

## Faculti Summary

<https://faculti.net/developing-successful-assumed-autonomy-based-initiatives/>

This video presents the findings of a study focused on "subsidiary initiatives" within multinational enterprises, anchored in the concept defined by Birkinshaw in 1997, where these initiatives begin with identifying opportunities and culminate in resource commitment. The authors note that although subsidiary initiatives enhance a subsidiary's role in the broader enterprise, they often remain under-researched and poorly understood.

A significant aspect of the study is "assumed autonomy," where subsidiaries act independently, often without headquarters' direct involvement. This video behavior can lead to negative consequences, including punishment by headquarters for exceeding authority. However, it may also result in positive outcomes if managed properly.

The authors utilize the Attention-Based View (ABV) to explain how subsidiaries can secure positive attention from headquarters through two main mechanisms: avoiding negative attention via "non-disclosure" and actively "selling" initiatives. They identify three key constructs that contribute to success:

1. **Non-Disclosure**: Subsidiaries can avoid negative headquarters attention by not disclosing certain initiatives until financial success is demonstrated.
2. **Initiative Selling**: After achieving success, subsidiaries should seek to align their initiatives with corporate goals to attract positive attention.
3. **Timing**: There is a critical timing element, where subsidiaries initially maintain non-disclosure to develop initiatives adequately before presenting them for approval to obtain positive attention.

The study also emphasizes the balance multinational managers need to strike between maintaining non-disclosure to foster initiative development and effectively promoting these initiatives to headquarters afterward.

Practically, the findings suggest that headquarters should adopt a more open-minded approach to subsidiary autonomy to foster successful initiatives, rather than enforcing strict oversight that may stifle innovation. Overall, the study contributes to understanding how subsidiaries can successfully navigate their dual role of independence and alignment within multinational corporations.