting this large-scale approach, researchers aimed to add insights to the field. Their overall aim, therefore, was to produce generalisable results based on large scale samples. In brief, whilst the focus was on managerial decisions or choices, the guide was large data sets of quantitative data undertaken at an industry level. As a consequence, this perspective went on to dominate strategic management textbooks and resonates with business professionals who have taken training courses offered by large consultancy firms.

Strategic and economic trends were seen as originating in the wider economy and, therefore, these studies focused on the environment ‘external’ to the firm. Studies, such as those by Porter (1973; 1979; 1980; 1985), led this strand of strategic management by applying economic theory and focusing firmly on a firm’s wider environment. This structural analysis is focused on competition beyond a firm’s obvious existing rivals. As outlined in Chapter 1, Michael Porter was the key contributor to this school, and this approach to strategic management is synonymous with the Harvard Business School scholar. Indeed, Porter’s (1979) 5 Forces model, generic strategies (1980) and value chain (1985) remain a mainstay of strategic management. His 5 Forces model proposes that industry-level competition originates from several main factors, which he deemed ‘the 5 forces’ and that these can be managed by adopting ‘3 generic strategies’ (1980) – see below. Porter’s (1979) 5 Forces model – see Figure 2.2 below – provides a useful analytical tool for assessing an industry’s attractiveness and to undertake a competitor analysis. The five forces are: (i) the threat of new entrants; (ii) buyers bargaining power; (iii) suppliers bargaining power; (iv) the threat of substitutes and (v), rivalry between existing competitors. Attention is drawn to the industry within which a business operates and specialises – this can be seen as its corporate field.

**Figure 2.2** The competitive structure of an industry: The Five Forces



**Source:** Adapted from Porter (1979)

This framework of analysis, therefore, is based on the industry level. This allows firms to position themselves and to develop a strategy based on the industry's unique characteristics and prospects and on the actions of its main rivals. Competitive advantage is determined by how well a company positions itself and differentiates itself in an industry. The three generic strategies to maintain a competitive advantage are: (i) cost leadership; (ii) differentiation or (iii), focus. According to Porter (1980), these generic strategies can be used to match the focus of any industry, and management is tasked with perusing the most appropriate generic strategy – cost leadership, differentiation, or focus – subject to pressures specific to the external environment or to the industry in which they operate. Therefore, senior managers steer or decide which of these approaches to adopt and, in doing so, can direct the firm to follow the optimal strategy. Porter's (1979) seminal 5 Forces framework is still used today by business



practitioners and it remains commonly taught in business schools around the world. Porter's overall idea was that a framework can outline the rules of competition determining industry competitiveness and means that a firm may 'change those rules in the firm's favour' (Porter, 1985 p. 4). To recap, the focus is clearly on the competitive structure of an industry and firms have a role in formulating a competitive strategy which allows them to establish superior performance.

Porter's (1973) own doctorate dissertation at Harvard Business School began to shape a new perspective on strategic management as he studied firms in terms of their industry position. He used a methodology that tackled a large number of firms within a total of 38 consumer goods industries. If a firm's performance is largely a function of the industry environment in which it competes and since the external environment determines conduct and conduct subsequently determined performance, then industry structure remains a focus of these studies. This represented a major shift of emphasis to market structure and away from the firm focus which largely preceded these studies. This later led to the positioning school of strategic management which remains the dominant perspective today.

### **2.2.6 Resource Based View**

The Resource Based View (RBV) is interposed between the early strategy literature and the contemporary SAP lens. There are substantial commonalities between the Resource Based View and the preceding early strategy research and the later Strategy as Practice lens. These hinge on the shared understanding that there are certain factors that a firm may possess leading to it holding a competitive advantage in the market, and that this may also be seen as outcome of strategic management and is a measure of strategic success. For instance, Selznick (1957) is representative of many early approaches to strategic management which highlight internal firm advantages and view leadership, albeit directive management, as firm level capabilities or strengths. Other early strategy research also highlighted the importance of internal resources (Andrews, 1971; Penrose, 1959) meaning that, to an extent, the Resource Based View is reminiscent of the earlier work.

Much of the earlier strategy research adopts an internal company perspective whereby firms introspectively develop the advantages and resources to compete. However, the resources themselves determine performance, and this appreciation of external

positioning also has commonalities with Porter's (1980) view that market fit determines performance. In terms of methodology, however, RBV research has more in keeping with the early strategy research perspective because its internal firm focus is often manifested in small scale case studies and, hence, is distinct from the Positioning School's utilisation of large-scale samples and statistical analysis.

Regner (2003) identified a potential bridge between the Resource Based View (e.g., Barney, 1986; 1991; Muneeb, Ahmad and Tehseen, 2023) and the Strategy as Practice perspective. He notes that the latter can supplement the former by proposing resources and capabilities as a basis for competitive advantage (Barney, 1986; 1991). SAP can identify the processes that lead to the actual factors that the RBV proposes allows firms to attain competitive advantage after establishing 'enterprise, competitiveness and economic rents' (Lin and Wu, 2014)

Essentially, the RBV addresses the questions of why companies differ and how they can achieve and maintain competitive advantage (Davis and Dewitt, 2021). Rumelt (1984) describes the firm as a 'bundle' of resources, an analogy which highlights the importance that this approach places on the importance of these potential sources of competitive advantage. While these studies proceeded Barney (1991), and proposed resources, such as, tangible, and intangible assets as potential sources of competitive advantage. Tangible assets, as the name suggests, are concrete resources such as a physical office building. In contrast, intangible assets include 'soft' resources such as business processes or image/ reputation. The focus in RBV research is consistently on analysing firms from the perspective of these resources as opposed to from a product perspective. Moreover, the RBV approach highlights the potential of a business to gain advantage over its competitors by utilising its internal resources. Although the research helped establish RBV as an approach to strategy, Wernerfelt described his work as a 'first cut at a huge can of worms' (Wernerfelt, 1984; p180) in recognition of the challenges that identifying resource advantage and their potential impact poses.

Barney (1991) integrated various streams of microeconomics to suggest that a firm faces potentially competitive forces at the firm, industry, and economy level. Therefore, facing and overcoming these forces requires specific strategic advantages or resources. However, it is Barney's later work which remains the most widely recognised RVB. Barney's (1991) Value Rarity Imitability Organisation (VRIO) framework proposed

four criteria to characterise the resources a firm requires to secure sustainable advantage, namely: (i) value – the value of resources are due to their potential to add value to too the firm; (ii) rarity – that resources must be somehow rare or ideally unique; (iii) imitability (inimitability) – ideally resources should be difficult to copy or imitate; and (iv) organisation – the ‘organised’ business processes, organisational structure and culture.

The VRIO framework consists of four questions and aims to allow a strategic analysis of a business by providing a structured tool and approach to test a resource or capability in order in terms of its potential - see Table 2.1.

**Table 2.1** - The VRIO Analytical Framework

<b>Dimensions</b>	<b>Question(s) Needed to Conduct a Resource Based Analysis</b>
V = Value	<i>Does a resource enable a firm to exploit an environmental opportunity, and/ or neutralise an environmental threat?</i>
R = Rarity	<i>Is a resource currently controlled by only a small number of competing firms?</i>
I = Imitability	<i>Do firms without a resource face a cost disadvantage in developing it? This can also be viewed as inimitability OR limited substitutability</i>
O= Organisation	<i>Are a firm’s other policies and procedures organised to support the exploitation of its valuable, rare and costly to imitate resources?</i>

**Source:** Adapted from Barney (1991, as cited in Barney and Hesterly, 2015 and Amit and Shoemaker, 1993)

Barney and Hesterly (2015) view resources as the tangible and intangible assets that a firm controls and as strengths that can be used to help implement its strategies.

Capabilities are seen as a subset of a company's resources and are the assets that allow a firm to exploit the resources it has. Therefore, it is suggested that a firm's capabilities – tangible and intangible – enable a firm to achieve competitive advantage.

To recap, there are three main distinct types of resources, which are: (i) physical capital resources; (ii) human capital resources: and (iii) organisational resources (Barney. 1991; Barney and Hesterly, 2015) – see Table 2.4 below:

**Table 2.2:** The firm's resources

<b>Types of Resource</b>	<b>Examples</b>
Financial Resources	The money – from banks, equity holders and bond holders – which is used to conceive of and implement strategies. Additionally, financial resources include retained profits.
Physical capital resources	Physical technology used by a company. plant and equipment, computer software and hardware, geographical location.
Human capital resources	Training; the experience, insights, and relationships of individual managers & employees.
Organisation capital resources	These relate to the attribute of groups or teams within the organisational structure.

**Source:** Adapted from Barney (1991) and Barney and Hesterly (2015)

To draw the discussion of the Resource Based stream of strategic management to a close, Moreover, the perspective has been described as a 'bridge' between earlier perspectives and the subsequent 'sociological eye' offered by Strategy as Practice (Whittington et al., 2007)

### **2.2.7 The processual perspective of strategic management: Laying the foundations for SAP**

The emergent approach to strategy developed over time in response to the growing criticisms of the rational planning and positioning approaches outlined above.

Whittington (2001) argued that the rationalist view was based on the unrealistic assumption that competition between firms occurs in an unchanging static environment. However, the environment is notoriously difficult to predict in business as contingencies constantly arise, thus challenging the assumption underpinning the traditional approaches to strategy which suggests that advance planning is a requirement in strategy formulation. Therefore, the processual school considers the mainstream strategic approaches to be limited in scope because they approach strategy as a 'black box'; they focus on measurable strategic outcomes rather than on the actual strategic process themselves and, in so doing, underplay the activities of the people involved (Tavakoli, Schlagwein and Schoder, 2015). In contrast to 'content centred' approaches to strategy – epitomised by the planning and positional schools of strategic management which focus on the 'know what' of strategy – the processual perspective looks for the 'know how, know when and know where' (Balogun, 2003). Therefore, proponents of the processual approach feel that this more dynamic approach to strategy adds insights into the field.

Putting it another way, the traditional planning approach to strategy largely views strategic planning and strategy execution as two separate phases, although Mintzberg (1978) suggested that this is not the case. Rather, he proposed that the execution of strategy is closely linked to strategic planning itself. Indeed, according to Mintzberg and Quinn (1988, p.13), the strategic formulation and strategic implementation stages are not separate but should be seen as a 'complex interactive processes in which politics, values, organisational culture, and management styles' formulate decisions. However, the focus of the mainstream literature within the strategic management field is primarily on the planning stage and, in turn, the content of a strategy.

Significantly, the role of agency is also advanced in the emergent strategy perspective because, contrary to the emphasis on planning that the traditional approaches tend to prioritise, strategy is seen as arising largely from actions undertaken by ‘actors’. When formulating strategy, plans and outcomes are likely to differ and, in the business world, the strategic process may seldom go to plan. Moreover, the very idea that senior management is able to plan strategy is questioned because a firm’s environment is not fixed and actions may impact on actual results at any point of the process. Therefore, scholars such as Mintzberg, whose insights dominate the processual school, increasingly viewed strategy as emergent.

Overall, then, a key strength of the processual school of strategy is that it includes influences from both the emergent and rational perspectives of strategy. Process theories in strategic management are concerned with a series of events for which time sequences are critical for outcomes (Mohr, 1982). Naturally, all processes change over time, but strategy processes specifically tend to refer to the temporal evolution of specific organisations (Chakravarthy and Doz, 1992). Actors within the organisation do help to shape strategy and their input is valuable. So, to summarise, the processual school made a significant contribution to the field of strategic management by moving beyond the ‘what’ of strategy that was the key consideration of the mainstream strategic management research which solely studied the impact of plans and managerial strategic choices on business success (Mintzberg and Waters, 1982). In contrast, the processual strategic management approach outlined above laid the foundations for the emergent school of strategy. Therefore, the ‘how’ of strategy, or how strategy processes unfold, (Nordqvist, 2012) began to develop as a focus of research for strategy scholars.

### **2.3 Structure, agency and structuration**

Structuration theory (Giddens, 1976, 1979, 1984; Bourdieu, 1977, 1986, 2014) is distinctive as a social theory because it acts as a bridge or ‘hinge’ between deterministic approaches suggesting that structure takes primacy and alternatives that, taking the opposite approach, emphasise the role of agency (Stone, 2017). Structural effects refer to the economic, social and political structures which constrain an individual’s position within a social space (Pfeffer, 1991). Structural constraints in a society may arise consensually (Durkheim, 1938) or through the domination of a perceived ruling elite (Marx 1867; Herman and Chomsky, 2000). In contrast, the alternative approach which emphasises volition views agency as the construct by which we phenomenologically

distinguish self-induced actions from actions due to other causes (Hoerl et al., 2020). Therefore, according to Silver et al., (2021), social agency describes outcomes associated with the control we feel over voluntary actions and their effects. Structuration theory creates a bridge between the structural and agency positions; it blends notions of structural constraints and the freedom of individual action, which Giddens labels the ‘duality of structure.’ Structuration, therefore, acknowledges the input of both social structures and the practices of agency. When applied to the strategic management context, sociology as a discipline is clearly a significant influence on strategy as practice.

### **2.3.1 Structuration Theory: Giddens and Bourdieu**

Attention will now turn to structuration theory, the development of which owes much to the contributions of Anthony Giddens and Pierre Bourdieu. As noted above, structuration theory (Giddens, 1976, 1979, 1984; Bourdieu, 1977, 1986, 2014) developed into a strong influence on strategic management research, particularly from the SAP perspective. This mechanism helped build on earlier strategy perspectives, such as the positioning school which promotes the importance of strategic choices or agency in strategy. Giddens (2009) develops the concept that ‘social structure is both the medium and the outcome of social action’ or, as he explains ‘societies... have “structure” insofar as people behave in regular and fairly predictable ways... “action” is only possible because each of us, as individuals, possess an enormous amount of socially structured knowledge’ (Giddens, 2009, p.89, as cited in Sharpley, 2018).

Structuration theory, therefore, provides a general framework for investigating the organisation in terms of a network of processes. More specifically, scholars have adopted it as a theory to help explain the ‘dynamics of organisational replication and change’ (Albano et al., 2010, p.1) within the field of business and management. It is argued that structuration theory may provide organisational studies researchers with the opportunity to ‘transcend their dualistic visions, especially the one concerning the relationship between structure and action’ (Albano et al. 2010, p.2). It sets the scene for investigating how agency and structure are both potentially relevant influences; both agency and structure may influence the actions taken at work, although their perceived degree of influence largely depends on the perspective of the researcher and varies between different contexts.

Specifically, in terms of organisations, structure can be defined as ‘patterned regularities and processes of interaction’ (Albano, 2010, p.6). It could be suggested that Giddens’ (1976; 1979; 1984) structuration theory may be used to support organisational research which balances influences from both structure and agency in terms of organisational actions, such as this present research into international banks operating in Istanbul. Structuration theory suggests that organisational action is embedded in structure and that ‘most social phenomena take place in every single organisation as well as in the whole societal system’ (Albano et al. 2010, p. 4). Therefore, strategic choices are far more than simply personal decisions and, given this context, are likely to be deeply nuanced and situational. In fact, structure rather than agency is often emphasised as the dominant influence on the actions of employees in businesses, and this is the case because structure holds ‘supremacy on action’ (Albano, 2010, p.6). However, there is clearly a balance and empirical research is the basis for investigations in the field.

Structuration Theory holds that actors sustain or modify institutions whilst undertaking their actions (Giddens, 1979). Giddens suggests that agents may both produce and reproduce structure in the praxis of social life and that structure both constrains and enables action simultaneously. Therefore, structuration theory integrates the impact of strategizing undertaken by both managers on the structural context, and employees’ interpretation of strategizing activities framework (Jarzabkowski, 2008). A key point to note is that different employees at different levels of seniority are included within the framework, representing a break from traditional strategic management perspectives which, as previously established, were firmly top down in nature.

Bourdieu’s work within social theory is also highly relevant to contemporary studies within the field of strategy. Key themes within Bourdieu’s work are the field, capital and the adoption of a relational perspective with which to view actors within the field. A field is taken to mean a structured social space of social positions, whilst capital is viewed with relative social standing. Each of these is underpinned by the issue of power and power games amongst actors, which makes these notions relevant to organisational studies. Common examples of the concept of fields may be any arena, such as an intellectual, religious or cultural field, where actors compete for capital in order to dominate their social order (Bourdieu and Wacquant, 1992). In the case of this present research, the field is foreign bank subsidiaries in Turkey. The field of banking, therefore, can be viewed as an ‘arena in social life’ (Bourdieu 1984). With regards to



capital, Bourdieu, discusses three distinct forms of capital that determine an actor's social position: economic, social and cultural capital (Pixton and Lievnes, 2014). It is capital that situates or positions people within a social space or field (Bourdieu, 1986). Capital, therefore, is a resource and the basis of an actor's ability to sustain their social position, or position as an employee. Bourdieu's (1977) work was expanded when a fourth category, symbolic capital, was added to the earlier economic, social and cultural types (Bourdieu, 1986).

Bourdieu is possibly best known for his concept of habitus, which represents the principles of judgement and practice undertaken by all social actors and, specifically in the case of this thesis, subsidiary staff. Habitus is defined as a 'system of lasting and transposable dispositions ... function(ing) at every moment as a matrix of perceptions, appreciations and actions and make possible achievement of infinitely diversified tasks' (Bourdieu, 1977, pp. 95). Dispositions reflect an actor's social position, or possibly their role and influence as an employee when applying the concept to organisational studies. Thus, habitus is distinct from other lenses which may advocate agency and view individuals as 'free agents' able to take rational choices for themselves and society (Lukes 1973). The capital held by an individual has been compared by Bourdieu (1989) to holding the winning cards in a card game. Seen from this perspective, the four types of capital referred to above are the 'aces' that allow someone to win the game (Bourdieu, 1989, p.17). In the field, actors struggle for influence; actions have meaning, and social positions can be seen in a strategic sense. To re-cap, Bourdieu's three original types of capital are economic, social and cultural, to which he later added 'symbolic capital' as a development to his original theory (Bourdieu 1986).

To sum up, whilst Bourdieu's original work is theoretical in nature, the key concepts within it can be applied to organisational studies and the context of this study MNC subsidiaries in Turkey – see Chapters 4 and 5.

### **2.3.2 New Institutionalism**

New Institutionalism (DiMaggio and Powell, 1983; Scott, 2013) is a sociological lens which explores the mechanisms of agency and structure underpinning Practice Theory and applies them to organisational contexts. It is understandably acknowledged that New Institutionalists consider other Practice Theorists, such as Giddens or Bourdieu, as supporters (Abbot, 1992). The theory posits that the institutional environment, rather

than straightforward market pressures, influences the firm's survival. Therefore, organisations necessarily respond to the interests of social actors since institutional forces exist beyond market forces (Scott, 2013). In keeping with its sociological roots, attention is focused on how the wider social environment helps people socially construct images of companies who seek to compete in economic terms or gain legitimacy in Institutional terms (Powell and Bromley, 2015).

March and Olsen (1989) put forward a largely normative concept of organisational life suggesting that employees, and by extension firms, follow the rules to such an extent that organisational behaviour is shaped by basic operational procedures. They also highlight a cultural-cognitive element within their understanding of 'rules' and include '... the beliefs, paradigms, codes, cultures, and knowledge' or general social obligations (March and Olsen, 1989, p.22).

DiMaggio and Powell (1983) also emphasised the 'normative element' as a key dimension of institutionalism. They sought to explain the processes of diffusion and isomorphism by presenting a framework of mimetic, normative and coercive channels through which institutional forces flow. Organisations, therefore, operate in line with rituals of conformity originating from externally led institutional influences.

Institutional 'isomorphism' arises from three different types of institutional pressures: (i) coercive isomorphism; (ii) mimetic isomorphism; and (iii), normative isomorphism. Practices within institutions tend towards homogeneity due to the coercive influence of rules and regulations, and mimetic pressures lead to taken for granted norms, while normative pressures are a mechanism by which a firm meets its perceived social obligations. Therefore, DiMaggio and Powell's (1983) framework suggests that practices, policies or routines within a particular field tend towards industry level standardisation due to these three categories of institutional pressures. Reuf and Scott (1998) corroborated the New Institutional perspective that homogenisation emerges from the structuring of organisational fields and identified the state and professions as rationalisers driving homogenisation or institutional isomorphism (DiMaggio and Powell, 1983).

Scott's (2013) seminal institutional framework built on earlier work (e.g. DiMaggio and Powell, 1983; Parsons, 1956) and developed the "three pillars" of an institutionalism framework. These pillars – regulative, normative and cultural cognitive – are perceived as either interconnected or separate and offer insights into the behaviour of

practitioners. Moreover, it follows that the pillars facilitate a potential combination of macro, meso and macro level influences on organisations.

Scott's (2013) regulative pillar of institutionalisation focuses on the rules, regulations and laws or 'structures' in an organisational context. Unsurprisingly, coercive forces ensure compliance since the regulative pillar restricts institutions to be seeking constraints on behaviour. Organisations are perceived as gaining legitimacy through compliance and conformity with these 'legal' requirements (Scott, 2013). In turn, social stability, therefore, is established by the implementation and supervision of these regulations supported by penalties for non-compliance. Following a brief discussion of Scott's framework below, the institutional pillars are summarised in Table 2.3 below.

The normative pillar (Scott, 2013) introduces a deeper ethics-based perspective to assessing legitimacy, and these normalised rules are likely to be internalised by organisational actors. This introduces the scope for intrinsic and extrinsic rewards in turn for conformity. Compliance within the rules of the normative pillar is obligatory suggesting that this pillar imposes substantial constraints on behaviour. Normative pressures also have the potential to empower actors since they have an evaluative element that necessitate judgement (Scott, 2013). Scott's normative pillar clearly draws heavily the influence of Parsons (1956), who recognised that broader normative structures are key to legitimising organisations within society, particularly those which implement values, such as schools. It also echoes earlier work in the field of New Institutionalism by DiMaggio and Powell (1983) who identified that the normative isomorphism leads to similar individuals occupying similar roles – see above. This, in turn, results in standardisation overriding the variety which might otherwise be expected given firm level distinctions in terms of histories and traditions.

Scott's cultural cognitive pillar highlights compliance with shared situational interpretations, common recognition of roles and similar structural templates (Scott, 2013) as various sources of legitimacy. Therefore, interpretations of cultural values, shared patterns and frames lead to similar responses from actors across organisations and fields (Scott, 2013).

**Table 2.3** Summary of Scott's (2013) Pillars

	<b>Regulative</b>	<b>Normative</b>	<b>Cognitive</b>
<b>Basis of compliance</b>	Experience	Social Obligation	Shared understandings
<b>Basis of order</b>	Regulative rules	Binding expectations	Constructed schemata
<b>Dispersion mechanism</b>	Coercive	Normative	Mimetic
<b>Logic</b>	Instrumentality	Appropriateness	Orthodoxy
<b>Indicator</b>	Rules	Certification	Common beliefs
	Laws	Accreditation	Shared logics of action
	Sanctions		
<b>Basis of Legitimacy</b>	Legally sanctioned	Morally governed	Comprehensible, recognisable, culturally supported

**Source:** Adapted from Scott (2013)

Other research within the New Institutional theme has looked at the microfoundations of change (Jepperson, 1991; Powell and Bromley, 2015; Powell and Colyvas, 2008), or the influence of individual employees, which is reminiscent of much of the Strategy as Practice approach (Whittington, 2006). This research from New Institutionalists is 'prompted by a recognition that macro lines of research .... are sustained, altered, and extinguished as they are enacted by individuals in concrete social situations' (Powell and Bromley, 2015, p.765). These social situations could be taken to apply to working lives within subsidiaries, as in the case of this present research. Jepperson (1991) clarified a complex concept by presenting micro translations as simply representing the ways that micro categories may get into the heads of individuals (Jepperson, 1991). The ongoing impact of the macro level institutional pressures – see above – occurs alongside these, as macro level values may be pulled down to the individual level as micro level influences are simultaneously pulled upwards (Powell and Colyvas, 2008).

To sum up, New Institutionalism can be viewed as a stream of Practice Theory (Nicolini, 2012). The lens is guided by attempts to interpret how individuals are located within social relations, and their understanding of and responses to the institutional

environment (Colyvas and Powell, 2008). In particular, Scott's (2013) three pillar framework of new institutionalism offers insights into the behaviour of, as well as the behaviour of employees within institutions. The framework is applicable to research such as in this thesis, and is useful in interpreting the insights gained from interview participants – see Chapter 5 – when exploring how strategy is embedded in the organisational setting of MNC subsidiaries in an emerging market economy.

## **2.4 The 3Ps of SAP: Practitioners, Practices and Praxis**

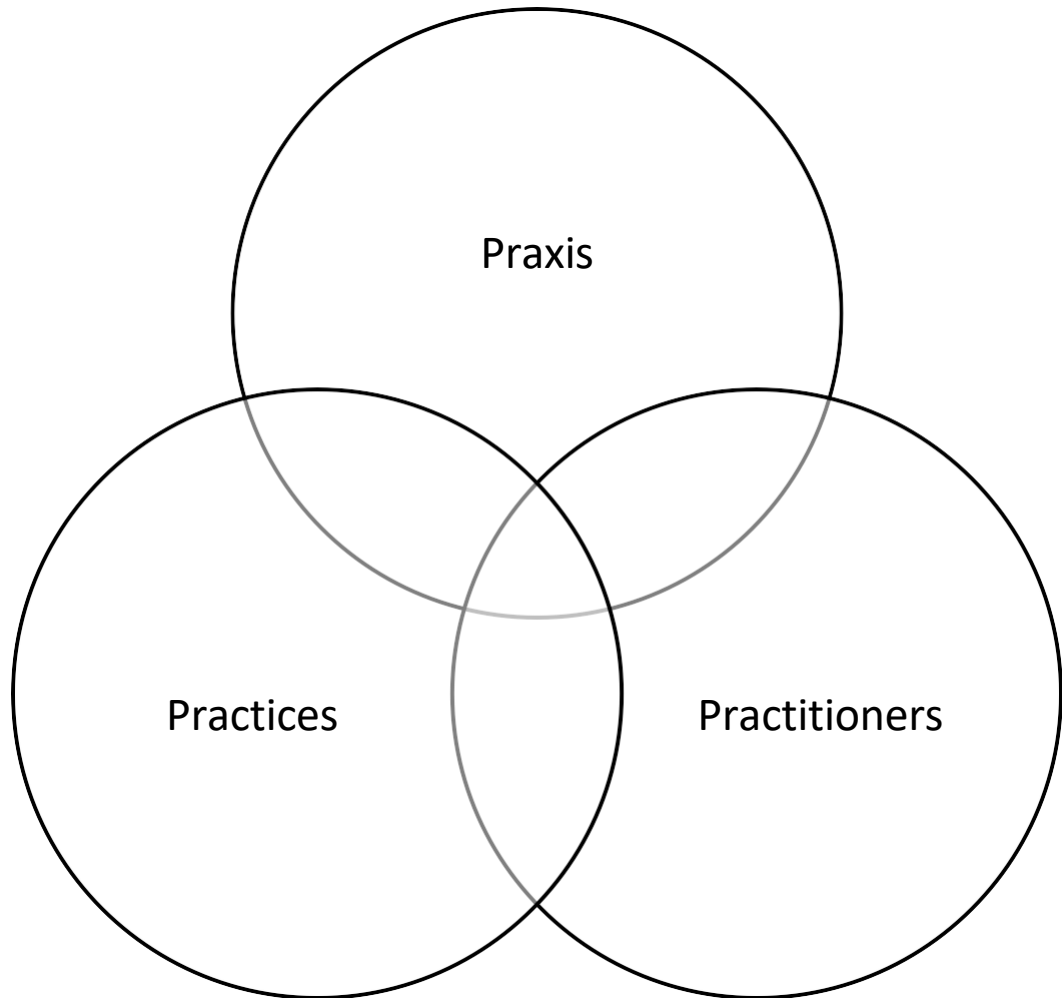
The following section of the chapter explores the so-called 3Ps framework – Praxis, Practice and Practitioners – (Jarzabkowski et al., 2007; Peppard, 2014; Whittington, 2006) which form the pillars of the SAP perspective – see Figure 2.3 below.

### **2.4.1 SAP - Practitioners**

As established above, structuration theory and the associated concepts of agency and structure are central to the SAP philosophy. Hence, the notion of practitioners is, therefore, also key to this perspective. Practitioners can be defined as any actors actively involved in strategy formulation and execution (Whittington et al., 2006). SAP has been described as a distinct approach to studying management, and researchers from this perspective see strategy as something people 'do', placing the focus very much on strategy practitioners (Golsorskhi et al., 2010). Therefore, it is the practitioners, often employees, who are the focal point of SAP research and have been described as 'strategy's actors, who do the work of making, shaping and executing strategy' (Whittington, 2006, p.619).

Practitioners, such as managers and strategy consultants, may be directly involved in making strategy. These employees are in a position to directly shape strategy, as are the other managers and strategists appointed by organisations. These types of practitioners are usually internal to the company and can be viewed as 'internal change agents' (Paroutis and Pettigrew, 2007). However, change may also arise from agents external to the company; these might include 'policy-makers, the media, the gurus and business schools' (Jarzabkowski and Whittington, 2008, p.101-102). This adds an external dimension when considering strategy research in real world organisations, to complement the activities of employees internal to the firm.

**Figure 2.3:** The 3Ps Model of SAP



**Source:** Adapted from Whittington et al. (2006)

The SAP perspective assumes a broad definition of practitioners, Whittington (1996, p.619) defines them as ‘strategy’s actors, who do the work of making, shaping and executing strategy’. SAP is, therefore, a perspective that embraces contributions from both internal and external actors and challenges the hierarchy and emphasis on upper management that is widespread in the strategic management literature. SAP proposes that strategy practitioners need not necessarily be top or middle managers as assumed by the previous approaches in this fields, but may include a mix of ‘operative employees’ (Jarzabkowski, 2005). In the context of multinationals, the context of this study, strategy practitioners may be located in either subsidiaries or headquarters,

suggesting that subsidiaries may play an important role in strategy formulation (Bower and Gilbert, 2007). This is consistent with the focus of the perspective which views strategy as something people ‘do’ and puts a strong focus on strategy practitioners.

#### **2.4.2 Practices and Praxis**

Practice itself refers to the repetition of routines, collaboration and conversations leading to the enactment of strategy (Whittington, 2006). Therefore, SAP draws in all levels within the firm, not just upper management as in previous strategic management research. Another succinct definition of practice is the action through which employees accomplish strategizing (Jarzabkowski, 2004). Praxis is another strategic theme central to the SAP perspective; it is seen as the actual activity from which strategy is accomplished over time. A useful definition of praxis is the ‘social, symbolic, and material tools through which strategy work is done’ (Jarzabkowski and Spree, 2009: p.70). Praxis is, therefore, socially embedded and is an important influence on strategy formulation in organisations; through thoughtful reflection and action, praxis translates the norms or practices in the workplace into being. In more everyday terms, praxis can be perceived as episodes of strategizing, such as management meetings (Jarzabkowski and Seidl, 2008). These are common to most organisations in all major industries. Therefore, practices develop into routines and these norms form procedures for deciding, using tools and acting in strategy work (Whittington et al, 2006). In a later article, Whittington (1997, p.1579) provides a definition of practices as the broader ‘routines and norms of strategy work’. This is consistent with SAP’s sociological influences which see practice as socially embedded. Praxis can include either formal or informal strategy activities as an application of skill (Regner, 2003), and this means research is essential to identify the impact of praxis on strategy in organisation.

Whittington et al. (2006) focus on the importance of intra-organisational activities involved in the formulation and implementation of strategy by considering praxis as the specific activities of the formulation and implementation of strategy. However, a key point to the notion of praxis is that it can occur at different levels and is dynamic, so it may shift between institutional and micro levels (Jarzabkowski et al., 2007). Again, this has implications for research as it is vital to consider empirically how praxis may influence strategy in real life organisations, offering potentially valuable insights into various contexts. This is reminiscent of Bourdieu’s concept of the field, and it is not uncommon for SAP scholars to perceive an industry as a field. The advantage here is

that researchers can consider multiple levels of analysis, although at heart SAP is a micro approach.

In keeping with the idea that praxis is socially embedded, Reckwitz (2002) offers a definition of praxis as a stream of activity interconnecting the micro activities of individuals and groups with the wider institutions in which those actions are located and to which they contribute. In terms of organisational strategic activity, Whittington (2007) proposes that praxis is the activity of strategy-making and may include planning, issue selling and decision making which may be achieved formally or through ad hoc meetings and off-line attempts at influence (Whittington, 2007). Such 'episodic practice' also includes decisions, meetings or workshops (Johnson et al., 2007), whilst a wider interpretation of it is any communication series with a beginning and an end (Hendry and Seidl, 2003), which suggests individual agency influences strategy. These episodes are familiar to all workplace contexts and offer potential events from which strategy can unfold and, again, this would appear to offer a wide variety of research opportunities.

In practical organisational terms, then, praxis is the 'actual work of strategizing, all the meeting, consulting, writing, presenting, communicating and so on that are required in order to make and execute strategy' (Paroutis and Pettigrew, 2007, p. 104). Praxis or strategising work can occur at the corporate centre and at the organisational periphery (Regner, 2003). In terms of an MNC organisational context, praxis occurs in either subsidiaries or headquarters, or both. Underlying practices may include the various tools of strategy. These may include analytical tools, such as SWOT, or technologies such as, flipcharts, computers, software and so on (Blackler and Regan, 2009). Again, these tools are widely used in workplaces across industries, making them a focal point for strategy development. Similar activities were highlighted by Vaara and Whittington (2012, p.6) who described practices as tools, norms and procedures of strategy work. Practices include both formal and informal interactions and activities at the centre and periphery and centre of the organisation (Regner, 2003). The introduction of a centre/periphery context is potentially interesting for the context of this thesis – MNCs – which have a local and HQ presence. Moreover, the use of tools such as SWOT which date back to the planning school show that a multitude of influences shape contemporary strategic management.



## **2.5 Strengths and limitations of SAP**

### **2.5.1 The strengths of SAP**

SAP is an emergent perspective and has several key strengths in comparison with mainstream approaches. SAP introduced the ‘practice turn’ into strategic management and reduces the imbalance in a field which is dominated by quantitative studies.

Whittington et al. (2006) consider SAP as an approach that overcomes the previous dualism between individualism and structure, suggesting that both should be studied in strategy research. Their framework of praxis, practices and practitioners bridges the gap between micro and macro level approaches to strategy. Therefore, as established above, SAP allows for research from different levels of analysis beyond the level of the firm and the top-down focus prevalent in the mainstream literature. In particular, the post-processional strategy process view (Chia and MacKay, 2007) sees the SAP approach as offering a richer understanding of practice formation. Rather than focusing on the individual or organisation as the level of analysis in strategy research, SAP offers the opportunity to adopt the locus of analysis as the social practice itself and to conduct research from a multi-level unit of analysis.

To sum up, then, SAP is seen as enriching the traditional strategy research influenced by economics in four main ways (Vaara and Whittington, 2012). Firstly, SAP research is influenced by and draws on sociology as opposed to economics. This means that the perspective can be applied to real-life case studies and gives a more practical look at how strategy works in firms. In short, the perspective can be used to highlight historical contingencies, particularisms and uniqueness (Knights, 1992) established in employee’s working lives. Secondly, SAP addresses strategy from a broad perspective. Prior research focused on firm performance and advantage over rivals, but SAP approaches strategy differently and sees strategy as something a firm does, not a policy an organisation has. Thirdly, SAP enables researchers to study a wider variety of organisations including, for example, not-for-profit organisations. Again, this differs from other strategic management approaches which focus on profit seeking firms. In fact, a large stream of the literature sees competitive advantage and profit seeking as the central aims of strategy. And fourthly, SAP research demonstrates a methodological shift in what is traditionally quantitative research dominated area. This newer perspective brings qualitative research methods to the field of strategic management,

enabling potentially richer research outcomes as strategizing is explored from a practice perspective.

### **2.5.2 Limitations of SAP**

Any approach has its critics, and SAP is no exception. Primarily, the idea that strategy is directed by senior management is still widely held; specifically, if strategy requires leadership in unstable situations to ensure future success, then upper management and CEOs should direct strategy (Carter et al., 2008). Another criticism is that SAP is perhaps not a genuinely new approach, challenging its claim to be as an emerging perspective based on the practice turn. As noted by Carter et al. (2008), many of the concepts identified as formal procedures of strategy as practice actually date all the way back to Fayol (1916). Direction setting and resource allocation are old concepts that have been proposed as formal procedures of SAP by Jarzabkowski (2003). However, that said, it is not unusual in research to adopt principles from other fields or perspectives. Nevertheless, the suggestion by one of the founders of SAP, Richard Whittington (2004), that the approach heralds a ‘new era’ in strategy research does seem on balance to be a sweeping claim. Indeed, Whittington appears to fail to recognise that the Mintzbergian approach was also bottom up in nature and appeared many years prior to SAP. In fact, studies in the early 1970s had already considered the notion that strategy is a practice or ‘what managers do’ (Mintzberg, 1973) whilst other work dating as far back as the 1990s, such as Barry and Elmes’s (1997) study, also had adopted a narrative based to strategy research. This timeline suggests that the fundamentals of SAP actually pre-date the mainstream positional school it often claims to have replaced. Widening the scope to its sociological roots, Giddens and Bourdieu were writing in the early 1970s, inspired by great historical thinkers such as Rousseau and Locke. Moreover, structuration theory’s strong influence on SAP-arguably raises substantial questions about SAP’s originality; far from being a novel perspective, critics may view SAP as simply old wine in new bottles. Lastly, in the author’s view there is the potential for a disconnect between SAP and practitioners in modern day business who overwhelmingly view strategy in economic terms – see Chapter 4 – with the primary motivator clearly being profit. Moreover, in the real business world managers may relate more to publications such as the Harvard Business Review rather than the dense scholarly SAP research which may appear to them to border on the esoteric.

## **2.6 Conclusion**

The sections above considered the evolution of strategic management from its classical foundations in scientific management to the planning school and situational school via the processual perspective. Previous approaches tended to be underpinned by economics, whilst the alternative perspective of SAP is derived from sociology and, in particular, structuration theory. To sum up, the foundations of the SAP, therefore, offer an alternative focus on the practices and processes via which strategy is developed, renewed and executed (Vaara and Whittington, 2012). Three key concepts are of central importance to SAP researchers; they take the view that strategy is formulated and implemented during work through the dimensions of practitioners, practices and praxis (Johnson et al., 2007). Each of these three dimensions of practice theory is discrete but, from a sociological perspective, they interact in order to explain strategy formulation and implementation. However, despite this contemporary research trend, many of the contributions of scholars subscribing to the economic-inspired stream, such as Ansoff (1965) and Porter (1973; 1979; 1980; 1985), remain the staple of textbooks and are widely taught in business schools throughout the world. Moreover, this rationalist approach certainly appears to appeal more to managers in the field – based on textbook space and its dominance in professional training courses. The following chapter will now review the cross-cultural studies literature with a view to considering the influence of culture on strategy in the context of this study, local subsidiaries of global MNCs, to further inform the theoretical framework of this thesis.

## **2.7 Introduction – Cross cultural management studies**

Finance sector MNCs are largely well-established organisations with long histories that involve overseas expansion. Their subsidiaries, therefore, provide rich organisational cultural contexts for the study of strategy formulation. In addition, the context of Turkey is a fascinating national cultural setting for research; as outlined in the introductory chapter, it is an emerging market, former imperial power and modern day free market economy. In keeping with this context, therefore, this chapter of the thesis responds to the call for a ‘greater focus on the interplay between the different levels of culture’ (Erez and Gati, 2004 p.584). Specifically, it will explore how culture may be an influence on strategizing. framework adopted in this thesis, views organisational culture as dynamic and emerging at multiple levels.

## **2.8 National culture and international business: The functionalist perspective**

National culture is of particular relevance to MNCs because they are naturally exposed to different cultures reflecting the fact that, by definition, they operate across national (and hence cultural) borders. The MNC business model introduces explicit business-related challenges, such as engaging in cross cultural negotiations and the needing to alter their products and services to appeal to overseas markets. However, operating transnationally also introduces some more subtle issues, such as the manner in which culture may influence subsidiary activities and strategy formulation patterns. At the national level, culture may influence practices as the actors in MNCs are subsidiary staff who are also open to cultural influences themselves as individuals. National level culture can be defined as, ‘a general pattern of behaviour, based on the values and beliefs that develop over time in a given society’ (Bahtijarevic-Siber, 2001, as cited in, Matijevic, Raguz and Filipovic, 2015). Variations in shared understandings of culture between different nations develop over time and their influence is stronger than culture at the organisational level and may influence employee actions at work. National culture may affect companies that locate and operate in a host country, a point which is relevant to this study because it may in turn impact on their strategizing.

Most research has focused on identifying core cultural dimensions which differentiate cultures and the implications of these for work behaviour (Erez and Gati, 2004), and this remains the case today. National level cultural studies from the functionalist perspective offer insights into how culture may impact on working life in organisations, typically viewing culture as a phenomenon that can be measured and quantified using questionnaires. Sackman and Phillips (2004) noted that studies of national values in different geographical areas and their influence on collaboration between organisational members dominate cultural research in the international business (IB) field. Such studies have rationalist roots and are mainstream because the most widely cited papers focus on identifying national level cultural dimensions and describing national dissimilarities (see Hofstede, 1991; House et al., 2004). The national level cultural dimensions identified influence actors in working life. This approach has been labelled ‘functionalism’ (Lauring, Bjerregaard and Klitmoller, 2018) and research from this

perspective tends to assume a linear relationship between national level cultural values and workplace outcomes. An analogy has been made that this perspective views people are behaving like billiard balls, that is in a linear and predictable fashion (Jonsen, 2018). Given the complexities of culture and the modern workplace, this is arguably unrealistic in practice.

Culture at the national level comprises various elements. For Tayab (1996), the basis of national culture comprises a shared history, climate, education system, social hierarchy and political and economic institutions, all of which may be easily identified in a particular context. However, below-the-surface influences may include 'ethnic, religious or language group, cultural implications of gender and the culture of a certain generation' (Hofstede, 2007, p.23). Staff, customers and the wider society in which the organisation operates will be naturally subjected to these. Functionalist cultural theory also tends to study culture at the group level of analysis. Members are seen to transmit patterns of behaviour to members so that they may function effectively in / as a social unit (Leidner and Kayworth, 2006). Whilst individuals are not overlooked, the purpose of these studies is nevertheless to identify potentially generalisable cultural dimensions at the national level rather than to explore an individual's personal perspective.

Cultural dimensions are useful in terms of conceptualising culture at the national level. Hofstede's (1980) seminal paper offered an early cultural dimension framework, his work subsequently inspiring innumerable additional empirical studies within its field (Kirkman, Lowe and Gibson, 2006). Hofstede's framework is useful when researching organisations and business life and its popularity has resulted in him being described as 'the pioneer of research in cross cultural psychology and international management' (Jadivan et al, 2006: p. 910). In fact, although few national value dimensions have been empirically tested in Turkey (the focus of this thesis), a notable exception is Hofstede's value-based framework.

The original version of Hofstede's framework comprises four cultural dimensions that distinguish between national values in the 53 countries. A key concept in national culture and organisations is the cultural dimension of individualism and collectivism (IND-COL) which Hofstede established in his research. Collectivism is 'characterised by a tight social framework in which people distinguish between in-groups and out-groups, they expect their in-group to look after them and in exchange they feel they owe

absolute loyalty to it' (Hofstede, 1980, p. 286). In terms of the workplace, collectivism may influence important strategizing behaviours – the togetherness associated with collectivism may have relevance for effective team-work that is often associated with successful strategizing. Therefore, collectivism may also be associated with team working through increased relationship-orientated behaviours. Interestingly, this cultural dimension draws a distinction between Turkey as the host country and the nations driving banking FDI which have HQs located in nations far higher on the individualism scale. For example, the USA displays an individualistic national culture and whilst Hong Kong is identified as a highly collectivist society (Hofstede, 1980; Leung and Bond, 2004). Turkey can be categorised as a highly collectivist culture in terms of the IND-COLL dimension. It should be emphasised here that Hofstede himself cautioned against applying the dimensions in his model to organisational culture; he argued that organisational culture and national culture are of a 'different nature' (Hofstede, 2011, p.10). Nevertheless, many functionalist studies in the literature have done just that.

The IND-COLL dimension links cultural dimensions to employee behaviour at work by considering perceptions of the 'self.' Cultures measuring higher on Hofstede's (1980) individualistic dimension scale usually focus on the 'I' with members of such cultures tending to make statements, such as, 'I' am busy. In contrast, collective cultures follow the collective self and so individuals may state that their co-workers see 'them' as busy (Triandis et al, 1990). Hofstede (1980, p.286) defines individualism as 'a loosely knit social framework in which people are supposed to take care of themselves and their immediate families only'. These are very different perspectives and may influence people's behaviour at work. In particular, the dimension is linked with strategizing activities and possibly ethics in the workplace

The second of Hofstede's dimensions is power distance, or the level of inequality that is seen as acceptable by a society. The third dimension is uncertainty avoidance; this is the level at which people accept ambiguous situations and adopt measures taken to avoid them. Masculinity/ femininity is the fourth dimension, referring to the extent to which a society is deemed to be predominantly masculine or feminine with distinctions being made between competitive or consensual approaches. Hofstede later added a fifth dimension, namely, a long-term orientation, which he proposed as the extent to which people choose to delay gratification of their material, social and emotional needs.

Hofstede and Bond (1988) also supported the Hofstede's original four dimensions and added an extra cultural dimension, the Confucius work dimension, which focuses on measuring a long-term planning orientation.

These cultural dimensions have been empirically tested widely in the international business literature and have been linked with workplace behaviours. Studies reveal that uncertainty tends to be viewed with suspicion by cultures high on the uncertainty avoidance scale (House et al., 2004; Srivastava, Singh and Dhir, 2020). Therefore, MNCs with subsidiaries in nations high on this scale are required to balance change with the need of local staff for security and stability. Countries high in individualism may not perform well in terms of teamwork; for example, UK culture was seen as a source of teamwork problems and 'misunderstandings' by Dutch colleagues from Anglo-Dutch MNCs (Kogut and Singh, 1988). However, in countries high on the collective cultural dimension, organisations have been found to value harmony and loyalty (Beatty, McCune and Beatty, 1988) whilst there may also be a greater sense of belonging to an organization amongst staff in collectivist nations. Leadership style has also been linked with Hofstede's cultural dimensions to the extent that countries which are high in power distance (PD) and collectivist (COLL) cultures are likely to choose autocratic leaders. However, individualistic nations lower in power distance cultures welcome a more participative leadership style (Dorfman and Howell, 1988). House et al. (2004: p. 534) added that 'organisations mirror the culture of power distance and values (observed) in their (own) society (to) gain legitimacy and appeal to people...' which suggests that there is a possible link between societal values and work and this dimension may well be relevant to Turkey which is typically seen as high in power distance. More generally, Sagiv and Schwartz (2007) support the view that organisations adopt national cultural values, suggesting that further research in this area is required. Whilst most studies tend not to focus specifically on the relationship between culture and strategizing behaviours, they are nevertheless based on organisational research undertaken internationally.

In the context of this thesis, Aysan (2008) notes that Turkish society can be categorised as high in power distance, high on collectivism, high on Hofstede's femininity dimension and also high in terms of uncertainty avoidance. This may have implications for the contribution of an individual to strategy formulation. More specifically, high power distance may imply that members of an organisation follow the hierarchy, obey

management and are unlikely to question authority. As a highly collective society, Turkish employees are less likely to undertake new ventures and are more inclined to follow the norms of a group whilst, as a culture measuring highly on Hofstede's feminine scale, the characteristics of modesty and a caring stance are to be expected in employee behaviours. Lastly, low appetites for uncertainty are likely to be the norm amongst Turkish employees. However, it is unclear how these behaviours may interplay in strategy formulation from an SAP approach of 'doing' strategy, as this issue has not previously attracted the attention of researchers.

Despite the large number of studies which have based their research on cultural dimensions, the use of dimensions themselves has been criticised in the literature. For example, McSweeney (2009) argues that a connection between national values and organisations cannot be considered largely fixed because interaction with other cultures might change behaviours within an organisation. Once again, this suggests that this is a complex issue and requires further study. Alternatively, Chow et al. (1999) concluded that MNCs usually 'standardise' practices and develop individual corporate cultures in order to meet corporate goals, regardless of host national culture. In situations where this is the case, national culture may have more limited influence on an MNC. More generally, Hofstede's original four dimensions are seen by many as simplistic and some suggest that improvements in the sophistication of the cultural dimensions employed in the research may give rise to deeper insights into the issue (Jackson, 2020).

Others have developed Hofstede's IND-COL dimension whilst Singelis et al., (1995) consider this dimension to be far more complex than previously assumed. They use a zoology metaphor to compare the IND-COLL dimension with birds, noting that there are many 'species' of birds which differ significantly despite all birds having feathers. Moreover, this dimension is key to research on strategizing due to the suggestion that it may explain differing levels amongst employees of 'initiative' and their attitudes to the importance of 'cooperative colleagues' (Singh, 1990). Singelis et al., (1995) state that the key to understanding the various types of individualism and collectivism is the 'relative emphases on horizontal and vertical social relationships'. Their multidimensional construct examines the IND/COLL and adds a vertical/ horizontal distinction to the IND/COLL dimension to distinguish between the cultural orientations of various nations.

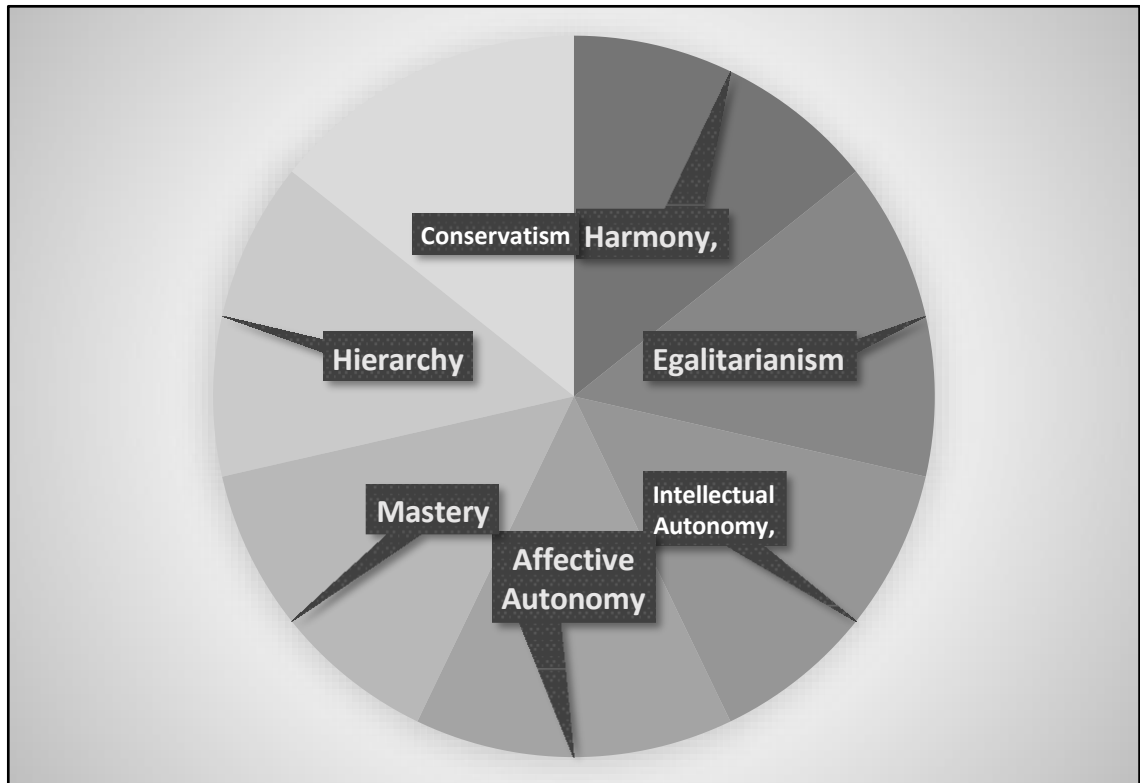


Other widely cited studies appear to support the relevance of the use of cultural dimensions in cultural research (Kaasa, 2021; Tuleja and Schachner, 2020). Schwartz (1994), for example, developed a cultural value-based framework which he empirically tested in forty nations, finding that selected cultural dimensions could be identified to differentiate cultures. The cultural dimensions Schwartz (1994) tested are the extent to which people value conservatism (collectivism), hierarchy, mastery, autonomy, egalitarian commitment and harmony – see Figure 2.4 below. The autonomy and conservatism dimensions replaced the IND/COLL dimension and Smith and Schwartz (1997) categorised Turkey in particular as a nation demonstrating conservative values on the Schwartz scale. Schwartz’s cultural values include the conservatism (collectivism) value which applies to cultures which identify interdependence amongst people, whilst those in conservative cultures live in closely-knit groups and promote group goals. In contrast, the autonomy (individualism) dimension describes the importance placed by a society on independence and an individual’s personal interests and goals. Affective autonomy values stimulation and hedonism whilst intellectual autonomy promotes free thinking (Schwartz, 1999).

The GLOBE study (House et al., 2004), a coordinated research programme undertaken by researchers based in different parts of the world, examined culture at the national level, thereby allowing dimensions to be tested on a larger sample of countries than previously. It introduced new insights and national level cultural dimensions and built on the foundations established by Hofstede’s early work and other national level cultural studies, such as those by Schwartz (1984) and Triandis (1995). The GLOBE study identified ‘a set of nine dimensions, each measured twice, isometrically, as practices and respective values’ (Javidan et al., 2006, p.911). These dimensions were tested and empirically supported as measures of cultural differences between countries. The national level dimensions are similar to those from previous dimensions, such as those proposed by Hofstede (1980). However, the study adds several new dimensions to existing measures, as follows. Humane orientation is the degree to which a society encourages altruistic, generosity and caring behaviours. Assertiveness is a measure of how confrontational individuals are in relation to each other. The COLL dimension is sub-divided into collectivism types I and II. Collectivism I measures the degree to which societal institutional practices encourage collective distribution of resources and action, whereas Collectivism II is the extent to which individuals in a society show

pride, loyalty and cohesiveness to their organisations and/ or families. GLOBE grouped each of the 62 societies into ‘clusters’; Turkey was placed in the Middle Eastern cluster consisting of Turkey, Kuwait, Egypt, Morocco and Qatar, situated between the Confucian and Eastern European clusters.

**Figure 2.4:** Schwartz’s Cultural Values



**Source:** Adapted from Schwartz (1994)

Kogut and Singh (1988) introduced the KS index of cultural distance (CD), demonstrating how cross-national differences are relevant in international business. The KS index recently reached its 30<sup>th</sup> anniversary and Beugelsdijk et al. (2018) produced a meta-analysis of works empirically analysing the KS index, concluding that the index remains statistically significant and relevant for contemporary research. Kogut and Singh (1988) developed a measure of CD by blending Hofstede’s four original cultural dimensions and aggregating the measures of individual/ collectivistic, masculine/ feminine, uncertainty avoidance and power distance. The index has been used in IB research to investigate the management of MNC international operations (Black, Mendenhall and Oddou, 1991). CD is often associated with strategic choices in terms of

MNC entry decisions and higher levels of cultural distance may influence expansion choices. MNCs may choose an International Joint Venture (IJV) in host countries where CD is high between home and host countries in order to manage the difficulties posed by CD. Whilst this thesis approaches strategy from a different focus from these functionalist empirical tests applied to the KS index CD, the component cultural dimensions included may influence strategy formulation. This all suggests that national level dimensions have relevance to issues in international business and to the organisations (MNCs) which operate within international markets.

### **2.8.1 Limitations of the functionalist perspective**

The functional perspective has been adopted by the majority of the research in the field and has set the foundations for studying culture in organisations. Senior and Swales (2016: p.147) suggest that ‘national cultures overlay principles, practices, and assumptions that affect management practices’ making this element of culture an essential element of IB research. Yet, whilst national culture research is based on how values differ, its use of cultural dimensions (Hofstede, 1980) has drawn criticism because it was not the original intention of early researchers in the field for their dimensions to be applied to the study of culture in organisations. Nevertheless, such dimensions have been routinely applied to the organisational level of analysis and have become the basis of cultural studies in business. In addition, the studies use countries as the unit of analysis and aim to generalise across whole populations. However, given the complexity of the topic, it is possible to question whether it is possible to draw generalisations on such a large scale. Moreover, cultural dimensions began as relatively simple constructs, with Hofstede’s early research proposing just four cultural dimensions. In hindsight, this arguably looks simplistic in comparison with the more complex national level dimensions in later studies from a functionalist perspective (House et al., 2004).

In criticising the functionalist approach, Luring, Bjerregaard and Klitmoller (2018) suggest that studies (e.g. Hofstede, 1980) in the IB field apply a relatively static and deterministic understanding of the impact of national cultural values and behaviour of individuals. Arguably, therefore, an alternative approach focusing on the rapidly changing nature of culture is needed. A counter argument to this critique, however, is that it is misplaced inasmuch that it criticises Hofstede’s research for failing to be

something that it never aspired to. In other words, Hofstede sought to propose a model about the state of a particular culture rather than one about the process through which culture develops. Working on the assumption that nation states are artificial notions, Zhou and Shi (2011) also criticise functionalist studies for treating groups (nations) as ‘simple, isolated, static entities’; they argue that this type of study may be dismissed as a ‘methodological abstraction’. Nevertheless, an alternative view could be that, despite globalisation and the major shifts in economic structures and societies observed since the global move to free markets since the 1980s, the nation state has prevailed. Hence, those subscribing to the functionalist perspective are able to justify basing their research on this level of analysis.

Whilst remaining the mainstream approach to researching culture, the functional perspective on culture began to be challenged as early as the 1960s, with proponents of the alternative constructivist perspective arguing that it offers deeper insights into complex cultural settings, such as an MNC subsidiary, than research at the national level that remains dominant in the field.

## **2.9 Organisational Culture: The interpretivist perspective**

The interpretivist perspective on organisational culture originally developed in other academic fields, such as sociology and biology, but began to inspire research in organisational culture as early as the 1970s. Interpretivism shifted the focus of research in terms of organisational culture from the study of national level cultural dimensions to one which considered the interaction of employees within the workplace, and is arguably of particular relevance to the study of business policies. Interpretivism in terms of knowledge has been taken to mean ‘to have a complex set of referents and meanings’ (Magoon, 1977, p.652). Essentially, learning takes place as new knowledge is related to pre-existing concepts already in place amongst participants. Similarly, culture is seen as arising from how employees process and interpret complex information at work in addition to simply repeating facts. Romani, Sackmann and Primecz (2011, p.2) note that the focus of research from this perspective is on ‘people embedded in their socio-cultural reality: their experience, their ways of thinking, their sense-making and how they talk about it – that is, their lifeworld’. This approach offers insights into the topic of organisational culture and the cultural context of MNCs which are the focus of this thesis and are complex cultural contexts crossing geographical and organisational boundaries. Interpretivism views culture as arising out of interactions

between people and is, therefore, constantly changing, at least to some extent. MNC operations involve staff from different countries interacting in a variety of organisational ways in order to deliver its operations, products and services. Values and identities amongst staff and organisational culture arise, from the constructivist perspective, from this interaction. Organisational culture measures influence on the group level and the unit of analysis is the organisation itself.

An interpretivist lens offers insights into studying culture at the group level and supports research which compares culture between different firms. Organisational culture can be defined as the ‘shared perceptions of organisational work practices within organisational units that may differ from other organisational units’ (Van de Berg and Wilderom, 2004). This definition is useful because it focuses on organisational culture as opposed to general elements of culture, and it encourages comparisons between organisations which suits the case study approach of this research. In terms of culture at the organisational level, differences in ‘practices’ between organisations are a key area (Hofstede, 2001). The approach that this thesis adopts is to see culture in terms of perceptions of practices as opposed to viewing culture as an objective phenomenon. This is similar to Van Den Berg and Wilderom (2004, p. 572) who stress the importance of approaching culture through the ‘eyes of the members of a working group’. Culture is viewed in this sense as a matter of perception.

Therefore, an organisation’s culture may in particular also influence strategy formulation, its employees’ perceptions of strategic themes and, in turn, their approach to strategizing (Gallego-Alvarez and Pucheta-Martinez, 2021; Struwig and Smith, 2002; Tolado, Didonet and Luce, 2013) Therefore, organisational culture is seen as the set of shared values, beliefs and norms influencing how employees think, feel, and behave in the workplace (Schein, 2009). Organisational culture is nested within the national cultural context and the two may be seen as interlinked to some extent because, while organisational and national culture are distinct, culture at an organisational level may impact on how strategy is formulated as staff may be influenced by national level culture whilst undertaking their roles. Nevertheless, since organisational culture pertains to the corporation itself, for a number of reasons it is widely seen as a lesser influence on individuals than that of their national culture. In particular, organisational culture is ‘based on practice and is more superficial (than national values) and its influence is weaker’ (Hofstede, 2007, p. 299). Nevertheless, employees are influenced by exposure

to their work environment and, since this thesis examines company practices, organisational level culture and its influence on strategizing is of interest. Undoubtedly, a firm's culture may strongly influence employees' perspectives and in turn this could impact their behaviours in the workplace.

Interpretivist research in MNCs can be employed to uncover cultural influences on workplace behaviours. Employees constitute a 'group' and adopt a mind-set in line with the norms of an organisation based on its 'core assumptions' (Schein. 1985, p. 996). Therefore, an organisation provides a cultural setting in itself, albeit within the wider setting of a national or trans-national setting. National culture is ingrained in employees and its influence may not be altogether conscious. In these terms, culture may also be seen as, 'subconscious and comparable to the invisible control mechanism operating in our thoughts that draws the line between one thing and another; these lines are arbitrary, but once we have learned and internalised them, we treat them as real' (Hall, 1977, p.30). Later research by Alvesson (2005, p. 14) supports this view, emphasising that organisational culture is a phenomenon that involves a non-conscious set of meanings, ideas and symbolism and each situation is unique. Therefore, employee perspectives are of genuine importance in studying culture in the workplace and an interpretivist approach facilitates their exploration

Certain themes can be observed when comparing cultures in organisations. Schein (1985) proposed that organisational culture itself can be observed on different 'levels' and certain types of cultures can be grouped. However, Schein (1985) thought of levels as a way of ranking sources of culture rather than referring to a unit of analysis. Brown (1998, p.12) considers visible artefacts to be observable yet shallow displays of culture. These are a firm's physical and social environment which reveal the typical behaviour of staff in the company. Schein's similarly refers to artefacts, examples of which include visible organisational structures that can be easily identified from organization charts and job descriptions. However, Schein (1985) noted that some artefacts are far less visible, such as group member's influence with a hierarchy which is hard to decipher. Nevertheless, these may be uncovered through further research into specific organisational settings. Maignan et al. (1999) identified three dimensions of culture: market, humanistic and competitive. Therefore, organisational culture emerges at the group or organisational level. Market and competitive cultures are both outward focused, emphasising the firm's position in the market whereas in contrast, humanistic

cultures tend to prioritise employees within an organisation. Hence, this latter type of culture values teamwork and cooperation. Moreover, it also demonstrates sensitivity to the needs, interests and demands of external stakeholders rather than sole pursuit one's own needs. (Galbreath, 2010). This type of culture may foster an environment whereby business ethics are valued. Other scholars have identified other types of flexible cultures. These nuances differ from context to context and a case study approach may give researchers the opportunity to look at a particular firm.

Other types of organisational culture identified in the literature include the supportive (or clan) culture and the innovative culture (Cameron and Ettington, 1988). A supportive culture demonstrates its core values by ensuring flexible procedures and shows concern for its employees. This may involve both peer and supervisory support. It may consist of characteristics such as leadership that demonstrates an employee orientation, participation and high levels of teamwork. The values identified in this type of culture are human affiliation, collaboration, attachment, trust, loyalty and support (Fiordelisi, 2014). An innovative or entrepreneurial culture is one which, by definition, demonstrates the characteristics of innovation, creativity and adaptation (Veisoh et al., 2014). Again, this is an organisational culture that may influence strategizing behaviours. Competition cultures (Fiordelisi, 2014) is a term used to describe firms where management prioritise the attainment of competitiveness and market share and adopt a customer focus. To do so, a competition culture includes effective communication, competition, competence and achievement (Miguel, 2015). Again, a case study approach to research can be adopted to explore this in the IB field.

Schein's (2009, p. 10) later research identifies the 'critical elements' of organisational culture as structural stability and integration. Critical elements are the deeper cultural elements inside an institution which are not easily identified when observing practices. However, they may reveal the 'real identity' of an organisation. The level of trust in the institution, for instance, might be considered to be an element of structural stability. Structural stability is the collection of behaviour patterns summarised as 'rituals, climates, and values' factors that combined can shape the organisation's identity (Schein 2009, p.10). Amongst them, Schein (2009) took values to include the goals and philosophies which determine why an organisation may function in line with certain company values, such as efficiency. Such values may also include approaches to ethics and strategizing in an organisation. Schein's (1991) earlier work – a well-known

cultural model – draws an analogy between culture and an iceberg. The three dimensions of culture within the ‘iceberg’ are represented by: (i) the surface / tip of the iceberg (artifacts); (ii) the middle section (shared values) and (iii) the bottom section (shared assumptions.) Other models based on cultural dimensions also assist in the interpretation of the interviewees’ responses.

Another well-known framework is Johnson et al., (2008) Cultural Web which depicts culture as a ‘web’ of seven factors that are identified as shaping internal behaviour. The cultural dimensions are: (i) Stories; (ii) Rituals & Routines; (iii) Symbols; (iv) Control Systems; (v) Power Structures; and (vi) Organisational Culture. The final category in the model is labelled ‘paradigm’, which is the dimension positioned in the web’s centre. This describes the deeper cultural assumptions held by organisations and shared between employees which are taken as for granted assumptions by employees. Symbols, therefore, are a central element of culture.

The cultural dimension of assumptions is seen as the beliefs and habits that may determine values, beliefs, habits, thoughts and feelings. Such assumptions are the ‘source’ of values and artefacts which may determine people’s mind-sets at work. (Schein, 2010) They are unspoken and may relate to this research because they could offer insights into employee beliefs on issues such as, for example, whether corporations should act in a sustainable way. This would again suggest any impact of culture cannot be easily divided into separate and distinct levels.

Culture on the individual level of analysis may also impact on organisational culture and it is unclear whether or not this element of culture is relatively stable. Alvesson (2005) views culture as a stable ‘perception’ taken by employees within an organisation and this view highlights the importance of the study of culture from the individual level of analysis. Stable perceptions will allow practices to develop within a firm over time and culture may be connected to organisational processes. However, the reverse may be the case and culture may emerge out of employee’s solutions to problems posed by situations encountered in a work setting (Hassard and Hodgson, 2005). In this case, organisational culture arises out of changes and is neither fixed nor stable.

The relative strength of organisational culture is another issue covered in the literature, and opinions vary. On the one hand, Alvesson (2005) describes the concept of a ‘strong



organizational culture’ as a coherent set of beliefs, values, assumptions and practices which are observably embraced by members of an organisation. On the other hand, others focus on consistency whilst Flamholtz and Randle (2011) consider a ‘strong organizational culture’ to be one where employees hold similar views regarding the organisation and act consistently with these organisational values. ‘Strong’ culture is also identified as a place where staff are responsive to a stimulus due to their alignment to organisational values (Quinn, 2011). In this environment, organisations could be more inclined to act responsibly because staff hold similar beliefs, and this might influence strategizing in an organisation.

### **2.9.1 Limitations of the interpretivist perspective**

The interpretivist perspective is also open to criticism. Despite globalisation, the nation state still appears to largely dictate the cultural, political, social and economic dimensions of much modern life. Perhaps the interpretivist view of seeing individuals as detached from their nation state of origin is not realistic given that the nation state may well be a major influence on people. Luring, Bjeregaard and Klitmoller (2018) coin the phrase ‘imagined community’ which acknowledges the nation state is a powerful influence, although not in the static sense that the functionalists because it is a lived phenomenon for member of a community. This perspective is also difficult to measure because it involves a wide variety of variables, although qualitative methods, such as interviews with key informants, are an option to overcome this. Much of the literature in this perspective is based on a top-down perspective whereby senior management determine culture and strategy; this overlooks the role of other actors and the possibility that strategy may be emergent. And finally, Parker (2000) levelled the at the interpretivist paradigm that it appears to assume an implicit assumption that social order is constructed consensually. This could be viewed as meaning that it overlooks the wider conflicts which may occur in the field.

### **2.10 The Practice approach to organisational culture**

The application of the practice approach to organisational culture research is emergent and builds upon the foundations established by work from the preceding constructivist perspective which is a continuing stream of research. The two approaches (practice and interpretivists) share the assumption that research should focus on the employees’ perspectives, yet they differ in that the practice approach introduces the assumption that both agency and structure influence culture in the workplace. Culture impacts on an

employee's behaviour, self-perceptions and how they see their organisation. The idea that subsidiary staff are influenced subconsciously and that culture may influence their part in strategy formulation processes will be explored in this study. Alvesson (2005, p.4) suggests that culture gives meaning to 'behaviour, social events, institutions and processes' which suggests that culture could be an influence on organisational practices. Therefore, strategy may be influenced by employees at different levels of the business and everyday work which is consistent with how the SAP perspective places employees at the centre of strategizing.

Interestingly, however, few have specifically applied this perspective to organisational culture whilst it has not been applied to strategy formulation in MNCs, whether in general or in the Turkish context in particular. Nevertheless, one notable application of SAP to culture is the work of Luring, Bjeregaard and Klitmoller (2018) who applied the practice turn to culture, viewing it as a development of both the functionalist and constructivist contributions to research on organisational culture which preceded it. To summarise these (see discussion above) the constructivist perspective views an individual's interpretation of reality as a focal point of research and is an established approach. It uses qualitative methods, and this approach offers the potential to deliver rich insights when undertaking research into culture. An alternative approach is the dominant functionalist perspective which differs by researching at the national culture level (Hofstede, 1980; House et al., 2004; Triandis, 1995). However, the quantitative methods questionnaire approach often used from the functional perspective views culture as largely fixed. This develops the mainstream approach (Hofstede, 1980) which views national cultural influence as predictable as employees act in line with established cultural dimensions. In overlooking the agency of actors, the potential for national cultural to be reinforced through interaction (Romani, Sackmann and Primecz, 2011) is missed. Therefore, the functional perspective may be rightly identifying national level differences, but it fails to identify the dynamic processes from which these differences originate, whereas a practice approach can help overcome this limitation.

Studies from a constructivist approach have identified the emergence of 'national cultural hybrids' whereby MNC staff operate seamlessly in a multi-cultural environment (Taras, Steel and Kirkman, 2014). As economies globalise, MNC staff are at the front line of this process, and the practice perspective offers the opportunity to extend this perspective by supplementing it with the influence of national culture. This

is important in practice because national cultural differences may disrupt business across borders or influence strategy. Luring (2008) recognised that values and behaviours may change quickly as actors ‘interact and negotiate’ positions. Therefore, organisational culture is in flux and its influence on strategy formulation will vary depending on the context. Practice theory builds on this by re-framing the geographical boundaries that characterise nation states as ‘structural features’ (Luring, Bjeregaard and Klitmoller, 2018). In keeping with constructivism, national culture is seen as dynamic rather than static by practice perspective researchers and, in keeping with functionalism, culture is assumed to have the power to cause disruption to international business. Mayrhofer and Pernkorpff (2015) note that the practice perspective bridges the structure-agency divide and these scholars view the approach as an alternative to the functionalist vs constructivist cycle and a fresh perspective on organisational culture. This thesis subscribes to the view held by practice scholars such as Luring, Bjeregaard and Klitmoller (2018) who describe the practice perspective as ‘fertile way forward’ for research within studies of organisational culture and particularly in arenas like the MNC where national and organisational culture interplay.

### **2.11 Summary - Cross cultural studies**

In summary, this section has reviewed the cross-cultural studies research in keeping with the context of this study – local affiliates of international banks, operating in Turkey. Culture is explored within the vehicle of MNCs, which by their very nature are open to influences from a home country HQ and from the local environment in which MNC subsidiaries operate. Culture within businesses can be viewed as a multi-level influence (Erez and Gati, 2004) and this section has critically reviewed research on culture from the national level, organisational level and the practice approach. Insights from each of these approaches alongside potential drawbacks of each stance have been considered. Therefore, the literature as a whole introduces a multitude of potential influences on strategizing within the subsidiaries, which informs the later research stage (methodology) of this thesis (Chapter 3) and subsequent findings (Chapter 4) and conclusions (Chapter 5). The following section now reviews the international business literature and, in particular, the interplay between headquarters and subsidiaries within MNC groups. This is a salient issue due to the global nature of the research context, and because headquarter-subsidary relations are one of the influences on strategy which will be explored during the research phase of the thesis.

## **2.12 Introduction – The international business literature**

The international business (IB) literature reviewed below is closely related to the economic derived mainstream strategic management literature outlined previously in this Chapter. However, it is characterised by a distinct focus on the study of MNCs and their unique structures – the separation between home country HQs and host market-based subsidiaries. Therefore, this stream of research forms part of the theoretical framework of this thesis and informs the underlying research element of this study. IB, as a stream of the literature, is typified by economics-derived quantitative research and again, in this respect, is similar to mainstream strategic management research. However, a notable exception is Bjerregaard and Klitmoller's (2016) IB-based study which adopts the alternative practice-based approach derived from practice theory. Again, parallels can be drawn to the strategic management literature and, in particular, the SAP approach which was also discussed in detail in the preceding chapter. Nevertheless, this research, which uses MNCs as a vehicle to study strategizing in Istanbul based subsidiaries of international banks, supports IB's inclusion in its theoretical framework.

MNCs as organisations face unique challenges in strategizing due to their large size and geographically widespread operations. A definition of the MNC is provided by Dunning and Lundan (2008: p3) who define MNCs as an 'enterprise that engages in foreign direct investments (FDI) and which owns, to a certain extent, controls value-added activities in several countries'. Moreover, in practice MNCs tend to actively manage international assets rather than passively hold diversified investment portfolios in isolation, making them distinct from vehicles such as investment funds. This means that their subsidiaries usually consist of physical offices and production facilities which are often key components of the overall MNC group. Therefore, strategies, such as those relating to marketing, facilities, manufacturing, technology or research and development (R&D), are of great significance to MNC operations due to their pivotal role in ensuring MNCs deliver shareholder value and returns on investment.

Empirical studies of MNCs largely began during the post-World War II period at a time when large American companies expanded rapidly overseas and developed into large MNCs. However, organisational involvement within international trade dates back hundreds of years; old in theoretical terms, the notion of the MNC was central to

classical 19<sup>th</sup> century Ricardian trade theory (Maneschi, 1992). Therefore, early foreign direct investment studies (see Prebisch, 1959; Friedman, 1973), whilst typically dating back to the post-World War II period, are also heavily influenced by classical writers such as Adam Smith and David Ricardo. Much of the more recent IB literature includes typologies relating to the internationalisation strategies of MNCs and commonly focuses on strategy maximisation, the adaptation of strategy and headquarters-subsidary relationships (see Bartlett and Ghosal, 1998; Prahalad and Doz, 1987). A more recent development has been the recognition of subsidiaries' perspectives and the tentative move to incorporate a practice theory lens (Bjerregaard and Klitmoller, 2016). Therefore, the following section reviews and discusses the three main threads of IB MNC strategy-based literature grouped into: MNC structure, subsidiary driven and practice theory derived studies.

### **2.12.1 International Business - MNC structure and strategy formulation**

As discussed above, the majority of the IB literature is based on the significance of HQ / subsidiary structures for strategy, assuming that a common structure in practice is a home country head office and a host country subsidiary. The theoretical models below are rationalist in their assumptions and perceive the primary motivation for strategy as attaining competitive advantage. Moreover, these studies view the home country-based headquarters (HQ) as highly influential within the overall group's structure, although, it is recognised that this relationship is finely balanced without one side holding all the power. MNCs, therefore, operate as global networks of head office and local affiliates and it is this network that characterises an MNC with the parent company (or headquarters) at the centre linking together multiple subsidiaries based in host nations.

Therefore, the subsidiary and headquarter (HQ) power balance relationship is likely to be the primary influence on strategy. Consequently, MNC (subsidiary) managers face the decision of whether to manage their organisational practices by simply following the policies set by HQ or by altering them or localising them for them to better fit the local market (Doz and Prahalad, 1984). Integration-Frameworks of strategic control of organisational practices between HQ and subsidiaries were developed within the IB literature to specifically explore this issue with the aim of acting as guides for management in the field to follow (Bartlett and Ghosal, 1998; Prahalad and Doz, 1987). The decision each MNC group faces when operating internationally is the level to which they adapt their products to serve a local market. The level of adaptation or

standardisation of products is arguably led by local factors unique to a local context. Therefore, each MNC and each context is unique, and the integration-responsiveness approach of organisational practice is a complex phenomenon whilst deciding appropriate level of localisation is a key strategic decision. This issue of how local factors influence strategy is explored within the context of MNC banking in Turkey during the research stage of this thesis.

Whilst earlier IB theory recognised the importance of host country markets to an MNC's overall success, the focus remained firmly on the idea that the headquarters' perspective should largely prevail over an affiliate's view. Parson's (1956) study of MNC strategy, however, proposed seeking greater alignment between head office and subsidiaries. Due to their geographically dispersed operations, MNCs face the challenge of ensuring that the centre and subsidiaries are in alignment on strategic issues. Various socialisation mechanisms, such as meetings and reporting, allow headquarters and subsidiaries to align interests and values and this process does not require any formal internal structural differentiation between various subsidiaries. From an era when it was clear that HQ still took centre stage within the overall MNC group. Perlmutter's (1969) seminal paper mapped the evolution of MNCs and recognised the distinct challenges faced in operating globally in diverse regions. Perlmutter (1969) developed a model which facilitated the identification of three potential profiles. This approach suggested that the cognitive orientation of MNC management and the Ethnographic Polycentric and Geocentric (EPG) Model identified these three potential generic profiles. These were categorised as ethnocentric (or home country oriented), polycentric (or host country oriented) and geocentric (or world orientated), with an additional region-centric (R) dimension added later. The 'level' of multi-nationality is estimated by the firm's orientation towards 'foreign people, ideas, resources' both in its headquarters and subsidiaries. Therefore, an MNC's 'state of mind' or attitude towards globalisation dictates its strategic profile. Perlmutter's early typology emphasised the importance of senior management in strategic planning and viewed strategy as a plan to 'roll out' overseas. Again, whilst this was a move towards recognising the importance of host markets, the concept still involved HQ leading the group (Fuchs, 2022).

However, Levitt (1983) suggested that globalisation required MNCs to view the world as one large world market and believed national differences were not of great importance. The central idea was that the gradual homogenisation of tastes around the

world required MNCs to develop globally standardised products. To some extent, the success of certain global brands in a variety of industries, such as pharmaceuticals, suggests that this approach is correct although overall if MNCs are not responsive to local trends, growth may be limited. However, these older assumptions which viewed the home country as the overall group base and assumed strong allegiance to that nation from the whole organisation are perhaps becoming dated as global markets continually develop. By the early 1990s, it was observed that it is no longer the country of origin but, rather, the global arena that impacts an MNC (Ohmae, 1990, p.94). Trends, therefore, gradually moved to increasingly recognising the importance of subsidiaries and host markets.

Dunning's eclectic paradigm (2001) viewed MNCs in relatively straightforward terms and identified a two-part distinction between operations in 'host' and 'home' countries within strategy. Four factors are identified by Dunning as key areas affecting overseas expansion and MNC success: (i) the quality of output; (ii) the upgrading of human capital; (iii) technology; and (iv), the environment. This framework emphasised that MNC behaviours needed to be adapted to a host market or 'predefined specific context' (Dunning, 2001, p.145). Again, however, it was assumed that senior management aims to 'roll out' strategy based on producing the correct mix of each of these fixed factors. This highlights the links between the global (HQ centric processes of MNCs) and local (the impact of host nations). This basic home/ host separation is still actively used in the literature but, again, could be seen as diminishing in importance as newer research is developed, as discussed shortly. In fact, as world markets continued to expand throughout the 1990s, globalisation led to a growing view that 'explanations of behaviours of MNCs drawing in the national origins of the MNC as the major explanatory variable lost value ... (the) increased emphasis on the characteristics of the product (local) market of the MNC in which the enterprises participate' (Vernon, 1996, p.19). Localisation, therefore, began to gain traction.

Bartlett and Ghosal's (1988) model of international responsiveness and global responsiveness proposes several alternative strategies to guide MNCs revolving around the key variable of whether 'pressures' from global or local markets are the strongest – see Figure 2.5 below. Again, the division between a home country headquarters and the host country affiliate plays an important role in determining the 'differentiation of strategy'. The model provides insights into MNC strategy by identifying these two

competing pressures and offering four possible strategies in response. Therefore, MNCs pursue strategy in relation to the strengths of pressure for local responsiveness and global integration. This leads to MNCs adopting one of four generic strategies: a global strategy, an international strategy, a transnational strategy or a multidomestic strategy.

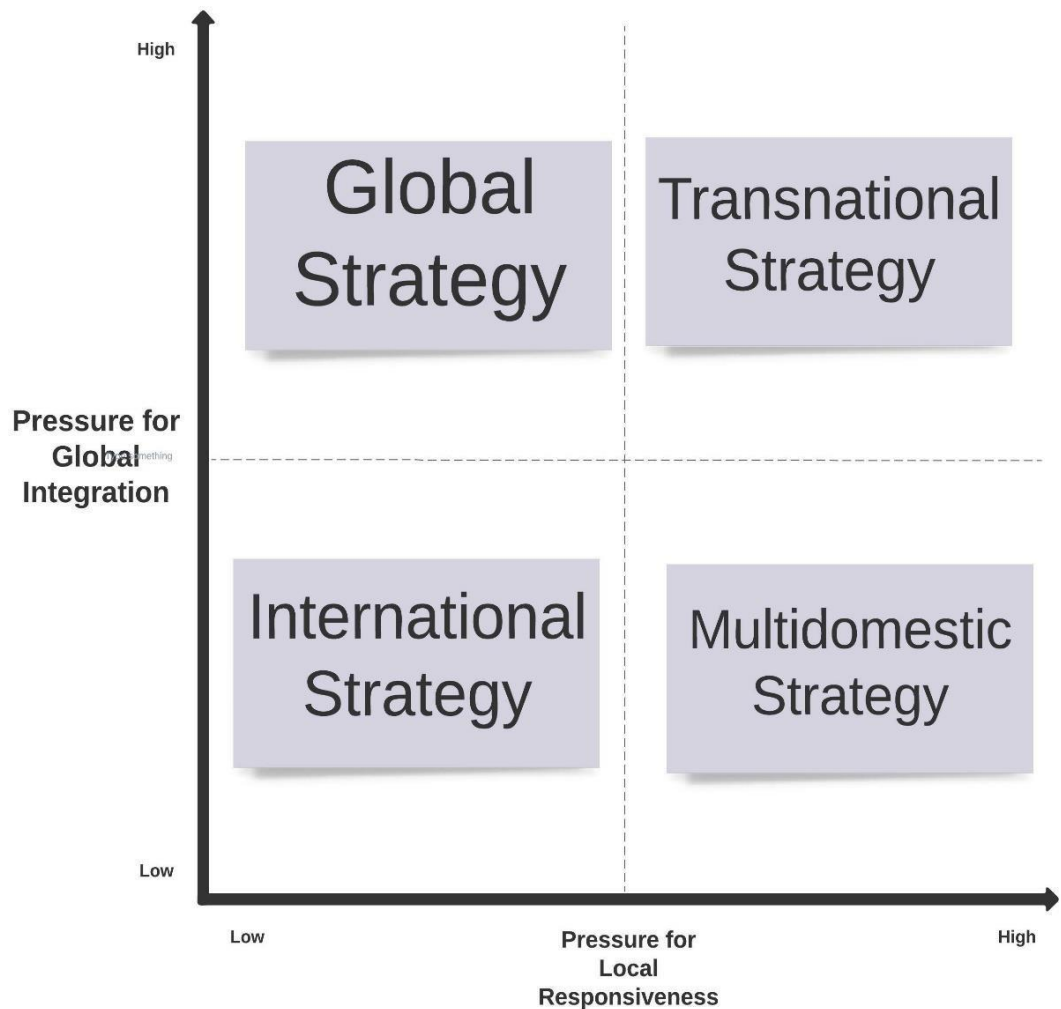
Demands for local responsiveness originate from local market customers who expect MNC products to meet local requirements and this means that MNC also face the threat of competition from domestic producers who may gain an advantage in a local market by being seen as more responsive to local demands. Global integration is an alternative strategic approach and allows an MNC to operate efficiently and benefit from economies of scale by providing standardised products and obtaining international success through global branding. Forces for global integration may lead to a highly centralised MNCs with globally standardised products and a headquarters led 'globalised strategy'. Certain sectors, such as the pharmaceutical sector, adopt this approach. However, there may be situations when MNCs face pressures from hosts to provide local responsiveness and simultaneously where forces for global integration are also strong. In such an environment, MNCs adopt a 'transnational strategy'. To summarise, localisation was recognised as an option provided pressures in the host market were strong enough to require it.

Therefore, from Barlett and Ghoshal's (1988) perspective, transnational strategy could be seen as an advantageous position for an MNC because it involves producing adapted products to satisfy host markets but also produces benefit from gains related to global integration. Gains from global integration include the benefits of sharing technology and skills from staff across the whole firm, that is, globally. Another option is an 'international strategy' which is undertaken when pressures for local responsiveness and global integration are low. In this environment, an MNC would focus on products in their home market and offer little in the way of adaption when operating in host markets. The final option in their framework is a 'multi domestic strategy' and MNCs will follow this when pressures for local responsiveness are high but for global integration are weaker. Therefore, products will be extensively customised to satisfy local tastes, an important element of the multi domestic strategy being that it is largely determined by an MNC 's affiliates. Under this environment, strategic input is decentralised and subsidiaries act with independence. However, in keeping with the alternative strategic options within the framework, a top-down approach is assumed,



albeit at local and not headquarters level (Bartlett and Ghosal, 1988). To summarise, subsidiary agency was recognised in this economics derived framework based on generic prescriptive strategies.

**Figure 2.5:** Managing international operations



**Source:** Adapted from Bartlett and Ghoshal (1988)

Ghoshal and Noria (1989) concurred that MNC's headquarter-subsidary relations are an important part of strategy design within MNCs. Therefore, MNC strategies are differentiated to 'fit' the subsidiary's home county context and affiliates may have significant input and certainly offer an alternative to HQ dominated approach. HQ retains its central role in strategy according to their study which is based on a sample of American and European MNCs. An MNC may choose to move away from the formal

structure to the extent that empowering affiliates and attaining a fit with subsidiary markets improves the performance of the MNC group as a whole. Affiliates may contribute to a strategy to the point that the MNC gains whilst the HQ retain a strong position. The ‘fit’ structures identified by Ghoshal and Nohria (1989) are hierarchical, federative, clan and integrative. MNCs choose from these options and each headquarters-subsidiary link matches one of these four descriptions.

Another perspective derived from economics which focus how MNCs select new markets for international expansion based on the ease of trading relationship is the Cultural, Administrative, Geographical and Economic (CAGE) framework. The framework was originally designed in order to assist senior management in gauging the cultural distance between a host country that an MNC plans to enter and the home country in which it was established (Ghemawat, 2001). The original assumption was the greater the cultural distance between a subsidiary then the greater the risk (Mariadoss, 2017).

The four dimensions of the framework are: (i) Cultural Distance; (ii) Administrative Distance; (iii) Economic Distance; and (iv) Economic Distance (Ghemawat, 2001). The first dimension refers to the cultural difference between home and host nations. Historical links between countries are often used as a source of similarity. One example would be the perceived closeness between the UK and US due to historical ties and this would lead to a degree of cultural closeness (Mariadoss, 2017). It would then theoretically follow that business ties between the US and UK would be similarly close. However, the reality is likely to be more nuanced. Linguistic similarities have been identified as a bond (Tokas and Deb, 2020); however, as English has widely been adopted as the global language this is possibly less relevant in the digital age. Deeper interpretations of cultural distance highlight the social norms and unspoken principles that shape daily interactions, and these ‘nearly invisible’ (Ghemawat, 2001, P.3) factors promote business and differences block it. These cultural factors are similar to the ones discussed in the cross-cultural business literature later in this Chapter – see Sections 2.2. and 2.3.

The second dimension, administrative distance, is a factor based on the legal and political between home and host nations in terms of institutional differences (Berry, Guillen and Zhou, 2010). These differences, such as laws and regulations, can act as a

barrier to business. However, similarities in approaches between two countries in these areas can be viewed as a facilitator of trade (Mariadoss, 2017). The original work on CAGE noted that the European Union is the leading example of a bloc which has led efforts to reduce administrative distance between partners. These include a common currency and political union (Ghemawat, 2001) which fosters trade.

The third dimension – geographical distance – identifies the actual physical distance between home and host countries as a dimension of distance. The greater the physical distance, the longer and more expensive it is to ship goods between the two. Ease of communications between two countries is another issue relating to distance. Virtual factors, such as time zone differences, which could delay communication are an important factor within this dimension. Quality of internet provision is also an important issue that falls within this category (Mariadoss, 2017). Ghemawat (2001) labels this as information infrastructure and also adds border physical infrastructure considerations, such as transportation and communication within each country could ease or restrict trade. Therefore, this dimension highlights issues of coordination due to spatial geography (Chakrabarti and Mitchell, 2016) and focuses on the role of geographical distance to enable or restrict both physical goods and intangible services alike.

The fourth dimension, or economic distance between a host and home country, is based on the differences between their national economic indicators. The greater the disparity between the two countries in economic development and technological capability. (Dow and Karunaratna, 2006) then the more the friction in trade relations will be. GDP per capita is often flagged as a key indicator of economic distance because similarities or difference in GDP per capita would determine purchasing power and disposable income. Similarities in these indicators reduce distance (Mariadoss, 2017). To sum up, rich countries tend to engage in more cross-border trade compared to their economic size than poorer countries (Ghemawat, 2001), although it must be noted that in a globalised world all nations present business opportunities to some extent. Also, when considering outward FDI, the attractiveness of a developed market could lead managers from emerging markets to overlook differences and distance (Li et al., 2017).

The CAGE framework has been applied in the literature to test a number of relevant factors including trade flows (Ghemawat, 2007), location choice mode of entry (Chin Lung and Wen- Fang, 2009) and export development (Malhotra et al., 2009).

Empirically, CAGE has also been applied to international trade and the cross-border trade flows between India and its major partners (Tokas and Deb, 2020). Tokas and Deb's (2020) research is based on trade figures over a 10-year period and the key distance factors found to impact trade are dependent on whether a company was operating in the manufacturing or service sector. In summary, linguistic similarity in particular was seen to aid trade, and this factor has significantly greater importance for businesses operating in the service sector trade. Other research has focused on different CAGE dimensions. Mukhopadhyay and Das (2020) explored the CAGE factors and their impact on bilateral FDI flows in a group of emerging markets at the macroeconomic level. Three CAGE factors – cultural, administrative, and economic factors – helped explain FDI inflows in the 15 emerging markets studied.

Li et al (2020) suggested that in cross border mergers that higher levels of cultural distance negatively impact the situation in the short term, however, may improve things in the longer term. Other research has tested the framework in a single industry – international tourism. Research has shown a positive relationship between single CAGE dimensions and tourist satisfaction. For instance, the literature shows that there is a positive relationship between CAGE dimensions, that is, geographical distance (Philips, 2020) and cultural distance (Manosuthi, Lee and Han, 2020) and satisfaction amongst tourists. Other research within the same sector has explored a broader concept of distance. One recent study adopts a measure of overall CAGE distances measure termed comprehensive distance. The findings indicate that comprehensive distance positively impacts satisfaction amongst tourists (Yang et al., 2022) Continuing on the theme of applying a comprehensive measure of distance, methodologically speaking, each CAGE dimension can be seen as interdependent, potentially suggesting a role for senior management to navigate distance when internationalising or leading acquisitions (Galdino, Gordon and King, 2022).

The dimensions tested and specific industry are clearly important issues when testing CAGE and, understandably perhaps, empirical testing tends to be dominated by China and India.

MNCs are seen, therefore, as internally differentiated organisations and their administrative form is a common research topic in the IB literature. The rationalist, economics derived approach dominates research and, consequently, a common view is

that headquarters remains powerful as the main distributor of resources, assuming the role of ensuring efficiency and exploitation in an economic sense of local opportunities (Nohria and Ghosal, 1994). Taggart (1997) noted that subsidiaries are closely controlled by HQ and that business information in the form of internal reports and monitoring ensures subsidiaries are aligned to HQ views. This alignment is an issue, because HQs do not assume automatic compliance by affiliates and are aware that a subsidiary may naturally seek to act in its own interests (Taggart, 1997). Early studies identified HQ 'control' which may be achieved via various procedures, such as setting budgets and perhaps overseeing appointments in subsidiaries of key personnel (Perlmutter, 1969). Therefore, strategy may be 'integrated' to meet local demand and may well see host markets as valuable opportunities, but the centre (HQ) continues to dominate the group's activities. It may well be, therefore, that this centralised control is simply a control mechanism to ensure the interests of the group, as perceived by the HQ, prevail. However, as the literature has developed it has become increasingly recognised that MNC structure is evolving and that the HQ / affiliates no longer enjoy a straightforward dyadic relationship because larger MNC groups have become truly global, both geographically and in goal setting (Ghoshal and Bartlett, 1990). As local markets continued to grow in size and importance and the world globalised, research also shifted to more proactively incorporate the local perspective. In hindsight, it seems a little regressive that notions of HQ dominance of hosts and strict control over affiliates remained assumptions as late as the 1990s.

### **2.12.2 International Business - The rise of the voice of the subsidiary**

As the literature has continually evolved, a number of studies have highlighted the role of the local subsidiary in MNC strategy. Paik and Sohn (2004), for example, built on Ghoshal and Noria's (1989) framework and focused on an integrative administration approach in which subsidiaries make a significant contribution to strategy. In contexts where local markets 'differ' from a MNC's HQ base or home country, a strategy needs to be altered for the local market strategy must be adapted to fit local and legal expectations. Local responsiveness is influenced by contingencies at the sub-unit level, suggesting that host country management plays a critical role in the adaptation of strategy. Therefore, the assumption is that strategy is a top down driven plan, although there is a recognition that local managers are actively involved rather than the traditional centralised view of dominant HQ management. In contrast to earlier studies which suggested that standardised internationalised strategy benefits MNCs through

economies of scale, the emphasis is shifting to the benefits of integration and the rise of local affiliates. Begley and Boyd (2003) found that an integrated internationalisation strategy led to efficiencies via process innovations and responsiveness to local markets. Such efficiencies benefit the MNC and offer an alternative to simply prioritising economies of scale, which was the classical earliest view of MNC strategy as envisaged by scholars such as Prebisch (1959).

Jarillo and Martinez's (1990) model analyses strategy at the MNC subsidiary level, placing the emphasises on the affiliate's perspective in strategy formation. This represents a shift in attention away from models such as the integration/ national responsiveness approach (Bartlett and Ghohsal, 1998) which analysed strategy from an HQ level perspective. In contrast, Jarillo and Martinez (1990) propose a two-dimensional model to categorise strategic contributions from MNC subsidiaries. The first factor is the scope of activities undertaken by an affiliate in a host county. This includes operational activities, such as research and development or manufacturing, which are increasingly undertaken at the local level. The second factor in the model is the level of integration between the activities undertaken locally and those undertaken by the rest of the group. The two dimensions are independent of and inform each other. Activities undertaken in host countries may be independent of the activities of the rest of the group. Three roles are then identified. The first type of affiliate is an 'autonomous subsidiary' which describes an affiliate that carries out varied activities independently from the rest of the group. The second type of subsidiary is a 'receptive subsidiary' which describes an affiliate which undertakes a limited number of activities, such as sales and marketing. The third type is an 'active subsidiary' which is an affiliate which performs a wide scope of activities and does so interdependently with other subsidiaries or headquarters. Active subsidiaries are in a strong position to shape MNC strategy and, whilst this approach recognises the role of the subsidiaries in overall strategy, it proposes a generalizable framework to apply to all firms which is limited. Whilst the emphasis of the research outlined above remains on the structure of MNCs, namely the headquarters-subsidiary distinction, as the literature evolved the subsidiary voice within it grew, resulting in an increased recognition of the importance of local factors when operating globally.

Following on from the above, another approach to analysing the power balance and natural tensions between headquarters and subsidiaries is to frame these within resource

dependency theory (Lee, 2022; Pfeffer and Salancik, 2003; Rao, Brown and Perkins, 2007) and agency theory (Lee, 2022). Resource dependency holds that organisations primarily succeed due to effective management of resources within their external environment, and subsidiaries can be deemed as a resource. Agency theory – in economic terms – is the concept that there is an inherent moral hazard due information asymmetry (Linder and Foss, 2013) between principals and agents. When applied to headquarter-subsidary relations (Kostova, Nell and Hoenen, 2016), this would suggest control from the centre is the obvious method for reducing this risk. Application of agency theory to the research context of the present research can be viewed as a development of the Transaction Cost Economics (TCE) perspective – see Section 2.2.3

### **2.12.3 International Business - Towards a Practice Theory of the subsidiary's role in strategy**

Localisation of strategy can be seen as a growing trend within MNCs, but there is a debate about the internal structure that leads to this. Strategic contributions from subsidiaries assume autonomy (Bartlett and Ghoshal, 1998). Subsidiary ‘initiative taking’ (Rugman and Verbeke, 2001) has been linked with product development, investment and mergers and acquisitions. The assumption here is that if subsidiaries take the initiative, then strategy can be influenced from the local level as these elements of strategy represent significant strategic contributions. Therefore, MNCs now appear to be more receptive to ‘bottom up’ influences than the early literature suggested (Cantwell and Mudambi, 2005; Rugman and Verbeke, 2001). However, whilst localisation of MNC strategy also suggests that subsidiaries can be seen as influential actors in their own right (Birkinshaw, Hood and Jonsson, 1998), the outcomes and impact of this localised influences in a particular context is not entirely clear (Schweizer, Lagerstrom, and Jakobsson, 2020).

Therefore, there have been calls in the literature for localised views based on the micro political negotiations of actors in an MNC, and this would certainly represent a development beyond the positivist mainstream approach which has previously dominated research in this area (Geppert and Dorrenbahr, 2011). Practice theory has now been introduced to the IB literature on MNC studies by Bjerregaard and Klitmoller (2016) who applied it to HQ / affiliate practice sharing. This represented a break from extant studies that took the MNC subsidiary as the unit of analysis and viewed policy transfer within MNC groups as outcomes as an inter-unit relationship. Therefore, the

previous limited recognition of the localised perspective, in the sense that local contributions to strategy were centred at the subsidiary level of analysis, evolved to a practice theory focus on the 'actor.' This alternative approach introduces the potential for new insights from research on how transfer 'is shaped by actors' immersed in differential situatedness in the immediate societal context of the subsidiary' (Bjerragaard and Klitmoller, 2016, p.1271) namely subsidiary staff. Bjerragaard and Klitmoller (2016) shift the focus of studying how practices are formed in MNCs to 'intra unit conflicts in a new approach that highlights the importance of how subsidiary actors may 'accommodate, support or even resist' HQ mandated practices (Bjerragaard and Klitmoller, 2016). Therefore, studies adopting a practice theory perspective represent a break from the positivist approach which dominates research into MNC strategy to the extent that a new focus on the role of employees or actors would highlight how situated actors shape group policy locally. From a practice theory stance, the early HQ-focused work in IB research, as well as the later IB studies that introduced the notion of the importance of meeting the needs of local markets, are limited by the fact that they overlook the significance of the input of MNC staff in everyday work and how this may help shape strategy.

### **2.13 Summary: International Business**

To sum up, the IB literature forms an important part of the theoretical framework of the thesis, along with the strategic management and cross-cultural studies outlined in the preceding chapter and earlier in this chapter. The IB stream of research offers insights and helps explore how local influences shape strategy in MNCs, one of the key aims of the thesis. The early IB literature includes typologies relating to the internationalisation strategies of MNCs, with a focus on strategy maximisation, the adaptation of strategy and headquarters-subsidiary relationships (Perlmutter, 1969). Later typologies, whilst largely sharing same underlying assumptions as this early work, added a greater awareness of the role of subsidiaries within the overall MNC group (Bartlett and Ghosal, 1998; Prahalad and Doz, 1987). Later IB work began to account more for the complexity of MNC structures and the growth of the emerging markets within which they operate (Ghosal and Bartlett, 1990). This could be seen as paving the way for the introduction of a practice-based approach to researching MNC strategy (Bjerragaard and Klitmoller, 2016). This differs significantly in approach from the quantitative, positivist approaches that preceded it and opens the potential for new research avenues exploring how individual 'actors' may make contributions to strategy. Therefore, these competing



perspectives set the scene for the later research phase of this thesis by informing the interviews undertaken in the field (Chapter 3) and the subsequent discussion and conclusions drawn from them (Chapters 4 and 5).

## Chapter 3

### Research methodology

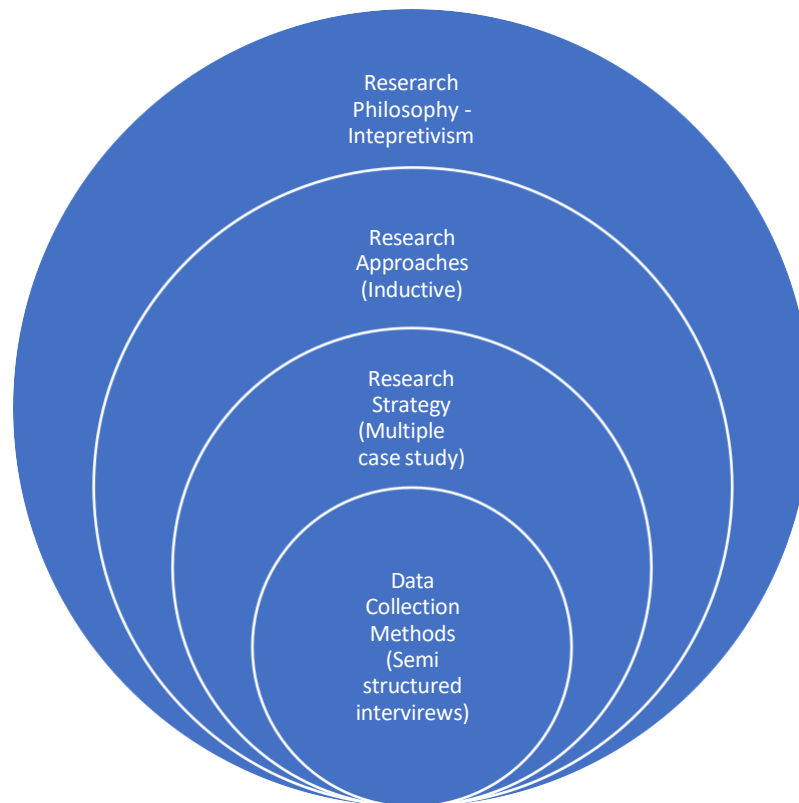
#### **3.1 Introduction – Research methodology**

The purpose of this Chapter is to discuss the philosophical stance, methodology and approaches to data collection and analysis adopted to answer the research question and meet the research aims outlined in Chapter 1. In doing so, an interpretivist ontology is adhered to and a multiple qualitative case study (Yin, 2003) is employed to underpin the study. This is supported by data generated in the field by way of interviews with practitioners at MNC subsidiaries and triangulated with secondary sources, such as company reports. The data were subsequently analysed using thematic analysis (Braun and Clarke, 2006) which informs the subsequent findings and discussion section of the thesis – see Chapter 4. In addition, this chapter also details the sampling approach, the role of the interviewer, quality measures undertaken, and ethical issues related to the research. In summary, the approach to the research process adopted in this thesis is summarised in Figure 4.1 below which presents the building blocks of the research process used during the research stages of the thesis.

#### **3.2 Research philosophy**

Research philosophy refers to a system of beliefs and assumptions about the development of knowledge (Saunders, Lewis and Thornhill, 2009). Broadly speaking, there are two main paradigms influencing research, namely, positivism and social constructivism/ interpretivism (Easterby-Smith, Thorpe and Jackson, 2012; Guba and Lincoln, 1994). As competing approaches, these two paradigms differ in terms of their ontological-and epistemological assumptions and the research methods that they apply. As outlined below, this thesis employs a qualitative research approach based on the philosophical position of constructionism.

**Figure 3.1:** The research process – the research ‘onion’



**Source:** Adapted from Saunders, Lewis and Thornhill (2009)

### **3.2.1 Research philosophy: Ontological approach**

The ontological position adopted during research is a crucial part of the research process, not least because a researcher’s stance on the nature of reality ‘determines the research approach and the ultimate data collection method’ (Abdel-Kalik and Ajinkya, 1983: p.379). There are two principal ontological approaches in research: firstly, positivism (realism), and secondly, constructivism (relativism), and this thesis adopts the latter. Ontology has been taken to mean the nature of what is ‘knowable’ or of ‘reality’ (Guba, 1990). In other words, ontology is concerned with reality and the assumptions that a researcher makes about the nature of reality.

From the positivist perspective, reality exists ‘out there’ and is determined by natural laws and mechanisms. This objective world view is closely associated with research in the hard sciences and is based in the belief that observation and measurement can lead to the discovery of fundamental laws which are ideally causal and generalisable. Putting it another way, objectivism assumes that an entity under investigation adheres to an external objective reality independent of the researcher’s awareness (Bryman, 2016). As

Easterby-Smith, Thorpe and Jackson, (2012, p.22) summarise, ‘the social world exists externally, and... its properties should be measured through objective method’; hence, an objectivist stance is more suited to quantitative study. To summarise, positivism seeks ‘the truth’ and views it as ‘something that describes fact’ (Bleiker et al., 2019, p.55). Moreover, the assumption that positivists make is that the entity under investigation adheres to an external objective reality independent of the researcher’s personal awareness (Bryman, 2016).

In contrast, for constructivist researchers, there is no single reality to be discovered. Rather, there exist multiple realities which reflect how individuals understand and make sense of their world; hence, reality is conceptually constructed and originates from human ideas and conversations (Maki and Maki, 2001). Constructivism does not aim to discover the causal mechanisms behind phenomena and this perspective argues that theory should describe observable things and events in the world (Hands, 2001). Therefore, according to constructivists, ‘the truth’ is something which is ‘socially constructed through interactions between people; reality is subjective’ (Bleiker et al, 2019, p.55).

This present study explores the individual perspectives of practitioners working at subsidiaries of global banking MNCs based in Istanbul. The lived ‘reality’ of each contributor to the research will differ. Therefore, the use of a relativist ontological approach is consistent with this study which aims to explore and explain MNC strategy by gauging practitioners’ perspectives on the topic of strategy.

### **3.2.2 Epistemological approach**

Having considered the two main ontological approaches to research, this sub-section now reviews alternative approaches to epistemology. Epistemology can be defined succinctly as ‘the study of knowledge’ (Bleiker, et al., 2019, p.55). According to Easterby-Smith, Thorpe and Jackson (2012, p.31), epistemology can be seen as a set of assumptions with regards to the ‘best ways of inquiring into the nature of the world’. In other words, it is concerned with how we know what we know or, as Guba and Lincoln (2004) suggest, the epistemological question focuses on the potential nature of the relationship between the knower or would-be knower and what can be known. It therefore also establishes the theoretical underpinnings of an inquiry’s methods subsequently adopted within the research process.

The two main stances, positivism (objectivist) and social constructivism/ interpretivism (subjectivist), inevitably differ considerably in their epistemological approaches. On the one hand, positivists view the world as external to the self and believe that it may be measured objectively, rejecting the need for intuition or reflection. Hence, a detached, non-interactive epistemological position is adopted; the positivist researcher believes that objective detachment could assist in finding ‘how things work’. The usual domain of this approach which is termed objectivist is studies centred on the natural world. (Bleiker et al., 2019, p.55). On the other hand, researchers following the interpretivist paradigm or ‘subjective regulation’ (Burrell and Morgan, 1979, p. 22) seek to explain phenomena from an individual’s subjective viewpoint. Their epistemological position is that knowledge emerges from their interpretation of their subjective interactions with research participants. Therefore, this ‘requires the social scientist to grasp the subjective meaning of social action’ (Bryman, 2016, p.12-13). Researchers adopting a subjectivist approach view participants as ‘actors who play a role in the construction of reality’ and this assumption is ‘often adopted by researchers to study the social world’ (Bleiker, et al., 2019, p.55).

Returning to the present study, gauging the subjective opinions of subsidiary staff in the field acknowledges that knowledge is acquired by generating nuanced understandings of a phenomenon – strategizing through in-depth discussions with participants during the semi-structured interviews. Therefore, a constructivist epistemological stance is adopted which is consistent with this type of research.

### **3.3 Research strategy - Multiple case study approach**

As established in the introduction to this chapter, the research in this thesis applies a multiple case study design (Eisenhardt, 1989) using semi-structured interviews with banking practitioners as the primary data collection method, supported by the use of secondary sources of data. This sub-section outlines and justifies the adopted research strategy.

A multiple case study approach offers several key advantages which render it a suitable choice for this type of study. Primarily, it offers a level of ‘commonality’ as it allows for the repetition of interviews in the same format / asking the same questions, thereby resulting in the comparability of interviewee responses across cases. Thus, in

turn, it potentially strengthens confidence in the qualitative data generated. In other words, by repeating the research over ‘multiple cases’ – in this case, five MNC subsidiaries – the approach delivers ‘direct replication’ and, as a result, means that ‘analytical conclusions aris[e] independently’ (Yin, 2003) that allow for patterns to be drawn at the findings stage. At the same time, case studies are an appropriate choice for studying the workplace, such as MNC subsidiaries, because they can be used to study practitioners and may be used to deal with real management situations (Gibbert et al., 2008). In addition, in terms of research question and topic, Eisenhardt (1989) notes that multiple case studies are effective for answering questions of ‘how’, ‘why’ and ‘what’ relating to ‘big picture’ research questions or broad inquiries. Therefore, the multiple case study approach is in keeping with the overall aim of this thesis-which, as established in Chapter 1, is to explore strategy formulation in MNC subsidiaries, because it is an empirical method aimed at investigating contemporary phenomena in their context (Robson, 2002).

More generally, case studies can be used to gain rich insights from exploratory studies of organisations. Yin (2017) views a case study as research into real life context, especially ones where boundaries between the phenomenon itself and context are not clear. This suggests an exploratory case study approach is suitable for the topic of strategy formulation and may potentially offer an advantage of uncovering insights in such real-world contexts. In addition, ‘case studies help to identify and explore processes’ (De Jong and Van-Vo, 2010) and this also makes the approach appear suitable for investigating strategizing. Similarly, Saunders, Lewis and Thornhill (2009) suggest that case studies allow the creation of an in-depth understanding of a ‘context’ and ‘processes being enacted’ and are, therefore, a suitable match the topic in this study. Additionally, given that this thesis also explores the influence of local factors on subsidiary strategy, a multiple case study represents a good foundation as ‘the interaction between a phenomenon and its context is best understood through case studies’ (Dubois and Gadde, 2002).

Therefore, returning to the chosen philosophy to underpin the research, an interpretive case study allows the researcher to interpret a phenomenon from the participants’ own understanding of their context (Klein and Myers, 1999). As previously determined, this allows the researcher to study strategy from the interviewees’ perspective, potentially generating valuable insights that the unique interpretations of subsidiary employees can

offer. There are further strengths that make this approach useful in studying strategy in this particular context – global banks operating in Turkey. Case studies permit the investigation of broad and complex social phenomena (Bonoma, 1985). Strategy in MNCs may be deemed ‘complex’ due to the interaction between a home country HQ and host subsidiary and such ‘complex situations’ may be better understood and in greater depth by using case studies (Easton, 2010). Furthermore, case studies permit the use of a variety of data collection techniques, particularly of secondary sources to support the data generated from the semi structured interviews. This includes reference to data from internal reports and those published by the banks in the case study. Moreover, World Bank and government statistics are also options which increase the scope for a researcher to draw findings.

Nevertheless, as with any research strategy, a qualitative multiple case study approach has limitations. Positivists may view case study research as lacking in rigour and objectivity in comparison to other social research methods (Rowley, 2002). The basis of this criticism is the realist ontology which assumes that there is a single ‘truth’ or reality. Therefore, qualitative research based on relativist ontological and constructivist epistemology foundations may be viewed as producing results which lack generalisability. Such criticisms must be considered when undertaking research, although it may simply be a case of a particular researcher’s chosen stance and the research phenomenon. Steps can be taken to help counter the ‘rigour critique’, and the measures employed to do so in this study are outlined below in Section 4.6.1. Another possible limitation of qualitative case studies is that sample sizes are often smaller than quantitative research utilising questionnaires, data sets, or other large scale statistical methods. This also feeds into the positivist viewpoint that quantitative research is more rigorous than qualitative. On balance, however, it is argued here that the strengths of a multiple case study far outweigh the drawbacks in this study, and that it is an appropriate choice to generate a nuanced view of a specific context. Having outlined the rationale for selecting multiple case study design, this chapter now describes and justifies the sampling and data collection processes.

### **3.4 Sampling**

This research applies a non-probability purposive sampling approach – critical case and snowball sampling – which are types of non-probability types aiming to ‘sample cases / interviews in a strategic way’ (Bryman and Bell, 2011, p.442). Non-probability

sampling is often used in exploratory studies, such as this thesis, which explore ‘developmental questions’ (Jager et al., 2017). When designing a case study, it is essential that there are clear criteria for the inclusion and exclusion of cases (Patton, 2002). Two specific criteria underscored the sampling in this study. First, each case should be a subsidiary of an international MNC which, second, should be operating within a particular industry, namely, the international banking sector. Therefore, the population is a specialist one, namely: subsidiaries of international banks operating in Turkey. Studying multiple cases / subjects within one geographic location and business sector allows subsidiary strategy formulation processes to be compared ‘across’ cases. Therefore, to investigate strategy formulation in MNC subsidiaries, the sample fittingly consists of banking subsidiaries in Istanbul, which allows for an analysis of similarities and differences in strategy and strategy formulation processes within the five banks selected by the researcher – see Table 3.1 below. As outlined in Chapter 1, global banks are strong contributors to foreign direct investment in Turkey and offer a vehicle from which to study strategic formulation and particularly the influence of local factors. Therefore, the five cases – international banks operating subsidiaries in Istanbul – were selected by the researcher on a critical case sampling basis. An additional benefit of this is that each case potentially offer insights into the others in the study and, in turn, the whole banking sector. The approach raises the notion that ‘if it happens there, will can happen anywhere?’ (Etikan, Musa and Alkassin, 2016, p.3).

Similarly, interview participants were selected by purposive sampling based on the criteria that they were employees at the Istanbul based subsidiary of one of the five international banks chosen by the researcher for the case study. Purposive sampling requires the researcher to identify and select individuals who are well-informed with the phenomenon studied (Etikan, Musa and Alkassim, 2016). Therefore, in keeping with this study’s aim of exploring a particular context, all respondents were drawn from the field of study – MNC banks in Istanbul.

A mixture of seniority of participants between senior management, middle management and graduate entrant was sought. This was to ensure a variety of perspectives from employees who were knowledgeable about the research topic as subsidiary staff in the field. The pilot interview was undertaken with a Director at one of the subsidiaries who



was a contact from the researcher's personal network. Subsequently, participants were recruited by either asking the participants themselves to recommend contacts from their own networks or through networking by the researcher on LinkedIn. Therefore, the primary approach to recruiting participants was snowball sampling whereby the researcher asked participants to recommend or suggest people who met the target characteristics established above and who might potentially be prepared to take part in the research. Snowball samplings is an effective way to access participants, in this case subsidiary staff who may otherwise be difficult to reach due to their heavy workloads and sensitivity to confidentiality around the topic of strategy. Therefore, access to participants was attained 'bit by bit' (Quinton & Smallbone, 2006, p.53). To sum up, a total 30 subsidiary staff of differing levels of seniority were interviewed across five international banks which operate Turkish based subsidiaries – see Table 3.1, and the demographics of the interviewees is outlined in Table 3.2.

To expand on the above, the inclusion of a mix of seniority levels – junior, middle, and senior management roles – is an important element of the research approach. This approach ensured that interviewees represented a broad spread of seniority within the hierarchy of each bank or case studied. This was achieved by interviewing respondents who were a mix of senior management, middle management, or junior management at their respective employers. As discussed in Chapter 1, interviewees worked at one of the five cases studied. Each case represents one of the major international banks operating in Istanbul. The focus of this study is specifically on strategy within the context of MNC banks in an emerging market – Turkey. To summarise, the approach ensured that views and perspectives on strategy are captured from differing levels within the hierarchy – from graduate trainees to Director level – across five organisations in the chosen context of study.

Capturing different perspectives on strategy in the field also highlights the differing assumptions between the different approaches to strategy – see Chapter 2. The mainstream perspectives assumes that senior management dominates the area of strategy in the organisation. Viewpoints differ depending on level of seniority (e.g., Jackson, 2020). It follows from this assumption that senior management would have more knowledge of the topic having had greater exposure to and influence on strategy due to their seniority.

In contrast, the alternative Strategy as Practice (SAP) view takes a different stance and emphasises the role of bottom-up strategic contributions (Golsorkhi et al., 2010). In practice, this means middle managers and junior managers could play a role in strategy. As previously discussed in Chapter 2, a large volume of studies from an SAP perspective focus on the micro level perspective which posits that strategy contributions are partly a bottom-up phenomenon (Jarzabkowski and Spee, 2009; Jarzabkowski, Burke and Spee, 2015; Vaara and Whittington, 2012; Whittington, 1996). In keeping with its Practice Theory roots, and in a way that differs considerably from the economics derived mainstream strategy approaches, SAP sees strategy as a ‘situated and socially accomplished activity’ (Jarzabkowski and Spee, 2009, p.2).

An important component of the SAP perspective is strategizing, which refers to strategy work (Vaara and Whittington, 2012) which is the practices and processes from which strategy is developed, renewed or implemented in the field. These are viewed as the micro-level job mundane activities that an employee might undertake either formally or informally whilst at work which may construct and enact strategies (Whittington, 1996). Strategy occurs within the ‘space’ (Jarzabkowski, Burke and Spee, 2015) of an employee’s workplace as they construct patterns of action (Jarzabkowski, Kavas, and Krull, 2021).

It follows then that all practitioners, and not just the senior management team, could possibly make strategic contributions in the field, hence the inclusion of practitioners from different levels of the hierarchy within the banks included in this thesis.

It is important to recognise that non-probability purposive sampling approaches, such as critical case or snowball sampling, have their limitations. For example, quantitative researchers aiming to produce generalisable results would argue that it offers ‘less clear generalisability than probability samples’ (Jager et al., 2017, p1). Certainly, the alternative approach of probability sampling would provide an unbiased sample in order to represent the target population of the study to yield generalisable results. However, the purposive sampling adopted here is appropriate to the research objectives, and no claim is made for generalisability. Moreover, the chosen approach is suitable in studies with a narrowly defined populations such as this thesis which targets subsidiary staff in financial service sector MNCs based in Istanbul.

Having established the study's approach to research philosophy, methodological stance and the sampling approach outline above, the next section details data collection.

### **3.5 Data Collection**

#### **3.5.1 Semi-structured interviews**

The principal data collection method in the thesis comprised 30 semi-structured interviews conducted with a variety of senior, mid-level, and graduate entry level employees at the subsidiaries of five international banks operating in Turkey. In the simplest terms, interviews seek to elicit interviewees' interpretations of their experiences and their understanding of the world in which they live and work' (Rubin and Rubin, 2005, p. 36). More specifically, interviews allow participants to express their individual perspectives on the social phenomenon being researched (Saunders, Lewis and Thornhill, 2009), which is essential when researching a complex process such as strategy and the impact of local factors on MNCs. Therefore, interviewing respondents is an interactive method of generating research data. Interviews promote specialised conversation forms regarding the social world (Weinberg, 2002). This fits with the concept that practices are socially embedded and the fact that employees' perspectives can be vital in shaping strategy, suggesting that interviews produce data which is valuable at the data analysis phase of the thesis.

There are several different types of interviews, and the option used by researchers varies depending on the extent that questions may be determined before an interview takes place (Patton, 2002). As established above, semi-structured interviews are employed in this thesis due to their notable strengths as a data collection method. This type of interview may produce responses that are high in terms of comparability, in that responses from interviewees can be compared for patterns – for comparison purposes, data are obtained for each respondent on the same topic through the use of the same questions, an approach which also limits interviewer effect and bias (Patton, 2002, p. 349). Nevertheless, it must be acknowledged that as every interview is unique and the interview schedule – see below– comprises both open and probing questions, each response is also likely to be vary. However, this may be considered a strength because this variety may lead to deeper insights. Therefore, the interviews with practitioners were undertaken following Yin's (2017) 'semi-structured interviews' approach. As Riley et al. (2000) elaborate, semi-structured interviews involve an interviewer asking a series

of questions in the form of an interview whilst keeping the option to vary the sequence of questions in a format that gives the interviewer the opportunity to be quite freewheeling. In terms of question design – as Eisenhardt (1989) notes about case study approaches and research questions – semi-structured interviews also explore ‘why’, ‘how’ and ‘what’ questions (Saunders, Lewis and Thornhill, 2019) which themselves form the basis of exploratory studies, such as this thesis.

Patton (2002, p. 346) outlines a number of advantages of using semi-structured interviews. First, the exact ‘instrument’, that is, the interview schedule, is available as a guide to researchers and respondents. Second, in situations where different interviewers are used in the research, variations amongst researchers should be minimised; this, however, does not apply to this thesis because all the interviews were conducted by the author. Third, the interview is focused, in that it follows a schedule, so that the interviewee time is used efficiently. This may be an advantage when dealing with people working to tight time schedules. In this study, the interviews lasted on average between 45 minutes and one hour. Lastly, the ease of comparing responses between the interviews that repeated interviews offer facilitates analysis which is useful if multiple cases are being examined. A further advantage of semi-structured interviews is that they encourage free format responses from respondents; they provide answers based on their own assumptions and mental models (Rubin and Rubin, 2005). Therefore, insights can be gained into the respondent’s perspective on an issue by gauging their views. Rubin and Rubin (2005) suggest that interviewing analogous people in each case serves to heighten comparability between the data from the interviews undertaken. This study therefore sought to interview respondents holding similar positions, albeit at multiple levels of seniority and in different subsidiaries.

In terms of structure, the interviews themselves were organised into different stages: (i) the introductory section; (ii) pre-formulated questions – from the interview schedule; and (iii), the closing stage of the interview. The introductory part of the interview covered ethical issues, such as consent, privacy and the protection of the interviewee (Denzin and Lincoln, 2008, p.142). In addition, at this stage interviewees could introduce themselves, confirming job title and role. During the interviews with subsidiary staff, it was particularly important to highlight the measures taken to ensure anonymity – such as the use of synonyms and redaction – because confidentiality was such an important issue for participants. The next stage of the interview was the pre-

formulated questions as outlined on the interview schedule. During this stage of the interview, the questions aimed to gauge practitioners' views on strategy in subsidiaries and to delve into local influences on strategy. The final stage of the interviews involved closing the interview, providing participants with the opportunity to ask any questions or seek clarification if needed.

Interview guides provide a systematic framework from which to explore the research themes by undertaking in-depth interviews (Bryman et al., 2016). The interview guide used in this present research is influenced by the research question - *what are the key influences on strategy development within the context of MNCs subsidiaries?* - and the literature on strategic management, culture and international business reviewed in Chapters 2.

To capture as much information as possible, the design and format of the questions in the interview guide were heavily influenced by Kvale and Brinkmann's (2009) advice on interview questioning, particularly adding follow-up questions as and when necessary to keep dialogue flowing between the interviewer and the interviewee to encourage detailed responses. (See interview guide below)

The interview guide, therefore, consists of the following questions:

### **Section A: Introduction**

1. Please can you describe the main duties and responsibilities in your role?
2. When did you join the organisation?
3. Please could you recommend or forward me any company documents that you feel are relevant to my thesis?

### **Section B: Strategy Formulation Process**

4. How would you describe what strategy is? (for example, “any” strategy - operations strategy, IT strategy, Marketing Strategy, Human Resource Management, strategy etc)
5. What, in your opinion, do companies understand by the term strategy?
6. How is strategy created in the company? (Please describe any meetings, conferences, announcements, or forms that are used.)
7. Can you tell me about any informal situations that may lead to strategy formulation? (for example, non-work-related conversations etc.)

### **Section C The role of ‘practitioners’ (Structure and Agency)**

8. Does company strategy change frequently or is it quite stable?
9. Can you tell me about a time when strategy changed in your organisation?
10. Can you tell me describe the processes for changing strategy in your organisation? (Please describe any team meetings, conferences, announcements, or forms that are used.)
11. Do internal issues cause strategy to change?
12. Do external issues cause strategy to change?
13. Does staff turnover impact on strategy?
14. Who in the organisation decides company strategy?
15. In the past has strategy achievement been a result of good planning or down to good luck?

**Section D: The MNC organisational structure (Subsidiary - local factors and Head Office)**

16. Can you tell me about a time when your head office decided strategy?
17. Can you tell me about a time when your subsidiary in Turkey decided strategy?
18. Do you see Turkey as a unique market in terms of strategy?
19. If you had an unlimited budget, what strategic priorities would you most like to see in your organisation?
20. Which one company do you see as a role model in terms of its strategy? And how...
21. In your view, which strategy will be the most important in the future?

**Section E: The concluding stage**

22. Is there any questions that you would like to ask me?
23. Is there anything else about the topics discussed that you would like to add?

Due the timing of the interviews, which coincided with the Covid-19 outbreak and consequential travel restrictions, the semi-structured interviews were conducted via Zoom, the video conferencing software. This proved to be highly effective and convenient. The interviews were digitally recorded and transcribed by the researcher. In addition, the researcher took notes by hand during the interviews and gathered them in the same folder which helped create a focused atmosphere during interviews (Yin, 2017). The transcriptions were uploaded into NVivo 14 which allowed the formation of early stage NVivo nodes or ‘initial codes’ using open coding which were later refined into named themes (Braun and Clarke, 2006) – see section 4.7. The resulting themes are discussed in detail in Chapter 4.

As previously discussed, a total of 30 interviews were conducted with practitioners working at subsidiaries of international banks operating in Turkey and the breakdown is as follows (Table 3.1). The interviews continued until saturation was reached at which point additional data failed to add further insights (Bryman and Bell, 2015).

**Table 3.1:** Overview of the interviews

Case Number	Bank	Number of Interviewees
1	Gold Bank (Gd)	4
2	Palladium (Pd)	6
3	Platinum Bank (Pt)	6
4	Rhodium (Rd)	7
5	Silver Bank (Sil)	7

To sum up, semi-structured interviews are a data collection method which provides a ‘richness’ of data (Riley et al, 2000: p.129). This is because they can provide insight into the ‘meaning’, ‘feeling’ and ‘values’ of individuals and groups, in the case of this thesis MNC subsidiary staff. Therefore, this type of interview may give explanatory insights into topics clarifying how interviewees conceptualise topics (Riley et al, 2000: p.129) which helps gauge their perspectives. It follows that this form of data collection may allow the researcher to create a deeper understanding of the research subject and collect additional information (Bryman, 2012). Interviews also allow participants to reply in their own way and words, and this in turn allows participants to express their opinions freely.

The demographic information for the participants is outlined in Table 3.2 below.



**Table 3.2:** Demographics of the participants

Participation ID Code	Employer	Seniority Level of Management Role Held	Highest Level of Education
I	Silver (Sil)	Senior Management	Masters
II	Platinum (Pt)	Middle	Bachelor
III	Gold (Gd)	Senior	Bachelor
IV	Gold (Gd)	Middle	Bachelor
V	Rhodium (Rd)	Senior	Masters
VI	Rhodium (Rd)	Senior	Masters
VII	Rhodium (Rd)	Junior	Masters
VIII	Platinum (Pt)	Senior	Masters
IX	Rhodium (Rd)	Junior	Bachelors
X	Rhodium (Rd)	Senior	Masters
XI	Palladium (Pd)	Middle	Masters
XII	Palladium (Pd)	Senior	Masters
XIII	Platinum (Pt)	Middle	Masters
XIV	Palladium (Pd)	Junior	Bachelors
XV	Silver (Sil)	Senior	Masters
XVI	Silver (Sil)	Junior	Masters
XVII	Silver (Sil)	Middle	PhD.
XVIII	Palladium (Pd)	Middle	Masters
XIX	Platinum (Pt)	Middle	Bachelors
XX	Gold (Gd)	Junior	Bachelors
XXI	Platinum (Pt)	Senior	Masters
XXII	Gold (Gd)	Middle	Masters
XXIII	Palladium (Pd)	Senior	PhD.
XXIV	Rhodium (Rd)	Middle	Masters
XXV	Rhodium (Rd)	Middle	Masters
XXVI	Silver (Sil)	Senior	Masters
XXVII	Silver (Sil)	Senior	Masters
XXVIII	Palladium (Pd)	Middle	Masters
XXIX	Silver (Sil)	Middle	Masters
XXX	Platinum (Pt)	Junior	Bachelors

Having discussed the primary data collection method, semi structured interviews with subsidiary staff in Istanbul, the next section will outline the secondary data used in the thesis.

### **3.5.2 Secondary data**

This section outlines the secondary data used in the thesis, which plays a supporting role to the primary data gathered in the semi-structured interviews. The secondary data used comprised of organisational websites and reports from the banks. Moreover, various statistics from the World Bank, UK government and Turkish investment office are also referenced in Chapter 1.

The issue of triangulation is important in empirical research; the basic principle is that it is an option for researchers to use in order strengthen the validity of their research.

Given the broad and rich nature of qualitative research, triangulation is there to support it and debatably to add precision. Therefore, data source triangulation involves using multiple sources of data and/ or collecting the same data at different times (Stake, 1995). This thesis uses organisational documents to supplement the findings from the semi-structured interview; moreover, the interviews themselves were undertaken with multiple interviewees at different organisations as part of a multiple case study approach.

The data gathering approach outlined above resulted in a substantial volume of data being generated allowing the researcher to form patterns from different sources. These materials consisted of annual reports, internal reports and information published on each local subsidiary's website. These corporate documents are a valuable source of information, because they allow researchers to develop thick description of the phenomena and a retrospective account of chronological organisational events (Suddaby and Greenwood, 2009). In the case of this thesis, a combination of all these data sources allowed insights to be drawn into strategy at the subsidiary level and HQ.

The main advantage of documentary analysis of secondary data is that it may be used to triangulate and synthesise data with the primary research findings (Bowen, 2009), thereby, potentially offering new insights to support those attained from the primary data. Yin (2017) notes that documentary analysis is often used with case studies and various types of documents, such as, internal records, websites, reports etc are used in

case studies to support and corroborate evidence for different data sources (Saunders, Lewis and Thornhill, 2019; Yin, 2003). During the interviews respondents in this study were invited to suggest internal or publicly available documents that might assist the research – respondents commonly referred to their organisation’s website.

### **3.6 Research Quality**

#### **3.6.1 Research Quality Measures**

Adopting measures to maintain research quality is of great importance to researchers because it has been cautioned that ‘without rigor, relevance in management research cannot be claimed’ (Scandura and Williams, 2000, p. 1263). It is important to note that each type of research method has what can potentially be viewed as ‘inherent flaws’ (Scandura and Williams, 2000, p. 1249) and, therefore, measures should be taken to limit them, regardless of whether the research undertaken is qualitative or quantitative in nature. Positivist researchers from a naturalist stance typically use various approaches to ensure the rigor of their research, and the terminology they use is familiar to researchers; generalisation, validity and reliability are terms that dominate research methods courses and textbooks (e.g., Bryman, 2016) and these terms originate from a deductive approach utilising quantitative methods in order to support the quality of this stream of research.

However, the notion of research quality applies equally to qualitative research, although the terminology used differs substantially. For context, it is essential to bear in mind that, by its very nature, qualitative research is subjective and contextual (Whittenmore, Chase and Mandle, 2001). This means that qualitative researchers tend to strive for a measure of quality known as ‘trustworthiness’ (Eisner, 1991) as opposed to the measures of validity or reliability that are typically associated with quantitative research. To ensure that this thesis attains trustworthiness, factors such as credibility, dependability and transferability (Sinkovics, Penz and Ghauri, 2008) are all measures of research quality that were considered and for which appropriate steps to attain them were put in place during the study. Considerations of quality are outlined considering terminology associated with both qualitative and quantitative research for the purpose of context.

Moreover, the authenticity of findings remains an issue that is given strong consideration in all approaches to research. Therefore, this present study was

undertaken in adherence to protocol advised by Collins and Hussey (2009), whereby data collection was semi-structured in nature and based on a set of predetermined questions drawn from the literature and drafted reviewed and piloted prior to the interview stage. In designing this study, the issue of ‘credibility’ (Lincoln and Guba, 1985) was considered to ensure research quality. In short, by using a standardised interview questionnaire (see Section 4.7) in the both the pilot and semi structured interviews in the field, and by repeating interviews multiple times across organisations/ cases – five global banks – the researcher is confident that the thesis was successful in ensuring actual observations matched intended observations.

As established above, another key issue to consider in terms of research quality is the concept of triangulation. To revisit this important issue, whilst commonly used by researchers from different perspectives, triangulation is a term borrowed from military strategy and is the use of ‘multiple reference points to locate an object’s exact position’ (Jick, 1979, p.602). In an academic research context, triangulation is the use of multiple data sources in a multi methods design, and this study uses multiple sources of data accordingly. Therefore, semi-structured interviews and documentary evidence were used in tandem during this thesis to attain a level of triangulation.

In terms of primary data collection, multiple respondents from each MNC subsidiary were interviewed and these firms all belonged to the research population. This ensured that all research participants worked in the same sector and location and are qualified to offer informed perspectives on the research topic. This is a foundation for the subsequent thematic analysis based on a combination of primary and secondary data – see section 3.7. Therefore, information gathered during the semi structured interviews (primary source) was combined with evidence gathered from documentary evidence (secondary sources).

Construct validity is a concept that aims to ensure that operational measures are relevant to the concepts being researched and, during this study, it applied specifically to the questions asked during the interviews. Therefore, research subjectivity can be potentially reduced by closely linking questions included in the interview questionnaire to the aims and objectives of the thesis and the literature review. Researchers will often investigate ‘scholarly data’ before assessing the documentation and this means that the subsequent analysis is based on these previous studies (Bowen, 2009) and taken from

the literature. Therefore, interviewee responses from the semi-structured interviews coupled with content analysis of supporting documentation can be used to further develop the literature review section of the thesis. Internal validity is not usually considered to apply to exploratory studies such as this thesis. It is a term strictly associated with quantitative research because it implies causal relationship between variables and generalisable results which are features of quantitative studies. Furthermore, external validity implies the generalisability of the findings of a study which is a strength often claimed primarily by quantitative researchers.

Reliability is another concept in research which involves demonstrating the operations of a study, such as, data collection, and the extent to which the same process could be repeated by another researcher to attain similar results in another context. Collins and Hussey (2009: 64) succinctly define reliability as ‘the absence of differences in the results if the research was repeated’ and this concept has quantitative connotations. Qualitative researchers tend to aim to attain ‘transferability’ (Lincoln and Guba, 1985) which in practice is a comparable concept. Once again, the steps to ensure transferability during this research included taking notes and studying multiple participants and organisations/ cases to ensure compatibility via repetition. Moreover, the interviews followed an ‘set’ interview questionnaire which formed the basis of the primary data collection and subsequent findings, ensuring a measure of transferability. Therefore, to summarise, as far as was attainable a similar number of respondents were interviewed in similar positions in each subsidiary, and a common set of interview questions asked.

In addition, a solid data management or an audit trail is important when numerous data sources and types are being used. Yin (2017) recommends researchers develop protocol for each data collection phase and this advice was followed during the data collection phase of this thesis. The use of NVivo software at the coding stage helped ensure solid data management. This is consistent with Ghauri and Gronhaug’s (2005) recommendation that by systemising and coordinating the work of observation, recording and analysis qualitative researchers can help ensure their research is ‘viable’. Again, in practice, by adopting a consistent coding and thematic analysis approach, such as Braun and Clarke’s (2006) framework – see below – quantitative researchers can stake a claim that their research outputs are ‘viable’.

### **3.6.2 Interviewer bias – Role of the researcher**

Another concept that the researcher needs to be constantly aware of during interviews is the notion of ‘interviewer bias’ (Saunders, Lewis and Thornhill, 2019, p. 381). This refers to the fact that any comments made by the interviewer, or even their choice of tone, could possibly result in the interviewee responding differently as a result.

Therefore, every effort was made to make sure that little or no emphasis was placed on words and phrases when asking questions. This also reduces any concerns that the respondent may be encouraged to answer any question in a way that the interviewer wanted to hear. This, however, should be balanced with a friendly approach, and one where the interview is not too ‘flat’. This is particularly the case when interviews take place on video conferencing, as is the case with this study, because a rapport between the interviewer and interviewee is essential when undertaking a discussion which lasts around an hour.

Additionally, another potential source of bias is the ‘non-verbal behaviour of the interviewer’ (Saunders, Lewis and Thornhill, 2019, p. 381). This may arise during face-to-face interviews or those held on video conferencing when non-verbal behaviour may influence the interviewee and conceivably impact the quality of their responses. Being mindful of one’s body language during online interviews is therefore of importance in order to limit possible influence / bias although non-verbal cues, such as smiling or nodding, may support the interview process by helping to build rapport.

Furthermore, interviewer bias may potentially also reveal itself in the research findings. Bryman and Burgess (1994, p.47) noted that an interviewer’s ‘recall and understanding’ may lead to subjectivity in the information used to draw findings. It follows that researchers may unconsciously over-represent certain points or quotes which happen to meet their expected findings. Inevitably, this then impacts the findings, discussion and conclusions drawn in the research. Hence, an essential principle is that findings should be a fair and accurate representation of the data (Robson, 2002: p72).

### **3.6.3 Reflexivity**

Having reviewed the quality measures adopted by the thesis and discussed the issue of interviewer bias, this sub-section will now consider reflexivity. Reflexivity is based on the self-examination of a researcher's values and assumptions (Koch and Harrington, 1998). This encourages the researcher to reflect on their place in the research process. The need for reflexivity in the interview process has been acknowledged in the literature and it has been described as a critical element in any good research (Nason and Golding, 1998). This is because reflexivity improves the researcher's self-understanding and encouraged an open-minded approach to research.

Spencer et al. (2003) identify three basic components of reflexivity. The first is that researchers should be aware of how biases may emerge. Reflecting on these potential biases before they develop gives the researcher the opportunity to restrict their impact, as discussed above in relation to this study. The second component is the need for thoughtfulness about and assumed attempts to minimise any impact a researcher may have on data collection. Once again, it is valuable to reflect on minimising any influence the researcher may have on the interviewee during data collection, The third is attempts to address bias using comprehensive analysis, and reflecting on methods, decisions taken, and any limitations of the study. Similarly, reflection on the choice of methods or sample by a researcher is good practice in order to maintain quality.

In addition, Yin (2003) recommends that researchers constantly test or consider their level of openness to contrary findings. Hence, the researcher discussed the meaning of data collected with colleagues and ex-colleagues who are experienced researchers. Alternative perspectives were deliberately documented in memos and differing data sources were sought in order that comparisons with such contrary memos could be made. Another issue is that it is essential that the interviewees receive sufficient thinking time and so the interviewer proceeded with a listening agenda. By attempting to control the interview, that is, by asking questions, there is the danger that participants are just there to 'produce data' (Oakley, 2013). However, an awareness of reflexivity by the researcher produces a climate where interviewees are more giving and question their own practice and philosophical approach to interviews. Again, the researcher is confident that every attempt was made to do so during the thesis.

### **3.6.4 Ethical Considerations**

It is vital that the highest ethical standards are met when undertaking research. In its most general terms, research ethics has been defined as ‘the moral principles governing the conduct of an individual, group or an organisation’ (Quinlan, 2011, p.70). More specifically, research ethics is concerned with how researchers should treat the people who are the interviewees or subjects in their research (Holt and Thorpe, 2007) and an essential measure of any exemplary case study research is the recognition of ethical, legal and professional standards (Kyburz-Graber, 2004). In short, ethics is more than a duty, it is an essential component of research quality. This thesis benefitted from the guidance of UCLan’s ethics panel which reviewed the proposal in detail prior to granting approval.

Informed consent was gained from participants, each of whom was sent an information letter / written consent form by email outlining confidentiality/ anonymity and highlighting the fact that respondents may withdraw at any stage. The use of the participant information letter, approved by UCLan’s ethics committee, had additional key advantages. By following this process, confidence that ‘the fully informed consent of research participants’ was gained during the research (Easterby-Smith, 2012, p. 95). Since the interviews required participants to speak about their role, views and relationships with colleagues and their organisation, and it was critical to establish that the option to either decline to participate or to withdraw at will was available.

In addition, issues of confidentiality and anonymity have been described as ‘sticky problems’ in the past (Guba and Lincoln, 1989). Respondents were, therefore, repeatedly assured that their identity was anonymous and any information that they provided was also confidential, not least practitioners are usually very concerned about these issues and anonymity was of critical importance to them. Also, some data generated from interviews should perhaps not be brought to the ‘public domain’ because they could cause embarrassment due to confidentiality or internal politics. Hence, the solution is to implement a process of ‘exclusion’ of this information as necessary (Berry and Otley 2004, p.247 as cited in Lowe, 2005). Overall, the right to privacy is not only useful to retain the validity of the research but also in protecting respondents. (Blumberg et al., 2008, p.118); the researcher remained acutely aware of this throughout the entire research process.



Guided by the above concerns, interviews were diarised at least 10 days in advance; this provided participants with sufficient time to consider their options. Participants were issued an information letter/ consent form by email at this point. As an additional measure, the option to withdraw was discussed again at the start and finish of each interview. None of the participants decided to withdraw during or after the interview, although several did effectively withdraw by cancelling prior to the interview taking place. Moreover, another consideration is the busy schedules of participants and avoid intrusion or taking up ‘too much of the time and goodwill of the participants’ (Quinlan, 2011, p. 82). Interview questions were therefore kept to a minimum and time limits of 45-60 minutes were strictly adhered to. It was decided that respondents should at least benefit modestly from participating in the interviews and so in return for participating they were offered assurances of a copy of the thesis on completion. This attempt to ‘repay’ respondents for their time helped create the view that both the researcher and the research project were trustworthy (Bryman and Bell, 2015). In the event, around half of interviewees proactively expressed a strong interest in receiving a copy, although all participants will be contacted in this regard on completion of the thesis.

To sum up, this thesis adheres to the University of Central Lancashire’s (UCLan) research code of conduct for research degree students. Ethical approval was sought and received by UCLan’s Research Ethics Committee prior to commencing the data collection stage of the thesis.

### **3.7 Data Analysis**

Data analysis is the intermediary step connecting the preceding research design and data collection phases of the research with the subsequent findings, discussion and concluding sections of the thesis. Ghauri and Gronhaug (2005: p.206) describe data analysis as a process of ‘bringing order, structure and meaning to the mass of collected data’. Similarly, in more practical terms Yin (2017) advises qualitative researchers to develop a framework for the organisation of case evidence in order to lay the way for deeper analysis to form patterns and explain regularities.

Therefore, this thesis employs thematic analysis, a specific qualitative data analysis approach which can be defined in simple terms as the search for themes which emerge as being important to the description of the phenomenon (Daly, Kellehear, and

Gliksman, 1997). Essentially, thematic analysis is a form of pattern recognition from qualitative data from which themes emerge as categories for analysis. It has been described as a widely used and practical approach to the analysis of qualitative data (Kiger and Varpio, 2000).

More specifically, Braun and Clarke (2006) describe thematic analysis as a valid and widely-adopted method of data analysis that entails searching across a data set to identify, analyse and report repeated patterns, noting it ‘can potentially provide a rich and detailed, yet complex account of data’ (Braun and Clarke, 2006, P.5). In a later paper, they go on to suggest that this is because this approach provides a framework for researchers to use when seeking to understand a set of experiences, thoughts or behaviours across a qualitative data set (Braun and Clarke 2012). Moreover, thematic analysis has the advantage of overcoming the inherent difficulty of analysing the potentially vast amount of evidence that is amassed during case study research (Yin, 2004). Certainly, the semi-structured interviews undertaken during the data collection stage of this thesis produced a significant amount of data and dozens of potentially useful quotes from the interviewees. Therefore, this approach is an appropriate choice for this thesis because it is appropriate for a study which aims to explore the perspectives and lived experience of banking professionals working at MNC subsidiaries.

Braun and Clarke (2006) outline a six-phase framework to guide researchers undertaking thematic analysis as an approach to data analysis of qualitative data, as follows:

- Phase 1: familiarising yourself with your data
- Phase 2: generating initial codes
- Phase 3: searching for themes
- Phase 4: reviewing themes
- Phase 5: defining and naming themes
- Phase 6: producing the report

The above phases or steps were followed by the researcher during the data analysis phase of this research. Initially, in terms of familiarisation, interview transcriptions were re-read multiple times during the analysis stage. NVivo 14 software was then used to

generate initial codes/ nodes – codes which can be defined as ‘the most basic segment, or element, of the raw data or information that can be assessed in a meaningful way regarding the phenomenon’ (Boyatzis, 1998, p. 63). Braun and Clarke (2006) succinctly describe codes/ nodes as ‘labels’.

The author used a combined technique and was guided by both inductive and deductive approaches to thematic analysis. Essentially this involved using judgement to balance bottom-up influences from the data as quotes arose from the interview data and secondary sources, while also being guided by the theoretical framework consisting of the strategic management, IB and cross-cultural literature. The next stage of the data analysis process involved developing themes, which were broader labels to encompass the codes/ nodes. Braun and Clarke (2006) note that a theme captures something important about the data in relation to the research question and represents some level of patterned response or meaning within the data set. The themes and sub-themes then informed the findings and discussion section of the thesis (see Chapter 4).

The themes that emerged are as follows:

- **Theme 1: Strategy & Strategy Formulation** including the following sub-themes –Formal Planning, Profit Maximisation, attaining a Competitive Advantage, Top-Down strategy formulation and the Flexible versus Fixed nature of strategies set.
- **Theme 2: Culture** including the sub-themes of organisational culture and national level culture.
- **Theme 3: Organisational Structure** including the sub-theme of the Head Office (HQ) role vs. the local subsidiary’s role in strategy.

Finally, the thesis adopted pseudonyms as references for the banks included in the study, and each participant was given a number to assure confidentiality (Table 3.1).

### **3.8 Summary – Research methodology**

To sum up, this chapter has outlined and justified the methodology applied in this study. The choice of qualitative research is in accordance with the research perspectives of the researcher and is an appropriate choice given the of the research question - *What are the key influences on strategy development within the context of MNCs subsidiaries?* Therefore, the study explores strategy as seen from the perspectives of practitioners in

the field which are both subjective and socially constructed. In addition, by gauging the world view of banking professionals this research is qualitative in nature in order to gather rich and nuanced data. A multiple qualitative case study of five subsidiaries of international banks in Istanbul was constructed to gather qualitative data from semi-structured interviews and secondary sources. This chapter has also summarised the measures undertaken to attain research quality and discussed the role of the researcher, focusing on interviewer bias and reflexivity, and research ethics. Finally, the data analysis process – thematic analysis – has been justified as an appropriate and ‘robust’ (Fereday and Muir Cochrane, 2006) approach to the data analysis. The following chapter now presents and discusses the research findings

## Chapter 4

### Findings and discussion

#### **4.1 Introduction: Findings and discussion**

As discussed in Chapter 1, the primary aim of this thesis is to explore strategy in MNC subsidiaries with a particular focus how this is influenced by local factors. In doing so, the research applies practice theory lens as a theoretical framework supported by relevant multidisciplinary literature – strategy, culture and MNCs – in order to achieve a more nuanced view of strategy formulation in MNC subsidiaries. To actualise this, an exploratory qualitative multiple case study of the subsidiaries of international banks operating in Turkey is undertaken.

More specifically, the research seeks to elicit the opinions of banking professionals in Turkey, thereby offering a fresh and more nuanced understanding of the operational dynamics of emerging market based MNC subsidiaries based on employee experiences. Furthermore, by exploring the employee perspective on strategy in the field, this study hopes to be of practical significance to practitioners. The overall research question to be addressed is: *What are the key influences on strategy development within the context of MNCs subsidiaries?*

Thus far in the thesis, Chapter 1 forms the introductory section whilst Chapters 2 proceeds to critically appraise the literature informing the research – specifically, the strategy, culture, and international business literature – in order to draw out the functionalist and constructivist threads within it and to unpack the historical and contemporary roots of each stream. Chapter 3 then justifies and describes the methodological approach adopted in the research. The purpose of this chapter is now to present and discuss the outcomes of that research. For reasons of both logic and convenience, the chapter is structured around three main themes emerging from the data analysis. Under each main theme, sub-themes are introduced, and key outcomes presented; these are supported where appropriate by quotations from the interviews and data from secondary sources. The themes of the study are outlined in Section 3.7

In order to maintain anonymity, all quotations are identified by way of a pseudonym for the firm and a code for the respondent (see Table 3.1), and the demographic information for the participants is shown in Table 3.2. The research question and aims and objectives of the study. The outcomes under each sub-theme are then discussed in relation to the relevant literature. In short, this chapter presents and evaluates the main outcomes of this research thematically by synthesising, presenting and discussing the results from the semi-structured interviews and a review of publications produced by the case study organisations.

## **4.2 Theme 1: Strategy and strategy formulation - An overview**

The first main theme to be identified from the data analysis is: Strategy and Strategy Formulation. Within this theme, a number of sub-themes emerged, namely: Formal planning; Profit maximisation; Attaining a competitive advantage; Top-down strategy formulation; and, the Flexible vs. fixed nature of strategies set by the banks. The findings from each sub-theme are presented and subsequently discussed below

### **4.2.1 Sub-theme: Formal planning - Findings**

During the interviews, employees at each of the banks included in the case study indicated that, in their view, formal planning is an essential element of strategy formulation. Planning was typically mentioned by participants at several stages during the interviews, when both defining the concept of strategy and reflecting on the relative impact of planning or favourable luck in strategy development. Significantly, the participants tended to associate planning so closely with strategy that it was essentially used as a synonym for strategy during the interviews. Indeed, one respondent at Gold Bank chose to define strategy itself as '*a series of actions or plan to achieve a goal*' (Gd Bank1). The same respondent also stated that, in their experience, '*good planning is more important than luck*' when it comes to strategy formulation. (Gd Bank1). Another respondent at the same bank corroborated the idea that planning is an essential component of strategy, stating that strategy is '*all the right steps taken to achieve a goal*' (Gd Bank2). This respondent at Gold Bank went on to emphasise that luck has no place in strategy formulation, claiming corporate success to be a result of '*planned strategy*' (Gd Bank2).

A third interviewee at Gold Bank also subscribed to the view that planning and design are a fundamental part of strategizing, reporting that:

*when a company defines their strategy, they also define and identify what they expect for the future. (Gd Bank3).*

Similarly, another participant at the same bank highlighted '*planning*' as the '*basis of a successful strategy in the marketplace*' (Gd Bank4). Therefore, the dominant perspective to emerge from the interviews at Gold Bank was that that strategy results from formal planning. This was corroborated by information published in a Gold Bank Report which promoted a 2-year strategic plan as a key part of the bank's overall strategic focus. This supports the employee perspective that planning is key to strategy formulation and strategic success (Gd Report).

Further insights into the 'Formal planning' subtheme were gathered during the interviews at Platinum Bank along with information from the bank's reports. Again, perhaps unsurprisingly, the view that strategy is designed by formal planning was in evidence with one participant adding that '*strategy is about good planning*' (Pt Bank2). Another employee at the same bank similarly felt that strategy was dependent on planning, but also emphasised the creative nature of strategy; they described strategy '*as an art*' (Pt Bank3) which assumes that strategy can be designed and be seen as the '*long term goal*' of a firm (Pt Bank3). However, this interviewee clearly regarded the phenomenon in terms of being a craft, suggesting that crafting a successful strategy using long term planning can be thought of as building a '*dream*' (Pt Bank3). Another colleague at Platinum Bank referred to strategy as a '*roadmap to reach goals to a deadline*' (Pt Bank4), reflecting the interpretation of strategy as a planned phenomenon. A report published by Platinum Bank also implies a commitment to planning by the bank. This highlights financial plans, which seek to attain commercial success and which assign a dedicated team to help with the architecture of these plans (Pt Bank Report).

Similar points were made by an employee at Silver Bank, who echoed previous comments by noting that *'good planning is important'* in strategy (Sil Bank1). Another participant who works at Silver Bank also believed that the action of planning defines strategy added that *'strategy is short- or long-term goals, planned actions and goals'* (Sil Bank4).

A participant at Palladium noted that planning is central to strategy formulation by describing it as the *'steps taken to reach a plan'* (Pd Bank1). A colleague at the same bank used an interesting quantitative derived term when describing strategy, seeing it as something that can be mathematically engineered. This participant felt that strategy is something that can be *'structured'* or designed and is an *'algorithm for a specific goal'* (Pd Bank4). Another respondent from Palladium Bank suggested that planning was a crucial part of strategy, suggesting that effective strategy planning should consist of *'a one-year plan (that) is written on Excel'* (Pd Bank5).

An interesting point was raised by one respondent at Rhodium Bank that strategy. In their view, strategy is something that can be indirectly planned by incentivising staff to work towards mission and vision by *'setting the tone'* and *'targeting'* employees to meet elements of the organisation's strategy (Rd Bank1). Therefore, strategy is a series of plans, and is dependent on the right mindset of employees. A colleague at the same bank, however, saw planning in terms of a single overreaching plan. Nevertheless, they felt planning worked best when a positive mindset was in play and added that, in their view, planning can be seen as *'a plan or way of thinking to meet a general goal'* (Rd Bank 2).

#### **4.2.2 Sub-theme - Formal planning: Discussion**

A clear pattern emerged from the interviews in which the practitioners emphasised the importance of formal planning to strategy within their organisations. The commonalities in their responses outlined above reveal that planning is viewed as an important strategy mechanism within the broader theme of strategy, and that the practitioners view the strategy that plays out as closely linked to formal planning and the resulting strategic plan. Participants appear to view planning as an intrinsic element and guiding principle for strategy formulation and its subsequent implementation in their workplaces. This key finding could be interpreted using either a practice theory lens (and its sub-streams) or through the more mainstream strategic management theory approach – see Chapter 2.



From a practice perspective, it could be the case that subsidiary staff simply assume or expect a plan to be present to shape and guide strategy. Therefore, in keeping with Bourdieu's concept of 'habitus', they are enacting their 'subjective expectations' and believe that the 'group' – qualified and skilled banking professionals – they belong to simply expects a plan to be put in place as a component of the 'objective reality' (Bourdieu and Passeron, 1990, p.155-156). Whilst a strategic plan may be taken for granted as being part of the structure or 'cultural arbitraries' (Bourdieu and Passeron, 1990, p.23), subsidiary staff may act as social agents and reproduce the structure through their actions during their roles at the subsidiaries. Therefore, the sector which is the focus of this thesis, subsidiaries of MNC banks operating in Turkey, therefore, can be seen as a 'field' (Bourdieu, 1990). This would necessarily introduce actions of agency as the employees maneuver or interact within the workplace.

Therefore, identifying the plan, interpreting it and participating in its implementation is a more active process than it may appear at first glance. From a structuration theory (Giddens, 1984) perspective, there is likely to be a dynamic element to the planning process and agency is an important part of the process. Agency is certainly consistent with the simile of strategy as art, which was a memorable comparison used by one of the respondents. After all, this alludes to the idea that agency would be present in order to construct the strategy.

On the other hand, from an alternative mainstream or "old school" strategy perspective, it is striking how closely their responses and views echo the economic derived approaches to strategy, one of which Mintzberg labelled the 'Planning School' (Mintzberg, 1991, p.463) of strategic management. Indeed, the notion of formal planning within strategy that emerged from the data links closely to the loosely grouped early strategy management research (e.g. Andrews, 1971; Ansoff, 1965; Barnard, 1938; Chandler, 1962) and the late Positioning School (e.g. Porter, 1979; 1980; 1985; 1996) previously discussed in the literature review section of this thesis.

#### **4.2.3 Sub-theme - Profit maximisation: -Findings**

Respondents from each of the banks in this case study revealed during the interviews that profit maximisation is viewed as an important aspect of strategic success. Profit was seen as both a motive for strategy and as a measure of organisational success.

One practitioner at Silver Bank explicitly associated profitability with strategy formulation, suggesting that '*strategy is about profitability and making money in an efficient way*' (Sil Bank1). Another respondent from the same bank agreed that one focus of strategy is on cost efficiencies, stating that strategy at the bank is '*profit orientated*' (Sil Bank4). Similarly, respondent Sil Bank6 also identified the importance of profit for the organisation and described strategy as '*fast decision making to make a profit*' (Sil Bank6). Internal reports from Silver Bank, such as a CEO presentation to shareholders, confirmed that profitability is the key measure of success. Unsurprisingly, given the firm's profit-orientated operating model and shareholders' expectations of financial returns, the presentation focused on economic measures of performance, such as market share growth and Return on Assets Employed (ROAE), suggest that profit maximisation is both the overarching strategic aim and primary measure of strategic success for this bank (Sil Report 2).

A respondent from Gold Bank expanded on the importance of profitability by adding the descriptors of speed and ease to profit making, stating that '*the real goal of any planned strategy is to find the easiest and fastest way to make a profit*' (Gd Bank1). Similarly, a colleague from the same bank suggested that profit is at the centre of strategy making, claiming that '*the focus is on anything that needs to be done to make a profit*' (Gd Bank2). The importance of profit in strategy was raised again when a participant at the same bank commented that '*strategy formulation is based on identified priorities and the aim is to increase profit.*' (Gd Bank3) Once again, the employees' perception that strategy is focused on profit was corroborated by the emphasis placed by the bank on financial performance measures in its internally produced reports. The target of growth, as a route to increased profitability was repeatedly declared such reports. More specifically, the recent solid profit growth announced by Gold Bank is unsurprisingly celebrated and presented as the outcome of a successful attainment of overall strategy (Gd Report, 2021).

Respondents from other banks in the research shared similar perceptions about the centrality of profit to their firms' strategy. For example, an employee of Platinum Bank was of the view that, in its simplest form, strategy '*aim(s) for profit*' (Pt Bank4). This view is supported by the fact that a substantial proportion of a company produced report is set aside to outlining financial and operating results including, performance figures such as overall lending figures, overall bank deposit levels and annual profit levels (Pt Report). In a similar vein, a participant from Rhodium Bank also suggested that profitability is the main goal of strategy, again defining strategy as '*making a profit*' (Rh Bank1), whilst one of their colleagues considered profitability to be a key part of a successful strategy, describing the aim of strategy as '*profit maximisation*' (Rh Bank4). However, this participant also saw '*minimising risk*' as an essential element of strategy, presumably because losing money or threatening profits would be a particular measure of a failed strategy in a profit-driven business.

#### **4.2.4 Sub-theme - Profit maximisation: Discussion**

When considering the setting of the study, these responses revealed a profit focus that might be fully expected to the point of almost being self-evident, not least because profitability is a concrete measure of success for any private sector organisation.

Practice theory offers insights into interpreting the repeated pattern whereby respondents strongly associated strategy formulation as driven by the assumed aim to deliver a strong financial return. From a New Institutional perspective – albeit the niche of institutional logics (Friedland and Alford, 1991) – an explanation for the emphasis placed on profit maximisation by respondents across the cases is that profit is viewed as the dominant institutional logic, and this has resulted in an isomorphic response across the field (Lounsbury, 2007). To re-cap, institutional logics are defined as, 'the formal and informal rules of action, interaction and interpretation that guide decisions...' (Thornton and Ocasio, 1999, p.804). Therefore, they can be viewed as the systems of cultural elements, as a result of which actors, groups and organisations evaluate their daily activities, and arrange them in time and space (Haveman and Gualtieri, 2017). Whilst originally conceived by Friedland and Alford (1991, p.243) as a 'way of ordering reality' to introduce meaning, institutional logics is not necessarily a deterministic approach due to the perception that there is the potential for any context to be influenced by 'contending logics of different societal actors (Thornton and Ocasio,

1999 p.104). However, in this particular, instance and assuming that money is central to the very notion of banking and given that the organisations researched are subsidiaries of large global banks, it is apparent that the subsidiaries are closely aligned to the prevailing institutional logic of market capitalism (Friedland and Alford, 1991) which is also categorised as markets (Thornton, 2004).

An additional insight from Practice Theory is Bourdieu's doxa, which may help explain the shared importance placed on attaining profitability as a goal. Doxa can be viewed leading to a 'natural attitude or a sense of normality about one's ... life-worldly experiences', taken as the way things are (Gunderson, 2020, p. 23 as cited in Vakalopoulos, K., 2022). Bourdieu's concept of doxa has also been applied to neo-liberalism as an influence on the modern business world.

#### **4.2.5 Sub-theme - Attaining competitive advantage: *Findings***

Also emerging from the interviews was the view held by a number of respondents that strategy is an instrument by which to attain competitive advantage. Competitive advantage is another concept adopted from economics; however, it provides a wider measure of strategic outcomes than profitability alone.

One respondent at Gold Bank viewed strategy itself as a means of achieving '*competitive advantage*' (Gd Bank1). This was mirrored in a Gold Bank report which also identified that a strategic aim of operations is to pioneer banking products in Turkey to attain a competitive advantage. This approach is supported by a strategic target of introducing an improved and comprehensive range of banking products and services to the local market (Gd Report).

Similarly, a practitioner at Platinum Bank also viewed strategy as arising from the need to differentiate the bank and its products in the market, added that '*the aim is to be as unique as possible*' (Pt Bank1). This interviewee believed that unique selling points (USPs) lead to competitive advantage and that the strategic success of an organisation depends on effective strategy designed by management. A colleague at the same bank expanded on the idea of competitive advantage as a driver of corporate level strategy by suggesting that '*the target is to achieve the Board and Executive's vision and give the business a competitive edge*' (Pt Bank2). Another participant at Platinum Bank also saw strategy as an opportunity to design a strategy that is stronger than the competition

based on conducting ‘*core and SWOT analysis*’ (Pt Bank3) in order to identify the company’s strengths. Again, this is closely related to differentiating a product and service to attain an advantage over the competition.

An interviewee at Silver Bank added to this debate by observing that, in their experience, differentiation is a source of competitive advantage: ‘*it [strategy] is the use of economic resources in an optimal way to differentiate a product*’ (Sil Bank1). Additionally, a key strategic aim outlined in Silver Bank’s reports is the achievement of a differentiated value proposition. This is a pre-requisite to a strong market position and competitive advantage. As detailed in the report, the bank hopes to attain this advantage over rivals through a twin pillar approach of data and technology and engaged human capital (Sil Report 1). Similarly, a respondent from a different bank – Palladium Bank – added that strategy can be seen as a ‘*competitive advancement to become the market leader*’ (Pd Bank3). A report by that bank lists one key strategic target as being the attainment of a diversified product range, which is consistent with the subtheme of attaining a competitive advantage (Pd Bank Report). This suggests that strategy is used by subsidiaries in their objective of attaining competitive advantage within this sector.

#### **4.2.6 Sub-theme - Attaining a competitive advantage: Discussion**

When viewed from a Structuration Theory perspective, the participants viewed the goal of attaining a competitive advantage as a target to actively work towards. Therefore, the efforts deployed in ‘creating’ a competitive advantage are reminiscent of schemes of action. This refers to people’s physical ability to perform action from using their eyes when reading to more demanding tasks, such as, researching (Romdenh-Romluc, 2011, p.77). As this plays out, structure and agency – in this case efforts employed with this specific goal in mind – are ultimately mutually reinforcing.

The results are also in keeping with a micro foundations approach to achievement from actors in the field. In particular, the reference to the use of strategy tools, such as SWOT analysis as part of the process to attain a competitive advantage, can be interpreted through as SAP lens as ‘strategy models’ which are implemented due to the ‘background knowledge of the practitioner’ – in this case subsidiary staff whilst they are ‘doing strategy’ (Stander and Pretorius, 2016). The importance of practitioners’ knowledge as a driver of the enactment of strategy practice or the cognitive, behavioural, procedural, and physical resources employed is stressed by SAP scholars

(Jarzabkowski and Spee, 2009). This is also reminiscent of Scott's (2013) cultural cognitive pillar from a new institutionalist stance when widening perspective to explain the fact that similar ideas arose across each of the five banks researched.

Competitive advantage is a key concept in business and is clearly an important issue to the subsidiary staff who participated in the study. Wang, Lin and Chien (2010, p.111) define competitive advantage as 'an advantage that exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage) or deliver benefits that exceed those of competing products (differentiation advantage)'. This type of strategic focus, and the notion of competitive position in general, is closely associated with the Positioning School due to its situational approach to strategic management, whereby managers position the company strategically in response to external factors and contingencies.

#### **4.2.7 Subtheme - Top-Down approach - Decision making and internal communications: *Findings***

The view that strategy is a top-down process, either formulated centrally at HQ or by upper management at the local subsidiary, was repeatedly put forward in the interviews. Respondents at the various banks in the case study revealed their belief that strategizing was clearly part of the role of senior management. Therefore, based on their responses, it is evident that banking professionals consider strategy formulation as a process arising from the top; moreover, they tend not to feel closely connected with the idea of contributing to its formulation.

One interviewee at Platinum Bank described strategy formulation in their organisation as a process by which '*upper management hold a series of meetings and discussions to create strategy*' (Pt Bank1). This appears to be characteristic of a strictly top-down approach in strategy formulation. The same respondent added that

*meetings allow management to predict and analyse the issues and then find solutions. Employees then apply these solutions. (Pt Bank1).*

This view presents upper management as the designers of strategy with middle management and other employees adopting a more passive role in the process, their main contribution being to roll out of plans established at the top of the business.

Another respondent who works at the same organisation described the strategy making process as '*totally top down*' (Pt Bank 2). This is quite direct and suggests that there is little involvement from the banking professionals in strategy formulation. Similarly, another respondent at the same bank clearly felt that '*Upper management and the CEO*' create strategy whilst suggesting that the role of middle management is '*not that important*' (Pt Bank4) within the process – again, and explicit description of a top-down perspective. In a similar vein, respondent Pt Bank5 described a project management environment in which projects were decided and instructed by senior management as a centralised process:

*Projects are set by senior management, and they construct strategy, we [project managers] just apply it.* (Pt Bank5).

This respondent added that '*the bank is very bureaucratic; and this cannot be overcome*' (Pt Bank5). The idea that strategic planning is essentially a case of managers meeting to decide strategy was raised another employee at the same bank when describing the key role, the senior management team plays at meetings that '*allow management to predict and analyse the issues and then find solutions*' (Pt Bank1). This dominance of senior management in the strategic process was confirmed by another interviewee at Platinum Bank:

*In theory it [the strategic formulation process] should be organic, but not in the real world. It is senior management who decides... strategy is created by Senior Management, and it is top down. The first we hear is when it is announced* (Pt Bank2).

A colleague at the same bank similarly identified the most important actors in strategy creation as 'the Board and Senior Executives' (Pt Bank5).

The top-down nature of strategy formulation described by the respondents in the case study organisations extends to the internal communication of strategy. One respondent at Gold Bank commented that banking practitioners act as recipients of established strategy which has already been formed elsewhere. They suggested that '*strategy is then announced through emails by the Director [of the subsidiary] in Istanbul*' (Gd Bank1). Middle managers and other employees, therefore, appear see their role as to assist in the

application of strategy rather than shaping it, which suggests that they play a limited role in contributing to forming strategy. Similarly, a practitioner at Gold Bank identified the leaders of strategy as the '*top management team and board of management*' (Gd Bank2); they are key actors in strategy formulation. A colleague at the same bank described strategy '*committees*' which report directly to the subsidiary '*CEO*' (Gd Bank3) but was not aware of how much influence these committees have nor how they are appointed. The point is, however, that the process of strategy formulation essentially originates within the senior management team and involves only a narrow range of organisational stakeholders.

Unsurprisingly, evidence of top-down senior management driven strategizing emerged from the interviews at the other case study organisations. For instance, a respondent at Silver Bank reflected that strategy formulation is not solely in the hands of the CEO but, nevertheless, from their description, it would seem to be concentrated firmly in upper management at the subsidiary: '*The CEO decides together with Senior Managers, it is not a one-person decision*' (Sil Bank3). In contrast, however, a colleague felt that the CEO is the most '*important figure*' involved in terms of forming strategy and noted that '*when the CEO changes, strategy changes*' (Sil Bank4). This view was supported by others: '*The CEO has the power*' in terms of formulating strategy (Sil Bank4) whilst one respondent (Sil Bank2) identified those responsible for strategy formulation as '*the CEO and the strategy team*'. Another respondent at Silver Bank also identified the senior management team as the decision makers at a strategic level by identifying the key players in strategy formulation as the '*CEO, the board of Directors and Consultants*' (Sil Bank1). Finally, respondent Sil Bank7 felt that the whole senior executive team controlled strategy but although a number of managers contributed, strategic decisions are taken '*in order*' of seniority (Sil Bank 7), concluding that, broadly speaking, '*the CEO has the last decision [final say]*' (Sil Bank7) in strategic decision making.

A participant at Palladium Bank viewed strategy as a top down led phenomenon and noted that the main decisions are taken at the highest levels by the '*CEO and Directors*' (Pd Bank1). Similarly, another participant at Palladium Bank inferred that strategy is a top-down policy by suggesting it is '*steps taken to reach the mission and vision*' (Pd Bank2) having previously described these elements of strategy as themselves set from above. Again, another respondent at Palladium Bank also felt that senior management



are extremely powerful in terms of strategy. The respondent reflected on the power of the CEO and stated that the CEO is '*strong*' (Pd Bank2) in that they hold a great deal of influence and '*what they say goes*' (Pd Bank2).

A participant at Rhodium Bank suggested that senior management are in control of strategy formulation in their organisation by stating that they '*impose [strategy] on us*' (Rd Bank1). However, there was no sign of any resentment. Rather, there was evidence more of a willingness and determination on the respondent's part to align themselves with the bank's strategy and to implement the strategy as set out. The same participant added that '*we act accordingly*' (Rd Bank1). A colleague from the same bank also believed that strategy formulation is a top-down process. In their view '*the CEO sets strategy and makes decisions*' whilst Directors (Department Heads) '*convince us of and communicate the strategy*' (Rd Bank1). However, it must be noted, that again the participants seemed keen to align themselves with the roll out of whatever strategy is set from above.

#### **4.2.8 Sub-theme - Top-Down approach - Decision making and internal communications: - Discussion**

During the interviews, the importance that the respondents attached to the role of the CEO and the board as key decision makers suggests that they are fundamentally important actors and synonymous with strategy in the MNC subsidiaries. However, insights into other elements of organisational structure and culture, such as tall as opposed to flat organisational structures, can also be gained from this part of the study. The participants reported that tall structures are in place in the subsidiaries and the participants supported this approach due to their perceived advantages, such as order, accountability and direction (Ainger and Fernandes, 2022) to the affiliates. To sum up, strategy was seen as the key observable purpose of senior management, and the participants clearly felt as though their roles are positioned within a strict hierarchy. Nevertheless, there was little sign of frustration with regards to this; the respondents felt content and empowered to operate within their roles, which were all relatively senior positions demanding a solid skills' set.

Practice theory offers insights into the top-down nature of the working lives in subsidiaries which was revealed in the study. Initially, the responses seem somewhat deterministic in nature. However, there is certainly an element of structuration that may

be seen as deterministic in nature, and a field – in this case the subsidiaries – objective conditions may simply be reproduced in practices, which in turn are reproduced by the habitus (Hurtado, 2010). Furthermore, applying a Bourdian view, it may simply be that the subsidiary staff have set expectations about the objective probabilities of the future success of their endeavours (Moore, 2004) which leads them to stick to their core function and leave strategy to senior management. As previously discussed, it is possible that the respondents simply see management's control of strategy as a Bourdian 'doxa' (Vakakopoulos, 2022).

On the other hand, the picture may be more complex than the responses suggest. It is highly likely, for example, that agency is at play within the tightest of hierarchies. In other words, when conceptualising a field (Bourdieu, 1990), it is highly unlikely that agency is not at play behind the scenes because a field can be thought of as a '...site of endless struggle and endless change' (Everett, 2002, p.60 as cited in Hurtado, 2010). From a practice perspective, it would seem that within any work environment, that contributions and 'struggle' would occur in the formulation of the strategies in MNC subsidiaries.

Similarly, a Giddian perspective would also suggest that there is a level of agency at play despite the rigid top-down processes described by the participants. Subsidiaries could be conceptualised as environments constructed by the skilled accomplishments of its members – in this case subsidiary staff – although these would not be intentional or even wholly comprehended by them (Giddens, 1976)

Alternatively, considering strategy from a rationalist-based perspective, the participants responses are reminiscent of Upper Echelons Theory (Hambrick and Mason, 1984; Neilson and Neilson, 2011) in that the CEO and upper management are clearly influential in directing strategy. This level of influence suggests that there is a substantial degree of managerial discretion within this context (Hambrick and Finkelstein, 1987). The top-down nature of strategy is consistent with both the early strategy research and the Positioning School in the strategic management literature (for example, Chandler, 1962). Moreover, whilst the Positioning School of strategic management (Porter 1979; 1980; 1985) is an alternative approach to strategic management which differs to early research, this approach also perceives strategy formulation as a formal plan devised by upper management.

#### **4.2.9 Sub-theme - Flexible versus Fixed nature of strategies set: *Findings***

The data gathered from the respondents during the interviews reflected differing perspectives in that some regarded strategy as being relatively flexible whilst others considered it to be largely fixed in nature. By and large, examples of rapid shifts in strategy discussed in the interviews were often linked to Covid-19 mitigation measures, such as moving to remote working in what could be considered an extraordinary situation. However, there was a generally positive response to the flexibility that the banks showed and an overall feeling this could have set a precedent for change in the future. However, whilst the rapid move from office working involved decisive decisions, it was also forced by the context of the emergence of a pandemic. Otherwise, strategy in the subsidiaries was seen as reasonably stable by the respondents.

Some of the practitioners viewed strategy in their organisation as being reasonably flexible in nature. One respondent at Gold Bank offered a generalised view that strategy is flexible throughout the sector by stating that, '*strategies on Turkey, especially in the financial sector, are not very long lasting*' (Gd Bank2). Another interviewee at the same bank felt that flexibility of strategy should be seen in positive terms, claiming that '*strategy should not be stable and needs to change frequently*' (Gd Bank1). The views expressed here support the idea that strategies should be fluid and decisions driven by industry events and the business environment.

Practitioners at Silver Bank also saw flexibility as an asset in subsidiary strategy and one respondent commented that '*change is certainly possible and IT strategy needs to be flexible and adaptable*' (Sil Bank1). Another interviewee from the same bank provided an actual example of a when strategy can change in the field:

*When branches were put in lockdown, face to face customer contact went online. Onboarding and new [bank] account opening moved online. When Covid-19 started, the whole bank moved to working from home in just a week. (Sil Bank2)*

Another interviewee at Silver Bank praised the speed that the online onboarding of new joiners was rolled out: '*I was transferred to Product Manager for onboarding 'newbees' and had the platform online by April [2020] which was very fast*' (Sil

Bank3). Another colleague at Silver Bank spoke about the move to home working during the pandemic as an example of how strategy can be both flexible and effective. This participant was keen to communicate that, before the pandemic, she had been commuting to the same office at the bank for twenty years. She had mixed feelings about working from home and the subsequent hybrid approach to working, stating that, on the one hand, the result of this approach is *'no socialisation'* with colleagues (Sil Bank4). On the other hand, the respondent expressed surprise that the ICT capacity of the bank had made the transition smooth, and also found working from home was *'motivational and more productive'* (Sil Bank4) than working from the office. She felt that new employees who had joined during lockdown that she was yet to meet at the time of the interview had settled in well and had been onboarded online successfully. In summary, it was rapid change and adaptation which had led to these positive outcomes. Another colleague at Silver Bank also expressed admiration for the bank's rapid response Covid struck. The participant noted that *'quick action was taken, we received notebooks and connection [home secure connection] within 1 or 2 days'* (Sil Bank7).

Likewise, an employee at Platinum Bank suggested that mechanisms are in place to ensure flexibility in strategy and noted that *'senior management look at the market and monitor events. A bank needs to be adaptable'* (Pt Bank1). This participant presented flexibility of strategy as a strength and an approach that should be built into strategy formulation. They also provided a specific example of how flexibility in strategy benefitted the organisation, again related to the ongoing Covid-19 pandemic. It was explained that:

*Orientation for new starters was moved online during the pandemic with the move to WFH. Covid-19 led to a move to home working and this strategy has been a success. (Pt Bank1)*

Hence, an adaptive approach is seen in a positive light by this respondent. Similarly, another Platinum Bank employee also noted the quick move to remote working when the pandemic started. They had joined the company during lockdown and so they were complementary about the newly introduced remote onboarding process for new recruits; she reflected that she *'met everyone on Zoom and learned everything about the job on Zoom'* (Pt Bank4).

However, several respondents expressed a different opinion, believing that strategy was intrinsically fixed in nature within the subsidiaries. A respondent at Gold Bank, for example, felt that strategy is a fixed phenomenon, observing that strategy in their organisation is '*stable and solid – a strategic plan is in place for 3 years in advance*' adding that '*strategy does not change much*' (Gd Bank1). These comments seem to reflect the perspective that banks ideally aim to pursue stability within organisational strategy. A colleague from the same bank added that substantial change in organisational strategy '*has not happened in 5 years*' (Gd Bank3). This participant focused on core strategies other than the Covid-19 mitigation measures and felt that no particularly notable changes had occurred throughout their tenure at the bank. Whilst the respondent felt that strategy is and should be flexible in theory, in practice they struggled to provide an example of significant strategic change in the field of banking. A respondent from Silver Bank (Sil Bank2) also reported a stable approach to strategy in their organisation and noted that:

*Strategy does not change once it is set because of the monetary burden of change. Operational priorities never change. However, tactical change is possible. (Sil Bank2)*

#### **4.2.10 Sub-theme - Flexible versus Fixed nature of strategies set: Discussion**

The timing of the research in this thesis research resulted in it becoming, in part, a snapshot of strategy in turbulent times. Public health measures in the workplace were introduced following the Covid-19 outbreak in March 2020 can be viewed as an isolated event, or at least an extraordinary event that led to rapid shifts in strategy. During the pandemic, remote working quickly became the norm and subsidiary staff are returning to the office in 2022 (at the time of writing) as organisations have adopted a hybrid working model. During the early days of the Covid-19 pandemic, the case study subsidiaries in Turkey, like many businesses globally, observed major shifts in their working patterns. In terms of significance to strategy, 'the main one being the work becoming remote, providing isolation as necessary to evade contamination by the new coronavirus. The home office consists of carrying out the work in an independent place of the employer's installation' (Abdala, Morais and Rebelatto, 2021, p.2). Prior to the pandemic, banks had prided themselves on their office space which is mainly located in Maslak, Istanbul. Maslak itself is part of a new financial district reminiscent of newly

emerging financial centres such as Dubai or Shanghai (Zhao and Karagoz, 2016). According to the findings of this study, this shift in strategy had a major impact on the working lives of many of the interviewees who had spent their whole careers commuting to offices and was evidence that major change in strategy could arise in this sector.

Practice theory offers insights here, as new institutionalists could frame mandated Covid regulations as coercive isomorphism whereby the change implemented across the banking sector studied was imposed by legislation. Scott's (2013) regulative pillar would also help explain the commonalities in the respondents' responses as during the pandemic companies followed similar strategies as responses. Whilst this gives insight into the speed and scale of the pandemic response, it fails to fully explain the extraordinary success of the strategies implemented as the participants commonly viewed their organisational responses as effective.

Also, Morgan's (1986) organisational metaphors can be used here to explain both the implementation of rigid or flexible policies by organisations and emergence of rapid shifts in policy. The rapid move to working from home in March 2020 occurred within an especially short timescale. During this unprecedented period in history, the subsidiaries could be viewed as fitting Morgan's (1986) metaphor of 'flux and transformation' whilst responding to Covid. Otherwise, they are closer to 'machines' and 'organisms' and the results of this study show that overall strategy tends to be quite stable. Overall, respondents reported back that the subsidiaries studied in this thesis are hierarchical organisations.

### **4.3 Theme 2: Culture - An Overview**

The second theme covered in this chapter is culture. Addressing culture contributes to meeting a key aim of the thesis, namely, to explore the interplay between strategy and social context. Cultural issues are deeply embedded in the context of this study which explores local MNC subsidiaries operating in Istanbul's financial services sector. Therefore, the global nature of the context introduces the sub-themes of organisational culture of the subsidiaries themselves and the national culture of Turkey as the host country. This is also closely linked to Theme 3 (see below) which explores the extent to which MNC subsidiaries are localised or globalised.

#### **4.3.1 Theme 2: Culture, including the sub-themes of individual level organisational culture and national level culture. Findings**

Insights into the organisational culture of the MNC subsidiaries were obtained through interviews with practitioners which sought to capture their views and perspectives on this topic. Several participants commented on the nature of organisational culture in their organisation whilst discussing strategy. One participant at Platinum Bank regarded their organisation's culture positively, feeling that '*relations are cordial and informal with our supervisors*' (Pt Bank1). Boundaries between lower/ middle and senior management are therefore clear and effective within the hierarchy. This comment, therefore, describes working relations between the different levels of the hierarchy, and it is an issue the participant was quite keen to emphasise because they felt that this differs from the usual workplace experience in Turkey.

An interesting point was made by another interviewed member of staff at the same bank. It was suggested that '*Corporate culture varies. It changes from department to department in the same bank. Yet can be totally toxic or a great place to be*' (Pt Bank2). Therefore, it is difficult to generalise one organisational culture across the whole subsidiary. A Director at Platinum bank felt the norm in Turkey was for Directors/ Senior managers to '*feel [job] titles count and are unreachable and distant*' and '*don't connect with the team*' (their subordinates) (Pt Bank6). However, this respondent felt that the subsidiary was in fact different and added the '*[we] try and be different, and more sincere*' (Pt Bank 6). The more communicative approach and informal style was described as '*very successful*' by this participant.

At another bank in the study, Gold Bank, one respondent agreed that formality of relations between staff and their managers changes between different companies' (Gd Bank3). However, she spoke nostalgically about how her present line manager makes her coffee and orders food when she works late on projects. This led the interviewee to describe her boss as '*like family*' (Gd Bank3). Again, it was clear that the respondent felt this treatment was beyond expectations and far from the norm. This fits with one of the bank's stated strategic HR aims, that is, to promote a humanistic corporate culture, although this is clearly an ambiguous and vague target. The overall aim in this area is to build a strong culture, however, objectives to achieve this are not specified (Gd Report).

Similar findings are apparent from the interviews at Silver Bank, where one respondent felt that the bank's managerial culture varies. Her own experience was that she felt relations between supervisors and employees varied significantly within the bank. She felt that '*it depends on the unit manager*' and whilst she personally felt supported, she knew colleagues in different parts of the bank who rather alarmingly '*were not supported and had to leave...*' (Sil Bank3). This may suggest that a misalignment exists between organisation culture which fosters a positive working environment and certain managers who are possibly not aligned with corporate values or possibly may choose to follow the traditional division between managers and employees, which according to the respondents is observed in Turkey overall. Another respondent at Silver Bank felt that, whilst the bank itself is quite formal, as is the overall Istanbul subsidiary culture, '*it is better than other banks [operating in Turkey]*' (Sil Bank4). Again, this respondent felt that formality in terms of management culture could very well vary across the bank, by stating that there '*are different types of managers*' (Sil Bank4). However, their personal experience of their current team is not restrictively hierarchical, and the respondent felt free to positively '*criticise*' her manager and sees him and her close colleagues as '*friends*' (Sil Bank4), suggesting informal relations and a flatter hierarchy.

To continue with the topic of formality within the bank, another respondent at Silver Bank showed enthusiasm about the adoption of casual clothes and pointed out that this was introduced by '*an Executive Vice President transferred from X [redacted capital city where the HQ is based]*' (Sil Bank4). However, this informality only extends so far because junior employees at the bank are still expected to wear business dress. A colleague at Silver Bank felt that culture of the bank '*was quite informal*' (Sil Bank5) and that she is more experienced than her current manager who she describes as happy to '*follow me*' (Sil Bank5). This suggests that the respondent takes the lead on certain tasks and that the structure in place within the organisation has the flexibility to allow the participant to take the initiative, which the interviewee considered slightly unusual and worth mentioning.

The same respondent also stressed that she is on '*first name terms with the manager*' (Sil Bank5). Again, this was seen as a symbol of familiarity and informality. However, the respondent recognised that this informality is not widespread throughout other sectors and, overall, felt that businesses are '*very hierarchical in other industries in*



Turkey and people [employees] *do not have a voice*' (Sil Bank5). The respondent reflected that before joining Silver Bank, she had spent '*20 years in a hierarchical system*' (Sil Bank5) and suggested that the less formal approach of Silver Bank is a better alternative. However, the interviewee hinted that there is a greater separation at higher levels because, when asked about formality with senior management, she responded that she was unable to comment because '*[we] do not ever see them*' (Sil Bank5). The respondent also commented that they have

*never seen the CEO, but I see the department's Director around once a month, he calls me on my cell phone if there is anything important and speaks to my line manager daily.* (Sil Bank5)

At Palladium Bank, one respondent considered Head Office to be '*deeply influential*' (Pd Bank1). Their influence is seen as positive and leads to informal relations within the organisational structure with relations with senior management being described by the interviewee as '*easy and relaxed*' (Pd Bank1). It was noted that the culture was '*extremely different*' at the interviewee's previous employer, which was so hierarchical that, in order to avoid mixing with junior employees, senior management '*use their own elevators and dining rooms*' (Pd Bank1). Another participant at Palladium Bank (Pd Bank2) also felt that the influence of HQ on the subsidiary's organisational culture was positive similarly perceiving that the bank was less hierarchical due to the influence of HQ and that everyone used the '*same elevators*' (Pd Bank2) which to the respondent felt demonstrated a level of equality amongst employees regardless of position. Moreover, casual clothes or '*dress down*' attire (Pd Bank2) is the norm throughout the week, which again showed informality. Whilst recognising that a certain level of hierarchy is inevitable, the interviewee drew a distinction between Palladium Bank and local companies, stating that '*of course you feel it [hierarchy] but at the end of the day you do not see it, in Turkey [local firms] you directly feel it and you directly see it*' (Pd Bank2). A colleague seconded this idea by stating '*usually in Turkey [the wider business community] you are micromanaged*' (Pd Bank5) and although this is not the case at Palladium Bank the respondent added '*it is better than it used to be but still you have it (hierarchy)*' (Pd Bank5).

Another colleague at Palladium Bank supported the idea that the bank is keen to move away from traditions such as using formal titles. They joked that ‘XYZ (redacted Executive Vice President’s name) *tried to destroy it* (the use of Bey – Turkish for Mister) and Hanim (Turkish for Ms./ Mrs) to superiors)’ (Pd Bank6) in order to modernise the company’s culture. However, the participant added that ‘*we still use it in our department, but less in wider bank, some do not use it at all*’ (Pd Bank6). Similarly, the respondent noted that the bank pushed for informal attire at the office around four years ago. However, the interviewee added that they ‘prefer to dress in business dress when I visit important clients’ (Pd Bank6). The interviewee clearly saw formal dress as a statement of professionalism in certain situations.

A respondent at Rhodium Bank suggested the bank is made up of ‘*old and new (style) teams*’ (Rd Bank1) with the more contemporary side of the culture appearing less hierarchical in nature. In terms of working relationships with superiors, the respondent described themselves as being on ‘*informal (terms)*’ with the Executive Director that they reported to (Rd Bank1). Moreover, the respondent elaborated that, ‘*it is possible to make jokes and have small talk, it is not as formal as people think*’ (Rd Bank1). A colleague at Rhodium Bank suggested that the senior management have ‘*an approachable [management style]*’ (Rd Bank2). An example offered to illustrate this was that senior management ‘*share elevators and press the elevator button themselves on behalf of other employees in the elevator at the time*’ (Rd Bank2). It was suggested that this ‘*would never happen at a local [fully Turkish owned] bank*’ (Rd Bank2). The respondent believed that informal relations between the levels in the hierarchy is tacit and could be due to the global influence on the subsidiary. They added that ‘(an informal culture) *is not written, but everyone knows it*’ (Rd Bank2). A colleague at the same bank felt Rhodium Bank was less formal than locally owned banks operating in the market. For instance, the ‘*Chief Operating Officer held monthly virtual coffee meetings to communicate with attendees*’ (Rd Bank3). This was seen by the participant as an opportunity to speak up, which is unusual in the Turkish business climate and ‘*couldn’t happen at local banks*’ (Rd Bank3).

A colleague at Rhodium Bank also noted that the office layout helped to create an informal workplace during the days of the week that he commuted to the office. Features of the office were described as ‘*hot desks for hoteling open plan [layout] and meeting rooms*’ (Rd Bank4) – hoteling being a system similar to hot desking whereby

employees reserve the same shared space for an extended period of time. However, the participant admitted that he himself often uses formal titles in Turkish, such as '*Hanim or Bey*' when addressing management (Rd Bank4). He appreciated that '*most people do not use formal titles when speaking to managers*' (Rd Bank4). In other words, it was the respondent's personal choice to align to national culture in terms of formality; however, the fact that this is optional alludes to an informal workplace. Moreover, the respondent added that senior managers are approachable, as is the head of department, who is an ex-pat from HQ's home country and described as '*easy to find*' (Rd Bank4).

The same respondent at Rhodium Bank also praised the large investment made in office space by the bank that had helped productivity and improved the workplace experience. In particular, '*couches for resting on and stand-up desks allow you to isolate yourself and concentrate*' (Rd Bank4). Moreover, in terms of a flatter hierarchy, a feature of the office layout that was stressed by the participant was '*no separation*' (Rd Bank4) in that the office is open plan and managers and employees are not in cubicles or based in closed offices.

A respondent from Silver Bank, felt office space was motivational: '*the style [plush design] of the office motivates me...*' (Sil Bank7) Another aspect mentioned was the city view from the subsidiary which is based in a skyscraper. The interviewee added that '*the city view has a real effect on my motivation*' (Sil Bank7). The same participant was complementary of the office environment provided after a recent refurbishment and noted that she was working on a hybrid working contract even before the pandemic.

An interviewee at Palladium Bank also highlighted the quality of the office space provided by the bank. They drew attention to the use of '*bright colours, open plan office, new furniture and special desks and pods*' (Pd Bank1). The inference is that this investment strengthens alignment to the brand, is motivational and fosters '*team spirit*' (Pd Bank1) in the workplace. Another colleague at Palladium Bank was also complementary about the contemporary office space and, during the interview, was proud to turn the laptop around to show a loft space-type contemporary building with exposed brickwork and corporate signage sprayed on the walls in graffiti style font. The interviewee added that '*we have sections of play stations and basketball hoops, however, I am extremely busy and do not have time to use them*' (Pd Bank 6). This alludes to the fact that workload takes precedence and in spite of the work life balance

that the office space aspires to, it is secondary to the realities of the present banking reality.

A Director at Platinum Bank also associated the plush subsidiary office space with prestige and pride in the organisation, having moved to a newly built office 6 years ago. The participant seemed impressed with the *'live pianist in the lobby'* which is *'relaxing after the morning traffic'* (Pt Bank6). The interviewee also felt that the facilities within the complex, such as *'supermarket, gym, and hairdressers'* (Pt Bank6) were convenient and made the location an attractive place to work. In terms of workspace, it was noted that in their view *'an open office is friendly and motivational'* (Pt Bank6).

During the interviews, several respondents made references that align closely to national cultural dimensions, suggesting that they perceived Turkish national culture to be an influence on their working lives. For example, one participant from Platinum Bank noted that teamwork is valued as an approach in Turkey, stating that *'teamwork is extremely strong and effective in Turkey'* (Pt Bank1). The same respondent added that *'colleagues like spending time together and helping each other because of our warm culture'* (Pt Bank1). Another respondent from the same bank saw teamwork within the subsidiary as *'a success'* (Pt Bank6) and suggested that the secret to this is the collaborative environment where team members *'share our successes and share our failures'* (Pt Bank6). Platinum Bank aspire to promote both teamwork and individual performance which is outlined in one of the bank's corporate reports and may at first glance seem a contradictory message. The report states that collaboration is value, and that team performance is supported along with individual performance. (Pt Report 1). However, both styles can contribute to organisational performance.

A respondent at another bank, Silver Bank, also expressed warmth for Turkish culture and saw it as distinct and unique. They noted that *'Turkey is different from many countries and my colleagues are close and sincere'* (Sil Bank1). Again, whilst this describes national culture it also clearly links to organisational life. Whilst discussing local culture, the same participant went on to describe her team in a positive light: *'my team is close and feels like a family and this means that the team is very effective'* (Sil Bank1). She clearly feels that there is a link between cordial team relations and productivity. A colleague at the same bank also reflected positively on her experience of teamwork and collaborating with colleagues at the bank. The respondent felt that

colleagues work well together online, and their team has an effective buddy system and not that they *'like to help colleagues if they can'* (Sil Bank3). These findings paint a picture whereby teamwork appears to be harmonious and effective.

The respondent described their colleagues in extremely positive terms by describing them as *'sincere and social'* (Sil Bank3). Similarly, another employee at Silver Bank saw their current team as being like *'family'* (Sil Bank4), adding that they saw co-workers in Turkey as *'warm and cooperative'* (Sil Bank4). Respondent Sil Bank6 described their own team of close colleagues as *'collective and successful'* (Sil Bank6). When asked to expand on this, the respondent added that they felt that their team *'is supportive, shared information with each other and is friendly'* (Sil Bank6), a perception held by another respondent in the same bank *'our team is friendly, and we get on well'* (Sil Bank7). The phrase # Hashtag Team Spirit appears on company documentation, so this type of collaborative approach is clearly an approach which the organisation favours. Similarly, there are references to collaboration as a value, although little detail is provided on how the firm pursues this (Sil Bank Report).

A respondent at another bank in the study, Gold Bank (Gd Bank3), also reported a similarly close team spirit in the subsidiary and reflected upon this positively. The interviewee described her team as *'helpful and cooperative'* and noted that the team speaks *'every day on Zoom'* (Gd Bank3). An internal report by Gold Bank also suggests that this collaborative environment may be encouraged since the organisation states that it aims to develop harmony amongst employees as a component of HR strategy (Gd Report). The feedback was similar at Platinum Bank where one interviewee described teamwork in the bank as *'harmonious'* (Pt Bank4) and felt colleagues at the bank have *'close bonds with each other'* (Pt Bank4).

A participant at Palladium Bank felt that their current team worked well together. She spoke of her team being *'friendly and everyone gets along'* (Pd Bank1). However, she also stated that *'loyalty to each other'* (Pd Bank1) is important which is a stricter requirement than one might expect. She also described her team warmly and spoke about it as *'friends with whom I socialise and talk about things [life issues] with, and recently Skype [during Covid restrictions] all the time'*. A colleague at the same bank felt that the team at the subsidiary of the bank was *'harmonious'* (Pd Bank3) and added that this was due to the *'warmth of Turkish people'* (Pd Bank3). Again, there is limited

evidence in Palladium Bank's company reports to corroborate the idea that collaboration is encouraged by the bank. One of the bank's values is to help colleagues to be successful, although there are no specific objectives outlined to support this aim (Pd Bank Report).

An interviewee at Rhodium Bank also felt that teamwork was important and that the bank provided a collaborative environment. They described their team as '*a small team that works closely*' (Rd Bank1). Another respondent at Rhodium Bank painted a similar picture in terms of teamwork within the bank. The interviewee felt that the bank is a workplace which fosters effective teamwork and commented that '*we like talking while working, and chat on Zoom instead of sending emails*' (Rd Bank4). The respondent linked this approach with national culture by adding that, '*in Turkish culture people are helpful and leave their work to try and help [colleagues]*' (Rd Bank4). This team spirit extends beyond working hours, and the team socialises regularly outside work. The participant added that most of the team socialise at local restaurants and added '*always the same people go out for a meal at least twice a month*' (Rd Bank4). The subsidiary supports this and organises and frequently sponsors staff social events, these being '*motivational dinners, which are large dinners for the whole department, around 20 people*' (Rd Bank4). In contrast, however, it is evident from reports published by Rhodium Bank that the institution itself seems more focused on encouraging individual employee performance rather than collaboration. One report highlights the organisation's commitment to individual employee development by supporting high performance and personal development. The aim is to foster a culture of individual excellence (Rd Report).

#### **4.3.2 Theme 2 - Culture: Theme 2: Culture, including the sub-themes of individual level organisational culture and national level culture. Discussion**

When speaking about their own professional experiences, the respondents reported that they felt that the culture of the subsidiaries deviated from that in the wider business landscape in Turkey. In particular, the participants framed their perceptions of the national business environment as being typified by formal relations with superiors and characterised by top-down management and micromanagement. In contrast, participants described the subsidiaries in ways that are reminiscent of existing literature, outlining features or symbols (Schein, 1991,2010), such as strong voice, casual dress / attire and

modern office spaces. Their workplaces were presented as being well aligned with their personal values, that is, a collaborative environment in which teamwork thrives and a cordial hierarchy where relationships between subordinates and managers are affable. This environment seemed to differ from the cultures experienced in their own organisations, the MNC subsidiaries, and their previous experience or expectations of what local employers may offer. Whilst respondents also suggested that this positive experience may not be universal and that some colleagues within their organisations may experience a far less progressive work culture depending on their department or line manager, overall, the respondents viewed organisational culture in their organisations favourably.

Smirich's (1983) distinction that culture can be seen from two distinct perspectives, either as a root metaphor or a variable, sheds light on the practitioners' responses. Practice theory is consistent with Smirich's (1983) root metaphor conceptualisation of culture. Practice theory identifies mechanisms that align partly to a constructivist view of culture. Practice sharing offers insights into distinct organisational cultures, in the case of this research MNC subsidiaries, as sharing occurs through conflict, which in itself occurs at the intra-unit level (Bjerragaard and Klitmoller, 2016). Applying this to the MNC arena, practice theory identifies 'strategizing social actors or groups, both inside and outside of a interact which dynamically interact with each other to create temporary balances of power that shape how formal organizational relationships and processes actually work in practice' (Morgan and Kristensen, 2006, p.1473 as cited in Bjerragaard and Klitmoller, 2016).

Similarly, practice theory – SAP – research is undertaken at the intra or internal unit level as well as the organisational level (Paroutis and Heracleous, 2013), which is consistent with its focus on individuals as social actors. Therefore, practitioners – in this case subsidiary employees – are socially embedded in the field of MNC subsidiaries which is a cultural, organisational and situational context (Vaara and Whittington, 2012). SAP views strategy as 'a socially accomplished, situated activity arising from the actions and interaction of multiple level actors' (Jarzabkowski, 2005, p.6).

At the same time, practitioners (or subsidiary staff) also have capacity for agency, and strategy can also be perceived as something that actors 'do' (e.g., Jarzabkowski and Spee, 2009; Johnson, Melin and Whittington, 2003; Whittington, 2007). Neo-

institutionalists would frame agency as an active process in which intentionality and power which are at work (Strang and Sine, 2002).

By extension, Bjerragaard and Klitmoler (2016) frame the dynamics of conflict over the ongoing actioning of headquarters-derived practices in terms of Bourdieu's concepts of fields, habitus and capital (Bourdieu, 1984). They suggest conflicts occur due to the position taking of actors at a company within a field, embodied in habitus struggling over capital. Behaviour which may advance career prospects or even allow employees to survive in their roles can be seen as accumulating capital. This potentially explains why the respondents perceive that the situation on the ground can change at any point and point out that a positive work environment – potentially aligned to headquarters' ideal – cannot be taken for granted for all subsidiary employees. Each of the streams of practice theory would corroborate the concept of using the inherent tension between agency and structure as a viewpoint.

New institutionalism (DiMaggio and Powell, 1983; Scott, 2013) also offers insights into the diffusion of practices within MNCs groups and helps to explain the respondents' description of their daily working lives in which management practices which were raised repeatedly during the interview responses. As previously discussed, the new institution pillars can be summarised as comprising of 'regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life' (Scott, 2013, p.48). In brief, the diffusion of institutional pressures, isomorphism and the attaining legitimacy offer insights into how practices and policies, including those within MNCs are shaped. Therefore, the routines of the participants working lives and the organisation culture that they experience does appear to be relatively similar across the different banks in this study. This suggests that practices have diffused from head office, which has then led to sameness within the banks in the field researched. The conduit is the overall structure and headquarters-subsidiary relations in MNCs, and this is explored further in relation to Theme 3 (see below).

In summary, the descriptions of their workplaces, especially the issue that subsidiaries differ in their business practices from the wider local business context, could be explained by the transfer of practices, such as HR practices in this instance, from headquarters through the new institutional concept of diffusion. Therefore, practice



theory helps explain why the subsidiaries are perceived as culturally distinct from the national setting by the participants.

#### **4.4. Theme 3: Headquarters Versus Subsidiary Influence**

##### **4.4.1 Theme 3: Headquarters Versus Subsidiary Influence: An overview**

Due to the very nature of their international operations, MNCs are home country headquartered and operate with a network of subsidiaries based in host countries. Therefore, organisational structures in MNCs are centred around this home country / host country formation. Theme 3 explores the relative impact of HQ and local influences in strategy by collecting data on the subthemes of head office dominance and subsidiary autonomy within this process.

##### **4.4.2 Sub-theme - Head office dominance: Findings**

An interviewee at Gold Bank described strategy as a process that is the domain of Head Office, observing that *'head office decides strategy and sets all the general rules'* (Gd Bank1). This demonstrates that the bank's head office is able to strongly influence the subsidiary's local operations. A colleague at the same bank also referred to the strength of Head Office's hold on strategy to the point to which the participant feels a disconnect with the strategy formulation process itself and passively acknowledges little knowledge of policies developed at the centre. When discussing strategy, the interviewee stated that, *'head office in [redacted country name] decides the company's strategy, so I do not know'* (Gd Bank2). Another respondent at the same bank also noted that many senior managers in Istanbul are expatriates transferred from head office. This was interpreted by the respondent as a management control mechanism and as a method of *'ensuring head office's structure is followed and that we comply with their system'* (Gd Bank3). A Gold Bank company report alludes to the pivotal role of the centre by stating the HQ aims to use its regional operations to promote international development, which whilst a noble aim is a home country centric mind set. Additionally, the bank aims for global coverage in the six continents, albeit with a strong centre (Gd Report 1).

One of the participants at Silver Bank highlighted a specific area of strategy which is controlled exclusively by head office. The interviewee confirmed that *'head office sets digitisation and technology strategy'* (Sil Bank2). Given the trend towards automation in banking and, in particular, its importance in the digital age, this was seen as the key

area of strategy; hence the HQ's control of this area of strategy is notable. Another participant at Silver Bank stressed the dominant role that HQ holds over technology within the group by adding that HQ initially designs and rolls out digital strategy and only then '*shares the (tacit) knowledge (with the subsidiary)*' (Sil Bank3). This interviewee provided the example of how HQ provided the know-how for the subsidiary to add the colour associated with the brand as a background to the subsidiary's mobile banking app.

A colleague at Silver Bank felt that all the subsidiary's business operations are under scrutiny from HQ, commenting that '*X (redacted country name of head office) regulates us closely*' (Sil Bank4). This suggests that HQ plays an active role in monitoring the subsidiaries within the global organisational framework. The same respondent elaborated on HQ's role in strategy within the group and noted that they form a series of teams in the subsidiary to monitor strategy, such as a '*risk strategy team, HR strategy team and Market Risk strategy team*' and that these teams help set the '*rules*' or form strategy (Sil Bank4).

However, the same participant at Silver Bank noted that whilst these teams were set up and operated locally, they report directly back to HQ. It was unclear how much influence the centre had, and the respondent was reluctant to estimate the level of HQ's influence. Another respondent at the same bank suggested that HQ acts like an entity which aims to '*spread their culture [home country culture]*' (Sil Bank5) and the context of this comment suggested that this is not always positively received locally. However, the interviewee added that this can be advantageous and an example how this can be a positive influence was the fact that HQ had removed notifications to line managers when employees applied for internal vacancies. This was welcomed because the participant felt that the previous system of notifying line managers would potentially '*ruin it...*' (Sil Bank5) for applicants. Another participant at the same bank also felt that Head Office was always trying to '*dominate us*' (Sil Bank 7) and that this policy of standardisation was not always welcome. For example, '*XYZ (redacted capital city where HQ is based) made hybrid working 3 days a week in the office when we planned 2*' (Sil Bank 7).

A participant at Platinum Bank emphasised that HQ dominates the group in terms of management control systems: *'we [the Turkish subsidiary] have to report back on everything'* (Pt Bank3). This would suggest that HQ was the dominant party in the group's structure. Despite this, the interviewee felt that most of the strategic creativity which emerged in the group originated locally rather than from the centre. Another employee at Platinum Bank saw HQ as ultimately creating barriers and placing a limit on the local subsidiaries' agency. The interviewee added that *'at some point, we need permission from HQ, like any international company'* (Pt Bank4). However, this respondent was not aware of any examples of this, such as communications or instructions guiding the subsidiary. Platinum Bank company reports state that the group's subsidiary network aims to expand the bank's global presence, and this may be interpreted as suggesting that the centre has the dominant role and that the centre is expansionary. The report also states that the group's subsidiary network hopes to share best practice throughout the group, which again suggests that head office is influential in influencing subsidiary operations (Pt Report 1).

Similar to those working for the other banks in the study, a respondent at Palladium Bank believed that HQ are the most influential party in an MNCs structure, stating that *'in my experience in MNCs, HQ have much more pull than the local office'* (Pd Bank2). A colleague at the same bank added that overall *'head office decides, and local office follows'* (Pd Bank3) when deciding strategy. Another colleague concurred that HQ plays an important role in strategy, believing that *'the vision comes from Europe [HQ's base] and the strategy based on this vision is given from Europe'* (Pd Bank4). One respondent in the bank noted that the centre tends to lead on certain elements of strategy and that the global strategies set by HQ focus on *'employees, [staff] survey, digitalisation, and ICT'* (Pd Bank 5). The perception that the centre is influential in strategy at Palladium Banks was also shared by another interviewee who suggested that major strategic initiatives originate from the centre and

*the very big decisions are taken directly by global management and generally strategy communications come from HQ.* (Pd Bank 6)

A participant at Rhodium Bank felt that HQ firmly controls strategy within the overall MNC group when deemed necessary. An example of the strength of HQ's influence was given as '*our Global HQ pushed for a move to working from home [during the pandemic] and demanded it*' (Rd Bank1). However, day to day it was the Middle East and North Africa (MENA) regional office that held the most sway as the regional head office. It was noted that '*we [the Turkish subsidiary] report to the MENA office and receive our strategy from there. They give the instructions and set the rules*' (Rd Bank1). The same participant went on to provide an example of a successful HR strategy that was introduced from the centre and had real meaning for the participant as an employee. '*The bank introduced a confidential whistleblowing line for employees who felt that they were experiencing mobbing*' (Rd Bank1). It can be inferred from this that HQ has the influence to command elements of strategy from the centre. Another participant from the same bank felt that the bank largely followed influence from the centre/ HQ and described it as, '*semi-local and mainly global*' (Rd Bank5). A colleague at Rhodium Bank felt that the subsidiary does not have a high profile globally and certainly could not influence the group beyond the local market. The respondent noted that '*during the Town Hall speeches the Global CEO does not mention Turkey ever*' (Rd Bank2). The employee added that '*there is no influence [on the global group] from the local [Turkish subsidiary]*' (Rd Bank2). To stress the point, the respondent repeated that the '*CEO [of the Turkish subsidiary] does not have any influence on the global [HQ CEO]*' (Rd Bank2).

#### **4.4.3 Sub-theme - Role of Subsidiary – Subsidiary Influence: Findings**

During the interviews, the respondents discussed strategic contributions made locally by subsidiaries, suggesting that local factors also influence strategy within MNCs. Whilst some felt that subsidiaries play a central role in strategizing, others felt that their strategic contribution could be greater.

A respondent at Gold Bank noted that

*our Istanbul subsidiary decides pay and compensation because it understands the local market. Istanbul strategy decides local market prices for our products.*  
(Gd Bank1)

Therefore, the bank's approach to both remuneration and product pricing is set locally, a significant factor because both involve significant costs for the organisation. Another participant at the same bank also asserted that the subsidiary played an important role in staffing issues stating that, '*our subsidiary may decide general rules. During the Covid-19 outbreak fast action was taken to protect employees and customers*'. Another interviewee at Gold Bank raised the issue of remote learning and noted that '*there was a move to working from home and the decision to work online was taken by our [Istanbul] subsidiary after talking to the head office*' (GB2 Ref1). This highlights another major contribution by a subsidiary, albeit following discussions with HQ.

An interviewee at Silver Bank noted that Key Performance Indicators (KPIs) at the subsidiary are set locally: '*Targets are set and integrated after consultation with each department and accounting for cost sustainability*' (Sil Bank2). This suggests that local operational issues do influence local strategies and that subsidiaries have a role. The same interviewee also provided another specific example of how the subsidiary contributes to strategy: '*Our subsidiary also decides strategy, such as, operational excellence*' (Sil Bank 2). This suggests that metrics/ Key Performance Indicators (KPI) setting involves strong input from the subsidiary. A colleague at the same bank felt that certain areas of technology were best led by the subsidiary. This participant felt that '*Turkish [subsidiary] tech [specialist dealing platforms] work better than XYZ's [redacted HQ's capital city name] because we know quick workarounds...*' (Sil Bank7). The participant felt that this had allowed the team to solve a number of problems for HQ.

A respondent at Platinum Bank HQ added that, in the local subsidiary '*most of the know-how is local*' (Pb Bank1). The interviewee affirmed that that '*HQ is in no way driving the business*' (Pb Bank1) which suggests that local initiative was particularly strong in the subsidiary. However, once again this comment is focused on contributions made to strategy around margins, profitability, and control. Similarly, another respondent at Platinum Bank also painted a picture of substantial local initiative within subsidiaries in Istanbul: '*marketing strategy, IT strategy and HR strategy is a created locally in Istanbul*' (Pt Bank4) This is a significant finding, because the strategies listed are core business strategies. A colleague at the same bank highlighted a skills base in the local market that gives subsidiaries an active role in local strategy formation. '*Because of the technical education system, Turks are extremely competent in advanced*

*IT* (Pt5 Q3). Another colleague at the same bank drew a clear distinction between head office or home country culture and the local subsidiary context. *'The culture at my bank is Turkish and not XYZ'* [redacted HQ home country name] (Pb Bank2). *'The know how is local and strategy matches the local market. The bank is Turkish in the way it does business'*. This quote suggests that, in this respondent's view, local market culture is stronger than any host country influence. It follows that the elements of national culture identified by the respondents, such as hierarchy and teamwork, may influence working lives within the subsidiaries. Another colleague at Platinum Bank felt that the local office had considerable know-how and that HQ benefitted from local skills and knowledge. The interviewee stated that *'the [Turkish] banking sector is strong and that they [the MNC owner] learnt banking from us'* (Pt Bank6).

A respondent at Palladium Bank suggested that the local office has input on certain types of strategy. The example she gave was that *'salary level, resources, and physical office space are all local'* (Pd Bank2). Whilst at first glance these may not be classified as core strategies, they are nevertheless significant contributions to daily operations. An interesting insight from a colleague at Palladium Bank was that management information (MI) requirements empower subsidiaries because they are tasked with producing the MI reports HQ uses to monitor their operations. Therefore, their pivotal role in producing this strategic information for the centre is seen as a key role inside the subsidiary. The participant noted the *'we produce the spreadsheets and PowerPoints'* (Pd Bank3) that *'contain the data that are then used to create strategy.'* Therefore, this role in information production is viewed as an essential strategic function. On the other hand, however, a colleague at the Palladium Bank felt that subsidiaries could make a stronger contribution to strategy. They felt that it often appears that the subsidiary's CEO *'just applies the goals [set by HQ] and does what Europe [HQ home country] says'* (Pd Bank4).

Another respondent from the same bank provided a more focused answer. Although core strategies are often led by HQ, many other strategies remain in the domain of local subsidiaries. The interviewee noted that the subsidiary influences strategy on the periphery in terms of *'local management [HR], certain IT strategies, meeting local regulations, and pandemic response'* (Pd Bank5). These strategies are still of significance to the group's operations, nevertheless. Another colleague at Palladium also felt that the subsidiary can make strategic contributions. In order to reduce the

number of internal emails, the legal department set up a portal, operating by raising a ticket and receiving a call to answer. The interviewee summarised this policy: *'With legal queries we don't email but open a ticket instead, the platform is called XYZ (redacted name.) This was so successful it was adopted internationally'* (Pd Bank 6). The content of Palladium Bank's company report highlights that the organisation is keen to promote both its local ties and global network. On the one hand, the skills, knowledge and experience of the local lending, and (stock) markets team are emphasized as strengths. On the other hand, however, the report is keen to highlight the advantage of the networks access to the bank's global expertise at HQ. The report also makes a direct reference to the provision of financial services to global standards in a local market, implying that the global network is a guarantee of quality (Pd Bank Report).

An interviewee at Rhodium Bank felt that the subsidiary could influence the centre and that strategy was *'the dynamics of global and local combined'* (RDB3 Q1). Another respondent from the same bank felt that the local office did contribute to strategy, however, the only specific example of subsidiary influence was over the *'budget for motivational dinner/ socialising'* (Rd Bank4). A colleague felt that the Turkish market is ahead of the global norm in terms of technology and that *'Turkey is ahead in tech and is really aggressive in tech'* (Rd Bank1). Within IT strategy, HQ is seen as holding the subsidiary back through its attempts to standardise. The respondent noted that *'HQ always asks why and we [the Turkish subsidiary] always need to explain ourselves to the MENA office'* (Rd Bank1). Therefore, the local subsidiary constantly pushes for improved technology to compete in the local market, and HQ can be a barrier to this. Based on a report issued by Rhodium Bank, the institution seems especially proud of its international network. The bank refers to itself as a worldwide bank and its focus is on its overall global reach. The organisation presents its values as adhering to global standards which may suggest that the centre controls these (Rhodium Bank Report).

#### **4.4.4 Sub-themes - Head Office Dominance and Role of Subsidiary – Subsidiary Influence: Discussion**

The results of this study show that there are repeated examples of situations where the local office leads on strategy; however, staff in Istanbul perceive that it is the senior management and HQ who are tasked with undertaking strategizing. Whilst local strategic initiatives are notable, intriguingly they do not appear to be genuinely

recognised as such by the respondents. In the broadest terms, MNCs aim is to satisfy both HQ and the local market whilst subsidiary autonomy in this context is clearly of sufficient value for HQ to decentralise decision making so that the group meets localised demands arising from consumers. However, it is important to note that core strategies, such as, IT remain centralised, and control is largely retained at HQ.

The unique feature of an MNCs structure is the separation between a home country-based head office and a locally based subsidiary. Within the field of international business, therefore, managing the relationship between headquarters and subsidiaries is a topic of interest in MNC research (Nohria and Ghoshal, 1994; 1997). Hence, the international business literature offers insights on how to interpret the respondents' perspectives by viewing strategic direction as a policy which needs to balance HQ appetite for control with subsidiaries' motivation to influence strategy to serve their local markets.

This draws attention to the 'power relationships' and in particular the 'degree power concentration in the subsidiary portfolio (Lee, 2022, p.126). In other words, a key issue when considering MNC group operations is the relative power or independence held by a subsidiary. In the case of the Istanbul-based subsidiaries, it can be concluded that local autonomy appears to be relatively strong. In terms of theory, the power balance and the potential tensions between head office and local subsidiaries can be framed within resource dependency theory (Lee, 2022; Pfeffer and Salancik 1978; Rao, Brown and Perkins, 2007) and agency theory (Hoenen and Kostova, 2015; Kostova, Nell and Hoenen, 2016; Lee 2022). Resource Dependency Theory in this context would suggest that as subsidiaries evolve, accumulate resources and develop specialised capacity, then their level of autonomy grows (Lee, 2022). Agency Theory is developed out of transaction cost economics (see Chapter 2) and holds that there is an inherent bounded rationality problem due to imperfect and asymmetric information (Linder and Foss, 2013) in any principal-agent relationship which extends to headquarters subsidiary relations within the MNC (Kostova, Nell and Hoenen, 2016; Lee 2022).

The interview responses reveal a number of strategic initiatives (Birkenshaw and Ridderstrale, 1999; Gupta and Govindarajan, 2000) which are clearly driven from Istanbul. These include recruitment, compensation, consumer facing IT (banking apps and ATM software), product pricing, meeting regulatory requirements and so on. This is



reminiscent of the view that prominent place subsidiaries hold within MNCs as essentially semi-autonomous structures (Ambos, Andersson and Birkinshaw, 2010; Lee, 2022). However, the respondents also fed back that headquarters retained control of core strategies, such as, internal IT systems, held the final word on strategy and retained control over the subsidiaries due to an intricate system of internal reporting. Interestingly, the respondents felt internal reporting could potentially be a double-edged sword because the information is ultimately dependent on distal subsidiary staff to compile the information, albeit presumably to agreed standards.

Bartlett and Ghoshal's (1988) framework offers insights into how subsidiaries of international banks have been established in Istanbul to service the local market. Subsidiaries with specialist local knowledge and the know how to strategize have developed and work closely along HQ to navigate the marketplace. There is evidence from this study that MNCs are pursuing an 'multidomestic' (Bartlett and Ghoshal, 1988) strategy in Turkey due to the number of local strategic initiatives described by the practitioners. Moreover, CAGE framework (see Chapter 2) factors, such as Turkey's geographical location and free market economy (see Chapter 1), suggest that the nation is an attractive location for inward FDI into its banking sector from global banks headquartered around the world.

#### **4.5 Findings and Discussion Section – Conclusion**

The following word cloud (Figure 4.1) was generated in NVivo 14 after the analysis (see Section 3.7) of the data collected in the field (see Section 3.5). The concept of word clouds developed from early social networking sites, such as Flickr, because it offered a way to gather descriptors to identify photographs that users posted (Miley and Reed, 2011). However, word clouds are also an accepted means of summarising research interviews (McNaught and Lam, 2010) because they clearly emphasise the most commonly used words from semi structured interviews.

**Figure 4.1** Word Cloud



The visualisation that word clouds, also known as ‘tag clouds’ or ‘wordles’ (Smith, Zeisner and Turcott, 2023) helps bring some of the key phrases revealed in the data from this study to light. Additionally, it supports the themes that emerged (see section 3.7) and helps introduce a table of the key take aways or highlights of the findings which are linked to the themes in Table 4.1 below.

Therefore, Table 4.1 (below) presents a summary of the findings of the research linked to the themes. It is presented in tabular form to offer an at the glance highlights of the key findings related to the themes.

**Table 4.1** Highlights of findings linked to themes

Theme / Subtheme	Highlight – Key Takeaway Result
Theme 1: Formal Planning	Formal planning was associated so strongly with strategy across the cases that it was essentially used as a synonym for strategy itself. Therefore, a clear pattern emerged evidencing that planning is viewed as an important strategy mechanism by practitioners.
Theme 1: Profit Maximisation	Broadly speaking profit maximisation was viewed by the bankers as the overarching aim and primary measure of strategic success at the banks.
Theme 1: Attaining a Competitive Advantage	Strategy is seen in the field as a method of delivering differentiated products and service and a means of attaining a competitive advantage in the market.
Theme 1: Top-Down Strategy Formulation	A clear pattern emerged that banking professionals clearly see strategy formulation arising from the top and that strategizing is led by senior management. Additionally, respondents did not feel closely connected with the notion of contributing to its formulation.
Theme 1: Flexible Vs Fixed Nature of strategies Set	The Covid responses implemented are viewed as an isolated - yet important - rapid shift in strategy. Overall, other strategies pursued are viewed as relatively stable.
Theme 2: Organisational Culture & National Level Culture	The mood painted by interviewees is that as subordinates they felt comfortable with and enjoyed an informal workplace. They also felt that this extended to collaborative working with colleagues and respondents felt they are part effective and support teams
Theme 3: Head Office (HQ) role	However, there was also a sense that HQ remained dominant and that subsidiaries largely followed their lead. In particular, IT and internal reporting were flagged as areas led by HQ.
Theme 3: Local Subsidiary's role	There is clear evidence that the respondents felt subsidiaries play a significant role in strategy formulation. They reported that local HR, and space strategies were driven locally.

Having presented the findings and discussions in detail by theme and sub-themes, this chapter also summarises the key findings (see above.) The discussion outlined in the chapter was broken down by themes and then subsequently detailed each sub theme within them. The next chapter now goes on to conclude of the thesis. It reviews the aims and objectives of the thesis, outlines its contribution to knowledge and practice, and then presents the key conclusions/ outcomes of the research. The limitations of the study are discussed, and potential future research areas are identified. Finally, the thesis closes with a brief personal reflection on the study from the researcher.

## Chapter 5

### Conclusions, recommendations and future research

#### 5.1 Introduction

As established in Chapter 1, the modern Turkish banking sector dates back to the Ottoman Empire and the large banks that emerged in the wake of its collapse and formation of the secular Turkish Republic in 1923. Following economic liberalisation in the 1980s and the establishment of the Banking Regulation Supervisory Authority in 1999, the sector has attracted increased levels of inward FDI (Etkin et al., 2000; Subasat, 2014; Bagci and Gokirmak, 2020). This rapid growth has also been maintained despite exchange rate volatility, and Turkey largely avoided the Credit Crunch of 2008 due to its resilient banking sector and reforms made during an earlier domestic economic crisis of 1999 (Bakir, 2009). It should be noted however that, at the time of writing, financial indicators such as the exchange rate and inflation rate continue to deteriorate rapidly (World Bank, 2023). The future economic situation, therefore, remains potentially quite volatile.

Nevertheless, the present-day financial services sector in Istanbul, and its speedy internationalisation, warrants attention and is the focus of this study. Relatively little research has been conducted on the sector despite the growth it has experienced over the last few decades. Consequently, this thesis sought to develop a novel and nuanced understanding of international banks operating in Istanbul during today's digital age. Previous research in this area tends to be dominated by quantitative research with a narrow focus of profitability and efficiency (Abbasoglu, Aysan and Gunes, 2007; Acaravci and Calim, 2013; Isik and Hassan, 2002). Research into strategy in particular in this field is scarce and follows a similarly narrow approach; it is typically based on a single case study approach and potentially overlooks influential issues, such as the impact of culture, which are included within this study (e.g. Karatas-Ozkan and Broadbent, 2002).

Therefore, to address the gap in the literature, this research offers a broader methodology – a multiple qualitative case study – and a Practice Theory based theoretical framework supported by multidisciplinary literature utilising the strategic

management, culture and international business literature. The research was implemented by studying organisations in an international context and exploring the perspectives of subsidiary staff in the field. Moreover, the international nature of the context provided a conduit from which to study the influence of local factors on strategy. This, in turn, enabled the formation of a nuanced understanding of strategy in MNC subsidiaries and, in doing so, presented the opportunity to critique the contemporary approach of SAP as an understanding of how businesses ‘do’ strategy in an emerging market context. Thus, the underlying research question that this thesis addressed was: *what are the key influences on strategy development within the context of MNCs subsidiaries?*

The data collection stage of this research was coincidentally undertaken during the Covid-19 pandemic, which caused significant disruption and uncertainty worldwide. To an extent the thesis also acts as an unintended snapshot into strategy during this extraordinary time. However, at the time of writing all restrictions have been removed and from an MNE perspective Covid-19 has not impacted globalisation to anywhere close to what would be needed for strategists to narrow their focus to their home countries or regions (Anhmed and Lee, 2021; Atman and Bastian, 2021).

Therefore, the purpose of this concluding chapter is to bring together the various threads of the thesis and, in particular, to outline how the research aims and objectives have been met and to draw conclusions from them. In addition, the contribution of this research to knowledge and practice is evaluated. The contribution to practice takes the form of managerial recommendations for the enhancement of strategy formulation in the context of international MNC subsidiaries. The limitations of the research are subsequently outlined, and future research directions are also identified.

In summary, the chapter is structured as follows:

- Brief summary of the thesis
- A review of the aims and objectives
- Key conclusion/ research outcomes
- Contribution to knowledge
- Contribution to practice
- Limitations of the research / future research

## **5.2 Thesis summary**

*Chapter 1:* As the introductory chapter of the thesis, Chapter 1 sets out the context of this research, provides an overview of the broad themes of the topic, outlines the theoretical framework and the supporting literature, presents the aims and objectives of the study and introduces the methodology employed in meeting them.

*Chapters 2:* These chapters comprise the literature review of the study by reviewing the strategic management literature (Chapter 2) and the culture and the international business literature (Chapter 2) that underpin this thesis. In particular, the ‘new school’ contemporary Strategy as Practice perspective (e.g. Whittington, 2007; Jarzabkowski and Spee, 2009) together with its wider practice theory origins and the main alternative mainstream or ‘old school’ economic based strategy perspectives - the early strategy research (eg. Andrews, 1971; Chandler, 1962); Positioning School (e.g., Porter 1979; 1980; 1985) and Resource Based View (e.g., Barney, 1991) - are critically appraised in Chapter 2 as lenses through which to explore strategy within the specific context of this inquiry, namely, the subsidiaries of international banks located in Istanbul. Chapter 2 also subsequently focuses on local factors and the structure of MNC groups.

*Chapter 3:* Outlines the study’s research design and methodology by establishing and justifying the researcher’s interpretivist stance and the choice of a qualitative multiple case study to underpin this exploratory study. Details of the data collection phase of the thesis are detailed; the chapter explains that the study is based on semi-structured interviews with practitioners in the field which are triangulated by organisational publications from the financial institutions in the study. The approach taken to coding

and thematic analysis by the researcher during the data analysis stage is subsequently explored.

*Chapter 4:* Outlines the results of the study which are categorised into themes followed by a discussion of the findings for each of these themes. The discussion sections involve drawing links with the relevant literature to support and interpret the key findings.

*Chapter 5:* The present chapter concludes the thesis and reviews the extent to which it has met its aims and objectives. It goes on to present and discuss the contributions made to practice and knowledge. Finally, the chapter outlines the limitations of the research and offers suggestions for future research.

Having briefly summarised the chapters in the thesis, the next section will review the research aims and objectives established as in Chapter 1 and highlight how they were met during the research.

### **5.3 Review of the research aims and objectives**

As established in Chapter 1, the primary aim of this research was to explore strategy in MNC subsidiaries and particularly how it is influenced by local factors.

In doing so, a secondary aim is to apply a wide practice theory lens as a theoretical framework supported by relevant multidisciplinary so that a more nuanced view of strategy formulation in MNC subsidiaries might be achieved. To actualise this, an exploratory qualitative multiple case study of the subsidiaries of international banks operating in Turkey will be undertaken. The focus on exploring practitioners' perspectives on strategy in the field ensured that, as a DBA, this study is of practical significance to subsidiary managers / staff, and therefore contributes to both knowledge (see Section 5.4) and practice (see Section 5.5). Therefore, the overall research question that this study addressed is: *What are the key influences on strategy development within the context of MNCs subsidiaries?*



To meet the aims outlined above, the study followed the following objectives. The extent to which these research objectives have been met during the research is summarised below.

*Objective 1:* To carry out primary research exploring practitioner's perceptions of their experience of strategy in emerging market based MNC subsidiaries to contribute to constructing a nuanced and contextualised view of strategy formulation in practice.

Primary data were captured through 30 semi-structured interviews with practitioners at five subsidiaries of international banks which were given the pseudonyms Gold Bank, Palladium Bank, Platinum Bank, Silver Bank and Rhodium Bank to ensure confidentiality. This allowed the researcher to explore practitioners' perspectives on strategy formulation in the field using an interview guide (see Chapter 3) constructed on the basis of the strategy literature reviewed in Chapter 2. Moreover, subsidiary staff of differing levels of seniority – recent graduates, middle managers and senior managers – were interviewed in order to capture a wide range of perspectives. Again, the findings and discussions from this research relating to strategy are outlined in Chapter 4 – Table 4. 1 presents the highlights of the findings - and the key conclusions are presented in Section 5.4.

*Objective 2:* To explore the interplay between strategy and social context (organisational culture and national culture) by investigating whether head office or subsidiaries lead strategy.

A thorough review on the extant international business and cross-cultural studies literature was conducted in Chapter 2. This interplay was also investigated by gauging practitioner perspectives on the topic through undertaking semi-structured interviews with subsidiary staff. This was also triangulated with secondary data from company reports. Again, the findings and discussions from this research relating to culture are outlined in Chapter 4 and the key conclusions are presented in Section 5.4 below.

*Objective 3:* To critically appraise the literature informing the research – the strategy, culture, and international business literature – within the context of the study to draw out the functionalist and constructivist threads within it and unpack the historical and contemporary roots of each stream.

In the literature review section of the study covering strategy (Chapter 2) the extant literature was critically evaluated and the existing paradigms in strategic management analysed. Additionally, semi-structured interviews with practitioners were undertaken to gather primary qualitative data, and these were triangulated with secondary data from company reports in order to explore the competing strategic management perspectives in the field. This all presented the opportunity to draw out the functionalist and constructivist threads within it and unpack the historical and contemporary roots of each stream. The findings and discussions from this research relating to strategy are outlined in Chapter 4 and the key conclusions are presented below in Section 5.4.

*Objective 4.* To draw conclusions and develop focused recommendations to practitioners in the field on how to enhance strategy formulation processes in this specific context supported by the findings of this research.

The fieldwork and the resulting rich context specific data attained from semi-structured interviews with practitioners at the subsidiaries in Istanbul led to the findings which were presented in Chapter 4. This, in turn, identified a number of areas for potential improvements in strategy formulation mechanisms in practice which guided the recommendations. These recommendations, aim at subsidiary managers and staff based on the findings in Chapter 4, form the contribution to practice of this DBA thesis and are outlined in Section 5.6. of this chapter.

#### **5.4 Key Conclusions / research outcomes**

Based on an exploratory study of a specific context – Istanbul based subsidiaries of MNC global banks – a number of conclusions can be drawn from the specific findings of this thesis discussed in Chapter 4. The findings from a study of this complex organisational backdrop gathered from primary research in the field to gauge practitioner perspectives, and supported by secondary data from case specific organisational reports presenting the corporate and industry view led to a number of conclusions. The conclusions/ research outcomes are presented below across the areas of strategy, culture and relative influence of headquarters and local subsidiaries.

The principal insights gained into strategy and strategy formulation with the MNC subsidiaries are as follows. Regarding strategy and formal planning, this research

established a clear pattern which highlighted that practitioners perceive formal planning as synonymous with, and an intrinsic element of strategy and strategy formulation within the subsidiaries. At first glance this seems to be counter to the basis of practice theory which holds that strategy is a dynamic process emerging from the dynamic interaction of structure and agency – see Chapter 2. An initial conclusion could simply be that the responses appear highly deterministic in nature as ‘the plan’ may seem to constrain subsidiary staff primarily withing structure (Lizardo, 2010).

However, Structuration Theory (Giddens, 1976, 1979, 1984; Bourdieu, 1977, 1986, 2014) posits that the findings indicate that the employees appear to be enacting their ‘subjective expectations’ and believe that the ‘group’ – in this case qualified and skilled banking professionals – that they belong to simply expects a plan to be put in place as a component of the ‘objective reality’ (Bourdieu and Passeron, 1990, p.155-156). In turn, a strategic plan could be acting as an assumed structural artifact or ‘cultural arbitraries’ (Bourdieu and Passeron, 1990, p.23). New-Institutionalism mirrors this by highlighting references to planning symbolically, positioning strategic planning as a normative mechanism (Scott, 2013). However, given the skilled nature of the functions that the participants undertake, it is likely that planning and roll out is an activity embedded with agency. Both aspects are likely to see practitioners use the plan as a tool in the process of strategy work (Jarzabkowski and Kaplan, 2015). From a Giddensian interpretation, agency enriches social life and there is an assumed dynamic element to the planning process (Giddens, 1984). Afterall, ‘people’s activity matters: practice ... makes a difference to outcomes’ (Whittington, 2015; p.145). Therefore, structure and agency appear to both contribute to the arena of planning, and mutually contribute.

On the other hand, from a ‘old school’ strategy perspective, the responses strongly echo economics-derived approaches to strategy. The emphasis on the strategic plan within a company strategy is a common feature of mainstream approaches to strategy research. For instance, the notion of planning is also pivotal to the broader early strategy management research (e.g. Chandler, 1962; Andrews, 1971), the later industrial organisational economics inspired research (e.g. Porter, 1979; 1980; 1985;1996) and resourced based (Barney 1991) previously discussed in the literature review section of this thesis. In brief, strategy is actively constructed and directed in order to attain corporate goals. It is certainly striking how closely the language used by the respondents – see Chapter 4 – mirrors this conceptualisation of strategy.

Regarding conclusions on the issue of profit maximisation, the nature of the research context – the banking sector – would seem to influence the perspectives of subsidiary staff leading to a clear profit focus. This is wholly unsurprising given the reasonable assumption that profitability provides a concrete method of benchmarking the success of strategy in a sector where profits count. It is evident that the respondents view profit maximisation as the main driver of their organisation purpose and, in turn, strategy. This was viewed as providing a clear target and measure of productivity and effectiveness within the subsidiaries.

Again, Practice Theory offers insights into the association established in this research that subsidiary staff make between strategy formulation and the expectation that this will result in strong financial returns. A new-institutional perspective frames profits as the dominant institutional logic, and the commonality of this view is due to isomorphic responses across the field (Lounsbury, 2007) whereby practitioners focus on profitability. The ‘logic’ presents a ‘way of ordering reality’ (Friedland and Alford, 1991, p.243) whilst being non-deterministic because in order for a logic to dominate perspectives, it initially results from competition between different logics amongst differing societal actors (Thornton and Ocasio, 1999 p.104). In this particular sector, the subsidiaries have aligned with a prevailing logic of market capitalism (Friedland and Alford, 1991) also described as markets (Thornton, 2004).

Continuing with Practice Theory, Bourdieu’s concept of doxa might explain why practitioners appear to adopt a common priority of profit attainment. As previously discussed, doxa can be viewed as assuming an experience amounts to ‘the way things are’ (Gunderson, 2020, p. 23 as cited in Vakalopoulos, K., 2022). Broadly speaking, Chopra (2013) assumes neo-liberalism – a clear framework for any FDI – can be interpreted as a doxa or an ‘unquestionable orthodoxy’. (p. 419). Additionally, Scott’s (2013) new institutionalist cultural cognitive pillar – posits that the participants profit focus arises as subsidiary staff cognitively shape the ‘norms’ or a commonly held perspective in the industry whereby strategy is viewed as a mechanism of delivering profit.

On the other hand, the findings can also be interpreted from a rationalist economics-derived lens. From this perspective, the practitioners’ perspectives mirror the “old

school” mainstream strategy research, such as the early strategic management research (Andrews, 1971; Ansoff, 1965; Barnard, 1938; Chandler, 1962), industrial economics derived studies (Porter, 1973; 1980; 1985; 1990) or resource-based approaches (Barney, 1991) which posit that successful performance can be largely reduce to healthy profits. In the organisations studied, employees are partly remunerated with annual bonuses and the research took place amidst a cost-of-living resulting from the previously discussed high inflationary environment in Turkey. Therefore, it is quite understandable that profit is viewed as a strategic aim and in the backdrop of this research, strategy becomes an ‘ends’ (MacCrimmon, 1988) to profit and in turn bonuses.

Turning to another economics-derived concept that was raised repeatedly in the findings, it is clear that practitioners view strategy as a tool to attain competitive advantage. The findings indicate that on the ground “*strategy-as-observed-in practice*” consists of an environment where senior management are instrumental in decision making to direct the utilisation of resources, which ideally leads to differentiated products and a strong market position – the thinking here suggests that practitioners are closely aligned with the principles of economics and feel like they play out in their own organisations.

However, this conclusion can also be framed within Structuration Theory which helps explain why subsidiary staff enthusiastically described the goal of attaining a competitive advantage as an established target to actively work towards. Practitioners strongly feel that their roles contribute towards this, and engagement deployed in ‘creating’ a competitive advantage is reminiscent of schemes of action. These are actor’s ability to perform action and range from simply using one’s eyes when reading to far more demanding tasks, such as, researching (Romdenh-Romluc, 2011, p.77). As this is enacted, structure and agency – in this case efforts employed with this specific goal in mind – are mutually reinforcing.

Continuing with a Practice Theory perspective, the results suggesting that competitive advantage is central to strategy is also in keeping with a micro-foundations approach to achievement from actors in the field. This is particularly applicable to the references to the use of tools, such as SWOT analysis, in the process to attain to attain competitive advantage. From a SAP lens, these are ‘strategy models’ implemented assuming the ‘background knowledge of the practitioner’ – or subsidiary staff – whilst they are ‘doing

strategy' or undertaking their roles (Stander and Pretorius, 2016). The importance of practitioners' knowledge as a driver of the enactment of strategy practice or the cognitive, behavioural, procedural and physical resources employed is stressed by SAP scholars (Jarzabkowski and Spee, 2009). This is also reminiscent of Scott's (2013) cultural cognitive pillar from a new institutionalist stance. Both help explain the fact that similar ideas arose across each of the five banks researched.

Alternatively, the findings would also appear to align with an alternative rationalist approach to strategy. As previously discussed, competitive advantage is a concept taken from economics and can be defined as 'an advantage that exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage) or deliver benefits that exceed those of competing products (differentiation advantage)' (Wang, Lin and Chien, 2010, p.111). In relation to strategic management, the notion of competitive advantage is the foundation of the 'old school' strategy approaches, for instance industrial economics-derived externally focused lenses (Porter, 1973; 1980; 1985; 1990)) and the internally focused resource-based view approach. (Barney, 1991) Moreover, since Porter (1980) published a book itself entitled 'Competitive Strategy' which demonstrates just how closely the perspective is aligned to the notion of competitive advantage. It could be argued that it is impossible to separate the practitioners' perspectives on strategy in the field with these streams of strategic management research.

Highlighting the issue of the reported top-down nature of strategy within the subsidiaries, the respondents revealed the importance attached to the role of the CEO and the board as key decision makers. The subsidiaries were described as operating under rigid tall hierarchies as opposed to flat organisational structures. Overall, the practitioners perceived this as a positive, supporting the argument that there are notable advantages to this approach such as order, accountability and direction (Ainger and Fernandes, 2022) to the affiliates. Therefore, it is apparent that strategy was seen as the key observable purpose of senior management, and the participants clearly felt as though their roles are rightly positioned within a strict hierarchy. This also aligns with the concept of Upper Echelons Theory (Hambrick and Mason, 1984; Neilson and Neilson, 2011) in that the CEO and upper management are clearly influential in

directing strategy. This level of influence suggests that there is a substantial degree of managerial discretion within this context (Hambrick and Finkelstein, 1987).

Practice theory offers insights into the top-down nature of the participants' working lives in subsidiaries highlighted in the study. Again, at first glance the responses appear to be highly deterministic in nature. However, a conclusion that can be drawn is that this merely reflects an element of structure playing out in the field – in this case the subsidiaries – whereby objective conditions are reproduced in practices and are subsequently reproduced by the habitus (Hurtado, 2010). A Bourdesian perspective highlights objective probabilities of the future success of their endeavours (Moore, 2004) which appears to result in the respondents to prioritise their core functions and see strategy as the domain of upper management. Moreover, the respondents imply practitioners view management's control of strategy as a Bourdesian 'doxa' (Vakakopolous, 2022).

Since this is a repeated pattern identified in the results of this research, agency is, on balance, likely to be present in the process. Afterall, Bourdieu (1990) conceives a field in terms of a '...site of endless struggle and endless change' (Everett, 2002, p.60 as cited in Hurtado, 2010). It follows that, contributions or 'struggles' will accompany strategy formulation in MNC subsidiaries. Likewise, a Giddensian perspective would also support that agency is at play (Giddens, 1976), even in the strict hierarchical environments described and despite the rigid top-down processes in place.

On the other hand, again, the findings link to the dominant role that senior management play. Within much of the economics-derived strategic management literature strategy is presented as a top-down phenomenon by the early strategy research (Andrews, 1971; Ansoff, 1965; Barnard, 1938; Chandler, 1962) and industrial organisational economics inspired literature (Porter 1979;1980; 1985). In spite of the difference between these approaches, both consistently perceive strategy to be the preserve of senior executives. It can be inferred that the participants' responses reflect a rationalist world view.

Turning to the issue of whether strategy is perceived as a largely fixed or more flexible phenomenon, it can be concluded that there was no consensus amongst the practitioners on this issue. As previously discussed, the timing of the research resulted in it

becoming, in part, a snapshot of strategy in subsidiaries during turbulent times. However, it was commonly held that the Covid-19 pandemic had introduced rapid change and improvements in areas such as internal banking software, online banking and banking apps. This extended to HR policies on remote working which evolved into hybrid working. Nonetheless, a number of respondents also felt that, aside from this, strategies within the bank are largely fixed in nature and noted that this brings advantages, such as efficiencies, stability and consistency.

Again, practice theory offers insights to this issues, and new institutionalists would frame Covid regulations in terms of coercive isomorphism because these adaptations across the banking sector were initiated by legislation.

Scott's (2013) regulative pillar could be applied as a framework to explain the commonalities in the respondents' responses. It is simply a case of change imposed on the field which resulted in all the banks studied pursuing similar strategies as a response. However, the extraordinary success of the strategies implemented can be attributed to effective management and committed employees. The agency at play here is reminiscent of the SAP research which emphasises the micro foundations of strategy formulation (Whittington, 2007).

Morgan's (1986) organisational metaphors would describe the banks in the study as organisations 'in flux'. During this study, issues such as, remote working and tech dominated employee perceptions. However, deeper reflections by the participants presented a more stable view and banks could ordinarily be viewed as a Morgan's (1986) 'machine'. This was consented with other wider descriptions of tall hierarchies and top-down management, together with a strong focus on efficiency and profitability.

Alternatively, from a rationalist perspective the patterns in the responses, particularly the rapid change in strategy during the Covid 19 pandemic, point to the forces of efficiency. It is clear that both the subsidiary staff and the subsidiaries themselves are efficiency-orientated and this reflects in the perceived success of rapid implementation strategy adaptations in response to Covid 19. The timely provision of technology and the systems required to continue operations when the banks shifted to remote working could simply be a reflection of good management and efficient strategies. The practitioners perceive efficient operations are a proxy for an overall successful strategy.



Turning to the issues of culture, overall, the practitioners feel extremely positively about the culture they experience at work. To recap, they are clearly strongly aligned with the values observed in their organisations, such as collegiate working practices and an assumed focus on attaining profit. Moreover, the perhaps more superficial elements, such as modern physical office space and technology, were considered equally important by the participants when reflecting on their experiences. Practitioners perceive subsidiary culture to differ significantly from that amongst local employers. The research also identified an interplay between national Turkish culture and the global HQ-derived organisational culture, revealing that each can be a powerful influence. Global culture influences on the subsidiaries appeared to be popular across practitioners, who are proud to work in global companies; however, they simultaneously welcomed home country culture.

The insights into culture within the context researched identified in this study can be framed within Smirich's (2013) distinction of the competing perspectives of perceiving culture as either a root metaphor or a variable. Conversely, the practitioner's personal reflections appear to match the lens of culture as a variable (Smirich, 2013).

When viewed as a root metaphor, the findings corroborate the nascent stream of research applying practice theory – in particular a Bordieuan approach – to a work-based culture which holds that organisational culture is constructed as individuals navigate the workplace (e.g. Bjerragaard and Klitmoler, 2016). Central to this are dynamic conflicts or exchanges through the mechanisms of fields, habitus and capital (Bourdieu, 1984). Influences on change within a subsidiary culture may arise as either local or headquarter policies or more individual interests, such as promotion or even survival in a present role play out. This could help explain the respondents' tempering their satisfaction with their subsidiary's culture as there is no permeance and that inconsistencies are likely in different departments. They may well be simply unknowingly reflecting on take for granted inherent between agency and structure. Moreover, the new institutionalist stream of practice theory (DiMaggio and Powell, 1983; Scott, 2013) offers insights into the similarities observed in the different cases or banks researched. As discussed earlier in the thesis, new institution pillars can be summarised as consisting of 'regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social

life' (Scott, 2013, p.48). One result of these institutional pressures within a field – in this case the subsidiaries studied – is isomorphism, and it appears that policies and the resulting cultures are somewhat similar. The routines of the participants working lives and the organisation culture that they experience are described as being similar across the banks researched suggesting that diffusional of practices from head offices, assuming a conduit if structure and headquarters-subsidary relations in MNCs has led to cultures that are perceived as deviating from local companies. Conclusions which focus on the structure of the subsidiaries will be presented when reviewing this theme later in this section.

On the other hand, an alternative approach captured as Smirch's (2013) categorisation of culture as a variable also adds insights into the participant's reflections on culture. The insights gleaned from the present research can also be interpreted by applying functionalist approaches to culture. The participants repeatedly emphasised that their work environments differed greatly from the local market and that the organisational cultures in subsidiaries are distinct. In terms of values, the picture is mixed as practitioners found aspects of national and global cultures appealing, which makes the cultural dimensions research a useful tool to help interpret this. In brief, the collegiate working environment sparking frequent comparisons of colleagues to friends and family is reminiscent of the individual-collective dimension and given the national setting, this is expected (Hofstede, 1980; 1991; House et al., 2004; Schwartz, 1994; Triandis, 1999). Conversely, the surprise and positivity with which the participants described how daily interactions with management are informal is reminiscent of an environment low in power distance (Hofstede, 1980; 1991; House et al., 2004) which is counter to the expectations of the national setting of the research and could be a global influence within the subsidiaries. However, coupled with the obvious support for informal relations between levels of the hierarchy was an evident belief in the need for a strong hierarchy itself. This is reminiscent of the expected local business landscape which appears to be perceived by practitioners as representing conservatism or collectively socially embedded (Schwartz, 1994; Smith and Bond, 1998).

Further framing organisational culture in terms of symbolism also sheds light on the issues covered above. The values of profitability, importance of voice and informality and commitment to tall hierarchy are seen as 'shared values' (Schein, 1999). Handy (1978) could be used to position the strong role of senior management within the banks

as representing a power culture. In addition, some of the more possibly superficial aspects of culture, albeit ones that held meaning for the participants, appear to align with the functionalist perspective. Again, Schein (1999) would categorise the attachment to colours associated with the banks' brand as artifacts, whilst Johnson et. al, (2008) would label these as symbols and others, such as the prestige of modern office spaces located in skyscrapers, as part of the wider organisational cultural 'web'.

The subsidiaries researched clearly represent complex cultural environments and appear to be hybrids or a 'glocal' mix, representing both local and head office cultures. Practice Theory lens adopted by the present research offers a bridge between the two competing perspectives of functionalist and interpretivist and positivist stances. This agency-structure mechanism central to practice theory accounts for influences from both perspectives, and can be seen as a nascent integrative lens of particular interest to international businesses (Bjerragaard and Klitmoller, 2016; Luring, Bjerregaard and Klitmoller, 2018).

Lastly, the opulent modern office spaces that subsidiaries provide to employees were seen as a perk of working for an MNC, and a mark of prestige reserved for those working at international companies given the level of investment required to provide these facilities. These investments in office space and estate planning pre-date COVID-19, and in keeping with global trends it remains to be seen how this will sit with moves to hybrid and flexible working in the future. At the time of writing, the banks are still following flexible working policies, albeit tailored to local conditions. This approach is relaxed during the summer time, when banking staff typically finish earlier on Friday', and have the opportunity to work fully remotely during summer months during the warmer weather.

In this research, MNC subsidiaries provide a conduit from which explore insights into how the structure of the organisations in the case study contribute to shaping strategy. In turn, this led to a number of conclusions.

Attention is also drawn to dynamics of home-subsiary the 'power relationships' and the 'degree power concentration in the subsidiary portfolio' (Lee, 2022). In other words, an important issue within MNC strategy is the structure of the group's operations and the respective level of independence held by subsidiaries within them. Therefore, relations between headquarters and subsidiaries, and by extension their relative strategic roles, can be framed within resource dependency theory (Pfeffer and Salancik 2003;

Rao, Brown and Perkins, 2007)) and agency theory Hoenen and Kostova, 2015; (Kostova, Nell and Hoenen, 2016; Lee 2022). The former explains subsidiary independence and the latter a more dominant centre. The evolution of subsidiaries has empowered the subsidiary and, in context of the present study, subsidiaries are substantial operations in their own right. Lee (2022) notes that subsidiaries have accumulated resources and developed specialised capabilities placing them in a powerful position in relation to headquarters. Returning to agency theory, headquarters-subsidary structures in MNCs would appear to present issues typical of a principal agent relationship. Therefore, headquarters are obliged to implement controls manifesting themselves in the case of the present research through the picture that the participants painted of incessant reporting. As an aside, bounded rationality is highlighted as an issue which arises on each side due to the fact imperfect information is the norm for both parties in the MNC, and opportunistic guile is seen as a decreasing risk within contemporary inter-group relations (Kostova, Nell and Hoenen, 2016; Lee, 2022). The underlying economic transaction cost economics and the later developments into the broader agency theory have been discussed in Chapters 2 and 4. Numerous factors associated with the CAGE framework (see Chapter 2), such as Turkey's geographical location bridging Europe and Asia and the aggressive free market climate (see Chapter 1), suggest that the nation is an attractive location for inward FDI into its banking sector from global banks headquartered around the world. To sum up, it can be concluded that the Istanbul based subsidiaries in the case study hold a relatively strong degree of independence.

Within the context of the study, local strategic initiatives are clearly highly significant. The participants' responses drew attention to a number of substantial strategic initiatives which are led from Istanbul. These include recruitment, compensation, and consumer facing IT, such as banking apps and ATM software. Each of these would fit with the concept of strategic initiatives as entrepreneurial initiatives that enhance and develop the subsidiary (Birkinshaw and Riddersdale, 2000). A specific example that arose of a legal query system which originated locally in one of the cases in the study and was later adopted group wide could be framed as particularly significant which could be positioned as a proactive subsidiary behaviour which deepens links between a subsidiary and the HQ (Gupta and Govindarajan, 2000).

Moreover, local workarounds and projects on the ground have driven platform design and the implementation of advanced consumer facing digital banking technology. This

suggests that there is evidence for a home-base-augmenting R&D whereby head office enhances its technological competencies from knowledge attained from its global operations (Urbig et al., 2022; Kuemmerle, 1999). One particular local contribution stands out is a ticketing system to log legal queries which, although established locally during a change management initiative, was later adopted group-wide. The opposite, by which the head office supports dissipates its competencies outwards is traditionally seen as the standard situation. On balance, there is also evidence that this remains the case in the context of study overall, particularly regarding internal IT systems. Certainly, the overall mood seemed to be for the participants to understate local initiatives. On balance, therefore, local autonomy in the area of strategy is significant, and appears to be far more substantial than appeared from participants' reflections on its contribution.

As outlined in Chapter 1, researching MNCs provides a vehicle for studying culture and globalisation in the study. When framing the overall content of the strategy revealed in the study's findings, a conclusion that can be drawn that whilst HQ is seen as taking the lead on core strategies, such as internal group technology and overall R&D, local contributions to strategy are strong enough to evidence a substantial level of subsidiary agency within the overall MNC groups. The subsidiaries in this research enjoy independence to such a degree that the MNCs were found to be pursuing a multi-domestic strategy (Bartlett and Ghoshal 1988) – see the discussion in Chapter 4.

Conversely, as already established, headquarters still appear to dominate certain strategies, such as centralised banking software which is key in banking due to the large sums of money involved. Moreover, there is a clear sense that HQ sets the overall structural rules for the groups, and subsidiary staff feel micro-managed by the need to continually produce reports for HQ on all the fundamental activities that they undertake. A number of factors raised by participants during the interviews – low labour costs and skilled workforce, a market with demanding customers necessitating good customer service, the importance of brand to gain market share, and the emphasis placed on the importance of long-term commitment to the Turkish market – explain this approach. Widening the debate to attractiveness of the market beyond relatively low operating costs, the sector also offers Multinationals high profits, long term growth (low utilisation) and banking innovation (better apps and digital currency).

## 5.5 Contribution to knowledge

Firstly, this thesis contributes by providing a more nuanced understanding of strategy in a specific context, namely, the Istanbul-based subsidiaries of international banks. In order to do so, the research adopted a wider Practice Theory theoretical framework and utilised the supporting multidisciplinary literature – a synthesis of the fields of study of strategic management research, culture and the international business (IB) literature – resulting in a contextualised and nuanced view of strategizing in Turkey as an emerging market. The advantage of the lens used is that it is sufficiently broad to help uncover the nuances of strategy formulation in the given context; global banks operating in an emerging market. Moreover, the multiple qualitative case study – as a contextualised exploratory study from a subsidiary viewpoint – meant the research gauged practitioner views, thereby uncovering local factors. By extension, both Practice Theory and the supporting literature were critically reviewed and their underlying functionalist and constructivist threads helped inform the discussion of the findings and overall conclusions – see Chapters 4 and 5. In summary, therefore, the research addresses a notable gap in the literature by offering a more nuanced understanding of strategizing in MNCs and a fresh perspective into the operational dynamics of emerging market based MNC subsidiaries from the perspective of practitioners in an emerging market field.

As an extension of the theoretical contribution outlined above, and as a study of strategy in the setting of emerging market MNC subsidiaries, the thesis contributes to the continued need for proposed need for integration of Strategy as Practice both within the various strands of Practice Theory – in the case of this thesis Structuration Theory, SAP, and Neo-Institutionalism – together with the suggestion to look outside to other disciplines, namely, international business (Jarzabkowski, Seidl and Balogun, 2022). Similarly, from a focused Strategy as Practice perspective Vaara and Whittington's (2012) observation a decade or more ago that little research in an international context had been undertaken, this is still the case today. The inclusion of the IB and cross-cultural literature resulted is consistent with an exploration of SAP in the field of international business, which helps address the above issues.

Secondly, extant research in this field is dominated by quantitative studies which tend to be based on narrow technical issues, such as profitability efficiency measures (e.g.,

Dincer and Hacıoğlu, 2013; Kirikkaleli, 2016). Therefore, the qualitative approach used in this thesis helped address this imbalance. As an alternative approach, this study sought to collect rich data gathered using semi-structured interview with practitioners working at subsidiaries of five global banks based in Istanbul. Rather than basing the research on secondary data, this research was designed specifically to seek out the perspectives of practitioners in the field to offer them a voice. As far as the author is aware, there are no specific previous studies on strategy on Turkish MNC banking subsidiaries in the literature employing a qualitative multiple case study approach. Hence, Turkey is a largely original backdrop for this type of study and the thesis makes a novel contribution. In summary, in adopting an exploratory qualitative case study approach, this research aims to provide a nuanced understanding of strategy in a specific social context in contrast to extant approaches to researching financial institutions in Turkey which, as noted above, usually tend towards quantitative methods.

Thirdly, the setting explored, as key focus of this thesis, contributes to the international business literature as a contextualised qualitative multiple case study conducted from an emerging market perspective. Context remains a silent issue within the field of international business. In spite of the clear shifts in the global economy driven by the growth in emerging markets, the literature rather surprisingly, appears not to have adapted in line with this likely long-term trend. Debatably, as economies recover from the Covid-19 pandemic, these trends will continue to accelerate. Therefore, there have understandably been calls to emphasise context within this field (e.g., Teagarden, Von Gilnow and Mellahi, 2018). This thesis responds to this issue by offering insights into MNCs, which are a unique type of organisation owing to their home/ host country presence, and their strategizing from a local perspective, thereby enhancing the local 'voice'. These organisations are of great significance globally owing to the size and scope of their operations. In general terms, Turkey is an emerging market with a rapidly growing economy that has received less attention in the literature than its FDI and economic growth record may warrant and, by interviewing local MNC subsidiary staff based in Istanbul, this thesis offers an emerging market perspective on strategy, a field which overall remains Western dominated.

More specifically, the thesis responds to Teagarden, Von Gilnow and Mellahi's (2018) suggestions to assist researchers in contextualising their research in the area of

international business in the following ways: (i) The case study is guided by Practice Theory and designed to illicit perspectives of the lived experience of practitioners in emerging market-based subsidiaries, and as such is ‘context bound’; (ii) the research is monocontext as it focuses on one sector in a particular country context. As a doctorate thesis, the team based comparative approach suggested by Teagarden, Von Gilnow and Mellahi, (2018) to achieve a genuine polycontext approach (e.g., House et al., 2004) is prohibited as this would require a team project rather than individual research; (iii) an ‘inside out’ approach is adopted by the thesis and the local subsidiary perspective is placed at the centre of the research; (iv) the Practice Theory lens draws in multiple levels of analysis, and this is one of the key motivations for adopting this perspective; and (v), the location in which the research based – Turkey – is justified by the author’s personal interests and the expansion of the Turkish economy since adopting free market reforms. In keeping with the aim of seeking ‘rich’ insights primary data was sought using detailed semi structured interviews with subsidiary staff. To summarise, in keeping with the above, qualitative research offers the scope to uncover rich data by gauging the views of subsidiary professionals directly using primary research with the intention of gauging practitioners’ opinions.

In terms of an empirical contribution, as previously discussed, perhaps surprisingly given the rapid growth in the Turkish financial services within the general trend of the growth of emerging markets, there are still relatively few studies on Turkish banking. Turkey’s banking system has expanded significantly over a sustained period of time, and its banking system is robust in terms of its stability and liquidity (Turkish Investment Office, 2021). Moreover, the Turkish economy grew strongly between 2002-17, and delivered the highest growth rate amongst G20 nations in 2020 at 11% (World Bank, 2022). The Turkish economy delivered a growth rate of 4.2% in 2023 (Reuters, 2023). Recently, however, other economic indicators have deteriorated rapidly, suggesting an uncertain economic future in the short term. However, emerging markets are volatile by their very nature and Turkey’s economic growth over the longer term itself can be seen as part of a wider shift in the economic order which has seen emerging markets attracting high levels of foreign direct investment. Despite this growth, and an expanding banking sector, the topic of MNC strategy in MNCs operating in Turkey has attracted relatively few studies in the literature and this thesis, therefore, helps to balance this.



Returning to the theoretical framework, albeit as another extension of the contextualisation, as a study within International Business research rooted in the context of emerging market MNC subsidiaries, the thesis contributes to the continued integration of Strategy-as-Practice within the various strands of Practice Theory, together with the suggestion to look outside to other disciplines – namely international business (Jarzabkowski, Seidl and Balogun (2022)).

Lastly, this primary research offers an unintended snapshot of practitioners' perspectives of strategy during crisis management. This is because the interviews were coincidentally conducted in 2021-22 during a series of global lockdowns which resulted in insight into how banking strategies adapted to an unexpected situation, such as rapid mandated shift to remote working during the Covid-19 pandemic. Such rapid changes were discussed during the interviews and resulted in revised working policies, such as, flexi time Friday afternoons during summers, and the flexibility to work from summer houses for two months, along with hybrid working. All of these Human Resource strategies which were largely unheard of in Turkey prior to the pandemic and proved to be extremely popular with the participants. These policies have been retained in the banking sector post-Covid. The approach of gauging practitioner's views also helped inform the study's contribution to practice, a list of recommendations to improve policy, which are outlined in Section 5.6 below.

## **5.6 Contribution to practice – Recommendations**

A cornerstone of this DBA thesis, as a professional doctorate, is its contribution to practice. Therefore, the following recommendations aim to be of practical significance to MNC subsidiary managers and staff on the basis that they are based in the findings from this research, which themselves are rooted in academic theory and based on data attained from the perspectives of practitioners in the field.

There is a clear rationale for role of academic research in helping to inform and guide practitioners, not least given the fact that the task they face in shaping strategy is challenging. Subsidiary management currently formulate optimal strategies in a marketplace which is highly competitive, and this has been compounded by backdrop of Covid-19 globally and an uncertain macroeconomic environment in Turkey, which adds to the difficulties. Therefore, the realities of the present business environment in

Turkey demands that recommendations need to be practical and feasible in terms of resources required for implementation, such as time, cost, potential returns and so on. These assumptions helped shape the recommendations. Academic studies, therefore, can make a strong contribution by helping inform what industry could do in practice given the results uncovered by research.

To this end, this study adopted a broad theoretical lens supported by primary research into strategy formulation in strategies in order to gauge subsidiary staff perspectives on strategy and strategy formulation process in the context of subsidiaries in Istanbul. The following are subsequent recommendations on how to improve strategy formulation in MNC subsidiaries.

1. Strategy formulation process enhancements in subsidiaries should centre around building a transparent formal planning process. As can be seen from the results of the interviews discussed in Chapter 4, subsidiary staff are of the firm opinion that strategy should be an outcome of formal planning. On the basis that employees in this environment consider a formal strategic plan as fundamental to a successful strategy, planning should be adopted by MNC subsidiaries. Banking professionals in this study perceived a strategic plan as the ‘ends’ (MacCrimmon, 1988) or an outcome of the strategizing process. However, it is also clear that the planning process in subsidiaries needs to be modified. The focus should shift to improving transparency, as respondents in the study were often unclear and sometime dispassionate about how the strategy planning process occurred. Suggestions include a greater level of inclusion of practitioners during the design stage. There are established methods of attaining this, such as focus groups, meetings, and employee management liaison committees. It must be noted, however, that this will require a fine balance; respondents also viewed a formal hierarchy as fundamental to effective business and, thus, most employees may expect management to ‘drive’ the process of formulating the plan whilst they focus on implementing organisational policies.
2. Enhancements in strategy formulation should be made to ensure alignment between strategic positions and employee values/ aspirations. This study uncovered values which could be utilised as a guiding principle when formulating strategy. The advantage of this to the organisation is that this could potentially promote as sense of alignment, overcoming the sense of disconnect

which sometimes surfaced during the interviews. During the research, participants demonstrated mindsets and perspectives which were highly rational in nature. The measures by which subsidiary staff gauge effective strategy are efficiency and profit maximisation. Therefore, by aligning strategy to these values may result in higher levels of engagement and motivation. These measures adopted by employees are unsurprising given the importance of profit and the bottom line to the financial services sector which is the focus of this study. Moreover, there is a self-interest element to this because bankers are financially rewarded in terms of bonuses which are linked to financial performance. Therefore, strategies that further these values are likely to be supported by subsidiary staff. Further outreach is needed to uncover deeper values of subsidiary staff, and these could be the basis for developing content for new strategies. Once again, mechanisms such as meetings, focus groups and staff surveys could be used to identify the values to work towards.

3. Wherever possible, enhancements should be made to embrace bottom-up internal communications within subsidiaries. The research findings pointed to workplaces which employees perceived to be essentially top-down in terms of decision making. Strategy formulation was perceived as a top-down process whereby senior management design strategy and employees roll it out. This approach manifests itself in an environment whereby employees often first hear about strategy when they receive emails from senior management or podcasts outlining company strategy. It must, however, be recognised that this did not generate a sense of exclusion amongst employees; by and large, they positively embraced this as the status quo. This opens the opportunity for improved communications based on theoretical models, such as Clampitt, DeKoch and Cashman's (2000) Tell & Sell approach to internal corporate communications, whereby executive choose to communicate a focused and limited volume of messages and support this approach by selling employees on the wisdom of these approaches. Through adopting a more personalised corporate communication style, subsidiaries would have the opportunity to enhance strategic alignment between the organisational goals and employee buy in. Increasing employee voice has been widely associated in improving engagement, commitment, and motivation in emerging market contexts (Ahmad, Rizvi and Bokhari, 2017).

4. MNC groups should actively promote continually enhanced subsidiary independence. In spite of evidence of significant local contributions to group strategy, participants in the study frequently saw strategy as the domain of the home country-based head office. Nevertheless, local subsidiaries were certainly seen as taking the lead in certain strategies, examples of which included human resources strategy, staffing, remuneration and so on. Moreover, strategic direction around IT and technology was often tailored locally, as was pricing of financial products which is a key part of Sales and Marketing strategy in banking. Nevertheless, home country HQ was seen as the ultimate influence, authority and decision maker, particularly in core strategic areas, such as R&D. Crucially though, participants largely felt that local know how was more than sufficient to drive strategy and felt that local staff were often better qualified and positioned to do so than the centre. With similar reasoning to recommendations two and three above, it is advisable that staff clearly see localisation of strategies and that this will foster enhanced engagement and alignment with strategy.
  
5. It is beneficial for MNCs operating in Turkey to consciously utilise local national culture to develop into 'glocal' organisation, embracing local factors and global influences. The study identified dimensions of local culture which were perceived warmly by respondents and, again, these could form pillars of organisational culture. Harmonious teamwork appears to be the norm in this context, and this is bolstered by the collectivist tradition in Turkish society. (House et al., 2004; Hofstede, 1980; Triandis, 1995), In contrast, informality between colleagues at different levels of the hierarchy within subsidiaries is the norm, in contrast with Turkey's national context which is associated with high Power Distance (House et al., 2004; Hofstede, 1980; 1985). This point to evidence of global HQ led cultural influences which are also extremely well received by subsidiary employees. These behaviours can be embedded in an organisation through inclusion in organisational values, and this will ensure that the affiliates utilise the gains from being global hybrid organisations. Organisational performance mechanisms, such as appraisals and performance management systems, could be put in place to ensure that these values are pursued. However, on balance, participants felt that the cultural influence of HQ

was stronger than the national culture and, therefore, embracing local culture is a priority.

In terms of dissemination of these ideas, the ideal place to start is by distributing it to the practitioners who took part in the research, as they are themselves managers in the field. Secondly, my LinkedIn account has over two thousand connections working within the Turkish banking sector overall, and this is a good way to communicate ideas. Lastly, I hope to develop this research for presentation at academic conferences and publication in peer reviewed journals.

### **5.7 Future research**

The study uncovered several potentially interesting avenues for future research.

1. The extent to which subsidiary working patterns will evolve post-Covid would benefit from further research given that it is such a current topic. Prior to lockdown, all but one of the banks followed traditional patterns of office-based working. The exception is Platinum bank which, prior to the pandemic, followed a more flexible working pattern, usually for more senior employees, including a limited amount of remote working. The present situation is that the banks in the subsidiary have adopted a hybrid model based on three days a week in the office and two working remotely. While this pattern appears to be popular in businesses around the world, as a mega city Istanbul is an interesting context to research.
2. Further research into physical office space and productivity in this context would make an interesting future study. From the results, employees at the subsidiaries have mixed feelings about remote working, and many also reported a sense of satisfaction with their offices. This sector provides luxurious office spaces with access to services, such as staff cafeterias, gyms and hairdressers. The findings show that employees found modern open plan office space motivational which is consistent with other studies, such as Mulville, Callaghan and Issac (2016). However, Bernstein and Waber (2019) suggested that this was not the case and questioned whether offices are productive and motivational

environments. Given that these studies were in different cultural contexts and single case studies, it would be interesting to see multiple sector-wide studies in emerging markets that focus on the office-space issue. Moreover, the pandemic has made this theme particularly topical. The popularity and effectiveness from both an employee and employer perspective could be assessed.

3. The results showed that the participants unanimously associate economic measures with organisational success. The degree to which interviewees aligned to perspectives such as the Positioning School (e.g., Porter, 1979; 1980; 1985) raises the issue as to what are the origins of this consensus in a worldview that so closely mirrors a classical management approach to strategy. Typically, subsidiary employees have graduated from leading English medium business schools and have been commonly privately educated. A question to be addressed is whether transnational education is a factor in shaping practitioner's perspectives. Moreover, this is a fascinating potential research area because transnational education providers share home country and host country cultural influences and are similar to the MNCs in this case study in this respect.
4. In keeping with the key principle of this study which is to contextualise the research phenomenon, a future polycultural team-based study is proposed which will encompass more than one country. This is in keeping with a similar suggestion by Teagarden, Von Glinow, and Mellahi (2018) and would have the advantage of contributing to the ever increasing the rigor and relevance of IB research.
5. The organisations covered in the current research have lengthy interesting histories and, given the rich cultural history of the sector which dates back to at least Ottoman times, a historical study mapping the sector is a potential area for further future research. It is clear from the study that technology is today's key issue, therefore perhaps there is also scope to explore the sector on its pre-information age state.

## **5.8 Limitations of the research**

Despite successfully meeting its aims and objectives, and contributing to knowledge and practice, there are, however, substantial limitations to this study.

A qualitative methodology was adopted and the rationale for this choice is outlined in detail in Chapter 3. In brief, it was viewed as a way to gather rich data from which insights could be drawn into a particular context. Moreover, it also offers the advantage of differentiating the study of a context which is dominated by quantitative studies. In summary, a qualitative methodology was used because it was considered to offer the advantage of ‘gathering detailed and rich data regarding a particular phenomenon’ (Barrett and Twycross, 2018, p.63). Therefore, this approach was deemed to be in keeping with the aims of this study which sought to provide insights into strategizing in MNC subsidiaries which required access to rich and nuanced data.

On the other hand, scholars who subscribe to a quantitative approach, which is dominant in the field studied, would feel that it is preferable due to weaknesses inherent to quantitative research. Damaskinidis (2017) succinctly reminds qualitative researchers that a qualitative study may be seen as subjective and not generalizable. Therefore, this limits the findings of this thesis to the particular context studied. However, it must be noted that this was the very intention and the thesis sought to establish a nuanced understanding of strategizing in the context of Istanbul.

It became apparent during the pilot interview that confidentiality would prove to be an issue of much concern to the participants. Given the sensitive nature of the topic of strategy, subsidiary staff often declined to participate or discuss strategy. This barrier, however, was partially overcome by full transparency on the part of the researcher whilst, during the interviews, participants were found to be particularly helpful and honest, perhaps reflecting the fact that they were assured of full confidentiality. Nevertheless, it was clear from the pilot that synonyms should be used for bank names and any statistical data which could potentially identify the banks be withheld.

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## APPENDICES

### Appendix 1 - Participant Information Sheet



Faculty of Business & Justice  
University of Central Lancashire  
Preston PR1 2HE  
[www.uclan.ac.uk](http://www.uclan.ac.uk)

December 2021

Dear ,

#### **RE: Participation Information Sheet**

I would like to invite you to take part in a research study that I am undertaking as part of my professional doctorate studies at the University of Central Lancashire (UCLan).

Prior to taking part, it is important for you to understand why the research is being done and what it will involve. Please do take time to read the following information carefully.

The purpose of this study is to investigate strategy withing global banks operating in Turkey - the context was chosen in recognition of Turkey's recent economic growth and rich history and culture. The focus is on exploring practitioners' views and the subsidiary perspective. The results aim to shed light on the key influences on strategy development within the context of MNCs subsidiaries.

It is up to you to decide whether to take part. If you do decide to take part, you will be given this information sheet to keep and asked to sign a consent form. Should you decide to take part, you are still free to withdraw at any time without giving a reason. Moreover, if requested, your data will be withdrawn at any time within one-month post interview.

Your contribution will involve participating in an interview to discuss your experience of and knowledge of strategy. Interviews are likely to last between 45 and 60 minutes. With your approval, the interviews will be recorded and I will take handwritten notes.

The results of the research will be used in my Doctor of Business Administration (DBA) thesis. If you would like a copy, I would be delighted to e-mail it to you when this research study is completed.

Please note that all information will be kept strictly confidential, and full anonymity is assured. No identifiable personal data will be published, and all data will be anonymous and will be stored in accordance with the Data Protection Act (2018) on

UClan password secured computers. Moreover, all data analysis will be conducted on the secure UClan server and password protected computers. Data generated during the research will be kept securely in paper or electric form for 5 years from the end of the project.

This research has been approved by UClan's Research Ethics Committee (BAHSS). If you have any questions regarding the research, please contact the researcher using the detailed listed below. In the event that you have concerns about the way that this research has been undertaken, please contact UClan's Officer for Ethics at [officerforethics@uclan.ac.uk](mailto:officerforethics@uclan.ac.uk) or on 01772 201 201

Thanks for taking the time to read this information sheet and thank you in advance for your assistance.

Yours sincerely,

Richard Fisher  
Lecturer, Lancashire School of Business and Enterprise, UClan.  
MSc, FHEA, Academic Assoc CIPD.  
Email: [rfisher6@uclan.ac.uk](mailto:rfisher6@uclan.ac.uk)  
Telephone: 01772 201201

## Appendix 2 - Participant Consent Form

### Participant Consent Form

*Please Tick the  
Box*

Please read the statements below carefully and tick the relevant boxes to indicate your consent. (Any unticked boxes indicates that you DO NOT consent).

I confirm that I have read the Participants Information Sheet dated (December 2021). I have been given time to consider the information and raised any queries which have been answered satisfactorily.

I understand that participation is voluntary and that I can withdraw at any time without the need to provide a reason. I also understand that I may withdraw my data up to 4 weeks post interview, again without the need to provide a reason.

I consent to the processing of my person information for the purposes of this study. I also understand that my information will be handled in accordance with the UK Data Protection Act 2018.

I understand that full confidentiality and anonymity will be maintained and that it will not be possible to be identified in any publication.

I agree to the interview being recorded

I agree to the use of my fully anonymised quotes in publications subject to approval by the Research Ethics Committee

\_\_\_\_\_  
Participants Name (Print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Researchers Name (Print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

### Appendix 3 - Theoretical Framework Map

<b>PRACTICE THEORY STRAND</b>	<b>KEY CONTRIBUTORS TO THE SYNTHESIS OF PRACTICE THEORY (NICOLINI, 2012)</b>
<b>STRUCTURATION THEORY</b>	Bourdieu (1977, 1986, 2014); Giddens (1976, 1979, 1984)
<b>STRATEGY AS PRACTICE (SAP)</b>	Fieldman and Orlikowski (2011); Nicolini (2012); Vaara and Whittington, 2012); Whittington (2006; 2007)
<b>NEW INSTITUTIONAL THEORY</b>	DiMaggio and Powell (1983); Scott (2013)

## Appendix 4 - Literature Tree Map

<b>PERSPECTIVE</b>	<b>KEY CONTRIBUTIONS</b>	<b>OBJECTIVE</b>
<b><u>STRATEGY</u></b>		
<b>EARLY STRATEGY RESEARCH</b>	Andrews (1971); Ansoff (1965); Barnard (1938); Chandler (1962); Penrose (1959)	3 (see Page 29)
<b>SAP</b>	Feldman and Orlikowski (2011); Jarzabkowski et al. (2007); Jarzabkowski and Kaplan (2015); Nicolini (2012); Vaara and Whittington, 2012); Whittington (2006; 2007)	3 (see Page 29) & contributes to the Theoretical Framework (see Chapter 1)
<b>TCE</b>	Coase (1937); Simon (1957); Williamson (1975, 1985)	3 (see Page 29)
<b>POSITIONING SCHOOL</b>	Porter (1973; 1979; 1980; 1985)	3 (see Page 29)
<b>RESOURCE BASED VIEW</b>	Barney (1986; 1991); Regner (2002)	3 (see Page 29)
<b>PROCESSIONAL PERSPECTIVE</b>	Mintzberg (1978); Mintzberg and Quinn (1988); Johnson et al. (2008); Tavakoli, Schlagwein and Schoder (2015)	3 (see Page 29)
<b><u>CULTURE</u></b>		
<b>NATIONAL CULTURE – THE FUNCTIONALIST APPROACH</b>	Hofstede (1980); Triandis et al. (1990); House et. al (2004); Schwartz (1994, 1997, 1999); Gelfand et al. (2011); Kogut and Singh (1988),	2 & 3 (see Page 29)
<b>ORGANISATIONAL CULTURE – THE INTERPRETIVIST &amp; PRACTICE APPROACH</b>	Alvesson (2005); Schein (1985; 2009; 2010); Johnson et al. (2008); Luring, Bjerregaard and Klitmoller (2018)	2 & 3 (see Page 29)
<b>INTERNATIONAL BUSINESS</b>		
<b>– ECONOMICS DERIVED APPROACH</b>	Bartlett and Ghosal (1998); Dunning (2001); Ghoshal and Noria (1989); Kostova, Nell and Hoenen (2016); Perlmutter (1969); Prahalad and Doz (1987);	2 & 3 (see Page 29)
<b>– INTERPRETIVIST PRACTICE</b>	Cantwell and Mudambi (2005); Bjerragaard and Klitmoller (2016)	2 & 3 (see Page 29)