

***‘Courting the Multinational Enterprise’: Subnational Institutional Capacity and Foreign
Market Insidership***

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ABSTRACT

Significant revision to the Uppsala internationalization process model introduces internationalization as a developmental network process, whereby insidership represents realized, successful foreign market entry. Employing a multi-method research design, this paper seeks to explore the capacity of subnational institutions in shaping inward investment insidership within an advanced economy. Our findings illustrate how customized coalitions of subnational institutions initiate, facilitate and accelerate insidership by channeling locational, relational and knowledge capabilities of the foreign market to inward investment. Integrating socio-spatial concepts from international business and economic geography, we further advance the internationalization process by stimulating discussion on subnational institutions within advanced economies.

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Insidership

INTRODUCTION

As spatial attributes and location-specific characteristics attain increasing impetus within international business (IB) research, seminal theories, including Dunning's eclectic paradigm and the Uppsala internationalization process model, have been revisited to integrate these, and other, contemporary theoretical advances and incorporate greater insights on global economic trends (Cantwell, 2009; Cantwell, Dunning & Lundan, 2010; Dunning, 2009; Dunning & Lundan, 2008; Johanson & Vahlne, 2009). Originally proposed by Johanson and Vahlne in 1977, the Uppsala internationalization process model provides innovative insights on the incremental growth process by which firms invest abroad. Recently, Johanson and Vahlne (2009) substantially revised this model to accommodate the role of interactive business networks and relationships in generating knowledge, creating learning, trust and commitment opportunities to facilitate foreign market entry. While successful foreign market entry is conceptualized as network 'insidership'— demonstrated by active relationships, operating within an environment of low uncertainty and risk where opportunities are identified and created (Johanson & Vahlne, 2009, 2006, 2003) - the discussion thus far is largely limited to business networks - relationships with customers, suppliers, business partners - and knowledge networks (Cantwell & Mudambi, 2011; Johanson & Vahlne, 2009).

This paper draws upon socio-spatial concepts from IB and economic geography (EG) to further advance the revised Uppsala model by demonstrating the capacity of subnational institutions to negotiate foreign market insidership of internationalizing firms within an advanced economy. With EG, the fundamental emphasis on foreign direct investment (FDI) is its role within the local economy, while IB primarily centers on the motivations and implications of the multinational enterprise (MNE). A promising outcome of this juxtaposition between IB and EG is a more nuanced integration of the local, subnational context – relating to the units and structures organized below the national tier, such

as regions, states and provinces – in facilitating international firm activity (Beugelsdijk, McCann & Mudambi, 2010; Dunning, 2009; Ma, Tong & Fitza, 2013; McCann, 2011). With an inherent role in delineating “the rules of the game” (North, 1991: 3), the capacity of local institutions to mediate firm internationalization at a subnational level and advance insidership is a core aspect of firm-location exchange which is largely under-researched (Meyer & Gelbuda, 2006; Peng, Sun, Pinkham & Chen, 2009; Santangelo and Meyer, 2011).

Executing a multi-method research design, we outline two research objectives directly related to subnational institutional actors, which we define as the body of local regulatory and service-providing institutions with a functional remit to engage with FDI at a subnational level. First, a structural configuration of the relative role of subnational institutional actors with internationalizing investment is profiled using social network analysis, to identify and demonstrate the key, central actors engaged with knowledge opportunities of internationalizing firms. Secondly, the nature of this dynamic engagement between subnational institutional actors with inward investment is explored within the change aspects of the internationalization process. Building upon the work of Santangelo and Meyer (2011) on the influence of the external institutional environment to inward investment commitment, systematically generated qualitative data is utilized to enrich this structural network map and consider the interaction of subnational institutions with inward investment insidership. The features of this interaction are thus discussed in terms of the network position of the internationalizing firm. Given the recent endeavor to integrate qualitative data further into IB research (Birkinshaw, Brannen & Tung, 2011), the analysis of two components of subnational institutional capacity – role and interaction – using both quantitative and qualitative methods provides substantially greater insight on the potential for subnational institutional networks to negotiate foreign market insidership by interceding entry to the foreign market network and shaping network position.

In addressing these research objectives, three core contributions are offered to current academic discourse. First and foremost, this paper effectively engages the concept of foreign market insidership, drawing upon core insights from EG to enhance the current platform of knowledge within IB in relation to the capacity of subnational institutions to engage, and shape, foreign market

insidership (Beugelsdijk et al., 2010; Cantwell & Mudambi, 2011). Using an integrative theoretical framework, we review literature on both IB and EG to demonstrate the mechanisms employed by subnational institutions to advance FDI insidership within a location and describe the nuances of successful foreign market entry. In so doing, this generates a second contribution whereby the paper significantly embellishes the revised internationalization process model by producing a more holistic representation of the role and interaction of subnational institutional actors to the network process of internationalization, and equally, extending the “web of relationships” surrounding the international firm to include both business and non-business actors (Johanson & Vahlne, 2009: 1411). This allows us to effectively support the current shift towards marrying network theory with traditional FDI literature (Perri, Andersson, Nell & Santangelo, 2013). A final novel contribution of this research, therefore, rests in highlighting the additional source of experiential knowledge available to an incoming firm from the network of subnational institutional actors. The provision of experiential knowledge, both directly from the subnational institutional actors and indirectly from the relationships subnational institutions hold within the larger business network, can significantly initiate, facilitate and accelerate network insidership for a firm.

SUBNATIONAL INSTITUTIONAL CAPACITY: ROLE AND INTERACTION WITH INSIDERSHIP

In 1977, Johanson and Vahlne conceptualized internationalization as a gradual, incremental process by which firms internationalize through an establishment chain pattern in order to reduce the risk associated with entering foreign markets. In contrast to the economically derived perspectives of Buckley and Casson (1976), Dunning (1977), Hymer (1976), Vernon (1966), and Williamson (1975), the Uppsala internationalization process model adopts a behavioral and dynamic view on how firms enter foreign markets, emphasizing the integral role of both general and market-specific knowledge to increasing commitment and resources abroad. In light of significant theoretical and economic developments, Johanson and Vahlne (2009) revisited their original theory to present a business

network model of the internationalization process as a “multilateral network development process” (Johanson & Vahlne, 2009: 1415). Drawing on the network perspective, their revised model (see figure 1) fundamentally views the foreign market as a network structure, highlighting the key role of the surrounding business environment, and more specifically the relationships inherent within this business network, as an influential variable on the process of internationalization. Within this view of internationalization, a network position is premised on committed relationships characterized by attributes of knowledge, learning, trust and opportunity creation. This perspective moves away from the ‘liability of foreignness’ thesis towards a ‘liability of outsidership’, identifying insidership as secured market entry, whereby functional relationships within an environment of low uncertainty and risk enable the recognition of potential opportunities, thus standing in contrast to ‘outsidership’, where the firm fails to attain a position within the foreign market (Cantwell & Mudambi, 2011; Johanson & Vahlne, 2009, 2006, 2003). In 2011, Santangelo and Meyer initiated an extension of this model to account for the role of institutional influences, particularly institutional voids and institutional uncertainty, in shaping the strategic intentions of subsidiary investment. Highlighting the role of institutions in shaping business strategies during internationalization, Santangelo and Meyer (2011) introduced more nuanced insights on the surrounding external features of inward investment yet maintained a more general institutional perspective.

INSERT FIGURE 1 HERE

In light of the suggested research agenda offered by Johanson and Vahlne (2009), the innovative insights of Santangelo and Meyer (2011) and emerging trends in international business (IB), we advocate that the revised Uppsala model can be further explored and enhanced by incorporating the activity of non-business, subnational institutional actors within the internationalization process model. The increasingly pertinent role of economic geography (EG) concepts to IB research has accentuated the subnational unit of analysis as the most proximate local environment for the MNE subsidiary (Beugelsdijk et al., 2010; Cantwell & Mudambi, 2011, 2005; Meyer, Mudambi & Narula, 2011; Mudambi, 2008). In fact within EG, inward investment is believed to offer “an important area in which to explore inter-institutional relations” (Fuller, Bennett &

Ramsden, 2003: 2025). Highlighting the working processes, patterns and mechanisms which contribute towards attracting, retaining and embedding FDI (Amin & Thrift, 1994; Fuller & Phelps, 2004; MacKinnon & Phelps, 2001; Phelps, 2000; Phelps & Fuller, 2001), subnational institutional capacity rests on the organization, credibility, partnership and network relations of subnational institutional actors (Fuller et al., 2003). In order to demonstrate our contribution to this model, we outline how growing evidence on subnational institutions, from both an IB and EG perspective, may relate to foreign market insidership. From here, we utilize the Uppsala internationalization process model to draw significant insights on the potential for subnational institutional capacity – particularly their role and interaction - to shape inward investment insidership.

The initial assertion of the Uppsala internationalization model relates to the current portfolio of the firm, in terms of their existing bank of *Knowledge Opportunities*. As demonstrated by Johanson and Vahlne (1977, 2009), internationalization tends to start with ad hoc exporting, which is generally formalized through “deals with intermediaries, often agents who represented the focal companies in the foreign market” (Johanson & Vahlne, 2009: 1412). However, the core focus of the Uppsala internationalization process model is limited to business network actors and so, these intermediary agents pertain solely to customer and supplier representatives as vehicles of internationalization. Substantial evidence within EG demonstrates the capacity for subnational institutions to interact with foreign direct investment (FDI) through activities such as investment incentives, investment promotion, ‘aftercare’ policies, localized financial assistance packages, customized facilities, specialized infrastructure and reduction of transaction costs, while also responding appropriately to the needs of multinational enterprise (MNE) subsidiaries at more local level, which can greatly attract and enhance inward investment activities (Cantwell & Mudambi, 2000; Driffield, 2006; Fuller & Phelps, 2004; Loewendahl, 2001; Phelps, 2000). Key research within this field on the activity of inward investment agencies with FDI has served to illustrate their role in attracting overseas investors to explore location within a focal country (Head, Ries & Swenson, 1995, 1999; Phelps & Wood, 2006; Young, Hood & Wilson, 1994). Concurrently within IB, Cantwell and Mudambi (2000; 2005) have highlighted the ambiguous role of inward investment incentives in attracting FDI, whereby incentives

are often associated with poorer regions, and thus tend to attract lower value added activity. However, there is potential for inward investment agencies and other institutions at a subnational level to play a significant role in initiating network insidership by engaging with the current knowledge opportunities of a firm to inform and promote local knowledge of physical, regulatory, market and socioeconomic features for a firm considering international investment. As such, the burgeoning interdisciplinary IB-EG interface demonstrates a vibrant arena in providing a more accurate representation of firm-location dynamics at the subnational level (Cantwell, 2009; Beugelsdijk et al., 2010; Ma et al., 2013). We therefore initially explore the role of subnational institutional actors with regard to inward investment insidership by identifying and profiling the central subnational institutional actors concerned with FDI during internationalization within advanced economies.

Following identification of knowledge opportunities, Johanson and Vahlne (2009) discuss the significance of dynamic change mechanisms in advancing the state of the firm to a resulting network position. *Relationship Commitment Decisions* and *Learning, Creating, Trust Building* represent the interactive process whereby the internationalizing firm chooses to increase, or reduce, commitment to a relationship based on the potential for this connection to enhance learning, knowledge creation and trust building opportunities. In many instances, this may involve initiating a new relationship, or developing current relationships which may be perceived as strategically important. With growing emphasis on the local context (McDermott, Corredoira & Kruse, 2009; Meyer et al., 2011), there is considerable evidence to suggest that subnational institutions may participate as key actors within this interactive exchange between location and FDI (Cantwell et al., 2010; Cantwell & Mudambi, 2011; Chan, Makino & Isobe, 2010; Dunning & Lundan, 2008). According to Zhou, Delios and Yang (2002: 68), “a subnational level allows for a more fine-grained analysis of regional differences, and therefore may offer more accurate evidence for the sensitivity of FDI decisions to location determinants”, with considerable research highlighting the role of subnational institutional factors to foreign investment strategy (Meyer & Nguyen, 2005; Nguyen, Le & Bryant, 2013; Shi, Sun & Peng, 2012) and performance (Chan et al., 2010; Ma et al., 2013). As such, subnational institutions may constitute a significant component of the “wide variety of interdependent relationships” which embody the

internationalization network model (Johanson & Vahlne, 2009: 1423), thus fostering learning relationships with inward investors in their attempt to secure a position within the foreign market network. Recently, Santangelo and Meyer (2011) demonstrated that institutional voids and institutional uncertainty effect the implementation of investment strategy by influencing the potential for learning, creating opportunities and trust building. In addition to this, and other research on the local, subnational environment in relation to FDI strategy, performance and activity (Beugelsdijk et al., 2010; Ma et al., 2013; Meyer & Nguyen, 2005; Meyer et al., 2011; Nguyen et al., 2013), significant research within EG has demonstrated the engagement of subnational institutions with FDI in local economic development. While collaboration and integration of subnational institutions towards FDI can generate a sense of commonality and more positive results, fragmented subnational institutional capacity, such as lack of coherence and consensus in roles, conflict and tension, can all inhibit the success of subnational institutions engaging with FDI (Fuller et al., 2003; MacKinnon & Phelps, 2001). Building upon this, we seek to analyze the interactive processes between subnational institutions and inward investment, exploring the potential for subnational institutional actors to effectively shape foreign market insidership.

As a “dynamic, cumulative process of learning, as well as trust and commitment building” (Johanson & Vahlne, 2009: 1423), the model defines how *Knowledge Opportunities* are shaped by *Change Aspects* to transform a firm’s *Network Position*. The fundamental purpose of the internationalization process, therefore, is realized foreign market entry achieved by inward investment insidership. As such, we advocate that given their considerable knowledge of location-specific resources, subnational institutional capacity represent a potential intermediary learning vehicle to identify and develop knowledge opportunities, channel relationship commitment, enhance learning creation and trust building, which may ultimately negotiate, facilitate and accelerate insidership within the foreign market. Building upon the substantial revisions to the original Uppsala model (Johanson & Vahlne, 2009), the overall contribution of this paper is to draw upon socio-spatial concepts from both IB and EG to further advance the revised internationalization process model by exploring the capacity

of subnational institutions actors, as a network of non-business actors, to shape inward investment insidership within an advanced economy.

RESEARCH METHODOLOGY

Research Context

To date, the majority of research on subnational institutions within IB has focused primarily on emerging economies given the significant subnational disparity, uneven economic development, institutional change and cultural diversity within these transition countries (Bevan, Estrin & Meyer, 2004; McDermott et al., 2009; Meyer & Gelbuda, 2006; Meyer & Nguyen, 2005; Zhou et al., 2002). Although this body of research has served to significantly enlighten the importance of subnational institutional factors, analysis of subnational institutions within developed economies has been relatively overlooked. With relatively higher value-added FDI activity, greater capabilities of indigenous enterprise and competence with absorptive capacity (Perri et al., 2013; Porter, 2000), developed economies display unique institutional features and so, the subnational institutional structure within an advanced economy represents a viable research context. Given its highly globalized, developed economy, the Republic of Ireland represents a particularly interesting locale to explore this process. Firstly, national industrial and economic policy has operated as a catalyst in the attraction of Ireland as a location for FDI, where an open and liberal market economy, low corporate tax regime, liberal trade policies, membership of the European Union, strong education system and the activity of a highly reputable national inward investment agency, on both the national and international stage, are renowned as central to the location of foreign investment, resulting in Ireland now being considered one of the highest FDI intensive economies (Barry, 2007; Brennan & Verma, 2012, 2010; Gunnigle & McGuire, 2001; Rios-Morales & Brennan, 2009). Within this national context, the subnational institutional infrastructure is composed of eight regions which align with the European Union (EU) Nomenclature of Territorial Units for Statistics (NUTS) system, a three-level hierarchical classification of comparable territorial units within each member state (Eurostat, 2011).

Data Collection

Prior to data collection, it was imperative to identify and define the subnational institutions that hold a functional remit to engage with inward investment within Ireland. Remaining close to the origins of institutional theory, we defined subnational institutions along a similar framework to that of North (1990), who differentiated between formal institutions - economic, political and legal institutions - and informal institutions – social institutions, norms, values, beliefs and cultures. Accounting for these institutional types, primary and secondary sources of information were used to generate an institutionally-led database of all FDI-related actors with a functional role to engage with incoming investment at subnational level (for more information, see *Anonymised* 2012). As demonstrated in figure 2, nine FDI-related formal, subnational institutional categories were identified, similar to the body of subnational institutional actors outlined by Chan et al. (2010), and included development agencies (inward investment, indigenous and regional development bodies, organized at national and subnational level), educational institutions, local government, trade associations and skills bodies. Given their fundamental role with inward investment and FDI (Cantwell & Mudambi, 2011), indigenous enterprise and other (domestic and foreign) MNEs were also included within the research design. The role of these subnational actors were systematically identified using primary source material and verified using qualitative interviews to ensure inclusion was warranted.

INSERT FIGURE 2 HERE

As Birkinshaw et al. (2011) encourage greater utility of qualitative insights on IB activity “to interpret and understand the complex plurality of contexts.... and the linkages between them and firms that transact business across international boundaries” (p.574), this research seeks to systematically explore our two research objectives on the role and interaction of subnational institutions with inward investment using an integrative, multi-method research design including qualitative semi-structured interviews and quantitative social network analysis. Over a three year period from 2009 to 2012, 59 in-depth semi-structured interviews with 33 national and subnational institutions and MNC actors were

conducted across two subnational regions in Irelandⁱ. Of these institutions, two were national-level institutions, which provided significant contextual information on the subnational environment in Ireland and the overall process of inward investment. Additionally, five participant organisations were MNEs, in which their experience of investment and location to Ireland was retrospectively assessed. Drawing from a range of industrial sectors in Ireland, the mean tenure of investment from this representative sample is 19.5 years, with an average size of 1,260 employees. As entry mode significantly shapes the internationalization process (Buckley & Casson, 1998), a representative sample of MNEs was attained. Of the five MNEs, two were Greenfield investment and three were acquisitions, all of whom engaged in higher order, advanced activity within their relative sectorⁱⁱ. The data was collected retrospectively, with all investors well established in Ireland at the time, and so all respondents were knowledgeable of the initial stages of internationalization and involved in subsidiary establishment. All interviews maintained sufficient flexibility to allow for the exploration of unique subnational factors and personal anecdotes from the respondent, with telephone and email follow-up used to clarify outstanding issues and gather supplementary information.

An additional quantitative dimension of this research involved a social network questionnaire which was developed on the basis of the research aims and administered following the semi-structured interview. Offering objective and systematic data, social network analysis centers on relationships among systems of dependent actors, rather than on independent details of cases, and this perspective on organizational activity has greatly enhanced understanding of how organizations engage and interact within the marketplace and society in general (Kilduff & Brass, 2010; Wellman, 1988). Growing evidence highlights the utility of using quantitative social network analysis as a tool to accompany qualitative data (Conway, 2012) and this approach allowed greater visually-generated empirical exploration of the structural and relational patterns under review. Asking respondents (both subnational institutions and MNE actors) to rate interaction with subnational institutional actors during the internationalization process, the questionnaire offered a yes/no dichotomy of interaction, followed by a rating scale, ranging from zero (no contact) to seven (daily contact), if interaction was present. The semi-structured interview format engaged with respondents for 40-50 minutes, followed by face-

to-face administration of the social network questionnaire which required 30-40 minutes to execute. Overall, this resulted in substantially in-depth interviews of approximately 90 minutes, but extending to two hours per respondent on occasion.

Data Analysis

The primary purpose of data analysis was to explore the role and interaction patterns of subnational institutional actors with inward investment during internationalization, uniting both quantitative and qualitative data to provide a complete representation of subnational institutional capacity with foreign market insidership. In terms of the quantitative social network questionnaire, data from all thirty-one subnational institutional respondentsⁱⁱⁱ was organized into a sociomatrix and imported into *UCINET* (Borgatti, Everett & Freeman, 2002), a specialist programme for working with social network data. This analysis is further discussed in the findings below. The qualitative data sought to both verify the quantitative output, but equally to provide greater exploratory evidence on the interaction of subnational institutional actors with internationalizing investment. All interviews were recorded for accuracy and transparency, transcribed verbatim and coded within *Nvivo 9*©, which facilitated the creation and maintenance of a comprehensive depository of qualitative data, and enabled efficient, thorough and rigorous data analysis. The first stage of this qualitative analysis involved the generation of a descriptive coding reference which was derived from the semi-structured interview format, with the addition of unique themes during analysis. Intricate interpretative analysis was subsequently conducted to verify, and quantify, of engagement between subnational institutional actors with inward investment resulting in three constructs - (1) initial engagement with international firms; (2) FDI-related interaction amongst subnational institutions and (3) facilitative and focused interaction with foreign investors. Cognizant of the Uppsala internationalization process and the focus on foreign market insidership, the composition of these three constructs were extensively explored to evaluate engagement of subnational institutions with inward investors. A number of techniques were used to strengthen the reliability and validity of these themes, including significant iterations in data

analysis, confirmatory and corroboratory analysis with respondents and continuous reference circling between theory and findings. Figure 3 summarizes this data reduction process, while table 1 offers a body of representative data on each theme.

INSERT FIGURE 3 HERE

INSERT TABLE 1 HERE

FINDINGS

The primary focus of this paper is to explore the capacity of subnational institutional actors to negotiate foreign market insidership during the internationalization process. In order to examine the role of subnational institutions with inward investment, we first identify the key subnational institutional actors involved at the initial *Knowledge Opportunities* stage of internationalization. We then consider the interaction of subnational institutions with internationalizing firms during the dynamic *Change Aspects*. Following this, our discussion explores the capacity of subnational institutions with inward investment insidership in terms of the firm's network position.

1. Knowledge Opportunities: Role of Subnational Institutional Capacity with Foreign Market Insidership

Using social network analysis, a structural configuration of institutions - both national and subnational - concerned with inward investment to Ireland is presented to offer a comprehensive perspective of institutional actors active within the internationalization process (see Figure 4). For the purpose of brevity, the network data integrates actors from both regions – presenting a combined network structure of thirty-one institutional actors. Figure 4 illustrates a core-periphery network map^{iv}, where institutional actors within the inner network represent the primary group who actively engage with inward investment (black-triangular nodes) while those further from the center, the group of surrounding marginal actors (white-square nodes), have fewer linkages to other institutions, and thus

less involvement with incoming investors. Table 2 provides a supporting classification of participant institutions, which identifies the social network analysis (SNA) acronym used for data analysis and distinguishes between core (***bold***) and peripheral actors.

INSERT FIGURE 4 HERE

INSERT TABLE 2 HERE

While the map effectively separates the two subnational regions (distinguished via labels 1 and 2, with inter-regional institutions engaging in the center of the structure), service providers (ServiceProv) and the national employer body (EmBod3) are located in the middle of the network, with active links to both regions, given their inter-regional remit. Subnational offices of national development agencies (NatDev: which represent inward investment and indigenous development agencies) and educational institutions (Education) operate as the fundamentally core institutional actors, a finding which is mirrored across both subnational regions. Training agencies (Training) and trade unions (TradeUnion) appear to be the most marginal actors within this network and while identified as a peripheral actor, regional development agencies (RegDev) occupy an intermediate position given their close proximity to the central core structure. Similarly, MNEs operate between the core and peripheral arena. While their primary activity is business related, resulting in a relatively peripheral position within this network, MNEs play a functional role engaging with new incoming investors to offer knowledge on the features and opportunities of the local environment. There is evidence, also, that this relationship between MNEs and internationalizing firms is often coordinated by institutions within the subnational hinterland: *“The one group that [inward investors] tend to listen to most is the guy who has done it all, because this is the person that will give them the warts and all version of what is going on”* (Subnational Director, Indigenous Development Agency). Local indigenous enterprise appear as a peripheral actor, with limited formal interaction between these local firms and inward investment during initial engagement. Rather, established MNE actors and the subnational institutions effectively function as a proxy for the sub-supply infrastructure, providing extensive information on local operations and activity of indigenous enterprise for incoming

investment. Thus, direct interaction with local indigenous firms was somewhat superfluous to inward investors but becomes of more central importance following location: “Generally, **we are not a factor in their decision to come here, and I wouldn’t take credit for attracting any big companies...but [the sub-supply base] has developed a lot here now, and so if [MNEs] were thinking of leaving, we would certainly be a factor**” (CEO, Indigenous Medical Device Firm).

Computational social network analysis ^{iv} was employed to further substantiate the composition of this institutional network and effectively explore the relative centrality of actors. Indegree centrality identifies how well connected an actor is premised on the number of ties they receive from others, where higher ratings indicate that they are perceived as a central actor by others within the network.

INSERT TABLE 3 HERE

While Table 3 illustrates that subnational offices of national development agencies are strongly present as core, central actors, this may be premised on, and endorsed by, their official remit. Ireland’s national inward investment promotion agency has primary responsibility for FDI attraction to Ireland, structured with a strong national focus which also comprises of offices at both international and subnational levels. Prior to any investment decisions, direct contact with an international firm is generally obtained through international representatives of the national inward investment agency, who engage with the current state of a firm to initiate contact with international firms and encourage investment to Ireland. Within this, international executives are keen to familiarize inward investors with the alternative subnational location opportunities within the country and so, the subnational office of the inward investment agency represents a central component of engagement with a potentially internationalizing firm, drawing on their local knowledge and extensive relationships (with both investors and institutions) to “*build a compelling value proposition for this subnational region*” and engage in “*reference selling*” (Subnational Director, Inward Investment Agency).

While their remit certifies the inward investment agency (at both international and subnational level) as the central footstep in advancing the *Knowledge Opportunities* of a firm, the additional body of subnational institutions within the local context are integral in exposing the internationalizing firm

to the capacity of a subnational environment by specifically promoting and highlighting locational resources and capabilities, the institutional ecosystem, established FDI, local firms and indigenous industry, labor pools and human capital, financial incentives, physical resources and infrastructure (Cantwell & Mudambi, 2000, 2011; Head et al., 1999; Nachum, 2000; Zaheer & Nachum, 2011; Zhou et al., 2002). A key activity of subnational institutions, particularly in this early stage of internationalization, centers on the provision of an appropriate physical, socioeconomic and industrial environment for FDI in terms of infrastructure, telecommunications services and connectivity: *“We are trying to ensure the facilities and conditions to attract [MNEs]”* (Local Government). Within this, an important function of these actors is to convey an attractive, welcoming and responsive environment for inward investment and equal attention is assigned to shaping the cultural and social atmosphere. As such, an equivalent focus is placed on intangible assets, such as generating a favorable and distinctive endorsement of a location rather than solely physical infrastructure. While proving difficult to quantify, this emerged as a significant dimension of the activity of this network of actors: *“They (inward investors) do the whistle-stop tour, and the guys get a perception of the infrastructure and support of the area... It is really down to gut feeling and ability”* (Subnational Director, Indigenous Development Agency).

Therefore, although investment decisions ultimately reside with the internationalizing firm, subnational institutions are positioned to prepare and promote subnational locational capabilities for inward investment. The dimensions of this interaction are further explored within the *Change Aspects* of the internationalization process.

2. Change Aspects: Interaction of Subnational Institutional Capacity with Foreign Market Insidership

Thus far, we have identified that subnational institutions coordinate to facilitate the local environment for inward investment, but there is substantial evidence to suggest they also engage directly with the

Change Aspects of internationalizing firms in initiating and building relationships which expedite the transfer of local information, resources and knowledge.

2.1. Relationship Commitment Decisions

While the Uppsala model strongly locates the agency of relationship commitment within the focal firm, the engagement of subnational institutions, both amongst one another and with inward investment, may significantly advance the route to foreign market insidership. As such, relationships amongst subnational institutions in relation to FDI are paramount and our analysis highlighted an inherent consensus amongst subnational institutions toward this: *“There is a coherence response, whether it is from the service providers, the university, development agencies and indeed the existing multinationals - we are all singing the same tune”* (Educational Institution). The cooperative basis on which subnational actors network with one another to engage FDI was premised on *“strong working relationships”* (Subnational Director, Training Agency) and *“personal relationships amongst local actors”* (Employer Body). Unfortunately, positive collaboration amongst subnational institutional actors was sometimes absent resulting in a *“failure in institutional coalition”* (Subnational Director, Inward Investment Agency) and *“factionist relationships”* (Private Interest Group), which emerged as a negating factor to engaging with inward investment. In particular, we identified a small, but nevertheless noteworthy, number of situations where competitive relations between subnational institutions were evident and potential damaging in facilitating FDI: *“It is ridiculous to have a situation where you have multiple agencies dealing with the greater subnational area. Administratively, that’s nuts [but moreover] you can’t explain that to an investor!!!”* (Subnational Director, Inward Investment Agency). Furthermore, these negative implications were noted by MNE actors: *“In some cases, corporate want to deal with one agency and let that be it. Sometimes they get a little confused and it just muddies the water”* (CEO, Swedish Manufacturing MNE).

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Comment [P2]:

Similar to the process of relationship building outlined by Johanson and Vahlne (2009), establishing strong connections and rapport with international investors is quite a variable process:

“With the likes of MNE X, we were five years courting them before they came here. Different companies play in different ways. We were about a year and a half courting MNE Y” (Subnational Director, Inward Investment Agency). Consequently, subnational institutions invest significant resources in generating and developing relationships with inward investment within a more local and informal arrangement, while ensuring that a suitable alliance of subnational institutions is tailored to respond to the immediate, and prospective needs of the investor: *“Frequently the best relationships are formed down at the subnational level”* (Subnational Director, Inward Investment Agency).

In order to ensure that these relationships are functional, effective and pertinent, **particular subnational institutions have precedent over others**. For example, given their knowledge resources, educational institutions operate largely as a permanent actor in meeting with inward investment, while engagement with training agencies tend to be limited to low-value added, manufacturing investors: *“We’ll have a session with [inward investors], then they roll on to the university or the banks.... There was more of a formula in the old days, while now it seems to be customized. They go to the universities, but then after that they pick and choose”* (Employer Body). This is verified using a closeness centrality measure within social network analysis, in which we explore which institutions are most important in the transfer of information or resources within this network, accounting for geodesic distance between actors. As illustrated in table 4, local educational institutions are predominantly considered the most proximate actor to local knowledge. Given their importance, there is explicit evidence of attempts by subnational institutions to formalize links and initiate relationships between foreign investment and educational institutions: *“There might be personal relationships between the researcher or the head of the research institute and their colleague or contact in the MNE, where you [give the MNE] the idea and you have this fantastic [funding] package to give them”* (Industrial Liaison Officer, Educational Institution).

INSERT TABLE 4 HERE

As such, the positive partnership of subnational institutions offers a potentially unique capacity for inward investors to access and enhance relational capabilities within the subnational institutional and

industrial ecosystem during internationalization. During this change process, significant advances towards foreign market insidership are initiated, whereby tailored consortiums of subnational institutions provide a learning mechanism for inward investment. The subsequent activity of learning, creating and trust building represents the second interactive change mechanism.

2.2. Learning, Creating and Trust Building

The internationalization process model indicates that the potential for learning, creating knowledge and building trust is dependent on the current proficiency of the firm, and the capacity of their existing set of relationships. Evidence from this study suggests that subnational institutions play an important and active role in identifying learning opportunities, creating knowledge and building trust with, and for, inward investment, thus offering an additional channel through which foreign market insidership may be accelerated. An important aspect of this proactivity is the ability of subnational institutions to identify functional learning relationships between industrial actors within the subnational location. As illustrated earlier, third level educational institutions form an increasingly important and integral component of the internationalization network and engage extensively within the coalition of subnational institutions at a proximate level to offer strong industrial-academic collaborations in terms of skilled labour supply, research initiatives and potential funding opportunities to support FDI insidership, development and innovation: *“One of the first things, as I have become more involved with subnational institutions is that they have been actively encouraging more interaction with the university... collaboration between industry and universities... and that’s one of the things that we are trying to establish”* (Research Officer, US Medical Device MNE).

Comment [P3]: Research Office is an unusual job title??

While the role of MNEs and local firms technically resonate with the business network view of customers, suppliers and business partners (Johanson & Vahlne, 2009) and are substantially involved in insidership of foreign firms (Cantwell & Mudambi, 2011), a particularly fruitful finding of this research relates to this interaction between established MNEs and local firms with subnational institutions to enhance, learning and knowledge creation opportunities for inward investment: *“...We*

have worked with [subnational institutions] because of the company's manufacturing footprint review. We actually just closed a plant in Germany and moved it here so it was a very big win for us... When this project came here, R&D in Germany had struggled with it this for six to eight months... The first guys we spoke to here were in a shop here in town to have a look at their equipment... This is where we sent our technical people, not to any hot glue type factory or any of this fancy glue stuff or anything. We sent them into a local shop and they came out with this small instrument they bought on EBay for €2,000. Corporate management thought it is great – our plant, which doesn't even have an R&D team, had this project sorted within four weeks” (CEO, Swedish Manufacturing MNE).

Therefore, there is a unique proficiency amongst local indigenous enterprises and subnational institutional actors in dealing with inward investment within the local environment. *“We in LOCI and other supplier companies in Ireland have learned the dynamic of handling FDI – how you partner with them, how you become their supplier and how you deal with the complex decision making process. We have that skillset”* (CEO, Indigenous Medical Device Firm). As demonstrated earlier, local MNE subsidiaries play a prominent role in endorsing the subnational location, and the activity of subnational institutions, and equally engage directly with inward investment to enable FDI spillovers, indigenous enterprise and encourage new investment (Cantwell & Mudambi, 2011; DePropis & Driffield, 2006). Established MNEs are aware of their role in promoting the location for inward investors and, given their experience within the subnational location, are quite accommodating of this: *“...we are kind of wheeled out at a local level as some sort of a bride at the wedding; we are a great story for the area”* (Human Resource Director, US Medical Device MNE); *“We are seen to be a successful flagship for the local region... rather than the [regional development agency] helping us, it was more we helping them and we were happy to do it. If they were trying to encourage someone in, they would bring them to visit us”* (CEO, US Financial Services MNE).

Furthermore, we found strong emphasis on the transfer of experiential knowledge to inward investment, both directly through subnational institutions but equally between FDI actors. There is substantial evidence of a somewhat exclusive tradition of inter-organizational interaction amongst the cadre of MNE subsidiaries within Ireland which is both acknowledged and facilitated by subnational

institutional actors. *“We have been supported by the [subnational institutions] in terms of having access to people... We have networked quite a lot with nearly every other manufacturing facility or company in this country because every single one of them is in the same boat with competition coming out their ears from their sister companies in other parts of the world”* (Head of Production, German Manufacturing MNE). Possibly due to the size of the country and the extensive and enduring legacy of FDI, there is an awareness and familiarity amongst MNE actors that their knowledge base and network includes competitor companies. *“There is an Irish dimension to the competitive issue here. We talk to MedTech Co.1, we talk to MedTechCo.2 who are our biggest competitors globally... [We talk on] common themes, like anything that is good for all of us. But I know in the US, they just would not talk to their competitors. It just isn’t done... The culture isn’t there”* (CEO, US Medical Device MNE). In many instances, the knowledge attained from competitors within Ireland is used by MNEs to strategically engage with corporate headquarters, with many MNE actors noting *“our sister companies are our competitors”* (CEO, Lifescience MNE).

Our data serves to illustrate that subnational institutional actors are cognizant of, and proxy to, the significant pool of knowledge and resources available in their jurisdiction and therefore, a fundamental role for subnational institutions is to operate as a catalyst to the internationalization process, providing local, experiential knowledge to enhance foreign market insidership. As such, subnational institutions harness institutional and industrial experiential knowledge relevant to inward investment, encourage investors to explore and develop local connections, build relationships and identify opportunities within the subnational environment.

ANALYSIS AND DISCUSSION

Within this paper, we effectively draw upon socio-spatial concepts from both IB and EG to enrich the Uppsala internationalization process model and empirically investigate the capacity of subnational institutions to negotiate inward investment insidership to the foreign market. Insidership, within the internationalization model, is characterized by three interdependent attributes – functional

relationships, low risk and uncertainty and the recognition of potential opportunities (Johanson & Vahlne, 2009; Cantwell & Mudambi, 2011). We now discuss how subnational institutions, as exogenous actors to the MNE, facilitate and accelerate insidership to the foreign market by effectively channeling locational, relational and knowledge capabilities available to, and required for, inward investment insidership (Cantwell, 2009; Cantwell et al., 2010; Zaheer & Nachum, 2011).

INSERT FIGURE 5 HERE

As visually illustrated in Figure 5, our evidence suggests that subnational institutional capacity, operationalized through coalitions of subnational actors, cultivate, shape and foster engagement with inward investment. As, foreign market insidership is effectively facilitated and accelerated via coalitions of subnational institutions, which are tailored, shaped and mobilized in response to the needs of the inward investor. Given that inward investment generally adhere to tight schedules, the rapid mobilization and smooth operation of customized coalitions of subnational institutions is essential and so, their composition may vary depending on the nature and type of investment. A number of subnational institutions, including subnational nodes of the national development agencies and educational institutions, are fixed components of these customized coalitions, while others, such as local government and training agencies, represent more flexible, variable components. In fact, the subnational offices of the national inward investment agency generally represent the fundamental coordinator and driver of these customized coalitions and are responsible for enlisting other, suitable, subnational institutions to comprise the subnational consortium for inward investors. Customized coalitions of subnational institutions enable and enhance the route to foreign market insidership, via provision of physical, socioeconomic and industrial environment, fostering functional and trusting relationships and the creation of learning opportunities which are diffused to inward investment during the internationalization process. Access to these exogenous locational, relational and knowledge capabilities minimize the risk and uncertainty associated with internationalization and thus, significantly advance insidership to the foreign market. These coalitions were generally characterized by an enthusiastic, proactive and consolidated alliance amongst subnational institutions, however, in certain instances, fragmented relations amongst

subnational institutions can significantly impinge on inward investment insidership. This relates to the work of Fuller et al. (2003), where competitive tension amongst institutions in their interaction with inward investment represents a significant issue for the local economy. In this study, we demonstrate that competitive relations between subnational institutions may significantly inhibit investment decisions, as the process appears unnecessarily complicated and complex for internationalizing firms. Furthermore, the integration of established MNEs and local indigenous enterprise within these customized coalitions presents a more holistic representation of exogenous subnational capacity than offered heretofore, where activity within the local environment can greatly inform and enhance subsidiary operations. This resonates with, and enhances, the federative MNC model (Andersson, Forsgren & Holm, 2007), which advocates that headquarters and subsidiaries actively engage in a bargaining process, where subsidiary units can derive substantial power from the business network in which they are embedded. Prior to attaining embeddedness, or in this instance insidership, subnational institutions often coordinate, and enhance the relationships between inward investment and established MNEs within the subnational location. Nevertheless, the capacity for customized coalitions of subnational institutions to initiate, facilitate and accelerate foreign market insidership, and reduce the liability of outsidership, for inward investment is clearly illustrated. Thus, accounting for the role and activity of subnational institutions with inward investment within the internationalization process model significantly enlightens the blending of exogenous and endogenous advantages available to the MNE.

Overall, this study offers three contributions to international business literature. Firstly, given the rich empirical evidence from EG on subnational institutional capacity (Amin & Thrift, 1994; Fuller et al., 2003; Phelps & Fuller, 2001), we incorporate these insights to the revised Uppsala internationalization process model in order to garner a stronger understanding of how subnational institutions engage with inward investment. Building upon the extensive research on inward investment within IB (Cantwell & Mudambi, 2000, 2005; Nachum, 2000; Zhou et al., 2002), we contribute a more nuanced perspective on the interactive and function role of subnational institutions with foreign market insidership. As such, the evidence offered within this paper advances the cross-fertilization of IB and EG (Beugelsdijk et al., 2010; Dunning, 2009; McCann, 2011).

Secondly, as the overall perspective of the MNE shifts from firm-specific assets, toward network-specific assets, there is an increased emphasis on considering the relational capabilities of the firm (Cantwell et al., 2010; Dunning & Lundan, 2008). The findings illustrate that the activity of business actors and business relationships, including the knowledge they offer, may not be the exclusive component of securing foreign market insidership. The exogenous network advantages of subnational institutions, and the potential capabilities they offer FDI, provide considerable opportunities for internationalizing firms. In fact, we see considerable merit in acknowledging the capacity of subnational institutions to intervene in firm internationalization via provision of physical resources, relationship building, knowledge transfer, learning and identification of opportunities. Therefore, we endorse the infusion of network theory with traditional FDI theory (Dunning & Lundan, 2008; Perri et al., 2013).

Finally, this research contributes a more extensive interpretation on the source of experiential knowledge for inward investment, thus embellishing the conventional model which focuses primarily on market-specific business knowledge as acquired through learning over time within business relationships (Johanson & Vahlne, 1977, 2009). We have illustrated the wealth of local knowledge inherent within customized coalitions of subnational institutions, in terms of their relationships and networking with a broad range of industrial and institutional actors, their knowledge of, and participation in, local activities and their experience of inward investment. In line with the fundamental assertions of Oviatt and McDougall (1994, 2005), we validate the enabling learning mechanism of subnational institutions in fostering trusting relationships, supporting opportunity recognition and imparting local experiential knowledge.

We believe that this research introduces a platform on which greater exploration and analysis of subnational institutional actors may be conducted. One particularly fruitful opportunity to further enhance knowledge on subnational institutions may be to explore how horizontal relationships between subnational institutions and MNE subsidiaries relate to knowledge spillovers, or leakage, within the local context (Cantwell & Mudambi, 2011; Perri et al., 2013). Within this, a headquarters perspective would greatly strengthen the contribution of these findings, for example, integrating a

more in-depth and extensive exploration of the federative MNE (Andersson et al., 2007). In relation to assessing power relations, this research may also be extended to explore power imbalance between subnational institutions and inward investment and thus, contribute to the concept of institutional capture (Phelps, 2000). While substantial research endorses the activity of subnational institutions within transition economies (Meyer & Nguyen, 2005; Peng et al., 2009), particularly in relation to FDI strategy and performance (Nguyen et al., 2013; Shi et al., 2012; Zhou et al., 2002), there is substantially limited research on the role and interaction of subnational institutions with internationalizing firms within advanced economies. Applying the concept of subnational institutional capacity from EG to the internationalization process within IB, this interdisciplinary lens moves beyond emerging economies to provide insights on subnational institutions within developed economies, contributing a more nuanced interpretation of their role and interaction with inward investment insidership (Chan et al., 2010; Ma et al., 2013; Perri et al., 2013). As such, there remains considerable opportunity to further explore and analyze the implications of the subnational institutional infrastructure for FDI within developed economies.

CONCLUSIONS

The central tenet of this paper is to explore subnational institutional capacity within the internationalization process, particularly as it relates to foreign market insidership. Rather than offer a vertical contribution to the nascent literature on MNE insidership (Cantwell & Mudambi, 2011; Johanson & Vahlne, 2009), this research horizontally extends the parameters of this concept by illustrating how customized coalitions of subnational institutions facilitate locational resources, cultivate trusting relationships, enable knowledge and learning and enhance the identification, and possible exploitation, of opportunities for inward investment insidership. Illustrating the capacity of subnational institutions to effectively engage with the internationalization process of inward investment to an advanced economy, we broaden the discourse on subnational institutions within IB, highlighting the significant locational, relational and knowledge capabilities available to inward

investment via this consortium of actors. Situated within the burgeoning interdisciplinary arena of EG concepts to IB, this research contributes an enhanced perspective to the Uppsala process model of internationalization and equally enriches understanding on inward investment insidership.

NOTES

ⁱ Two subnational regions within Ireland were selected to offer a comparative analysis on the role, and interaction, of subnational institutions with inward investment insidership, the choice of which was premised on their physical, industrial and socioeconomic history. For more information, see *Anonymised* (2012)

ⁱⁱ Prior to data collection, significant information was gathered on the activity of each participant MNE. This facilitated in-depth exploration and evaluation of the functional processes of the subsidiary unit during interview. Based on their activity, the MNEs were categorized into the following activities – high technology, process development manufacturing (3 MNEs); leading edge aquaculture (1 MNE); advanced international financial services (1 MNE).

ⁱⁱⁱ Due to their role in offering contextual analysis, the two national institutions were removed from the social network analysis.

^{iv} A core-periphery model calculates a single cohesive subgroup of densely tied actors relative to a peripheral group of more loosely tied actors (Borgatti & Everett, 1999; Wasserman & Faust, 2004). Within this study, the core-periphery model distinguishes the principal actors who engage most frequently with inward investment from the more marginal actors.

^v Preliminary test for components were run, in order to verify that the network was a cohesive unit. One actor (MNC1a) was identified as a separate component. As this actor reflected an isolate, inclusion in centrality tests would result in zero degree and be technically undefined and thus, it was removed from subsequent tests of degree and closeness centrality, allowing for a more robust analysis. As such, analysis of centrality was run on a network of 30, rather than the full 31, actors (for more information, see Wasserman & Faust, 2004).

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FIGURES AND TABLES

Figure 1: The revised Uppsala internationalization process model (Johanson & Vahlne, 2009)

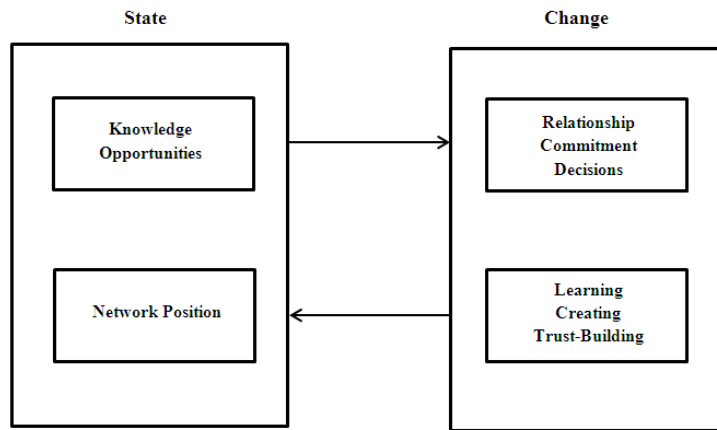


Figure 2: FDI related institutions at the subnational level

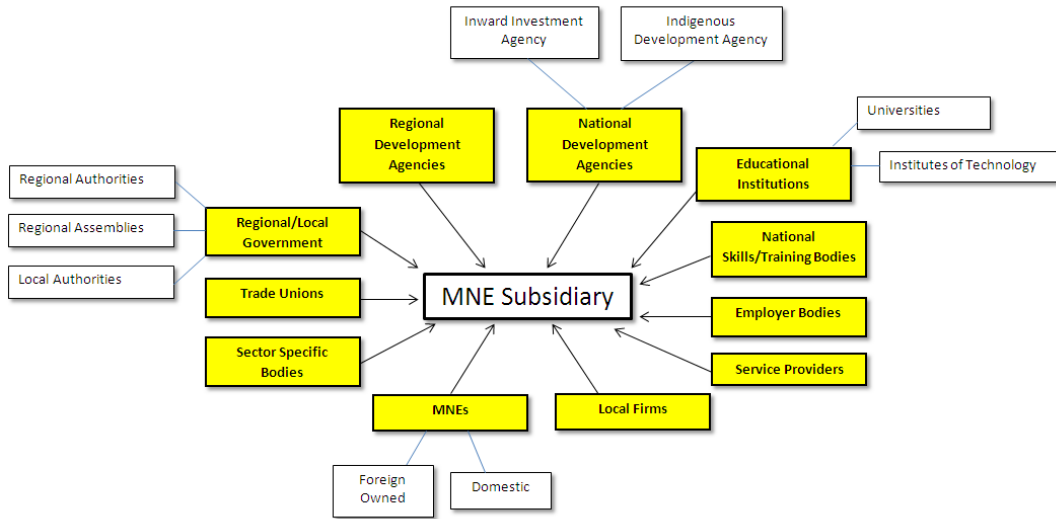


Figure 3: Data Reduction Process

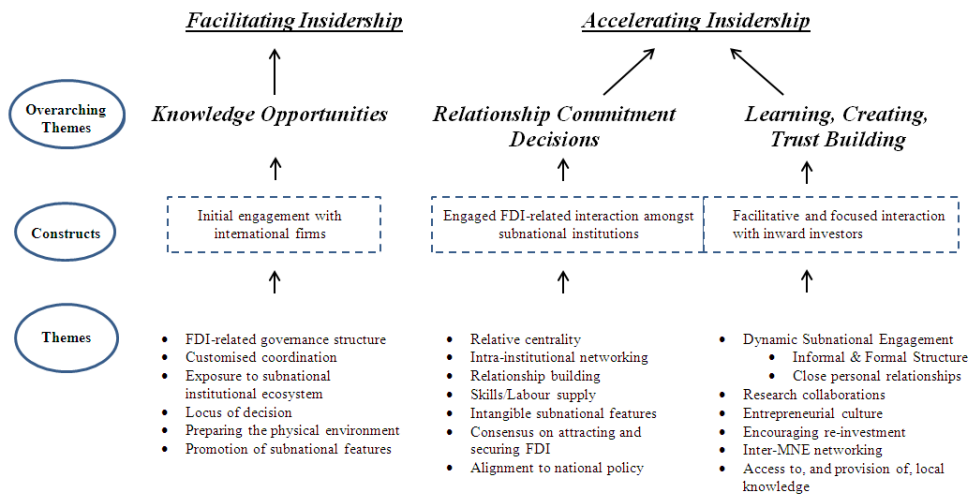


Table 1: Representative Qualitative Data

Themes	Representative Data
Knowledge Opportunities	<p><i>“When the [FDI] clients come into the country, anything of a positive nature that makes a subnational region attractive is a plus. If there is a subnational agency that has done certain things that makes their region better, the companies do notice these things. Just in terms of the welcome they receive, the extra business support that might be in the local area”</i> (International Executive, Inward Investment Agency)</p> <p><i>“So when they are at the start up stage, we provide them with serviced accommodation and all of the supports they need to get their feet on the ground while they are going through the planning phase... It has become very important to a turnkey office available for FDI to start immediately. It provides them with a base from which to grow... so when FDI comes in, we can say there is office accommodation there and they can take that and get set up and see what you think. Suddenly, they are on the ground using a desk - they are here before they have even made the decision to be here.”</i> (Industrial Liaison Officer, Educational Institution)</p> <p><i>“We ensure that when they [FDI] come that they have the skills, in the areas that we can supply them, available to them in the right quantities...”</i> (Subnational Director, Training Agency)</p>
Relationship Commitment Decisions	<p><i>“They create a network of contacts in the community, be it with MNEs that are there already, be it with Irish companies or be with different bodies – training agencies, the universities, recruitment agents,</i></p>

lawyers, accountants in the local area - so that they are all on side to help in the promotion of the region for new investment. These people come into meetings [with inward investors], they come to dinners if [potential investors] are around, to try and put a positive image on the particular region” (International Executive, Inward Investment Agency)

“There would be a lot of things that we would do that wouldn’t be written down in the rulebook in terms of developing the relationships. I have said from the outset that a lot of this revolves around relationships and relationship building... With [inward investors] when you start your relationship, you talk off the record about things that you don’t want to commit to paper. It is personal relationships really and it is down to how good and how strong that is... Frequently the best relationships are formed down at the subnational level. There is no company in this region that I wouldn’t visit twice a year at the very least. There are some companies I would visit twice a month!”
(Subnational Director, Inward Investment Agency)

“It is absolutely vital [that] every aspect of the region is focused on winning FDI... they turn it out” (Industrial Liaison Officer, Educational Institution)

“We’ll have one session with [inward investors], then they roll on to the university or the banks.... I would come with nothing in my back pocket - just me standing there asking [inward investors] what are their questions - their issues tend to be education, availability of labor,

	<p><i>connections to other multinationals, access and accessibility in terms of getting in and out. There was more of a formula in the old days, while now it seems to be customized. They go to the universities, but then after that they pick and choose” (Employer Body)</i></p> <p><i>“It comes down to how the multinational representatives react or feel in a particular region – quality of life and things. When you take it that the main things are a given, that you are going to have the required number of skilled people available, that the premises and everything else is working out, then you are moving down, or up – depending on what way you are looking at it – given that the basic needs are satisfied. It is a bit like the Maslow pyramid in a way because you are then down to the quality of life things.” (Subnational Director, Training Agency)</i></p>
<p>Learning, Creating, Trust Building</p>	<p><i>“A couple of weeks ago, the complete board of a large MNE here had their meeting in their site in the city and travelled up the motorway before it was even opened to the public. That was part of our ability to influence the other institutions...” (Subnational Director, Inward Investment Agency)</i></p> <p><i>“One of your keys I think, particularly from an Irish context, is that you need to keep in the back of your mind all of the time that when a new opportunity comes up – a) you are fighting between yourself and sister companies... If our corporate friends knew what we were investing in, they wouldn’t necessarily be supporting us. So we are doing that under the radar... They (development agencies) are always tipping away, and we are always tipping away at them saying can we get a few bob for</i></p>

this, that and the other. And as I said, the few bob isn't strategic to the corporate world but for us, it is a very useful thing to have. It pays for our development, well it helps to pay for our developmental funds that we don't necessarily want to have to ask corporate for. It's better to say, it's alright we actually got it paid for by the agency. We might as well do it here because there is a bit of money to do it. So the development agency relationship would be a pretty good one and probably, they push us" (Financial Director, US Medical Device MNE)

"We have 40 years of inward investment and exposure to international market conditions, a practical know-how for a simple thing like how to deliver a business park and how to move a company's idea to something that is up and running, to organize a team to go and market it, to sell it" (Former CEO, Regional Development Agency)

Figure 4: Core-Periphery model of institutional activity at the subnational level in relation to inward investment

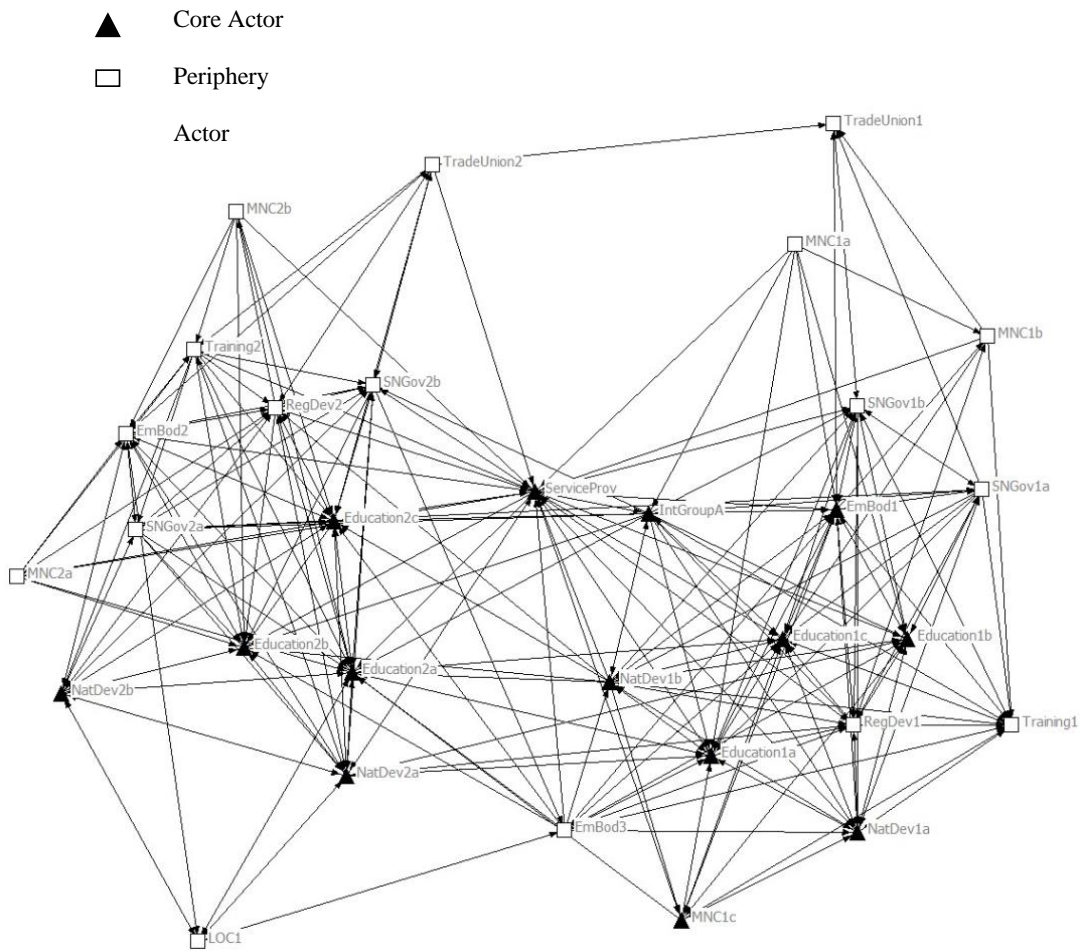


Table 2: Listing of participant institutions, with social network analysis (SNA) acronyms

<i>National Level Institution</i>	<i>SNA Acronym</i>		
National Employer Body	EmBod3		
National Service Provider	*ServiceProv*		
<i>Subnational Institution:</i> <i>Subnational Region 1</i>	<i>SNA Acronym</i>	<i>Subnational Institution:</i> <i>Subnational Region 2</i>	<i>SNA Acronym</i>
Regional Government	SNGov1a	Regional Government	SNGov2a
Local Authority	SNGov1b	Local Authority	SNGov2b
Trade Union	TradeUnion1	Trade Union	TradeUnion2
Employer Body	*EmBod1*	Employer Body	EmBod2
Subnational Office of Inward Investment Agency	*NatDev1a*	Subnational Office of Inward Investment Agency	*NatDev2a*
Subnational Office of Indigenous Development Agency	*NatDev1b*	Subnational Office of Indigenous Development Agency	*NatDev2b*
Regional Development Agency	RegDev1	Regional Development Agency	RegDev2c
Private Interest Group	*IntGroupA*	Education Institution	*Education2a*
Education Institution	*Education1a*	Education Institution	*Education2b*
Education Institution	*Education1b*	Education Institution	*Education2c*
Education Institution	*Education1c*	National Training Agency	Training2
National Training Agency	Training1	Multinational Subsidiary (Manufacturing)	MNC2a
Multinational Subsidiary (Financial Services)	MNC1a	Multinational Subsidiary (Life Science)	MNC2b
Multinational Subsidiary	MNC1b	Local Indigenous Firm	LOC1

(Manufacturing)			
Multinational (Medical Device)	Subsidiary	*MNC1c*	

Table 3: Actor Indegree Centrality

		<i>Normalised Indegree</i>			<i>Normalised Indegree</i>
1	*Education2a*	19.7	26	Training2	3.4
2	*NatDev1a*	18.7	27	LOC1	3.0
3	*NatDev2a*	17.7	28	MNC2a	2.5
4	*ServiceProv*	16.7	29	MNC2b	2.5
5	*Education2b*	16.7	30	TradeUnion2	2.5

Table 4: Closeness Centrality

		<i>nCloseness</i>			<i>nCloseness</i>
1	*Education2a*	69.1	26	MNC1b	41.4
2	*ServiceProv*	66.0	27	TradeUnion2	40.8
3	RegDev1	64.4	28	Training2	40.8
4	*Education1c*	64.4	29	MNC2b	38.2
5	*Education1a*	63.0	30	MNC2a	37.6

Figure 5: Subnational institutional capacity with foreign market insidership

