The nascence of a springboard subsidiary: drivers of the evolution of a subsidiary role

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Abstract

Purpose – The aim of this study is to explore the drivers of the evolution of a subsidiary's strategic role from an ordinary subsidiary into a springboard subsidiary in multinational corporations, paying special attention to the role of subsidiary management in this transformation.

Design/methodology – The authors apply a case study methodology to analyse the transformation of three Spanish subsidiaries of European multinational companies into springboard subsidiaries to pursue opportunities in the Latin American region.

Findings – The results present evidence that the development of a springboard subsidiary's role is influenced by a set of preliminary factors that include: (1) the coincidence of a favourable economic change in the target region of expansion and unfavourable market conditions in the springboard subsidiary's home market; (2) location-specific advantages of a subsidiary that allow it to develop unique capabilities, such as the ability to reduce the psychic distance between the headquarters and target region, to balance intra-regional conflicts within the target region, and to effectively transfer knowledge from the headquarters to the target region; and (3) micro-political headquarters-subsidiary negotiation processes as a result of the subsidiary's strong initiative, peculiarities of the structure of a multinational company, and a strong dependency of the headquarters on the subsidiary's unique capabilities.

Originality/value – The study contributes to the International Business literature by providing an in-depth analysis of the evolution of springboard subsidiaries and explaining how ordinary subsidiaries located in saturated markets can trigger organisational change and achieve the extension of their strategic role.

1. Introduction

Increasing global competition, caused by evolving consumer trends and the emergence of new markets and competitors from diverse backgrounds, creates intricate challenges for multinational companies (MNCs) (Mazon et al., 2017). Given the complexity of providing efficient responses to environmental changes, management scholars are calling for more research-based papers that can help MNCs to intelligently redirect their strategies accordingly and adapt their organisational structures "in a boundary-less world" (Singh, 2018:2).

Under these circumstances, foreign subsidiaries play a strategically important role in the international expansion of MNCs by exploring and leveraging new foreign market opportunities (Ghoshal and Bartlett, 1990; Andersson and Forsgren, 2000; Doz and Prahalad, 2018), especially in more distant regions. The development of a subsidiary role has been a focus of the International Business (IB) literature for the last three decades. It is defined as a fundamental shift in a subsidiary's strategy (White and Poynter, 1984), and an evolution in its unique, value-creating resources and gained strategic responsibilities (Egelhoff et al., 1998). Indeed, foreign subsidiaries have rapidly evolved from being implementers to active formulators of an MNC's strategies in their local markets (Asakawa and Lehrer, 2003; Hoenen et al., 2014). This is particularly observable for MNCs that operate in regions that are highly dissimilar from their home country in terms of psychic distance (Sousa and Bradley, 2005). An intended strategy to address this challenge is to delegate certain administrative tasks to a local subsidiary in the region so it can serve as a management centre for that area (Alfoldi et al., 2012, 2017; Chakravarty et al., 2017; Lassarre, 1996), which is the core idea of regionalisation theory (Yeung et al., 2001) that suggests that a regional configuration is a more effective way to manage an MNCs' global activities (Rugman and Verbeke, 2004; 2008). However, most recent studies find that due to certain intra-regional conflicts these local management centres do not always handle their tasks successfully (Brock, Johnson and Zhou, 2011; Alfoldi et al., 2012). Therefore, MNC managers need to sharpen their wits and seek more efficient strategies to coordinate distant and fragmented target regions.

In this regard, IB scholars are paying increasing attention to MNCs that implement innovative inter-regional expansion strategies through a new type of organisational unit. In particular, rather than coordinating a new region directly, some MNCs use an already existing subsidiary outside of the region to take advantage of its managerial expertise and institutional knowledge about the target region (Pla-Barber and Camps, 2012; Villar, Dasí and Botella-Andreu, 2018). Such units are known as springboard subsidiaries, and are defined as organisational units that are located at an intermediate position between the home country and target region in terms of institutional distance and experiential knowledge (Pla-Barber and Camps, 2012). This strategy has proven to be particularly effective for MNCs that operate in the dynamic environments of inter-regional expansion, and there is rapidly increasing debate on the role of such subsidiaries (Magomedova, Achcaoucaou and Miravitlles, 2017; Pla-Barber et al. 2017; Villar et al., 2018). In particular, these units are characterised by (1) their extra-regional position, i.e., outside of the region that they administer (Pla-Barber and Camps, 2012), and (2) their intermediate psychic proximity to both the corporate home country and a target region (Magomedova et al., 2017). Given the novelty of the springboard role, the IB literature has hitherto been focused on understanding its unique features, and has not had a chance to address the issue of how certain subsidiaries change their role into springboards. Such organisational transformation is of major interest to academic research, as well as practitioners. The development of a springboard role is a unique opportunity for foreign subsidiaries in mature markets with limited possibilities for local growth to expand their strategic role beyond their domestic borders. However, the strategy of administering a region from outside might seem counterintuitive to headquarters (HQ) and might require additional effort from the subsidiary to achieve a new role. Hence, springboard subsidiaries seem to be perfect organisational units for analysing the role of a subsidiary's management in the pursuit of a new subsidiary role. This topic, according to recent reviews, has yet to be studied in depth (Meyer et al., 2020).

Therefore, the aim of this study is to present a comprehensive analysis of the drivers of the conversion of an existing subsidiary into a springboard, paying special attention to the role of subsidiary management in this transformation. To do so, we perform an exploratory case study of three European MNCs that are expanding into Latin America through their Spanish subsidiaries. The results reveal that the setting up of a springboard subsidiary is not an intended organisational change, but a deliberate strategy by an MNC as the result of HQ-subsidiary bargaining processes in an attempt to adapt to the dynamics of intra-regional expansion.

The article proceeds with an analysis of the academic contributions on springboard subsidiaries and a theoretical framework for studying the drivers of the transformation of a subsidiary into a springboard. The study then presents its methodology and research findings and ends with the conclusions, limitations and future research lines.

2. Review of the springboard subsidiary literature

The concept of a springboard subsidiary is relatively new, and only a handful of empirical and theoretical articles have been published on the subject. A few attempts have been made to conceptualise springboards through the definition of diverse units of analysis: springboarding, springboard country and springboard subsidiary (Bergström and Johansson, 2006; Caicedo-Marulanda et al., 2015; Pla-Barber and Camps, 2012; Quesada-Chaves, 2018; Villar et al., 2018). The literature review of the most relevant academic contributions is presented in Table 1.

<<Insert table 1>>

The first study that precipitated the concept of a springboard subsidiary was a dissertation by Bergström and Johansson (2006) that defined springboarding as a means of entry into psychically distant countries through the firm's networks and accumulating market knowledge in a third country (a springboard country), which would be in an intermediate position in terms of psychic distance between the home and the host country. They present a multiple case study of Swedish SMEs that used Singapore as a springboard country to enter the Asian region, which was perceived by Swedish SMEs as psychically distant, whereas Singapore was viewed as a 'Westernised' country, due to previous relationships with Swedish and other European (or 'Western') firms. This study employs the theoretic lens of the Uppsala model (Johanson and Vahlne, 1977, 1990; Johanson and Wiedersheim-Paul, 1975) that proposes that firms gradually increase their international involvement to gain knowledge and overcome the psychic distance. As a consequence, firm managers' internationalisation decisions are incremental in nature, and the internationalisation process evolves in an interplay between the development of knowledge about foreign markets and operations on the one hand, and an increasing commitment of resources to foreign markets on the other (Johanson and Vahlne, 1977). Therefore, in order to overcome a large psychic distance between the MNC's home country and the host target market, the firm is motivated to use an affiliate in a third country that is less psychically distant from the corporate home country, but at the same time has substantial business experience or strong cultural ties with the target region (Johanson and Vahlne, 1977, 1990). The use of this third affiliate is supposed to help overcome psychic distance between the parent company and the target region and facilitate the administration of cross-national activities in this region (Bergström and Johansson, 2006).

This incipient idea of administering a target region through a unit located in a third country was further developed and conceptualised in the seminal paper by Pla-Barber and Camps (2012) that defined a springboard subsidiary as one that is located in a springboard country and has successfully incorporated the specific advantages of that country into its strategy (Pla-Barber and Camps, 2012). In particular, this 'third subsidiary' must be located in a 'springboard country' as a means of acquiring the necessary experiential knowledge for breaking into a new market. They cite the example of Spain as a springboard country to enter Latin America, arguing that the 'institutional knowledge' and 'business knowledge' of Latin American markets that Spanish subsidiaries possess tend to be unique and make them more capable of managing investment in that region. Due to their unique advantages, Spanish subsidiaries represent a perfect platform for European companies that intend to enter the Latin American region (Pla-Barber and Camps, 2012; Pla-Barber, Villar and Botella-Andreu, 2021; Villar et al., 2018).

In recent years, the IB literature has made major progress in the analysis of springboard subsidiaries. Most contributions are focused on understanding the phenomenon, thus contributing to its theoretical conceptualisation. For example, Villar et al. (2018) propose a model in which such parenting functions as control, coordination and knowledge creation that can benefit expansion in a specific target region are distributed between a parent company and a springboard subsidiary. Other authors like Pla-Barber et al. (2013) discuss the various stages of the progress of a springboard subsidiary's role. They argue that different stages of this role bring different values to an MNC and once they are no longer needed, they are dissolved or lose their superior mandate (Pla-Barber et al., 2013). Moreover, quantitative studies have focused on measuring the performance of MNCs that use springboard subsidiaries, as well as analysing the factors that help the latter to perform their role more successfully. This literature finds that the performance of springboard subsidiaries is 7.7 percent higher than that of other subsidiaries in the same country (Caicedo-Marulanda et al., 2015). Furthermore, the probability of taking on a springboard role depends on a subsidiary's experiential knowledge about the target market, whereas financial and other resources do not ensure that it will take on such a role (Villar et al., 2018). Aligned with these findings, Quesada-Chavez (2018) makes the observation that MNCs tend to use springboard subsidiaries to fill a cultural gap between the HQ and the target region, which helps them adopt the right organisational behaviour when they follow their clients' expansion into new markets. Overall, the interest in springboard subsidiary units has increased to the point that they have been listed among the most relevant intermediate organisational units in subsidiary management research (see Pla-Barber et al., 2021).

Despite these major advances, it is still not clear how an ordinary subsidiary with some location-specific advantages develops its strategic role into that of a springboard. There is no research on the contingency factors involved. This kind of reconfiguration of an organisation seems to be of a particular interest for the management of subsidiaries located in mature markets, because the growth opportunities in them are somewhat limited, and becoming a springboard for the inter-regional expansion of an MNC is an interesting option to improve their role, position and power within the corporate network.

In addition, the academic research has recently identified the scarce literature on the role of a subsidiary's management in the development of its role, highlighting how such a change of scope is often viewed as the HQ's strategic intent, rather than a consequence of the actions of the top management of subsidiaries (Meyer et al., 2020). Given the fact that springboard subsidiaries are characterised by their location outside the administered region, a closer look at the development of these organisational units should shed interesting light on the role of their management.

3. Drivers of a springboard subsidiary role

In order to understand how an ordinary subsidiary evolves into a springboard, we turn to the academic literature on the development of such a role. The concept of a subsidiary doing so on the basis of its own strategic business decisions was first considered by Prahalad and Doz (1981). The idea that a subsidiary can increase its own importance and sphere of influence within the MNC was quickly picked up by IB scholars and developed into a distinguished research line (White and Poynter, 1984; Jarillo and Martíanez, 1990; Paterson and Brock, 2002), the classical framework of which emphasised three main drivers: the MNC itself and competition from other subsidiaries, the subsidiary management's desire to increase its autonomy and intra-organisational network, and the way the local environment offers the subsidiary specific opportunities to develop its role (Bartlett and Ghoshal, 1989; Birkinshaw and Hood, 1998). This framework was later adopted in Dörrenbächer and Gammelgaard (2006), who divide the contingency factors of subsidiary role transformation into those related to (1) host-country localisation advantages, (2) subsidiary capabilities, and (3) micro-political HQ-subsidiary negotiation processes. Unlike the classical framework, this paper emphasises that the HQ's strategic intentions might change because of negotiation processes with its subsidiaries, whose bargaining power is determined by an interplay of its capabilities and host-country localisation advantages, thus providing a more multifaceted explanation of intra-organisational processes in relation to the development of a subsidiary role. The present study follows the latter framework as it explores the factors involved in the development of a springboard role.

To begin with, localisation advantages linked to the development of a subsidiary role are related to changes in the host market conditions (Benito et al., 2003; Egelhoff et al., 1998). Specifically, subsidiaries are more likely to extend their strategic scope when there are favourable changes in the host country's competitive environment, such as decreasing protectionism associated with political transitions and emerging international competitiveness (Dörrenbächer and Gammelgaard, 2006). Scholars further highlight how improved infrastructure, social conditions and economic growth in a host country also play an important role in changing of scope of the local subsidiary (Rugman and Douglas, 1986; Egelhoff, Gorman and McCormick, 1998), thus limiting their observations to a single specific location of a foreign subsidiary. In the case of springboard subsidiaries, however, the picture is expected to be more complicated, given the fact that these units are linked to more than one host region that is normally geographically distant (Pla-Barber and Camps, 2012), thus expanding the traditional paradigm.

Furthermore, a subsidiary's own value-adding capabilities influence the transformation of its role within the MNC. Considering an MNC as a collection of globally dispersed units that have access to unique resources (Nohria and Ghoshal, 1997), a subsidiary's capabilities are central for developing its role. Specifically, resources are distributed asymmetrically within the MNC, which sometimes leads to major dependence by the MNC on a particular subsidiary's capabilities (Amit and Schoemaker, 1993). In the case of springboard units, these capabilities are associated with their location-specific advantages (Pla-Barber and Camps, 2012). In particular, springboard subsidiaries are located in countries that offer intermediate psychic proximity to both the HQ's home country and a target region (Magomedova et al., 2017), which makes them important bridges between the two. Moreover, the fact that springboard subsidiaries are located outside the target region can also be crucial for the development of the unique capabilities required to facilitate expansion in fragmented markets with major intra-regional conflicts. Therefore, the development of a springboard role is a clear case of an MNC's dependence on the resources of a specific subsidiary. This case was not fully considered in the Dörrenbächer and Gammelgaard (2006) framework, since their contingency factors were inferred from a situation where an HQ's dependence on its subsidiary's resources was weak, so empirical evidence regarding springboard subsidiaries might extend this framework.

Ultimately, the development of a subsidiary role is strongly determined by intra-organisational micro-political processes that impact an HQ's initial strategic intent (Dörrenbächer and Gammelgaard, 2006). In order to develop a subsidiary's strategic role, its management must struggle to be recognised by HQ (Ghoshal and Bartlett, 1990; Birkinshaw, 1996; Birkinshaw and Hood, 1998). The bargaining process between HQ and subsidiary management is crucial for the ability of subsidiaries to promote their capabilities to HQ, and eventually enable realised, or emerging, strategies that modify or even contradict HQ's initial strategic intent (Bamford, 2006; Mintzberg and Waters, 1985). The achievement of a mandate of regional importance is a particularly contested organisational terrain, which stimulates the top management of subsidiaries to enhance their strategic role within the MNC by taking the initiative to compete against other units of the same MNC, thus demonstrating entrepreneurial behaviours (Birkinshaw and Hood, 1998; Taylor, 2001). Similarly, the extant literature does not contain explicit observations on the role of intra-firm bargaining processes in pursuit of change to a subsidiary's role.

Instead, it is suggested that the HQ deliberately appoints the springboard role to a subsidiary that possesses certain locational advantages for inter-regional expansion without analysing the circumstances that led to that decision (Bergström and Johansson, 2006; Pla-Barber and Camps, 2012; Caicedo-Marulanda et al., 2015). Therefore, further evidence is needed to extend our understanding of these organisational units.

4. Methodology

4.1. Method description

Since the aim of this study is to assess how certain subsidiaries become springboards, as well as to reveal the interrelated factors behind such a transformation, we adopt an inductive qualitative case study research strategy. Qualitative research is especially suitable for this purpose, since it involves asking 'How' and 'Why' questions to achieve major insights and broaden our understanding of the phenomenon (Creswell, 1998; Yin 2017). The use of the case study methodology is supported by recent calls in the literature for further qualitative research on subsidiary management leading to changes in a subsidiary's scope and mandate (Meyer et al., 2020). In addition, the use of inductive methods in multiple-case studies is highly pertinent for the study of change processes (Eisenhardt, 1989, Santos and Eisenhardt, 2005) like those reported in this research.

We used the purposeful sampling technique, as proposed by Patton (2005), to identify cases of European MNCs (outside Spain) that use springboard subsidiaries in Spain to coordinate their expansion to Latin America. We first analysed press articles from the last 30 years included in the Factiva database and contrasted the information obtained with MNCs' official annual reports, identifying a dozen European MNCs that matched the searched condition. Second, in choosing the three case studies, we were following Patton's (2005: 182) 'maximum variation sampling', purposefully picking cases with variation in certain dimensions of interest, but that allow identification of "*important* *common patterns that cut across variations*" (Patton, 2005: 182). In particular, we searched for variation in the MNC's home country, size, age, industry, organisational structure and previous international experience. As a result, we chose three European MNCs (Dutch, German and French) with a springboard expansion strategy but very different characteristics, thus allowing for cross-case comparison (Meyer, 2001).

We contacted the selected firms by telephone, giving them a detailed description of our research purpose. The telephone interviews helped us to identify the specific top managers within the Spanish subsidiaries and Latin American units that were responsible for the decision-making processes during the expansion in the region. A crucial factor for us was to choose informants with an average of 15 years of experience in the companies. Interviewees must have had first-hand longitudinal experience of the events that happened during the course of the conversion of the subsidiaries into springboards, including the pre-expansion and post-expansion stages. Table 2 summarises the information about the companies and interviewees.

<<Insert Table 2 here>>

The data was collected through semi-structured interviews by the three researchers in two rounds, complemented by financial statements, interim and annual reports, official websites and other documents provided by the MNCs, with a total of 120-250 pages of secondary data per case. Apart from helping to build further evidence, the secondary data helped ensure validity, through the triangulation of the interviewees' responses (Strauss and Corbin, 1998). Prior to the interviews, the subjects were given a script, focused on the evolution of the subsidiary's strategic role, and relationships with the HQ and the Latin American region over time. Given the geographical dispersion of the subjects, the interviews were conducted either in person or by video call. Both rounds of interviews, which lasted between 1 and 2 hours each, were recorded and transcribed in full, and triangulated with the field notes, annual and financial reports, as well as during the within-case and cross-case analysis (Yin, 2017).

Preliminary data screening was also conducted simultaneously and independently by the three researchers. Following recommendations by Miles and Huberman (1984), we used tables and diagrams to reduce and visualise qualitative data. In particular, we started by listing the comments that we obtained from each interview, checking for comparisons and parallelisms between the testimonies. As this was done independently by the three researchers, any inconsistencies in the interpretation of the primary data were checked with the interviewees in the subsequent second-round interviews.

Afterwards, our data analyses incorporated the interpretive approach applied by Gioia et al. (2012). Following these authors' inductive coding procedure, all the quotes were separated into groups under the same code in the first order coding stage, trying not to be influenced by the existing findings in the academic literature on the topic, following the suggestions by Gioia et al. (2012) on the value of *"enforced ignorance"* of the literature (Gioia et al., 2012:21). Subsequently, to reduce the first-order codes to a limited and more manageable number of second-order codes, they were contrasted with the prior knowledge and concepts established in the academic literature on the development of subsidiary roles. We could thus compile a list of seven drivers of a springboard role. With these seven drivers in mind, we also coded the companies' secondary data in terms of observable changes in subsidiary scope and mandate, thus providing further evidence on each driver. After a thorough analysis of the interrelationships between the second-order codes, we came to the conclusion that the seven drivers can be grouped into higher-order aggregate dimensions, particularly (1) host country and subsidiary home country market conditions, (2) subsidiary capabilities; and (3) micro-political negotiation processes. The interconnections we found were embodied in propositions.

Finally, validity and consistency were further enhanced by three complementary triangulation methods (Eisenhardt, 1989; Yin, 2017): we first contrasted the interview data with the secondary data from the MNC; second, responses in one round were compared with other interviews and rounds; third, each step of the analysis was first conducted by the three researchers independently and then cross-compared.

4.2. Case description

The SOFTW MNC subsidiary was founded in 1993 so the MNC could expand in the Spanish market. After successfully achieving growth in its home market, the subsidiary started exploring foreign market opportunities in geographically proximate territories, such as Southern Europe and Northern Africa. Once it gained experience at entering nearby geographical markets and after years of observing positive changes in the Latin American market, the subsidiary took the initiative to start expansion into that region. Initially, HQ wanted to delegate this expansion to the US unit, but it eventually decided to delegate a springboard role to the Spanish subsidiary in 2012. The MNC went from having no presence in Latin American market to being in about 10 countries in just 6 years. This growth resulted in a rise from 0 to 15% of the company's total sales between 2012 and 2016, with a growth rate of almost 200% per year. In 2018, the company approved the Spanish subsidiary's decision to open a fully-owned subsidiary in Colombia, thus confirming its role as an intermediate level unit.

The EDIT MNC subsidiary was established in 1962, with the sole objective of growing within the Spanish market. However, in the 1970s the subsidiary began to independently explore business opportunities in Latin American countries. In parallel to the Spanish subsidiary's actions in this region, the company also expanded into Latin America directly through its HQ as well as other organisational units. Among others, the company was trying to close an acquisition deal with one of the major companies in this region, but its attempts were fruitless. Meanwhile, decades of successful operations by the Spanish subsidiary in this region demonstrated its superior capabilities for managing this market, which resulted in the HQ's decision to delegate to it the role of springboard and centralise all regional activities through this subsidiary in 2012. The subsidiary immediately took over the acquisition deal and after some months of intense negotiations, it successfully closed the deal, which enabled the MNC to double its size in the region, and accelerate the company's growth there.

The TRANSP MNC subsidiary was established in 1989, after the acquisition of an existing Spanish company, with the principal motive of exploiting opportunities in Spain. Prior to the acquisition, the subsidiary already had some activities in the Latin American region, which it continued to develop afterwards, alongside the MNC's own operations there. Although HQ's direct operations in Latin America were reasonably successful, they noticed that the Spanish subsidiary's activities in the region were producing faster growth in sales, mainly due to its initiative of diversifying the services offered. This led the HQ to conclude that the MNC was not exploiting all of its opportunities in this growing market, and in 2005 it decided to delegate to the Spanish subsidiary a springboard role in this region. The diversification of services allowed the MNC to strengthen its presence there, and helped the local Latin American subsidiaries to gain enough expertise and autonomy to be administered from within the region by 2009.

Despite differences in the trajectories of the three subsidiaries, the cases have some striking similarities in terms of the circumstances that led to the subsidiaries becoming springboards. The following section will explore the contingency factors that contributed to the transformation of Spanish subsidiaries from units of local importance into regional springboards.

5. Research findings

5.1. Changes in a target region and subsidiary's home country

According to Dörrenbächer and Gammelgaard (2006), the first contingency factor of subsidiary role transformation is a favourable change in the host market conditions. The case of springboard subsidiaries, however, is special and more complex, as they are located outside of the target region. In particular, unlike the model proposed by Dörrenbächer and Gammelgaard (2006), where only the host market's conditions are taken into account, it is important to consider the conditions not only in the subsidiary's home market but also in the host target market, such as when the SOFTW company detected a major industrial transformation in the Latin American market that led to an increasing interest in the MNC's software. The company viewed that as a *"favourable circumstance"* to expand their activities into this region. Similarly, the EDIT top management noticed a steady improvement in education level across all Latin American countries, which created significant growth in the number of people interested in reading and predicted further increase in the future. The evidence from the two companies was supported by TRANSP's Subsidiary Director:

> "The late 90s–early 2000s was a period when Latin American countries began to settle in terms of political stability. Dictatorships started to disappear, populist movements and *guerillas* started to calm, and this change created a series of positive socio-economic conditions and legislative stability."

Contrarily to the positive change in the Latin American market, this was a period of stagnation in the subsidiaries' home market, Spain. The interviewees stated that although the Spanish subsidiaries wanted to grow domestically, their local market opportunities were limited, which pushed them to look for new markets. Therefore, their propensity to benefit from the opportunities in the Latin American market was even stronger. As the EDIT interviewee posits:

> "Our industry is saturated here in Spain, and I don't see how we can grow any further here. Our sales stabilised years ago and since then they have been more or less at the same level. Market trends can change but not the market size, so for us it was natural to look for opportunities elsewhere."

In the other two cases, the economic crises of 2001 and 2008 brought about the negative change in Spain. The slowdown in domestic sales created a stimulus for Spanish subsidiaries to explore new opportunities elsewhere. As TRANSP's subsidiary manager posits:

> "The process of gaining a springboard role partially coincided with the crisis of 2001, when the local [Spanish] market started to decline. We started looking for [new] opportunities outside the local market and Latin America was a somewhat natural choice for us. When we started analysing this market, we realised that we could propose the maintenance service offered in Spain. It opened a completely new market for the company, which was substantial in size and much more stable."

This means that a positive change in the host environment does help to understand the transformation of a subsidiary into a springboard but that is not the end of the story. In particular, the combination of the favourable change in the target region and unfavourable conditions in the springboard subsidiary's home market, such as saturation and stagnation, drove this organisational change. The SOFTW interviewee summarises this as follows:

> "Our expansion to Latin America started when one of our clients in Spain decided to go there, after they experienced some financial problems during the crisis of 2008-2012. It is also true that [prior to the expansion] we had been observing Latin American Markets […] and observed some important industrial changes that had created opportunities for us."

These testimonies reveal that springboard subsidiaries' external environments are considerably more complex than those of their peers, because they are influenced by the conditions in their home country and the geographically distant target region. Moreover, unlike their peer subsidiaries, unfavourable situations in their domestic market can actually become an opportunity for subsidiaries that aspire to become springboards. We therefore make the following proposition:

Proposition 1. The coincidence of favourable conditions in the target region environment with unfavourable conditions in the subsidiary's home market drives the development of a springboard role.

5.2. Subsidiary capabilities

Another core factor involved in a change in a subsidiary's role is the development of its own capabilities. As stated above, foreign subsidiaries have access to location-specific advantages, which gives them an opportunity to develop unique capabilities.

First, the interviewees highlighted that the Spanish subsidiaries were more capable of understanding the local market's needs and facilitating communication between HQ and the target region due to the psychic proximity between Spain and Latin American countries. As the interviewees posit "*sharing the same language accelerates a large part of the business processes.*" However, it is not purely linguistic similarity that helped Spanish subsidiaries to understand the Latin American market, but rather a multifaceted psychic proximity between Spain and Latin America. In the words of the interviewee from the EDIT subsidiary:

> "I, as a Chief Officer [of a Spanish subsidiary], always insisted that all the negotiations must go through us, because we kind of filter the information so that both parties understand each other better. And it is not because of the language: there is a person at HQ that speaks Spanish perfectly, but when he speaks to Latin American colleagues, they don't understand each other, because the way of doing things, the way of thinking is different."

These differences in mind-sets often result in more profound problems, such as lack of understanding and trust, which can have a profound effect on the negotiations between the two parties, so the Spanish subsidiary's psychic proximity to Latin America is undeniable. In this regard, the SOFTW interviewee posits:

> "I guess […] there is some sort of idiomatic and cultural kinship between Latin America and Spain, which contributes to a better understanding between us."

Additionally, Spain has very strong institutional connections with the European countries, which, as the EDIT interviewee posits, "*helps European investors feel more comfortable working with the unfamiliar Latin American market through Spain*." This intermediate psychic proximity of Spanish subsidiaries means they act like "bridges" between the two regions, which means they are able to understand local markets better, facilitate inter-regional communication and, consequently, develop their strategic role.

Furthermore, the interviewed firms mentioned the Spanish subsidiaries' ability to balance intra-regional conflicts and coordinate activities within the region more effectively. In this regard, the interviewees highlighted an evident divergence between intra-regional Latin American cultures, which is often overlooked by European firms. As the SOFTW Regional Director for Mexico and the Caribbean posits:

> "There are quite a lot of dissimilarities in the Latin American region, and even though we speak the same language, to a certain extent this region is very much like Europe. For example, if you confuse Argentinean and Uruguayan accents, which are very similar by the way, they will get annoyed. How do you explain this to a German?"

Such intra-regional differences can be further intensified by the intra-regional conflicts and political rivalry that can increase the psychic distance within the area. In that regard, Spanish subsidiaries do not get involved in intra-regional prejudices and maintain a somewhat impartial position. For instance, the TRANSP interviewee claimed that the Spanish subsidiary "*agglutinates diverse cultures of Latin American countries*", while the SOFTW interviewee noticed that his strong Valencian accent was perceived positively in all Latin American countries and the fact that it was not Latin American seemed to be important. This extra-regionalism and the perceived impartiality made it possible for Spanish subsidiaries to balance intra-regional conflicts and acquire a better ability to coordinate regional activities, which in turn increased their chances of developing a springboard role.

This extra-regional impartiality seems to be positively perceived by the HQ as well. According to all three Spanish subsidiary managers, the fact that they were not located within the Latin American region was perceived as counterintuitive only at the beginning. But on reflection and judging from the results of such extra-regional coordination, HQs viewed springboard subsidiaries as a "neutral territory", with a truly intermediary role, which made balancing global integration and local responsiveness easier and more natural.

In turn, a better understanding of local markets and ability to coordinate these subsidiaries' regions helped them to improve their ability to transfer knowledge between their HQs and Latin America. For example, the SOFTW interviewee points out that:

> "Our technology transfer process involves face-to-face negotiations to adjust the technology to local markets that normally last from 2 to 3 days, with a few weeks of training sessions. Of course these can be done in English, but the discussions involve a lot of nuances that are lost when you switch to another language, and with that you lose some valuable information as well."

The loss of the "*nuances*", or in other words, tacit information, during the process of transferring knowledge across borders results in a less effective internationalisation process. This makes it more difficult for HQ to work with Latin America directly, which presents an opportunity for Spanish subsidiaries, with their superior knowledge transfer capabilities, to propose themselves as intermediate units.

Similarly, Spanish subsidiaries turned out to be crucial for reverse knowledge transfer, i.e. when local subsidiaries generate new knowledge and create new products that are beneficial for the MNC as a whole. For instance, such reverse knowledge transfer led the EDIT company to discover local authors whose books became worldwide bestsellers:

> "Thanks to our Chilean subsidiary, we recently contracted a Chilean author, who has 27 million followers on YouTube. His book is going to be a hit and we are preparing to sell it all around the world. There was another author, contracted by our Colombian subsidiary, who was a huge success – 11 hours signing books. These were discovered by our local subsidiaries, so we wouldn't have done it without their help."

It is important to clarify that the detection and discovery of these new products would be implausible without the assistance of coordination by the Spanish subsidiary. In particular, the specificity of the publishing industry is that it is extremely multi-domestic: writers prefer local publishers, which makes the role of local subsidiaries crucial for capturing new ones. To successfully implement such a crucial role, local subsidiaries need to be trusted by the higher organisational levels and, in this case, the mutual understanding between the Spanish subsidiary and Chilean subsidiary increases that level of trust. This makes the Chilean management less restrained when it comes to taking the initiative to look for new potential products (or, in this case, writers) and share their "discoveries" with the Spanish subsidiary, whereas the Spanish subsidiary trusts the local subsidiaries' gut feelings and welcomes such initiatives. In this regard, SOFTW's interviewee from a Latin American subsidiary posits that:

> "[The Spanish subsidiary management was] always eager to understand the needs of our local market, and adjust the product accordingly. […] The fact that we share a language and are culturally proximate facilitated the learning process, and knowledge transfer between us."

The significant increase in knowledge flow between local units and the Spanish springboard subsidiary makes the discovery of locally born innovations possible.

Summarising the arguments mentioned in this section, we make the following propositions:

Proposition 2a. A subsidiary's ability to reduce inter-regional psychic distance between HQ and a target region increases the likelihood of achieving a springboard role.

Proposition 2b. A subsidiary's ability to balance intra-regional conflicts in a target region increases the likelihood of achieving a springboard role.

Proposition 2c. A subsidiary's ability to transfer knowledge in both directions – from HQ to a springboard subsidiary and from a springboard subsidiary to a target region – increases the likelihood of achieving a springboard role.

5.3. Impact of micro-political processes and subsidiary initiative on HQ's intended strategy

The third main driver of the transformation of a subsidiary into a springboard is related to intra-organisational micro-political bargaining processes. As mentioned earlier, Spanish subsidiaries had access to unique capabilities engrained in their locational advantages, such as intermediate psychic proximity and extra-regionalism. These capabilities are tacit in nature, and hard for the HQ to perceive at first, which explains why in none of the three cases was the delegation of a springboard role to a Spanish subsidiary the HQ's initial strategic intention. The interviewees from the Spanish subsidiaries commented that they needed to "*fight*" against other organisational units for the springboard role. In the SOFTW and EDIT cases, their intra-firm competitors were US subsidiaries, because a priori this seemed somewhat more logical to the HQ due to "*geographical proximity, time zone and common business practices*" with Latin America, as the EDIT interviewee posits. In the TRANSP case, the rival was the HQ itself:

> "According to the MNC's structure at that time, all international activities were mainly managed from the International Department located in the French HQ. The attempt to compete for the role against that department was essentially an attempt to change the status quo."

In order to clearly manifest their tacit capabilities, the Spanish subsidiaries needed to demonstrate their superiority by taking initiatives to outpace internal competitors. These initiatives were expressed in the form of a proactive attitude among the top managers of the Spanish subsidiaries on the one hand, and their willingness to take risks, on the other. For instance, the SOFTW subsidiary had been observing the development of the Latin American region for years prior to the MNC's entry, and was the first to point out the upcoming opportunities in this market to the Board of Directors. The TRANSP subsidiary chose another approach and deployed its own expertise to offer a service to the Latin American market that the company itself had never thought about before. In all three cases, the initiate always came from the Spanish subsidiary itself. In the words of the TRANSP interviewee:

> "We started to exploit new opportunities in Latin America, because depending on France was a reactive way to do business, whereas exploiting the opportunity to propose a completely new service to the Latin American market was a proactive approach to business. The new contract was 100% the Spanish subsidiary's initiative. We detected it, we carried it out, and we presented the results to the HQ."

Likewise, the interviewee from SOFTW's Spanish subsidiary claimed that he "*was not afraid of facing the risk of failure if the new market opportunities did not work*", when there was a possibility to enter new geographical areas or pursue new business lines. Such behaviours by individual subsidiary leaders made their HQs realise that these subsidiary unique resources were crucial for achieving successful inter-regional expansion. At the same time, the tacit nature of these resources made HQs somewhat dependent on their Spanish subsidiaries, which dramatically challenged their initial strategic intent.

This realisation, however, coincided with, and might be partly attributed to, another important issue – the peculiarities of the way that MNCs themselves are structured. In particular, in all three cases, that structure was decentralised, with considerable autonomy delegated to subsidiaries, which definitely influenced the capacity of the Spanish ones to act proactively and allocate resources in accordance with their autonomous decisions. Moreover, in the cases of EDIT and TRANSP, the process of designating a springboard role to the Spanish subsidiary coincided with structural changes throughout the organisation – EDIT was consolidating its corporate structure after a series of mergers in the 2000s, whereas TRANSP was being reorganised from a product division to geographical division structure prior to the delegation of the springboard role to the Spanish subsidiary. As TRANSP's interviewee posits:

> "The delegation of the springboard role happened in parallel with structural changes to the MNC. […] So on the one hand, we were lucky. But on the other hand, the HQ could have delegated this role to a subsidiary inside the region, but didn't because it felt our unit was better prepared."

Such structural peculiarities made it easier to promote the subsidiaries' capabilities, and they actively used the period of general organisational restructure and somewhat blurred decision-making centre to gain bargaining power and negotiate the development of their own strategic role, thus changing HQ's initial strategic intent. This evidence clearly shows that the development of a subsidiary role in the analysed cases was possible thanks to the actions of the subsidiaries' top management, because the delegation of a mandate of regional importance to the Spanish subsidiaries was not part of their HQs' initial strategic intent but rather the result of the proactive attitudes and actions taken by the top managers of these subsidiaries (see Figure 1 for further quotes). Therefore, our next propositions are:

Proposition 3a. A decentralised structure and organisational changes boost a subsidiary's initiative to develop the unique resources associated to a springboard role.

Proposition 3b. An HQ's strong dependence on a subsidiary's unique resources increases the subsidiary's bargaining power to negotiate a springboard role.

<<Insert Figure 1 here>>

6. Discussion

The framework proposed by Dörrenbächer and Gammelgaard (2006) has helped observe the transformation of a subsidiary's strategic role into an intermediate springboard unit from three different angles: the external factors of the market conditions, the specific advantages of a subsidiary itself, and the intra-organisational negotiating processes between the top management of the subsidiary and the HQ.

First, the coincidence of favourable changes in the target market and unfavourable conditions in the subsidiaries' home market is a major factor behind such a transformation. Academic scholars have raised concern about the impact of the external environment on the development of a subsidiary role (Meyer et al., 2020). In particular, the global environment in which MNCs operate is constantly changing, presenting geographically disperse subsidiaries with new challenges. One of the biggest refers to developments in the subsidiaries' dual environment, i.e. the MNC's home countries and the host countries where the subsidiaries are located (Buckley and Munjal, 2017; Witt, 2019). However, the IB research on such dual changes is still scarce and there is still little understanding of the impact that it has on changes to a subsidiary's role (Meyer et al., 2020).

In the case of springboard subsidiaries, this issue is of even greater concern, because they find themselves not in a dual, but a triple environment. They are influenced first by the market conditions in the corporate home country; second by the market conditions in the target region, whose activities they administer, and third, by the conditions in their domestic market, which are different from those of the target region, because they are located outside of it. Specifically, unfavourable situations in their domestic market (such as negative business climate, economic stagnation, or simple market saturation that limits their possibility for domestic growth) are used as an opportunity by subsidiaries that aspire to become springboards. In all the three cases scrutinised, the Spanish subsidiary managers complained about the limited possibilities in their domestic market to improve their position within the MNC. They were actively looking for new opportunities outside of their domestic market and found them in the growing Latin American economy. The proactive entrepreneurial attitude of these subsidiary managers helped to spot these new opportunities earlier than the HQ did, and when the market was ready and the intra-organisational negotiations were over, they were fully prepared to take responsibility for this target region. Such a confluence of environmental conditions (the constraints of the subsidiary's domestic market and the positive change in the outside target region) is unique to springboard subsidiaries, which is why our analysis of the development of such a role is interesting for advancing subsidiary management research.

Second, unique location-specific advantages, such as intermediate psychic proximity to both HQ and the target region, and their extra-regional position, presented the subsidiaries with an opportunity to develop such capabilities, such as a better understanding of the target market's needs, and the ability to balance intra-regional conflicts and boost knowledge transfer between HQs and the target region. In this case, the capability of subsidiary managers to entrepreneurially take advantage of the positive and negative market circumstances also played a crucial role. In particular, such assets as cultural, linguistic and institutional proximity were advantages available to other subsidiaries in the same Spanish market, but only the particular units analysed in this study capitalised on these assets. On the contrary, being located in a saturated European market on the one hand, and the liability of outsidership on the other hand, could be considered disadvantages, but were turned into key assets by the subsidiary managers. So, the fact of being located in a well-developed Spanish market earned them legitimacy in the less developed Latin American market, whereas strong ties with the home European region helped them to win the trust of the European HQ and investors. Moreover, being located outside of the target region could have been interpreted as a drawback, what is described in the academic literature as liability of outsidership (Rugman and Verbeke, 2008), because tacit knowledge would be expected to be lost in the process of cross-border transfer. However, introducing one more node to the international expansion – the springboard subsidiary – actually had a positive effect, ensuring a better understanding between the target region and the HQ, enhancing the cross-border interpretation of tacit knowledge, and generating bolder initiatives by local target region subsidiaries that felt more confident in their decision-making when working through the Spanish subsidiary than when doing so directly with the HQ.

These findings are in line with Magomedova et al.'s (2017) study, which demonstrated that the direct distance between a parent home country and a target region was larger than the indirect distance through the springboard subsidiary (i.e., the sum of distances from the parent home country to a springboard subsidiary's country and from the springboard subsidiary's country to the target region). Moreover, when scholars compared distances between Spain and Latin American countries with the Latin American intra-regional distances (between pairs of countries within the region), they found that Spain's average distance from Latin American countries was actually lower than the average distance intra-regionally. We therefore complement the quantitative findings by explaining that the location of a springboard subsidiary outside the target region put it in a position of impartiality and non-involvement in intra-regional conflicts, unlike what is often the case between neighbouring countries. Hence, this research contributes to this issue, highlighting the interest in springboard subsidiaries as an efficient unit for the inter-regional expansion of a MNC.

And finally, active initiative-taking furthered by the MNC's general organisational restructure at the time earned the subsidiaries strong bargaining power in the negotiation of their strategic role within the MNCs. This, however, did not come easily. Indeed, a more logical and optimised way of coordinating Latin American activities seemed to either be the traditional establishment of a regional headquarters within the region, or the use of the HQ's international department to manage the distant activities directly. In fact, the Spanish subsidiary's participation was initially perceived as useless in all three cases, and proof of their indispensability was a challenge for their management. Those managers did so by seeking loopholes in the current system in order to turn the existing, and not always supportive, circumstances to their favour. So, this study portrays how the entrepreneurial behaviours of subsidiary managers help to create a competitive internal arena and internal benchmarking that becomes indispensable in the processes of negotiating a subsidiary role with the HQ. One of the recent concerns in academia is the lack of research linking individual managerial activities, such as initiative-taking, negotiation processes and issue-selling, to changes to a subsidiary's role (Meyer et al., 2020). They stress that "*subsidiary mandates should not be regarded as top-down imposed by HQ, but as an outcome of unique subsidiary resources and actions by individuals in the subsidiary*" (Meyer et al. 2020, p.559). Therefore, this study contributes to our understanding of how the actions of individual subsidiary managers affect an HQ's decision to change the subsidiary's role. As seen in the results, the subsidiary managers took the active initiative of exploring new market opportunities long before the HQs were interested in this new region. After the subsidiary managers had convinced their HQs of the attractiveness of these opportunities, they insisted on participating in all negotiation processes, and ultimately demonstrated their unique capability of managing this new regional market effectively. These capabilities were difficult to transfer, which made HQs dependent on their Spanish subsidiaries, and forced them to change their initial strategic intent and delegate a springboard role instead. This research has revealed a specific situation when turning a subsidiary into a springboard contradicted the MNC's initial strategic intent, and was instead an emergent strategy (Mintzberg and Waters, 1985). The personal implication of the subsidiaries' top managers, their constant pursuit of possible loopholes in the MNC's distribution of decision-making power, voluntary involvement in international activities in the target region, continuous demonstration of their subsidiary-specific capabilities, and access to certain unique location-specific advantages left the HQs with no option other than to delegate a springboard mandate to these subsidiaries. In this regard, Dörrenbacher and Gammelgaard (2006), whose framework we have used to analyse the development of a subsidiary's role, observed the lack of studies on the shaping of an MNC's strategy in cases when HQ is highly dependent on its subsidiary's resources. This study precisely exemplifies this situation and shows how it helps subsidiaries to achieve a strategically important role.

All in all, the delegation of a springboard role to the Spanish subsidiaries contradicted HQ's initial intent, and the pressure of highly interrelated factors led MNCs' top management to recognise the need to change their intended strategy and realise that despite it being an apparently unusual and indirect way of organising international activities, the use of regional outsiders as springboards to coordinate a targeted region is surprisingly beneficial. This initial managerial myopia brings to mind Mintzberg's "strategy safari" metaphor (Mintzberg, 2003). If strategy-makers are Mintzberg's "blind people" and strategy formation is the "elephant", observance of the chain of minor circumstantial coincidences that precede the appearance of a springboard subsidiary helps to see the "elephant", because "to comprehend the whole we need to understand the parts" (Mintzberg, 2003:105).

7. Conclusions

Prompted by the scarcity of empirical evidence on the process of how a subsidiary becomes a springboard, this paper analyses the drivers of such organisational change. We adopted the framework on the development of a subsidiary role proposed by Dörrenbächer and Gammelgaard (2006), and conducted an exploratory case study of three European MNCs that used their Spanish subsidiaries to expand into the Latin American market. This study shows that the delegation of a springboard role to the Spanish subsidiaries was not the MNCs' initial intent, but the result of a specific series of interrelated factors that created the necessary conditions for a subsidiary to be allocated the springboard role.

The paper makes several contributions. First of all, unlike previous literature that has highlighted how the development of a subsidiary role is closely related to the changes in a market where the subsidiary is located, the dual environment of a springboard subsidiary furthers the complexity of the factors related to its transformation. In particular, the study shows that the development of a springboard role simultaneously depends on favourable economic change in the target region, and certain limitations for growth, stagnation or even negative economic change in the subsidiaries' home market. Such a confluence of market-related factors in the development of a springboard role differentiates this from all other types of intermediate level organisational units, and makes them somewhat unique. Moreover, this study shows that HQs become highly dependent on the resources available to springboard subsidiaries, because they are so tacit and hard to copy or transfer, which give these units extreme negotiating power. We thus fill the gap highlighted by IB scholars by analysing how an MNC's strategy is shaped in cases when HQ is highly dependent on its subsidiaries in terms of their resources (Dörrenbächer and Gammelgaard, 2006). Additionally, the development of a springboard role is the result of an ensemble of factors, some of which are within the scope of a subsidiary's influence (such as initiative, development of unique capabilities and effective negotiating) and some are not (such as market-related factors and major changes to an MNC's organisational structure).

The paper has important managerial implications for both HQ management and subsidiary management. In an environment of growing rivalry and turbulence, HQ managers may myopically insist on direct entry in the distant regions, prioritising geographic proximity and mistakenly assuming that such an approach will accelerate their expansion. Instead, they should look within the corporation and give an opportunity to already existing subsidiaries that have developed unique capabilities to successfully act as bridges, or springboards, thus enabling more effective coordination of regional activities. Moreover, subsidiary managers should exploit their unique locational resources, such as historical, cultural and linguistic ties, to develop knowledge transfer capabilities beyond their own intra-regional market and, simultaneously, pursue emerging managerial opportunities in new regions. This will increase their value, as well as guarantee their survival in the long term, which is especially important for subsidiaries that operate in mature markets with limited growth possibilities.

This study is the first attempt to understand the process of the development of a springboard role and involves certain expected limitations. First, although the interviewees' testimonies were triangulated with the MNCs' annual reports, press releases and press articles, our findings are vastly based on our informants' recollections. Second, the analysis covers a highly specific context – Spanish springboard subsidiaries of European MNCs that coordinate activities in Latin America, which limits the generalisation of results. However, while generalizability is not an aim of explorative research, our sampling strategy and research analyses safeguard transferability. By capturing the central themes that cut across heterogeneous firms, emerging common patterns could be extended to similar contexts. Further research might contrast the suggested propositions in a quantitative study that would support generalisation. Overall, given the growing interest among the IB community in springboard subsidiaries, further research will spark academic debate on this peculiar organisational unit. In particular, we encourage scholars to look for other possibilities around the world and propose a study that would analyse new geographical settings where subsidiaries can develop a springboard role. Ultimately, we invite further research on the factors of dynamic business environments that shape MNCs' realised strategies in the process of intra-regional expansion.

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Figure 1. Cross-case analysis

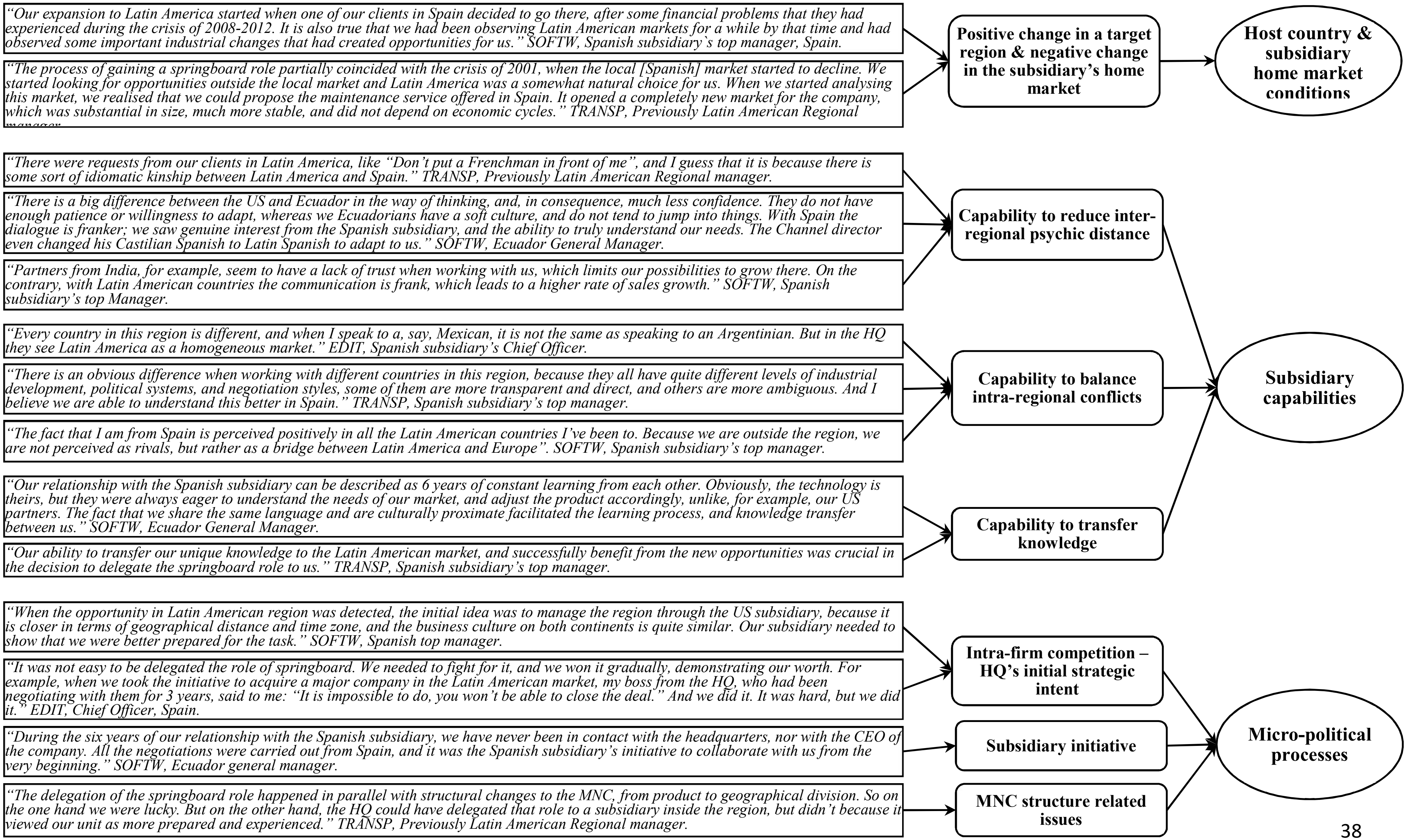

Table 1. Review of the literature on springboard subsidiaries

N	Authors	Publication title	Publication year	Source Title	Methodology	Main findings
1	Bergström and Johansson	Springboarding: a study of Swedish SMEs established in Singapore	2006	Jönköping International Business School	Multiple case study	The analysis of Swedish SMEs that expand into the Asian market has shown that "springboarding" from Sweden to Asia through a branch located in Singapore seems more effective, as the Singapore branch shortens psychic distance between the Swedish parent and the Asian target region.
2	Pla-Barber, Camps-Torres & Madhok	Springboard country and springboard subsidiary: a new outlook on internationalization into Latin America	2009	Globalization, Competitive-ness and Governability	Theory development	The article examines the theory of the "springboard country" and "springboard subsidiary" concepts, based on the reality in Spanish-Latin American relations from a management research perspective. The two concepts are introduced for the first time: a "springboard subsidiary" is a subsidiary company that makes the locational advantages of the "springboard country" into a truly specific advantage for the company.
3	Pla-Barber & Camps	Springboarding: a new geographical landscape for European foreign investment in Latin America	2012	Journal of Economic Geography	Theory development	The paper conceptualises the notions of springboard country and springboard subsidiary, stating that subsidiaries that are located in springboard countries and have successfully incorporated their location-specific advantages make MNCs more able to expand, control and administer a target region.
4	Pla-Barber	Springboard affiliates: an organizational innovation in the globalization of European companies in Latin America	2012	Estudios gerenciales	Theory development	The paper discusses the theoretical contents of the concepts of springboard country and springboard affiliate, continuing the debate raised in previous publications. A springboard affiliate is an increasingly more common organisational innovation that is used to make the best use of the advantages of springboard countries by aiming to improve the efficiency of globalisation strategies on the part of European companies in Latin America.
5	Uribe-Arévalo, del Valle Santos-Alvarez, García-Merino	The internationalization of the Graphic communication Industry in Colombia: the guild's springboard effect	2012	International Journal of Business and Management	Theory development	This research suggests an analysis of the guild's role in the Graphic Communication Industry in Colombia and its effect as a springboard, which facilitates the internationalisation of its affiliates through supporting programs and export promotions, thus highlighting the role of formal mechanisms in the institutional settings of Spain – Latin America
6	Pla-Barber, Villar & Silva-Domingo	Parenting MNC networks through springboard subsidiaries	2013	ACEDE 2013 Conference proceedings	Multiple case study	Based on qualitative data, the authors propose three stages of a springboard subsidiary's life-cycle: establishment, consolidation, and maturity, each of which reflects distinct roles and loci of decision making among the three actors involved: headquarters, springboard subsidiary, and local subsidiary. Overall, our study sheds distinct light on when and how headquarters add value by matching parenting to context.
7	Caicedo-Marulanda, Pla-Barber & Leon-Darder	A Micro-econometric analysis of the Springboard Subsidiary: a The Case of Spanish Firms	2015	Economics: The Open-Access, Open-	Quantitative study	Based on panel data estimations for subsidiaries of European MNCs with a presence in Spain, the authors find that if the subsidiary is located in the springboard country, then the subsidiary's performance improves by about 49 percentage points. When the Spanish

N	Authors	Publication title	Publication year	Source Title	Methodology	Main findings
				Assessment E-Journal		subsidiary is considered a springboard subsidiary, its performance is 7.7 percentage points higher than the performance of other subsidiaries that are not springboard subsidiaries.
8	Villar, Pla-Barber, Silva-Domingo & Maghok	How can multinationals improve inter-regional expansion? The case of springboard subsidiaries for Latin America	2017	Universia Business Review	Multiple case study	Based upon the expansion strategy of five European multinational firms, the authors develop an inductive model in which the functions of headquarters - coordination and knowledge creation processes - are distributed between the parent company and the springboard subsidiary as part of a capacity-building process. This model reflects the type and degree of commitment of both actors in each stage: whereas in the initial phase the springboard subsidiary and the headquarters act as substitutes, they perform complementary functions in the development of local network in the target region.
9	Villar, Dasi, Botella-Andreu	Subsidiary-specific advantages for inter-regional expansion: the role of intermediate units	2018	International Business Review	Quantitative study	Based on a dataset covering 188 subsidiaries, the study shows that the probability of a subsidiary taking on a springboard role is contingent on experiential knowledge about the target region, as well as a rich knowledge base derived from a wide range of activities and a broad geographical scope. On the contrary, possession of slack resources does not necessarily mean that a subsidiary will take on this role, as such slack must be combined with experiential knowledge.
10	Pla-Barber, Villar, Madhok	Co-parenting through subsidiaries: a model of value creation in the multinational firm	2018	Global Strategy Journal	Multiple case study	The article analyses a model for interregional expansion by multinational firms using springboard subsidiaries that serve as bridges between headquarters and local subsidiaries since they share institutional and business ties with both. The authors develop a model in which certain parenting functions, such as coordination, control, and knowledge creation, are distributed between headquarters and the springboard subsidiary as part of a capacity-building process.
11	Quesada-Chaves	The springboarding network: multinationals in Latin America	2018	International Journal of Emerging Markets	Quantitative study	From a sample of 154 subsidiaries, three categories of multinational's networks are created, with the Spanish subsidiary acting as the leader: strategic centres, administrative centres and regional headquarters. The findings provide evidence of how cultural features, industry behaviour and multinational size and entry mode influence these networks
12	Pla-Barber, Botella-Andreu, Villar	Intermediate Units in Multinational Corporations: Advancing Theory on their Co-parenting role, dynamics and outcomes	2021	International Journal of Management Reviews	Literature review	Through a systematic review of 68 studies published between 1996 and 2020, the authors develop a conceptual framework that integrates complementary streams of theoretical and empirical research on intermediate organisational units, showing how springboard subsidiaries are subsidiaries that are assigned certain resources to perform HQ functions at a cross-regional level

End of Table 1

Table 2. Sample description and interviewee profiles

	HQ location, year founded	Industry	No. of employees	Turnover	Springboard subsidiary location	Interviewee, location	Interviewee's experience within the company
SOFTW	*Holland, 1993*	*Software*	*Ca. 130*	*Ca. €20 million*	*Barcelona, Spain*	*Spanish Subsidiary's Top Manager, Spain*	*More than 20 years. Led the expansion into the Latin American region from the beginning. He is also one of the three members of the MNC's Board of Directors.*
						Mexico & Caribbean Regional Manager, Mexico	*More than 5 years. Entered the company when it began to expand into Mexico, and led its expansion in the Mexico and Caribbean region.*
						Ecuador General Manager, Ecuador	*More than 5 years. General Manager of the MNC's external partner that acts as its exclusive representative in all Ecuadorian markets.*
EDIT	*Germany, 1835*	*Publishing and communication*	*Ca. 170000*	*Ca. €17 billion*	*Barcelona, Spain*	*Spanish Subsidiary's Chief Officer, Spain*	*About 20 years. Head of the MBC's Spanish and Latin American market.*
TRANSP	*France, 1928*	*Transportation*	*Ca. 34500*	*Ca .€6.9 billion*	*Madrid, Spain*	*Spanish Subsidiary's Top Manager, Spain*	*More than 10 years. Managed inter-regional Spanish-Latin American operations.*
						Spanish Subsidiary's Top Manager, Spain Previously, Latin American Regional Manager, Brazil.	*More than 20 years. Led market expansion in Spain and the Latin American market while the subsidiary was a springboard. Managed and controlled the Regional Headquarters in Brazil from 2009 to 2014.*

End of Table 2