

Subsidiary Strategy and Importance of Standards: Re-Interpreting the Integration-Responsiveness Framework

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Abstract : The integration-responsiveness (IR) framework presents four distinct internationalization strategies which differ depending on the extent of pressure the company faces for local responsiveness and global integration. This study applies the framework to standards by examining differences in the relative importance of three types of standards depending on the role the subsidiary plays within the corporate group. Hypotheses are tested empirically in a two-stage procedure. First, the subsidiaries are grouped performing cluster analysis. In the second step, the relationship between cluster affiliation and subsidiary strategy is tested using multinomial Probit estimation. While the level of local responsiveness of a firm relates to the relative importance of national and international formal standards, the degree of vertical integration is associated with the application of internal company.

Keywords : FDI, firm-level data, standards, subsidiary strategy

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