

Preface

This book has emerged from a research program, known as Managing International Networks, or the MIN program, that has been conducted between 1990–2005 at the Department of Business Studies, Uppsala University. A short time after we initiated the program two of us published an edited book entitled *Managing Networks in International Business* (Forsgren and Johanson 1992). The book, which consists of a number of papers written together with other members of our department at Uppsala University, explores research problems and possibilities associated with networks in international business. In the preface to the book we quoted Sune Carlson's pioneering empirical study 'Executive Behavior':

Before we made the study, I always thought of a chief executive as the conductor of an orchestra, standing aloof on his platform. Now I am in some respects inclined to see him as the puppet in a puppet show with hundreds of people pulling the strings and forcing him to act in one way or another. (Carlson 1951, p.51)

The puppet-on-a-string metaphor has also been a source of inspiration to the MIN program and to the present book. It captures important characteristics of business reality that are absent from the mainstream literature of the multinational corporation. The multinational corporation operates not in an environment of anonymous forces but in a business context comprising distinct actors, such as customer firms, supplier firms and subsidiaries in foreign markets. These actors 'pull the strings' in different and sometimes conflicting directions, reflecting their own interests, resources and contexts.

An overarching purpose of the MIN program has thus been to learn more about these processes in the type of organization known as the multinational corporation, or MNC. The main focus has been on the role of individual subsidiaries and on how their relationships with corporate headquarters are shaped by the different business contexts in which they are embedded. The research program has focused in particular on issues such as the control of subsidiaries by headquarters, the sources of power for individual subsidiaries, and the development and transfer of knowledge between subsidiaries.

By definition the MNC is an organization with subsidiaries operating in different, distinctive markets, and can itself be characterized to some extent as a 'quasi-market'. In order to understand the organizational processes in the

MNC we thus need better tools for analysing the markets in which the MNC subsidiaries are embedded, externally or internally, and the way these markets affect the position of the individual subsidiaries in the MNC. Business network theory offers such tools. Consequently the MIN program draws heavily on research about the market as a business network that has been a lively and fruitful element in our department over the last twenty years or so.

The overall purpose of our book is to analyse managerial issues in the MNC. Our main intention has been to promote a more nuanced understanding of these issues than has previously been possible by making explicit use of a 'business network view'. To help the reader to grasp the fundamental building blocks of this approach and how it can be applied in an international setting, the business network theory is presented in some detail in the first part of the book. In the second and third parts the theory is applied to analysing specific managerial issues in the MNC.