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THE DETERMINANTS OF MNE FOREIGN SUBSIDIARIES' PERFORMANCE: A SYSTEMATIC LITERATURE REVIEW AND FUTURE RESEARCH AGENDA

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ABSTRACT

Purpose: Foreign subsidiaries of multinational enterprises (MNEs) operate in complex and competitive international environments, implement market and non-market strategies, manage resources and value-added activities, and contribute to the overall performance of their parent firms. Thus, the research question on the determinants of MNE foreign subsidiaries' performance is of interest to managers and academic researchers. The empirical literature has flourished over the recent decades; however, the domains are fragmented, and the findings are inclusive. The purpose of this study is to systematically review, analyse, and synthesize the empirical articles in this area, identify research gaps, and suggest a future research agenda.

Design/ methodology/ approach: This study uses the qualitative content analysis method in reviewing and analysing 150 articles published in 24 scholarly journals during the period 2000-2023.

Findings: The literature uses a variety of theoretical perspectives to examine the key determinants of subsidiary performance which can be grouped into six major domains, namely, home and host country level factors; distance between home and host countries; the characteristics of parent firms and of subsidiaries; governance mechanisms (the establishment modes and ownership strategy, subsidiary autonomy, and the use of home country expatriates for transferring knowledge from the headquarters and controlling foreign subsidiaries). A range of objective and subjective indicators are used to measure subsidiary performance. Yet, the research shows a lack of broader integration of theories, presents inconsistent theoretical predictions, inconclusive empirical findings, and estimation bias, which hinder our understanding how the determinants independently and jointly shape the performance of foreign subsidiaries.

Originality/value: This study provides a comprehensive, nuanced, and systematic review that synthesizes and clarifies on the determinants of subsidiary performance, offers deeper insights from both theoretical, methodological, and empirical aspects, and proposes some promising avenues for future research directions.

Key words: MNEs; foreign subsidiaries; subsidiary performance; international marketing; systematic literature review.

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1. INTRODUCTION

Foreign subsidiaries of multinational enterprises (MNEs) are organizational units situated outside home countries, control resources, and manage portfolios of business activities (Meyer et al., 2020). They integrate firm-specific advantages (FSAs) transferred from parent firms with host country-specific advantages (host CSAs) (Rugman et al., 2011a; Verbeke and Lee, 2022). They also engage in building new capabilities and developing new knowledge through learning and innovation (Luo, 2003; Cantwell and Mudambi, 2005). Some of these resources are specific to subsidiaries which are known as subsidiary-specific advantages (Rugman and Verbeke, 2001) or subsidiary capabilities (Birkinshaw and Hood, 1998; Almeida and Phene, 2004; Phene and Almeida, 2008).

Subsidiary performance, defined as financial, operational, and overall effectiveness, is an important research area in the subsidiary management literature and has attained legitimacy in the scholarly discourse (Hult et al., 2008; Gundelach and Nielsen, 2023). A robust understanding on the antecedents that will enhance the superior performance of foreign subsidiaries will provide significant implications for theory and management practice given that foreign subsidiaries contribute to the consolidated financial results and overall performance of their parent firms (Rugman et al., 2008; Nguyen and Kim, 2020). On the other hand, foreign subsidiaries, especially those with high performance, are known to be significant contributors to innovations, job creation, international trade, and economic growth of host countries (Kastratovic, 2020; Fu et al., 2020). From the theoretical perspective, the performance of foreign subsidiaries, after the entry and establishment of operations, is a promising avenue for theory extension and advancement. From the management practice perspective, the research will provide new insights that enhance managers' understanding of factors leading to the success of foreign subsidiaries, thereby improving the management of subsidiaries. Consequently, subsidiary performance is a key dependent variable that has attracted an increasing research attention because the strategies and operations of foreign subsidiaries will be evaluated by their contribution to the organizational performance.

In the past 20 years, researchers have empirically explored a vast array of determinants in explaining why certain subsidiaries outperform others; however, the domains remain fragmented in both theoretical underpinnings and empirical results (Bai et al., 2018; Nguyen,

2011). Prior meta-analysis and systematic literature reviews have offered useful insights for both scholarly research and business practice. Yet, they have not provided a comprehensive and fine-grained picture on the determinants MNE foreign subsidiaries' performance (Gundelach and Nielsen, 2023; Meyer et al., 2020; Baidu et al., 2018; Nguyen, 2011). Thus, there is a need to conduct a systematic literature review that synthesizes and clarifies the current knowledge on the measurements and the determinants of subsidiary performance.

Table 1 helps to differentiate the present study from previous systematic literature review and meta-analysis articles with the aim of documenting the development and progression of the research domain (Bicakcioglu-Peynirci, 2023). Nguyen (2011) provides a review on MNEs, subsidiaries, and performance by analysing theoretical foundations, empirical literature on subsidiary strategies, and subsidiary performance measurements. Bai et al. (2018)'s meta-analysis focuses on the determinants of foreign subsidiaries' performance with a specific geographic focus - "from" and "in" Asia. Gundelach and Nielsen (2023) survey the measurements of subsidiary performance in the international business literature. However, Bai et al. (2018), and Gundelach and Nielsen (2023) have not reviewed the theoretical underpinnings of previous empirical works. In contrast, this study reviews theoretical approaches and extends the meta-analysis of Bai et al (2018) with 73 empirical articles by including a larger sample size with 150 empirical articles and covering a broader geographic scope. Finally, Meyer et al. (2020) provides an extensive literature review and synthesizes theories on the subsidiary management in six broad research streams, namely, subsidiary scope, practices, knowledge management, engagement with local market and non-market actors, subsidiary performance measurements, and individuals within subsidiaries, which answer the central research question on how subsidiaries and key actors within subsidiaries manage subsidiary strategies and operations. However, Meyer et al. (2020) have not reviewed empirical findings and identified inconsistencies in the extant empirical studies on the determinants of subsidiary performance. Conversely, the present study provides a comprehensive review on contrasting empirical findings by focusing on the empirical publication as the unit of analysis, and methodological assessment. Additionally, this study devotes a much more detailed discussion on how to measure and compare subsidiary performance internally and externally and the challenges in evaluating subsidiary performance from the perspectives of management accounting literature.

Insert Table 1 here.

The present study makes several new contributions. First, it offers an overview of current knowledge in the domain. Second, it synthesises, analyses, and provides an evaluation of

knowledge progression, consisting of the foundation of core knowledge, and the existence of mixed empirical findings. Third, it presents an integrative conceptual framework for the determinants of MNE foreign subsidiaries' performance, which covers the empirical aspects, including antecedents, dynamics, and performance outcomes. It outlines a comprehensive overview of the current knowledge base in a systematic and structured manner. Lastly, the framework clearly presents what has been known in the extant literature, reveals knowledge gaps, and provides potential future research directions, which aim to advance the existing knowledge of the domain, linked with the theoretical perspectives on the determinants of MNE subsidiary performance.

In line with this objective, the present study seeks to address the following research questions:

(1) How does the state of knowledge on the relationship between foreign subsidiary performance and its determinants situate in terms of its theoretical foundations, methodology, and empirical results?

(2) What are the directions of future research that will enhance our understanding?

To address the research questions, this study reviews 150 empirical articles published in 24 leading scholarly journals across the disciplines of international business, management, strategy, marketing, and human resources management, which reflects the inter-disciplinary nature of this research area. The period of the review is from January 2000 to December 2023. The commencing year 2000 is selected because it is the beginning of the 21st century that has witnessed significant developments of foreign direct investment (FDI) by MNEs in a fast-changing world (UNCTAD Statistics, 2023; Collinson et al., 2020). Hence, the research on this domain has increased. The present study follows an inductive approach and the content analysis method which have been applied in previous literature review articles (Jormanainen and Koveshnikov, 2012; Nguyen, 2017). The subsequent sections describe the research background on MNE foreign subsidiaries, present the methodology used in the systematic review, report findings, and conclude with a discussion of implications that focuses on proposed suggestions for academic researchers in their endeavours to advance the literature.

2. BACKGROUND ON MNE FOREIGN SUBSIDIARIES

An MNE subsidiary is defined "as any operational unit controlled by the MNE and situated outside the home country. In some cases, there will be a single subsidiary in the host country; in other cases, there will be several" (Birkinshaw et al., 1998). Subsidiaries are assigned with specific roles in terms of scope of operations, products, and markets by their parent firms (White and Poynter, 1984). The concepts of world product mandate (Rugman and Bennett,

1982) or world mandate (Birkinshaw and Morrison, 1995) indicate that subsidiaries have worldwide responsibility for a technology or a product category. These worldwide mandates distinguish subsidiary roles as specialist contributors from local implementers (White and Poynter, 1984). These concepts emphasise the specialisation of subsidiaries in specific market segments or functions, such as research and development or manufacturing or sales, and their contributions to the global operations of parent firms (White and Poynter, 1984), which in turn foster the development of capabilities.

In recent decades, MNEs have disaggregated their global value chains, in which units in various locations specialise in specific tasks in accordance with the comparative advantages of local environments. The model of the global factory advanced by Buckley (2009) shows that different stages of the global value chains within MNEs are assigned to geographically dispersed specialised units. In a related manner, Rugman et al. (2011b) re-conceptualise national subsidiary roles of Bartlett & Ghoshal (1986) along the value chains of innovation, production, sales, and administrative support. These models show the dynamic evolution of subsidiaries over time when they move beyond the original value chain stages (Burger et al., 2018; Pananond, 2013; Verbeke et al., 2016).

Subsidiaries not only exploit knowledge and resources transferred from their parent firms but also develop new knowledge, resources, and capabilities by accessing complementary resources from local business partners in host countries (Rugman et al., 2011b; Verbeke and Lee, 2022). Furthermore, they undertake initiatives and entrepreneurial activities (Birkinshaw et al.1998; Ambos et al., 2023), create competence in R&D, generate new technology (Cantwell and Mudambi, 2005), and become centre of excellence as an important source of value creation for the broader organization (Andersson and Forsgren, 2000; Frost et al., 2002). In other words, many strategic decisions critical to the development of competitive advantages are undertaken at the subsidiary level (Rugman and Verbeke, 2001; Nguyen and Rugman, 2015).

Subsidiaries are characterised as multiple embeddedness as they interact with both the internal corporate networks within MNEs and the external networks with local stakeholders in host countries (Meyer et al., 2011). Internal embeddedness allows them to access knowledge and resources from parent firms and sister subsidiaries whereas external embeddedness enables them to acquire knowledge from local suppliers, distributors, customers, universities, governments, etc. and explore new opportunities for learning (Scott-Kennel and Michailova, 2016). Additionally, they are required to meet dual demands of global integration (standardisation) and local responsiveness (adaptation/ customisation), which is known as the

transnational solution (Bartlett and Ghoshal, 1989). Integration (I) refers to the production and distribution of products and services of a homogeneous type and quality on a worldwide basis to maximize economic efficiency and gain the benefits of economies of scale and scope. Responsiveness (R) is defined as the ability of MNEs to adapt to and manage different consumer tastes in segmented markets and to respond to the different national standards and regulations imposed by sovereign governments and agencies. The degree of I/R varies across subsidiaries (Meyer and Estrin, 2014; Meyer and Su, 2015; Wei and Nguyen, 2017, 2020).

On the other hand, Birkinshaw, and Petersen (2009) emphasize subsidiaries develop their own strategies, suggesting some level of choice or self-determination on the part of subsidiaries because decisions are made by subsidiary managers, not by headquarters' managers. Gemmelgaard et al. (2012) posit that subsidiary strategy development is strongly associated with changes in host country institutional environments and parent firms' strategy. Garcia-Pont et al. (2009) argue that subsidiaries can determine their future by following their strategic directions.

The extant research documents that foreign subsidiaries implement both market and non-market strategies in host countries. Market strategies focus on the resources that foreign subsidiaries utilize to overcome the liabilities of foreignness. Non-market strategies emphasise the legitimacy building of subsidiaries in host countries and the engagement with a broad range of local stakeholders, such as governments, non-governmental organizations, and the media (Doh et al., 2012). Subsidiary strategies and operations contribute to their own performance and the overall performance of their parent firms.

3. RESEARCH METHOD

3.1.Selection of databases, journals, and articles for review

This study adopts the best practices for scientific procedures and rationales for systematic literature reviews (SPAR-4-SLR) advanced by Paul et al. (2021), which outlines the structured approach in assembling, arranging, and assessing relevant literature as illustrated in Figure 1. This method has been applied in an insightful bibliographic analysis of Gundelach and Nielsen (2023). Additionally, the present research also follows the approaches of the state of art of previous systematic literature review articles in searching, screening, selecting, reviewing, analysing, and reporting findings (Bicakcioglu-Peynirci, 2023; Christofi et al., 2021; Huang et al., 2021; Vrontis and Christofi, 2019).

Firstly, the conceptual boundary in identifying relevant articles for the literature search process is clearly defined. The search focuses on peer-reviewed, full-length scholarly articles published

in academic journals of English language. The inclusion criteria are (i) empirical studies; (ii) the dependent variable is MNE foreign subsidiary performance or overall outcome; (iii) examine the subject from a micro-business perspective (Huang et al., 2021).

Secondly, three inclusion criteria are applied, following the approach of Vrontis and Christofi (2019) to decide which studies to be included in the review. First, the search boundaries are set as full texts in electronic databases, namely, the Scopus database which is one of the largest databases for abstract and citation in the peer-reviewed academic literature, supplementing with Business Source Complete (EBSCO) database due to their comprehensive coverage for the field of business and management. Second, the frequently used key words in the extant empirical literature are used for the search. The broad Boolean search terms for the foreign subsidiary are "foreign subsidiary" or "foreign affiliate" or "wholly owned foreign subsidiary" or "MNE foreign subsidiary" or "MNE overseas subsidiary", or "MNE affiliate" or "parent-subsidiary relationship" and 19 search terms for performance are "performance" or "survival" or "exit" or "failure" or "success" or "growth" or "sales" or "ROA" or "ROS" or "ROE" or "ROCE" or "ROI" or "profitability" or "profits" or "earnings" or "EBIT" or "reputation" or "market share" or "benefits", which have been entered in the title, abstract, and key words of the electronic databases. Third, the search period is from January 2000 to December 2023. The initial search that is based on the inclusion criteria generates 1,591 studies.

Thirdly, the initial sample of 1,591 studies is refined by applying various exclusion criteria. First, duplicates (505 studies) are removed. Second, book chapters, editorials, conference papers, extended abstracts, and book reviews (231 studies) are excluded because this study focuses on empirical articles published in peer review journals, which are viewed as validated knowledge (Podsakoff et al., 2005). This approach is in line with previous systematic literature reviews (Christofi et al., 2021; Huang et al., 2021). Third, journals in the fields of international business, management, strategy, marketing, and human resources management must be listed in the United Kingdom-based Chartered Association of Business School (CABS) Academic Journal Guide 2021, at the level of 2, 3, 4, and 4* because they are high-quality ranked journals that contribute substantially to academic research (Walker et al., 2019; Paul and Criado, 2020). Consequently, 538 studies that do not satisfy the quality criteria of journal ranking are removed. Thus, a total of 1,269 studies are removed following the exclusion criteria and this process yields a usable sample of 322 studies.

Fourthly, the sample of 322 studies is further screened for the relevance criteria. The titles, abstracts, key words, introductions, and conclusions are carefully read and examined. The screening process excludes 184 studies that (1) do not consider subsidiary performance as a

dependent variable or cause (72 studies); (2) do not clearly define performance measures (58 studies); (3) explore the measures of subsidiary performance but do not focus on examining the determinants of subsidiary performance (54 studies). The remaining 138 studies are relevant for the systematic literature review.

Finally, additional articles in the references which have not been included in the original search are identified, following the approach of Christofi et al. (2021). To assure that important articles are not missing, the selected articles are cross referenced and triangulated with previous meta-analysis and systematic literature review articles (Bai et al., 2018; Gundelach and Nielsen, 2023; Meyer et al., 2020). This additional search strategy yields 12 studies (n=7 for cross-referencing and n=5 for triangulation) that are also subject to the inclusion, exclusion, and quality criteria discussed above by examining the title, abstract, key words, and full texts. Thus, this systematic literature review covers a total of 150 primary articles. Figure 1 presents the detailed information of article search method and reporting, which aims to show the transparency in searching, screening, and selecting articles for the systematic literature review.

Insert Figure 1 here.

The names of journals and the number of articles from each journal are reported in Table 2. The number of published articles shows the continuing research interest in the determinants of foreign subsidiaries' performance which reflects the importance of the subject, the acknowledgement of an area worthy of academic investigation, and the recognition of its relevance to MNE managers. This study finds that the articles are mainly published in international business journals, JoWB (24), IBR (16), IMR (16), JIBS (14), JoIM (10), MBR (6), APJM (5), accounting for 61% of the total articles reviewed, while the rest are published in journals of management/ organization studies (15%), strategy (10%), marketing (7%), and human resources management (7%). The findings show that the distribution of articles in publication outlets is skewed.

Insert Table 2 here.

The number of articles per year published from 2000 to 2023 is presented in Figure 2. Approximately 43% of the articles have been published between 2000 and 2012. The number of articles has increased in the past 10 years during the period 2013-2023, accounting for 57% of the total published articles. While the number of articles has fluctuated over time, the trend shows that the phenomenon has attracted a continuing and strong interest, which confirms the importance of the topic in academic research.

Insert Figure 2 here.

3.2.Analytical approach

This study uses the qualitative content analysis approach, following Welch et al. (2011). First, the full contents of these articles are carefully read, and key information is summarised in an excel spreadsheet table. In line with the framework of theory-context-characteristics-methodology advanced by Paul and Rosado-Serrano (2019), this study reports and analyses the findings in four aspects, namely, (i) dominant theoretical underpinnings; (ii) research contexts (including the number of countries involved, home and host countries, industries, and subsidiary scopes of operations); (iii) methodological assessment (unit of analysis, time span, data collection method, common method variance checks, analytical approach, endogeneity checks); and (iv) empirical results on the relationships between antecedents and subsidiary performance. Second, the latent contents of the articles are analysed (Suddaby and Greenwood 2005). Third, the contributions of these articles to the literature as well as their consistency and reliability are systematically evaluated.

4. RESEARCH FINDINGS

4.1. Theoretical underpinnings

First, the extant literature adopts either the "parent-centric" or "the subsidiary-centric" perspectives to examine several aspects that are critical to the performance of foreign subsidiaries. The parent-centric perspective examines foreign subsidiaries from the point of view of the headquarters rather than from that of foreign subsidiaries (Meyer et al., 2020). This view emphasizes that foreign subsidiaries are subordinates and rely on resources and knowledge transferred from their parent firms to deliver performance. The empirical literature investigates the impacts of parent firms' FSAs and resources built upon home country CSAs on the performance of foreign subsidiaries (Andrews et al., 2023; Clegg et al., 2016; Fang et al., 2010; Mudambi and Zahra, 2007; Wan and Hoskisson, 2003). On the other hand, the subsidiary-centric perspective examines foreign subsidiaries as a unit of analysis and highlights that foreign subsidiaries decide their strategies and operations and develop unique resources and capabilities through innovative and entrepreneurial activities (Birkinshaw, 2000; Birkinshaw & Pedersen, 2009). The empirical research examines the influence of the subsidiary-level resources, knowledge, and host country CSAs on subsidiary performance (Cui et al., 2005; Fuentelsaz et al., 2022; Ghauri et al., 2023; Nguyen and Rugman, 2015). However, there is little integration of these two views.

Second, the extant empirical studies are built upon either a single theory or a combination of multiple theories. Table 3 reports the theoretical underpinnings of the 150 empirical studies reviewed. The findings show that 62 articles (41.33%) are based one single theory, 73 articles (48.67%) are grounded in multiple theories for the development of conceptual models and

hypotheses, and 15 articles (10.00%) do not specify theoretical paradigm or lack a theoretical foundation. The approach of combining multiple theoretical underpinnings offers a broad view to explain the phenomenon; however, it may become problematic because it is difficult to link empirical results to a specific theory for confirmation, extension, or refutation (Kirca et al., 2011).

Third, the existing research draws upon a wide range of theories and thus the theoretical foundations are eclectic. The literature develops theoretical predictions on the impacts of variables at the country-level, the parent firm-level, and the subsidiary-level on subsidiary performance. Yet, the synthesis of various theories at multiple levels are under-developed. The findings in Table 3 delineate that the most dominant theories of the existing literature are the resource-based view of the firm (13 articles) and the institution theory (12 articles). Besides, other theories are adopted to a lesser extent in the extant literature. This section briefly describes the resource-based view of the firm (including the dynamic capabilities), the institution theory, and the transaction cost economics and links these theories to the research on the determinants of MNE foreign subsidiaries' performance. The Appendix 1 provides a summary table of key theoretical perspectives and the implications for the research on the determinants of subsidiary performance. These include Hymer and the theory of the MNE; classic and new internalisation theory; Dunning's eclectic paradigm; Uppsala's internationalisation theory; resource-based view of the firm (RBV); the dynamic capabilities; the knowledge-based view (KBV); the transaction cost economics (TCE) theory; the institution theory; the network/ embeddedness model; and the real option theory.

Insert Table 3 here.

The resource-based view (RBV) of the firm and the dynamic capabilities perspective

The RBV posits that the firm creates sustained competitive advantages in the market based on its unique internal resources and capabilities (Wernerfelt, 1984; Barney, 1991; Mahoney and Paradian, 1992). Acquisition and retention of resources which are valuable, rare, non-imitable and non-substitutable are a source of competitive advantages and account for the heterogeneity of firms in any industry (Reed and DeFillipi 1990; Barney 1991; Mahoney and Pandian 1992; Oliver 1997). The perspective of dynamic capabilities extends the RBV by emphasizing the importance of strategic adaptation of a firm' resource base in response to external changes. Dynamic capabilities refer to capabilities to build, integrate, reconfigure resources, and create new knowledge routines to address rapidly changing environments (Teece et al., 1997). Similarly, Helfat et al. (2007) conceptualize dynamic capabilities as capabilities to identify the need or opportunity for change, formulate a response, and implement a course of action.

Scholars applying the RBV and the dynamic capabilities in the context of MNEs maintain that international expansion provides new opportunities to leverage existing valuable resources. MNEs can also access untapped resources and generate new capabilities when they operate in host countries. MNE strategies require a balance between the deployment and exploitation of existing resources and capabilities as well as the exploration and creation of new ones (Tallman and Yip, 2009).

The subsidiary performance research examines the utilization of resources and capabilities transferred from parent firms (e.g., R&D, marketing intensity, international experience, parent firm size, etc.) and subsidiary performance (Belderbos and Zou, 2007; Choi and Beamish, 2013; Fang et al., 2010). Recent studies investigate the creation of new knowledge-based resources and capabilities within foreign subsidiaries (e.g., specialised resources, dynamic capabilities, etc.) that are critical to the competitiveness in host country markets and performance of foreign subsidiaries (Cui et al., 2005; Zhan and Chen, 2013). A dynamic extension of the RBV perspective explores the impacts of organizational learning, such as learning from external environments of home and host countries (Brouthers et al., 2008b; Wang et al., 2009; Huang et al., 2020); learning from internal environments with knowledge sources from parent firms and older siblings (Garg et al., 2022). The research also draws upon the concept of absorption capacity (Cohen and Levinthal, 1990; Zahra and George, 2002), i.e., the ability of an organization to recognize valuable external information, assimilate, and apply it. Scholars empirically examine the relationship between the subsidiary-level absorption capacity and performance (Zhang et al., 2007; Chang et al., 2013).

The institution theory

The institution theory emphasizes the impact of institutions on economic behaviours and outcome. According to North (1990), institutions provide the incentive structure of an economy, as that structure evolves, it shapes the direction of economic change towards growth, stagnation, or decline. Institutions can be classified into formal and informal institutions. Scott (1993:33) suggests that institutions have three distinct forces: cognitive, normative, and regulatory structures and activities that provide stability and meaning to social behaviour. These forces provide guidance through regulations and unwritten rules and norms (Scott, 1995).

Once a firm interacts with its environment, institutionalisation begins. Institutionalisation requires a firm to balance and respect relations with internal and external environments, especially the approval of regulatory bodies and the acceptance of society. This promotes conformity to institutional norms, which leads to the legitimization of the firm (DiMaggio and

Powell, 1983; Scott, 1995). Institution helps a firm to routinize actions and behaviour, resulting in stability, increased efficiency, and an understanding of what is expected of a firm in a global marketplace (Meyer and Rowan, 1977).

A significant body of research is built upon the institution theory to examine the impacts of home and host country-level formal and informal institutions on subsidiary performance (Andrews and Meyer, 2023; Cuervo-Cazurra and Genc, 2008; Delios and Beamish, 2001; Ghauri et al., 2023; Mudambi and Zahra, 2007; Wu et al., 2023; Zhao and Luo, 2002). Another stream of research focuses on how differences in institutions between parent firms' home countries and foreign subsidiaries' host countries affect subsidiary performance. The effects of cultural and regulatory differences or institutional and cultural distance between host and home countries are frequently explored (Contractor et al., 2016; Dermibag et al., 2007; Gaur et al., 2007; Riaz et al., 2014; Peng and Beamish, 2014) because Ghemawat maintains that distance still matters (Ghemawat, 2000).

The transaction cost economics

Transaction cost economics (TCE) developed by Williamson (1975, 1981, and 1985) is an extension of Coase's work (1937). The "organizational failure framework" explains the advantages of hierarchical organization over markets. The framework entails human factors, such as bounded rationality (i.e., the limitations of humans to absorb, to understand, to process, and to act upon complex phenomena yet often with incomplete information) and opportunism (i.e., the incentive for humans to cheat when such action is expected to improve their position in an economic transaction). These human factors interact with environmental factors, such as uncertainty (due to complexity) and the problem of small numbers, such as asset specificity (referring to the fixed costs of an asset and the difficulty of arranging liquidation and recontracting, i.e., whether assets are re-deployable or salvageable when there are dramatic changes in the business environment). These two sets of factors produce "information impactedness" which is a situation where market fails to function. While bounded rationality and opportunism are not transaction costs per se, they affect the cost of transactions (either across markets or within the firm).

Scholars apply the TCE theory to examine the determinants of establishment mode and ownership strategy, and subsequent performance of foreign subsidiaries (Brouthers et al., 2002, 2008a, b, 2009; Chang et al., 2013). The research also explores the performance differences between firms whose entry mode choice could be predicted by TCE versus firms whose entry mode choice could not be predicted by TCE (Brouthers et al., 2002). TCE together with the option theory are combined to explain international entry mode and subsidiary performance

(Brouthers et al., 2008a). TCE is drawn upon to explore the impact of ownership conversion on subsidiary performance (Chang et al., 2013).

4.2. Research contexts

Table 4 reports the empirical research contexts.

Home countries of parent firms

Most of the studies (122 articles, 81.32%) compile data from a single home country (e.g., Getachew and Beamish, 2017; Farah et al., 2022) while the remainder (28 articles, 18.67%) adopts a multiple home country approach (e.g., White et al., 2018; Sarabi et al., 2020). Specifically, parent firms from one single advanced economy (97 articles) account for 64.66% of the total sample of reviewed articles. Parent firms from one single emerging economy (25 articles) represent 16.66% (e.g., Castaldi et al., 2019). The dominance of MNEs from advanced economies in the extant research reflect the fact that they have a long history of internationalisation in establishing and managing foreign subsidiaries in advanced and emerging economies relative to MNEs from emerging economies (Nguyen, 2017).

On the other hand, the extant research is dominated with the samples of foreign subsidiaries with parent firms from Japan and Korea (66 articles) which account for 40% of the sample (e.g., Delios and Beamish, 2001; Gaur et al., 2019). The dominant use of archival data of firms from single home countries of origin may limit the understanding of the phenomenon. This could reflect limitations in terms of the rigour and generalizability of findings. Furthermore, cross-country comparative analysis of subsidiary performance of parent firms headquartered in different countries of origin has been under-explored.

Host countries of foreign subsidiaries

More than two-thirds of the articles (102 articles, 68%) use data from one single host country (e.g., Luo, 2003) whereas the rest of 48 articles (32%) employs data of multiple host countries (e.g., Nguyen & Rugman, 2015). Specifically, 38 articles using data of subsidiaries operating in one single host advanced economy (e.g., the US, Canada, the UK, Europe, etc.) account for 25.33% of the total sample of articles (e.g., Ambos & Birkinshaw, 2010). Furthermore, 64 articles with data of subsidiaries operating in one single host emerging economy (e.g., China, India, etc.) account for 42.67% (e.g., Luo, 2003).

Industries

Many of the articles (143 articles, 95.33%) gather data from multiple industries (e.g., (Andrews et al., 2023; Clegg et al., 2016; Farah et al., 2022), which improve the observed variance and enhance the generalisability of the empirical findings (Bicakcioglu-Peynirci, 2023).

Nevertheless, a single industry approach is used less intensively (7 articles, 4.67%), focusing on banking (e.g., Miller and Eden, 2006), and fashion retailing (e.g., Tran et al., 2010), etc.

Subsidiary scopes of operations

Many of the articles (86 articles, 57.33%) rely on data of subsidiaries with multiple activities (e.g., Nguyen and Rugman, 2015) whereas a much smaller number of the articles (7 articles, 4.67%) use data of subsidiaries with a single activity, mainly R&D subsidiaries, etc (e.g., Belderbos, 2003). However, more than one third of the articles (57 articles, 38%) do not provide information on the subsidiary scopes of operations.

Insert Table 4 here.

4.3. Methodological assessment

Table 5 reports the methodological assessment of the sample of articles reviewed.

Units of analysis

Many of the articles (137 articles, 91.33%) pursues the subsidiary-level as a unit of analysis (e.g., Andersson et al, 2002; Ando, 2014). The minority of the articles (13 articles, 8.67%) employs a multi-level approach, examining the parent firm, the subsidiary, and the host country (e.g., Gaur et al., 2019; Ju et al., 2013). Although there are increasing calls for multi-level research, considering the multi-dimensional nature of subsidiary performance (Meyer et al., 2020), many of the articles examine the phenomenon using the uni-level analysis.

Data collection method and time span

More than half of the articles (82 articles, 54.92%) use secondary, archival data from large databases, which provide longitudinal data. They offer the long-term perspective on MNE foreign subsidiaries' performance over time (Castaldi et al., 2019; Wu et al., 2023; Zeng et al, 2013). This reliance on archival data can be attributed to the availability of comprehensive databases whereby objective, accounting based performance data can be extracted for foreign subsidiaries. However, accounting data at the subsidiary level may be subject to manipulation due to profit shifting practices within MNEs to optimise their corporate tax payment worldwide (for a literature review on MNEs and tax planning, see Cooper & Nguyen, 2020).

Archival data has an inherent limitation. For example, financial data in Orbis database by Bureau van Dijk is sourced from annual reports of publicly listed parent firms. However, many countries aim to attract tax avoidance FDI activities (including but not limited to tax havens), and do not require firms to publish financial information (Huizinga and Laeven, 2008; Finer and Ylonen, 2017; Dharmapala, 2014) nor report financial information country by country. Thus, Orbis uses information from public business registries to record profits of subsidiaries. Nevertheless, public registries are limited in many countries. Neither do they exist (e.g.,

Bermuda) nor is profit information available (e.g., the United States, Ireland, Switzerland, etc.). Consequently, much of the profits booked by MNEs in these countries are not available in Orbis (for a comprehensive discussion on Orbis database limitations, see Torslov et al., 2018). Additionally, MNEs often use special purpose entities (SPEs), defined as "entities which have little or no employment, physical presence, or operations in a country and in an economy but do provide services to the MNE. Its assets and liabilities are simply investments in other countries, and it has little or no physical presence in the host economy." (OECD 2014, page 14). SPEs facilitate financial and profit maximization through tax planning, and risk diversifying for MNEs. For example, SPEs are stablished in countries with favourable tax regimes and are assigned the ownership to hold intangible assets (patents, trademarks, etc.) whereas knowledge is created in other locations. SPEs in turn charge royalties and licensing fees to operating subsidiaries (Cooper and Nguyen, 2020).

Yet, the common assumption in the extant literature is that all foreign subsidiaries engage in value-added activities (innovation, production, and sales with external customers) and thus financial and non-financial performance metrics are frequently used to measure subsidiary performance. However, this assumption is suggested to be revisited because many subsidiaries are purely SPEs. Thus, future research is recommended to pay more attention to the potential inherent limitations of archival data.

On the other hand, the extant research also acknowledges the role of survey data (68 articles, 45.08%) and the relevance of cross-sectional design (e.g., Gammelgaard et al., 2012; Sarabi et al., 2020; Trapczynski and Banalieva, 2016). For example, because objective financial data are either unavailable or are highly confidential and would not be disclosed to the public (Brouthers, 2002), researchers have turned to the questionnaire survey to collect perceptual measures of performance which are assessed by subsidiary managers (Ambos and Birkinshaw, 2010; Anderson et al., 2002; Brouthers, 2002; Nguyen and Rugman, 2015; Slangen and Hennart, 2008).

Survey data and common method variance (CMV) checks

Among the 68 articles that use survey data, more than two-thirds (46 articles, 67.65%) assess the potential bias of CMV arising from the dependent and independent variables collected from the same survey (e.g., Venaik et al., 2005). Different ex-post and ex-ante procedures are implemented that are in line with the recommendations by Chang et al. (2010) and Podsakoff et al., (2003). In the ex-post research design, these studies use multi-item constructs (Li and Lee, 2015; Williams and Du, 2014) or collect responses from multiple informants or responses at different point in time. In the ex-ante, they conduct Herman one factor test. They report that

common method variance is a not an issue in these primary survey datasets (Nguyen and Rugman, 2015). On the other hand, one-thirds of the sample (22 articles, 32.35%) do not report any information related to the CMV checks (e.g., Brouthers, 2002; Brouthers et al., 2008a, b).

Analytical approach

Many of the articles (139 articles, 92.67%) use statistical techniques for data analysis (e.g., multiple regressions, generalised linear models, hierarchical linear models, etc.) which suggest that they aim to examine the relationships between antecedents and the interactions with moderators on subsidiary performance (e.g., Chung and Dahms, 2018; Williams et al, 2017). Structural equation modelling (SEM) or SEM equivalent (e.g., latent curve analysis) are also used in 7 articles (7.33%), which shows that these studies attempt to uncover the complex relationships of antecedents in determining subsidiary performance (e.g., Cui et al., 2005; Riaz et al., 2014; Pothukuchi et al., 2002).

Endogeneity checks

Endogeneity can be caused by omitted variables and simultaneity causality (Hill et al., 2021) Endogeneity may affect the validity of empirical results. For example, the relationship between the establishment mode choice and subsequent subsidiary performance is one of the key research domains. Despite the large body of research, the results are inconclusive. Tan (2009) shows that when the endogeneity is addressed, the relationship is insignificant.

It is important to use appropriate techniques to address potential endogeneity concerns (see Reeb et al., 2012). More than half of the articles (78 articles, 52%) conduct endogeneity checks whereas the rest of the sample (72 articles, 48%) do not provide any information on endogeneity checks. Different statistical approaches are applied to address endogeneity. Lagging variables (38 articles, 25.33%) is the most widely used technique (e.g., Castaldi et al., 2019; Chang et al., 2012). Instrumental variables, two-stage least square regression (10 articles, 6.67%, e.g., Nguyen and Rugman, 2015), propensity score matching (7 articles 4.67%, e.g., Contractor et al., 2016) and other techniques (23 articles, 15.33%) are also employed in the extant empirical research.

Insert Table 5 here.

4.4. Empirical aspects

This section analyses the characteristics of the subsidiary performance literature on three main aspects: (i) evaluating and measuring subsidiary performance; (ii) direct effects of key antecedents on subsidiary performance (iii) dynamics of subsidiary performance (iv) empirical results, and then presents an integrative conceptual framework that synthesizes the domains in

the extant literature and captures the relationships among key antecedents, moderators, and subsidiary performance (Huang et al., 2021).

Evaluating and measuring subsidiary performance

This study draws upon the perspective of management accounting in evaluating the performance of foreign subsidiaries because this literature provides useful insights into the impacts of headquarters-subsidiary interdependencies on the design of performance evaluation and reward systems in MNEs (Du et al., 2013). Specifically, the headquarters implement formal control systems in motivating, monitoring, and controlling the performance of foreign subsidiaries and rewarding subsidiary managers. The three approaches are: (i) participative performance evaluation whereby the subsidiary managers have input into the evaluation of the subsidiary's performance; (ii) subjective performance evaluation whereby the headquarters takes into consideration factors beyond the control of subsidiary managers when evaluating the subsidiary's performance; (iii) formula-based performance evaluation whereby the performance of the subsidiary is based on the subsidiary's budgeted to actual performance and the compensation for the subsidiary manager is based on this formula-based performance (Du et al., 2013).

Parent firms implement a formal performance evaluation system to assure that the decisions of foreign subsidiaries are consistent with the short-term and long-term objectives of parent firms because goal congruence is important for the success of firms. However, establishing realistic standards, conversion, and the basis of comparison for subsidiaries, etc. is challenging (Collinson et al., 2020). Furthermore, subsidiaries face constraints imposed by their parent firms. These include but not limited to, whether the currency of home or host country will be used for performance evaluation; who will manage the fluctuation of currency value, and foreign exchange risks; whether foreign exchange risks will be centrally managed by the group's corporate treasury or whether it is locally managed by foreign subsidiaries, etc. Inflation is another external variable which complicates the cross-border performance evaluation process (Collinson et al., 2020).

Subsidiary performance measures

Table 6 reports objective and subjective, uni-dimensional, and multi-dimensional subsidiary performance measurements. This study finds that a variety of objective and subjective metrics, and unidimensional and multidimensional indicators have been used to measure subsidiary performance. These include measures for financial and operational performance, overall effectiveness, survival, exit, and growth. Regarding the objective and subjective subsidiary performance, 82 articles (54.66%) use objective performance measures with archival data and

68 articles (45.34%) use subjective performance measures. Specifically, financial performance measures (47 articles with objective financial performance measures and 39 articles with subjective financial performance measures) are more frequently used than non-financial performance measures, such as operational performance measures (5 articles with objective operational performance measures (e.g., productivity) and 24 articles with subjective operational performance measures) and overall performance/ overall effectiveness (5 articles with subjective performance measures). On the other hand, survival and exit are among the most frequently used measures of subsidiary performance (30 articles).

The finding shows a low degree of consensus on how to measure the performance of foreign subsidiaries (for a comprehensive literature review on subsidiary performance measures in international business, see Gundelach & Nielsen, 2023). This may impede the advancement of the literature because it becomes difficult to compare the empirical results across studies. Furthermore, the use of different performance measures and performance dimensions has produced wide variation in the specification of models used. The measurements selected and measurement approach also affect research findings (Ailawadi et al., 2004).

Uni-dimensional versus multi-dimensional performance measures

Unidimensional performance measures (82 articles, 54.92%) are more frequently used than multidimensional performance measures (68 articles, 45.08%). This finding is consistent with that of Gundelach and Nielsen (2023). Researchers justify using unidimensional measures by (i) referring to the subject under study (Gaur et al., 2007); (ii) employing the commonly used performance measure in a specific industry (Miller and Eden, 2006); (iii) aligning with the established practice in the extant literature (Ma et al., 2013). The predominant use of unidimensional performance measure in the extant research is not in line with the call for "the adoption of a multidimensional approach, where each performance dimension is examined independently" (Venkatraman and Ramanujam, 1986, p. 807). Collinson et al. (2020) suggest that the subsidiary's performance should be multi-dimensional, including profitability, marketing, production, finance, and human resource management. Financial performance may not be the only determinant of the effectiveness of foreign operations (Pangarkar and Lim, 2003).

The most frequently used approach to conceptualise subjective subsidiary performance is a multi-dimensional construct that constitutes profitability, productivity, and market share (Meyer et al., 2020). The research combines perceptively defined measures in financial performance, operational performance, and overall effectiveness. Examples of such multidimensional approach include managerial evaluation for sales growth, market share, and

ROA (Li and Lee, 2015); perceptions of managers on market share and sales growth (Simonin and Ozsomer, 2009); perceptive performance measures of reputation, profitability, and product and service distribution assessed by subsidiary managers (Brouthers et al., 2008a,b); managerial evaluation on market share, sales growth, and return on investment (Venaik et al., 2005); perceptive performance measures of sales revenues, cash flow, financial results, and net profit (Ambos and Birkinshaw, 2010; Monteiro et al., 2008).

Insert Table 6 here.

Objective performance measures from archival databases

Financial indicators

Table 7 presents the detailed list of objective and subjective performance measures by frequencies and representative studies that have employed them. Objective performance measures include financial performance measures, survival and exit, and financial results (loss, break-even, and profit from Toyo Keizai database). Financial performance measures are based on accounting data and operationally defined. Profitability, such as return on assets (ROA); return on equity (ROE); return on investment (ROI); net profit, etc. are frequently used in the extant research (Andrews et al., 2023; Castaldi et al., 2019; Chang et al., 2013; Chung et al., 2015; Lo, 2016). Other objective performance measures include return on sales (ROS); sales revenue; sales growth, etc. (Belderbos and Zou, 2007; Chan et al., 2010; Chung and Dahms, 2018; Kim and Gray, 2008; Zhang et al., 2007). Considering the industry standards, sales per square meter is used in the study of Tran et al. (2010, p. 500-501) because "sales performance measured, as opposed to ROA and ROI, has repeatedly been promoted as a more reliable way of comparing performance across different national market". Another commonly used performance measure is productivity due to the availability of archival data (Distel et al., 2019; Gaur et al., 2007).

There are some notable issues with objective financial performance measures. Specifically, the extant research often uses ROA (net profit/ total assets), and net profit as a dependent variable for subsidiary performance measure, and marketing and R&D expenses over total sales to proxy marketing and R&D intensity as explanatory variables (Fang et al. 2010). From an accounting perspective, net profit is calculated by deducting selling, general administrative expenses; advertising, promotion, and marketing expenses; R&D expenses, and other expenses from gross profit. In this sense, R&D and marketing expenditures reduce net profit. Thus, it becomes difficult to compare net profit and ROA due to differences in the level of R&D and marketing expenditures among subsidiaries. Furthermore, from a statistically perspective, this approach may cause serious endogenous issues (Nguyen and Kim, 2020).

Additionally, parent firms may use different potential mechanisms to shift profits from high tax to low tax jurisdictions and generate financial returns other than dividend payments from foreign subsidiaries (Cooper and Nguyen, 2020). For example, transfer pricing for related party transactions that exploit differences in tax regimes across countries could have a significant impact on this process. The transfer pricing for goods and services transferred between units within MNEs (e.g., intra-firm trade, charges for shared services, technology licensing fees, royalties, interest charges for intra-firm loans, etc.) could be manipulated, which would affect subsidiary profitability. Although transfer pricing must comply with the principle of the arm's length price standard, the lack of an external market for certain goods and services makes it hard to find an arm's length price to compare with internal transfer price, for example, intellectual properties. It would be difficult for the tax authority to detect and evaluate transfer pricing (Cooper and Nguyen, 2020). Thus, it is important that researchers are aware of these issues when using objective accounting-based data for subsidiary performance measures.

Survival versus exit

Survival is the most widely used measure for subsidiary performance (Chung et al., 2008; Dai et al., 2013; Dhanaraj and Beamish, 2009; Delios and Beamish, 2001; Fernandez-Mendez et al., 2019; Gaur and Lu, 2007; Gaur et al., 2019; Getachew and Beamish, 2017, 2021; Song, 2014). For example, Gatachew and Beamish (2017, p.67) refer to the highly cited study to justify survival as a dependent variable "in keeping with previous studies that used the same dataset, we consider a subsidiary terminated when its records no longer appear in the dataset (e.g., Delios & Beamish, 2001)". Studies that use survival as subsidiary performance are based on samples of foreign subsidiaries of MNEs from Japan and Korea (Dai et al., 2013; Gaur & Lu, 2007).

Yet, Morck and Yeung (2009) maintain that survival does not necessarily reflect success, superior performance, or stronger capabilities of foreign subsidiaries. Self-serving managers may keep inefficient operation survive despite increasing cost burdens. Conversely, managers downsize business to improve operating efficiency, which could result in a better performance. On the other hand, exit is another widely measure for subsidiary performance (Park et al., 2011). Exit can be the result of strategic changes in the corporate level to divest the foreign subsidiary (Meyer et al., 2020; for a meta-analysis on divestment, see Schmid and Morschett, 2019). Exit can also be caused by the parent firm's decision to sell a successful subsidiary to another firm to gain a better rate of return and thus exit does not necessarily mean failure (Morck and Yeung, 2009). Hence, it is important to identify different types of exits when it is

used as a proxy for subsidiary performance and to assure a proper interpretation of survival versus exit (Meyer et al., 2020).

Quasi perceptive performance measure from the Japanese Toyo Keizai database

The quasi-perceptively defined financial performance measure with a three-point scale of loss, break-even, and profit from the Japanese Toyo Keizai database is among the most frequently used (Dutta & Beamish, 2013; Fang et al., 2013). This measure captures a narrowly defined criteria of profitability. From an accounting perspective, profitability comes from the income statement that shows whether the subsidiary is making loss or profit for a given period; however, this measure does not provide information on how effectively the subsidiary uses resources in the balance sheet to deliver the financial results in the income statement. As a result, it might not capture other aspects of financial performance.

Subjective, perceptive performance measures

Financial and non-financial indicators

The extant research also relies on subjective, perceptive subsidiary performance measures when objective performance data are not available. The multi-item scale asks respondents to assess the subsidiary performance either relative to expectations or relative to peer organizations. A well-designed multi-item construct is suitable where subsidiaries are evaluated on multiple criteria (Singh et al., 2016). Subjective measures may provide insights on subsidiary performance which are not available in objective financial measures. The detailed list of subjective performance measures by frequencies is reported in Table 7.

Perceptive measures include financial indicators (e.g., sales revenues; profit; sales growth; profit growth; return on investment (ROI), etc.). Non-financial measures account for actions which may not contribute directly to profits for the short term but have significant implications for performance in the long term. These include customer satisfaction; market share; reputation; innovation; new product development; learning; labour productivity; employee retention; process efficiency, etc. (Belderbos et al., 2021; Brouthers et al., 2008a, b; Dikova, 2009; Fey et al., 2009; Hsieh and Rodrigues, 2014; Luo et al., 2001); the overall managerial satisfaction on performance (Slangen and Hennart, 2008).

In assessing the validity of subjective performance measurements, classic works of Dess and Robinson (1984) and Geringer and Herbert (1991) show that perceptual measures tend to have a high correlation with objective accounting-based measures. Similarly, Richard et al. (2009), Singh et al. (2016), Wall et al. (2004) report that there is considerable evidence that objective and subjective performance measures point into the same direction.

Yet, the literature documents that researchers often face challenges in collecting data by the survey method (Nguyen and Almodovar, 2018; Nguyen and Rugman, 2015; Nguyen et al., 2022; Wei and Nguyen, 2017, 2020). Respondents show varying degree of unwillingness and/or inability to provide even perceptive, subjective, or comparative profitability data due to the requirement to comply with corporate policy on confidentiality protection. Additionally, the response rate is extremely low in certain geographic areas (Harzing, 2000). Consequently, the number of empirical studies using primary data has declined over time (Cerar et al., 2021).

Insert Table 7 here.

Comparing subsidiary performance

The finding on different approaches of comparing subsidiary performance internally and externally is reported in Table 8. Internal comparison is adopted in the study of Nguyen and Rugman (2015) when these scholars draw upon the insights from the accounting research to use managerial evaluation on actual performance against budget for return on capital employed (ROCE), sales growth, and profit growth as subsidiary performance measures. Indeed, classic works in the management accounting literature shows that ROCE and actual against budget comparisons are frequently used in evaluating foreign subsidiary performance by parent firms (Appleyard et al., 1990; Czechowicz et al., 1982). Budgets are short term plans within the framework of the longer-term strategic plans. ROCE is viewed as one of the most credible metrics because is it more encompassing than return on equity (ROE), which can be changed by altering the leverage ratio of the foreign subsidiary. ROCE is the earnings before interest and tax (EBIT) divided by equity plus interest-bearing long-term debt. EBIT is a good proxy for cash flows from operating activities and so it can be used as a measurement of underlying performance. Tax and interest might not be under the control of the subsidiary because the group's corporate finance and corporate treasury determine strategies on financing and tax planning worldwide (Cooper and Nguyen, 2020; Nguyen et al., 2022).

Another internal comparison approach is to compare the performance of focal subsidiaries with other units within the MNE networks. Ambos & Birkinshaw (2010, p. 458) note that "The measure for financial performance was based on an assessment of subsidiary managers, how their companies perform in (a) return on investment (ROI); (b) profit; (c) productivity; (d) cash flow from operations relative to other units in the corporation" and "the measure for management performance relied on the same procedure referring to the unit's relative performance in (a) new product development, (b) cost control, and (c) personnel development". On the other hand, external comparison is employed in the study of Lovett et al. (2009) as they compare the performance of subsidiaries with competitors operating in the same host countries

as they explain “performance was assessed by asking respondents how the subsidiary rates in relationship to its local competitors”.

Insert Table 8 here.

The determinants of MNE foreign subsidiaries’ performance

The study analyses six sets of key antecedents to predict the performance of foreign subsidiaries. Table 9 summarises key determinants, theoretical underpinnings, research themes, representative articles, and empirical results in the extant research.

Insert Table 9

Home country factors

Home CSAs of parent firms have significant impacts on the accumulation of resources, and the development of capabilities, knowledge, skills, experience, ways of doing business, and managing operations abroad, etc. which will in turn affect the performance of subsidiaries (Wan and Hoskisson, 2003; Clegg et al., 2016; Mudambi and Zahra, 2007). Furthermore, parent firms provide non-location bound FSAs (NLB FSAs) in technological and marketing knowledge, and financial resources, etc. which are built upon home CSAs, such as national innovation systems, capital markets, etc. (Rugman and Verbeke, 1992; Verbeke and Lee, 2022).

The literature examines the effects of home countries of parent firms from advanced economies versus from emerging economies. On the one hand, advanced economy MNEs expand internationally by deployment and exploitation of their technological and marketing capabilities, management skills, and international experience (Rugman et al., 2016). On the other hand, emerging market MNEs (EMNEs) internationalize by leveraging home country factors of low-cost labour, low-cost debt finance, government support, etc. (Wei and Nguyen, 2020; Han et al., 2018; Huang et al., 2020). EMNEs aggressively engage in mergers and acquisitions, especially in advanced economies, to obtain new complementary strategic assets (Luo and Tung, 2007; Rugman et al., 2016; Verbeke and Lee, 2022). They go abroad to escape from home country institution voids and to seek new opportunities in foreign countries with stronger institutional environments to overcome home country institutional disadvantages (Witt and Lewin, 2007; Peng et al., 2008).

Yet, the literature reports mixed empirical results on the relationships between home countries and subsidiary performance, in which positive effects are reported in some studies whereas null effects are presented in other studies (Cuervo-Cazurra and Genc, 2008; Delios and Beamish, 2001; Han, 2021; Lee et al., 2022; Mudambi and Zahra, 2007; Zhao and Luo, 2002). For example, using a dataset of British subsidiaries with parent firms from Japan and the United

States, Mudambi and Zahra (2007) find that home country of origin has a significant effect on subsidiary survival. Zhao and Luo (2002) report that parent firms' home countries of origin affect subsidiary profitability. Specifically, subsidiaries whose parent firms are from Hong Kong, Taiwan, and Singapore tend to outperform those subsidiaries whose parent firms are from Japan and the United States when subsidiaries operate in China.

On the other hand, Delios and Beamish (2001) report that home and host country have mixed effect on subsidiary performance, using a dataset of foreign subsidiaries of Japanese parent firms. Han (2021) examines risk management, legitimacy, and the overseas subsidiary performance of Chinese firms. They find that home-country risk safeguarding mechanisms (home-country government created advantages) can boost the performance of foreign subsidiaries; however, this relationship depends on the legitimacy with host country stakeholders. Lee et al. (2022) examines the impact of firms' domestic market position on subsidiary exit time and empirically test the relationship using a dataset of foreign subsidiaries of Korean MNEs. They find that the domestic market position affects the risk-taking orientation of dominated firms, notably in less developed countries. Bai et al. (2018) find that foreign subsidiaries of advanced economies MNEs benefit from home country factors more than MNEs from Asia.

Host country factors

The literature draws upon the institution theory to examine a wide range of host country characteristics that can affect the performance of subsidiaries (Luo, 2003; Zeng et al., 2013; Gaur et al., 2019; Lupton et al., 2021). These include the impacts of host country institutional development level (Chan et al., 2008); sub-national institutional constraints (Chan et al., 2008; Chan et al., 2010; Getachew and Beamish, 2021; Li and Sun, 2017; Ma et al., 2013); speed of institutional change (Fuentelsaz et al., 2022); political and social openness (Dhanaraj and Beamish, 2009); market attractiveness and resource availability (Belderbos and Zou, 2007; Child et al., 2003; Garg and Delios, 2007; Ng et al., 2007; Zeng et al., 2013); governance quality (Farah et al., 2022); corporate tax rate (Farah et al, 2022); home and host countries' political ties (White et al., 2018); corruption (Lee and Hong, 2012; Wu et al., 2023); host country environment risks (Liu et al., 2016); protectionism (Ghauri et al., 2023); local conditions (Hsu et al., 2017), etc.

The empirical research reports mixed results on the effects of host country factors, with an insignificant relationship (Merchant and Schendel, 2000), a negative relationship (Chan et al., 2008; Clegg et al., 2016), and a positive relationship (Dermibag et al., 2007; Kafouros and Aliyev, 2016; Lee and Song, 2012; Meschi et al., 2016). For example, Merchant and Schendel

(2000) find no support for hypothesized effect of (national) cultural relatedness, and host country political risk when they identify conditions under which announcements of international joint venture formation leads to increases in shareholder value of participating US firms. Meschi et al. (2016) report that subnational development level of Vietnam affects the survival of foreign subsidiaries of MNEs. Lee and Song (2012b) show that favourable institutional changes in host country have a positive effect on the performance of foreign subsidiaries of Korean MNEs. Clegg et al. (2016) find that host country risks have a negative effect on the performance of foreign subsidiaries of Chinese MNEs. Lee and Hong (2012a) observe that host country development level and corruption negatively influence the performance of foreign subsidiaries of the US MNEs when they operate in the Asia Pacific countries.

On the one hand, Cuervo-Cazurra and Genc (2008) argue that EMNEs have competitive advantages relative to advanced economy MNEs when the former operate in other emerging economies with similar institutional environments as their home countries. EMNEs have experience in dealing with weak institutions where regulations are unclear, and the legal enforcement is weak. In contrast, Rugman, and Nguyen (2014) show that foreign subsidiaries of advanced economy MNEs can compete successfully against foreign subsidiaries of EMNEs when they operate in high growth but extremely competitive South-East Asian emerging markets. Advanced economy MNEs may have subsidiaries operating in other emerging economies and have gained experience in weak institutional environments. When they establish new subsidiaries in emerging economies, younger subsidiaries can learn from experiences of older sister subsidiaries which have already operated in similar host institutional environments (Garg et al., 2022). Bai et al (2018) report that when foreign subsidiaries of EMNEs operate in host countries with well-developed institutions whereby legal enforcement is strong, they suffer due to their lack of experience in such environments. They face stronger public scrutiny and incur higher cost for regulatory compliance. In contrast, foreign subsidiaries of advanced economy MNEs do not benefit from well-developed institutions of host countries.

Distance between home and host countries

In the extant literature, distance between home and host countries is often viewed as challenges and barriers for the operations of foreign subsidiaries and distance can negatively affect subsidiary performance. The research frequently examines cultural distance and language difference (Colakoglu and Caligiuri, 2008; Chung and Dahms, 2018; Fang et al., 2010; Hennart and Zeng, 2002; Konara and Wei, 2021; Pothukuchi et al., 2002; Zeng et al., 2013); institutional

distance (Gaur and Lu, 2007; Konara and Shirodkar, 2018; Riaz et al., 2014; Trapczynski and Banalieva, 2016); economic distance and economic freedom distance (Dermibag et al., 2011), etc. Higher cultural distance will pose challenges for foreign subsidiaries due to differences in values which may cause organizational conflicts. Subsidiaries will incur higher costs for local adaptation (Tihanyi et al., 2005). However, empirical results on the impacts of cultural distance on subsidiary performance are inconclusive, ranging from a positive effect (Gaur et al., 2007; Kang et al., 2017; Riaz et al., 2014) to an insignificant effect (Peng and Beamish, 2014; Teng et al., 2017). For instance, Konara and Wei (2021) find that language difference between home and host countries have a negative impact on subsidiary performance. The positive effects of cultural distance on subsidiary performance become stronger when the language difference is smaller. The language effects can be more significant in small markets. In contrast, Teng et al. (2017) find that cultural distance does not influence the performance of foreign subsidiaries operating in China. Mohr et al. (2016) report that normative and cognitive cultural differences do not affect the survival of foreign subsidiaries in China.

In the same vein, the research explores the effects of institutional distance (regulative, normative, and cognitive institutions), and differences in technological capacity, intellectual property regimes, economic development, etc. on subsidiary performance (Contractor et al., 2016; Dermibag et al., 2007; Gaur et al., 2007; Kang et al., 2017; Riaz et al., 2014; Teng et al., 2017). The empirical results are inconclusive. For example, Dermibag et al. (2011) find that economic distance and economic freedom distance exhibit significant positive and negative relationships respectively with the survival of Japanese MNEs in the Middle East and North Africa region and moderate the positive relationship between subsidiary density and subsidiary survival. Teng et al. (2017) find that the greater level of institutional distance between the home and host country decreases the performance of foreign subsidiaries in China. Mohr et al. (2016) report that the greater degree of regulatory distance negatively affects subsidiary survival, and that the greater equality in equity distribution among parent firms increases subsidiary survival. In contrast, Bai et al. (2018) do not find any statistically significant effect of institutional distance on subsidiary performance.

Parent firm characteristics

Parent firm technological and marketing capabilities

A research stream adopts the parent-centric perspective and draws upon the theoretical perspectives of the resource-based view, the knowledge-based view, and classic internalisation theory to emphasize the exploitation of parent-firm resources, capabilities, and knowledge by foreign subsidiaries in host countries. Studies examine the effects of parent firm technological

and marketing intensity (proxies for intangible assets); international experience (Chang et al., 2013; Contractor et al., 2016; Delios and Beamish, 2001; Fang et al., 2010; Hsu et al., 2016); parent firm size and age (Lu and Xu, 2006; Hsu et al., 2016) on subsidiary performance. Parent-firm technological and marketing capabilities are sources of competitive advantages which are critical to the subsidiary's performance. The theoretical underpinning is that technological capabilities help improve existing products, develop new products, and reduce production costs and thereby helping subsidiaries achieve higher profits. Marketing capabilities improve performance because marketing helps subsidiaries meet customers' needs and demands, add value to products and services, and take necessary actions to response to competition (Pehrsson, 2009). On the other hand, the extant research also explores the moderating effects of technological and marketing capabilities on the relationships between strategy and subsidiary performance.

Yet, empirical results are mixed. Studies report a positive relationship between technological intensity of parent firms, and the survival and financial performance of foreign subsidiaries (Choi and Beamish, 2013; Delios and Beamish, 2001; Fang et al., 2010; Kim et al., 2012) while others report a negative relationship (Dermibag et al., 2011; Lavie and Miller, 2008), and an insignificant relationship (Belderbos and Zou, 2007; Bai et al., 2018). In the same vein, empirical results for parent firm's marketing intensity and subsidiary performance are inconclusive with a positive relationship (Delios and Beamish, 2001; Fang et al., 2010) and insignificant relationship (Dermibag et al., 2011). Parent firm size is found to have a positive effect on subsidiary performance (Liu et al., 2016; Lu and Xu, 2006; Hsu et al., 2017; Clegg et al., 2016).

Parent firm international experience

The research builds upon the perspective of organizational learning and the dynamic extension of the resource-based view of the firm to examine the effect of parent firm-level international experience on subsidiary performance (Brouthers et al. 2008a, b, 2009; Chung et al., 2015; Clegg et al., 2016; Fang et al., 2007; Gaur and Lu, 2007; Liu et al., 2016; Lu and Beamish, 2001; Kim et al., 2012). International experience and knowledge that parent firms have accumulated in managing risks, uncertainties, and challenges of operations abroad will be helpful for the performance of foreign subsidiaries (Clegg et al., 2016). Yet, the findings on the impacts of parent firm international experience on subsidiary performance are inconsistent, reporting a positive effect (Clegg et al., 2016; Kim et al., 2012) and an insignificant effect (Hsu et al. 2017; Liu et al., 2016). For example, Lavie and Miller (2008) find that subsidiary performance varies with parent firm's international experience in a sigmoid fashion:

performance initially declines, then improves, and finally declines again. Bai et al. (2018) find that international experience of parent firms is bound to a specific region and thus it will be challenging to exploit it across regions.

On the other hand, scholars argue that host market-specific knowledge and host country-specific experience rather than general international experience will be more important in enhancing subsidiary performance (Chung et al., 2015; Contractor et al., 2016; Delios and Beamish, 2001; Dikova, 2009; Gao et al., 2008; Wu and Lin, 2010). Delios and Beamish (2001) report that host country experience influences subsidiary survival but does not have an independent relationship with profitability. Gao et al. (2008) confirm a positive relationship between host market experience and subsidiary performance. Wu and Lin (2010) show a U-shaped relationship between host country experience and the likelihood of a subsidiary achieving profitability. Dikova (2009) finds that host market-specific knowledge mitigates the impact of psychic distance on subsidiary performance.

Subsidiary-level characteristics

A stream of research adopts the subsidiary-centric perspective and draws upon the resource-based view of the firm, the knowledge-based view, and new internalisation theory to posit that foreign subsidiaries have their own resources, build new capabilities, create new knowledge, and combine with existing knowledge and resources. New capabilities facilitate the deployment, utilization, and exploitation of knowledge and resources transferred from parent firms and the exploration of new knowledge and resources in host countries. The literature investigates subsidiary-level resources and capabilities that contribute to the superior performance of subsidiaries. These include subsidiary-level R&D intensity (Lee et al., 2014); dynamic capabilities operationalized as exploitation and exploration capabilities (Zhan and Chen, 2013); specialised resources (Li et al., 2013), etc. For example, Tian and Slocum (2014) confirm that technological and marketing differentiation of a subsidiary have a positive effect on its performance. Li and Lee (2015) report that subsidiary capabilities have positive effect on subsidiary performance. Zhan and Chen (2013) show that technological capabilities of a subsidiary enhance subsidiary performance.

Scholars apply the organizational learning perspective to explore the role of learning and knowledge management as determinants for subsidiary performance. These include dynamic learning capabilities and knowledge transfer; learning from home and host countries (Brouthers et al., 2008a, b; Wang et al., 2009; Huang et al., 2020); learning from older siblings (Garg et al., 2022); knowledge management capabilities (Cui et al., 2005). For example, Chi and Zhao (2014) find that higher learning capabilities enable foreign subsidiaries to leverage knowledge

transferred from parent firms, which lead to superior subsidiary performance. Zhang et al. (2007) report that the absorption capacity to access and utilize local complementary resources from host countries help foreign subsidiaries deliver stronger performance. Cui et al. (2005) find a significant, positive relationship between a subsidiary's knowledge management capabilities and its performance.

A stream of research is built upon the subsidiary entrepreneurship perspective to theorise that subsidiaries can significantly influence their strategies and operations rather than passively following the orders from the headquarters (Birkinshaw and Pedersen, 2009). In fact, they actively define and change the scope of their activities by undertaking initiatives which reflects their entrepreneurial behaviour (Birkinshaw, 2000; Ambos et al., 2023) Subsidiary initiative is defined as "an entrepreneurial process, beginning with the identification of an opportunity and culminating in the commitment of resources to that opportunity" (Birkinshaw, 1997, p. 207). Furthermore, subsidiary entrepreneurship is grounded in the "entrepreneurial efforts of subsidiary managers" (Birkinshaw et al., 2005, p. 228). Sarabi et al. (2020) show that subsidiary CEOs' entrepreneurial leadership positively affects subsidiary performance.

Nguyen and Rugman (2015) combine new internalisation theory in the international business literature (Rugman & Verbeke, 1992, 2001) and the pecking order theory in the finance literature (Myers & Majluf, 1984) to analyse the performance of South-East Asian subsidiaries of British MNEs. These scholars find that foreign subsidiaries rely on internal financing sources, especially internal equity financing, i.e., earnings that have been generated by subsidiaries being retained and reinvested into the operations of subsidiaries. As such, they can overcome external capital market imperfections in host emerging economies whereby they face difficulties in accessing external credit financing sources because the credit opportunities are limited, and the cost of bank borrowing is high. Internal equity financing is an important FSA besides the traditional FSAs in innovation, R&D, and marketing skills, which reflects financial management decision making of subsidiaries. Nguyen and Rugman (2015) report that subsidiaries also build highly disciplined financial management capability in utilizing resources effectively and efficiently for the delivery of superior performance regardless challenging external environments in host countries.

Ambos and Birkinshaw (2010) apply the attention-based view (Ocasio and Joseph, 2005) to explore how foreign subsidiaries obtain the attention from the headquarters (HQs) whereby subsidiaries can influence the decision makers at the higher level in the organization (Bouquet and Birkinshaw 2008). Ambos et al. (2010) show that the attention from the HQs can be viewed as rare managerial resources which will enhance subsidiary performance.

The network-based/ dual embeddedness perspective identifies internal and external networks/ internal and external embeddedness as structures that facilitate knowledge development, competence creation, and innovation (Andersson et al., 2001; Andersson et al., 2002; Ciabuschi et al., 2011; Meyers et al., 2011, Mu et al., 2007; Achcaoucaou et al., 2014). The literature explores the impacts of network relationships/ dual embeddedness on subsidiary performance (Gammelgaard et al., 2012; McDonald et al., 2008). For example, Gammelgaard et al. (2012) find complex interactions between increases in autonomy and network relationships, and the impacts of these changes, especially positive and significant impacts of inter-organizational network relationships in performance. On the other hand, Liu et al. (2019) examine product-similar subsidiary network and product-different subsidiary network in a host country. The finding is that the inverted U-shaped effect of product similar subsidiary network is less pronounced whereas the positive effective of product different subsidiary network enhances performance.

Governance mechanisms

This research stream examines how the relationships between parent firms and foreign subsidiaries affect subsidiary performance and explores governance mechanisms.

Establishment mode and ownership strategy

A rich volume of research is built upon the transaction cost economics, the option theory, the resource-based view, the institution theory, the eclectic paradigm, etc. to examine the relationship between establishment modes, ownership strategy, and subsequent subsidiary performance. The question is which establishment modes between acquisitions and greenfield FDI (Belderbos, 2003; Oehmichen and Puck, 2016; Slangen and Hennart, 2008; Song, 2014); ownership modes between international joint venture (minority/ majority) and wholly owned foreign subsidiaries (Brouthers et al., 2002, 2008a,b, 2009; Chang et al., 2013; Contractor et al., 2016; Dau, 2018; Dhanaraj and Beamish, 2009; Gaur et al., 2007; Gaur and Lu, 2007) will result in superior performance and/or survival of foreign subsidiaries. The level of ownership in joint ventures and foreign subsidiaries are frequently examined; however, mixed empirical results are reported in the literature. For example, Dhanaraj and Beamish (2009) argue that higher level of ownership of foreign parent firms in international joint ventures reflects higher commitment and that foreign parent firms will transfer more resources to joint ventures. Furthermore, higher degree of control of foreign parent firms in joint ventures will reduce opportunistic behaviours of local partners (Dhanaraj and Beamish, 2009). Another line of argument is that the higher ownership of foreign parent firms may inhibit the collaboration and contributions of local partners to joint ventures, which may negatively affect joint venture

performance. Luo et al. (2001) show that a majority control from foreign parent firm improves the performance of joint ventures in China; however, Sim and Ali (2000) find that foreign parent firm control does not influence joint venture stability.

On the other hand, the literature examines the level of ownership (majority/ minority) in foreign subsidiaries and subsidiary performance. For instance, Zhao and Luo (2002) report that foreign subsidiaries with majority ownership perform better than those with minority ownership, split or full ownership. Gaur and Lu (2007) find that wholly owned subsidiaries and majority ownership has positive effect on subsidiary survival. Dhanaraj and Beamish (2004) find that while investments involving small ownership levels (80%) have mortality rates comparable to that of wholly owned subsidiaries.

Additionally, establishment modes reflect different level of investment commitments which could not be reversed subsequently (Bai et al., 2018). The benefits and costs of establishment modes are moderated by uncertainties in external environments. The strategic and operational flexibility, defined as the ability to respond to uncertainty, whether proactively or reactively, of different establishment and ownership modes have been examined in the extant literature (Brouthers et al., 2008a, b; Chung and Dahms, 2018; Chung et al., 2013; Song, 2014). For example, Tan (2009) reports that strong and complex interdependence is positively related to subsidiary growth for greenfield FDI, the weak and codifiable interdependence is positively related to subsidiary growth for acquisition FDI. Barbopoulos et al. (2014) show that establishing a subsidiary through merger and acquisition in high-risk country results in higher subsidiary performance. Song (2014) finds that wholly owned foreign subsidiaries that are established by greenfield FDI are less likely to be divested. MNEs make strategic decision on establishment modes after considering different options, internal resources, and capabilities, FDI motives, and external environments of home and host countries (Bai et al., 2018; Chan et al., 2008; Chung et al., 2015).

Bai et al (2018) argue that establishment mode choice is endogenous rather than exogeneous. Bai et al. (2018) find that establishment mode itself does not have any direct effect on subsidiary performance. In the same vein, Liu et al. (2016) find that ownership, entry mode, and parent-level experience do not predict foreign subsidiary performance.

Subsidiary autonomy

Subsidiary autonomy refers to the extent to which subsidiary managers can make decisions without the headquarters' involvement (McDonal et al., 2008; for a literature review on autonomy, see Cavanagh et al., 2017; Young and Tavares, 2004). These include strategic and operational decisions, such as strategic planning, strategy, innovation, production,

sales/marketing/distribution, human resource management (Birkinshaw and Hood, 1998, 2001; Birkinshaw et al., 2005; Kawai and Strange 2014; Meyer et al., 2020; Roth and Morrison, 1992; Slangen and Hennart, 2008). The common assumptions in the literature are that subsidiaries with a higher degree of autonomy have important roles along the value chains. Autonomy enables subsidiaries to engage in activities outside the mandate without formal approval from the headquarters (Birkinshaw et al., 2005; Ambos et al., 2010). They can pursue opportunities and establish business linkages with internal and external partners which contribute to subsidiary performance (Ambos et al., 2010).

The relationship between subsidiary autonomy and performance has received significant attention in the literature (for a meta-analysis, see Geleilate et al., 2020). However, the empirical results are inconclusive. The findings are varied with a positive relationship (Boateng and Glaister, 2002; Luo, 2003; Slangen and Hennart, 2008) and an insignificant relationship (Bai et al., 2018; Lovett et al., 2009; Nguyen & Rugman, 2015). Geleitate et al. (2020) find that higher autonomy leading to an improvement in subsidiary performance is contingent upon higher level of formal and informal institutional distance, industry dynamism, and knowledge exchange between the home and host country. However, higher autonomy will not contribute to subsidiary performance for lower levels of these contingencies.

Home country expatriates: transferring knowledge from the headquarters and controlling foreign subsidiaries

A significant body of research has explored the impacts of home country expatriate strategy on subsidiary performance (Chung et al., 2015; Colakoglu and Caligiuri, 2008; Dutta and Beamish, 2013; Chang et al., 2012; Fang et al., 2010; Wang et al., 2009; Kim et al., 2023; Qian et al., 2024; for literature review on MNEs and expatriates, see Andersen, 2021; Harvey and Moeller, 2009; Takeuchi, 2010). Home country expatriates play a key role in controlling foreign subsidiaries to ensure goal congruence with parent firms (Bird and Mendenhall, 2016; Harzing, 2001). They facilitate the transfer of knowledge, business practices, information from parent firms to foreign subsidiaries, gain attention from the headquarters, manage daily operations, and enhance long term performance (Wang et al., 2004; Wang et al., 2009; Fang et al., 2010; Hebert et al., 2005; Plourde et al., 2014). Because parent-level knowledge is tacit in nature, and socially embedded in the home country, it will be difficult for foreign subsidiaries to fully understand and replicate the parent firm's knowledge. Thus, competent, and experienced home country expatriates play a vital role as knowledge conduit between parent firms and foreign subsidiaries, which will improve subsidiary performance.

However, there is a lack of convergence in empirical results. The extant research reports a negative relationship (Colakoglu and Caligiuri, 2008); an inverted-U relationship (Dutta and Beamish, 2013); a positive relationship (Bai et al., 2018; Chang et al., 2012; Chung et al., 2015). Furthermore, the extant research finds that the use of expatriates strengthens the effect of technological knowledge but weakens the effect of marketing knowledge on subsidiary performance (Fang et al., 2010). The effectiveness of expatriates, however, is conditioned by contextual variables, especially culture and cultural distance (Gaur et al., 2007; Gong, 2003).

Dynamics of MNE foreign subsidiaries' performance: moderating effects

Besides investigating the direct effects, the extant research also examines the indirect relationships among the variables. Although the attention is limited, empirical studies have explored potential moderators which aim to enhance the understanding on the link between the antecedents and foreign subsidiaries' performance. Empirical research focuses on exploring the moderating effects of home or host country factors, e.g., formal institution (Wu et al., 2023); distance between home and host countries (Ando, 2014; Colakoglu and Caligiuri, 2008; Contractor et al., 2016); resources and capabilities, for instance, absorption capacity (Chang et al., 2012), home and host country learning (Fuentelsaz et al., 2022); subsidiary contexts and characteristics, e.g., organizational inertia proxied by subsidiary age, subsidiary decision autonomy, and task complexity proxied by export propensity (Sabari et al., 2020), subsidiary experience (Contractor et al., 2016; Shirokar and Konara, 2017); management (Chung and Dahms, 2018); strategies, e.g., multinationality strategy (Clegg et al., 2016), global integration and local responsiveness strategy (Williams et al., 2017), product relatedness strategy between parent firms and foreign subsidiaries (Dutta and Beamish, 2013); ownership strategy (Contractor et al., 2016; Shirokar and Konara, 2017; Zhang et al., 2007); market focus (Zhang et al., 2007); entry mode of JV or WoFS (Dau, 2018; Delios and Beamish, 2001; Dhanaraj and Beamish, 2009), and digital sectors (Wu et al., 2023). The results of moderating effects are found to be varied across empirical studies, suggesting that they are specific to the research contexts and data employed.

5. DISCUSSION AND FUTURE RESEARCH DIRECTIONS

5.1. Theoretical contributions: An integrative conceptual framework

The last two decades have witnessed an increasing interest of scholarly research on the determinants of MNE foreign subsidiaries' performance across business and management fields and have produced a large volume of studies that has provided insights into the phenomenon. However, the empirical findings are divergent, and the domain is fragmented, mainly due to the lack of a synthesis of theoretical underpinnings, and differences in research

methodologies. The present study has systematically reviewed all relevant studies and provides a comprehensive, critical analysis of the state of art of the existing research that captures external factors (home and host country, and distance between home and host country) and internal factors (characteristics of parent firms, subsidiaries, and governance mechanisms in the relationships between parent firms and subsidiaries). In this way, it offers a nuanced and in-depth understanding on the determinants of MNE foreign subsidiaries' performance. It presents an integrative conceptual framework that synthesizes the literature on subsidiary performance and identifies the relationships among antecedents, moderators, and subsidiary performance outcome, which highlights the theoretical contribution of this study (Figure 3). As such, the framework serves both to synthesize the existing literature and to guide future research.

Insert Figure 3 here.

5.2. Suggestions for future research

The findings from this study help to identify the major areas where inconsistent assumptions and knowledge gaps exist that future research can address. These include differences in theoretical perspectives and inconsistent empirical findings on the performance outcomes of key antecedents, moderators, and knowledge gaps in subsidiary performance. This section presents suggestions for future research to address these issues and to improve the empirical rigour in the methodology.

Theoretical predictions

As analysed above, the extant literature adopts either the parent-centric or the subsidiary-centric perspectives to develop theoretical predictions for subsidiary performance outcomes. The inconsistency in the extant empirical literature may also be attributed to examining the effects of country-level, parent firm-level, and subsidiary-level characteristics on subsidiary performance separately. To reconcile the differences, future research may consider a contingency theoretical approach given that foreign subsidiaries engage in exploiting the existing FSAs transferred from parent firms as well as exploring opportunities, building new FSAs, deploying them in local and international markets (Rugman & Verbeke, 2001). Additionally, they use both home and host CSAs to develop their competitiveness (Rugman & Verbeke, 2009). Such a holistic approach will be a promising avenue for theoretical extension and advancement.

Furthermore, new theoretical perspectives are recommended to be considered as worthy consideration because they open new promising avenues to move the field forward for a substantial progress beyond the extant knowledge structure (Bicakcioglu-Peynirci, 2023).

Here, several suggestions for three key theories which are reviewed in the earlier sections are presented. For example, based upon the theoretical foundations of RBV, more research is suggested to examine to the moderating effects of resources and capabilities (e.g., financial resources, including external borrowing from financial institutions and internal borrowing from the group's corporate treasury; subsidiary-level financial management capabilities (Nguyen and Rugman, 2015; Nguyen et al., 2022); market-specific experiential resources; technological resources; strategic marketing ambidexterity (Bicakcioglu-Peynirci and Morgan, 2022); international dynamic marketing capabilities (Ciszewska-Mlinaric et al., 2024), etc.) on the links between determinants and subsidiary performance.

For the institutional theory, future research is recommended to pay more attention to two competing theoretical perspectives – institutional leverage and institutional escapism (Bicakcioglu-Peynirci, 2023) – to advance the understanding of the impacts of home and host country factors on foreign subsidiaries' performance. The former views home country institutional support that could be leveraged to develop strategic competitive advantages for exploitation in foreign markets while the latter views home country institutional weaknesses force firms, especially those from emerging markets, escape from home countries by internationalising in search for more favourable institutional conditions in host countries. Additionally, home country of origin of parent firms could become obstacles for their foreign subsidiaries in building local legitimacy due to unfavourable perceptions of various stakeholders in host countries. For example, some foreign subsidiaries of Chinese MNEs make strategic decision to disassociate themselves from their parent firms when they face such challenges (Wei & Nguyen, 2020).

For the transaction cost economies, further studies could consider addressing the establishment modes and ownership strategy in different economies with distinct institutional environments and the subsequent performance of foreign subsidiaries. Another avenue for future research is to focus on differentiating the industries, manufacturing, and service firms from advanced and emerging economies, and comparing the performance outcomes.

Methodology

The extant research is dominated by quantitative research method, using longitudinal data based on secondary data and cross-sectional data based on survey. Future research is suggested to consider using the qualitative research method and the mixed research method for empirical works, besides the quantitative method. Interviews with subsidiary managers will provide new insights that will complement other sources of information. This will be an opportunity to explore other aspects of the subsidiary strategy, management, and operations and the impacts

on subsidiary performance. Furthermore, future research is suggested to conduct comparative analysis of subsidiary performance of parent firms from advanced and emerging economies. The findings from such a comparative analysis will improve the understanding of the phenomenon.

Selection of performance measurements: link theories and empirical research contexts

In line with Morck and Yeung (2009), it is recommended that subsidiary performance measures should be carefully selected and linked to theories and contexts of empirical research. Objective performance measurements from archival databases are subject to the problems of attenuation and measurement errors (Boyd et al., 2005). Subjective performance data from the survey may provide relevant insights. Thus, subsidiary performance measures, even perception indicators, should be based on theoretical foundations and empirical settings (Morck and Yeung 2009). Future research is recommended to consider the contexts of foreign subsidiaries, such as FDI motives, subsidiary roles, subsidiary scopes of products, markets, and activities, etc. (White and Poynter, 1984; Dunning, 1985; Rugman et al., 2011b) in selecting subsidiary performance measures. Parent firms have established foreign subsidiaries for different FDI motives and thus performance evaluation measures are expected to be related to these objectives. For example, sales growth, exports, market share will be suitable for market-seeking subsidiaries whereas labour productivity, sales per employee, etc. metre will be used for efficiency-seeking and market-seeking subsidiaries. Patents and innovation outputs will be appropriate for subsidiaries with assigned roles in R&D and competence creation (Meyer et al., 2020). Profitability could be one of the multi-dimensional performance measures for subsidiaries that contribute to the overall performance of parent firms. However, there is a scarcity of empirical studies that explicitly examine FDI motives and business activities of subsidiaries. The studies of Chan et al (2008) and Chung et al (2015) are exception. Chan et al. (2008) analyses the operating purposes of subsidiaries (market seeking, resource seeking, strategic asset seeking, following customers, portfolio management, risk hedging, and exporting). Chung et al. (2015) examines export-oriented versus local market-oriented purposes of foreign subsidiaries.

Empirical research aspects

Future research is suggested to address the knowledge gaps due to inconclusive findings in the extant literature and to examine under-explored topics or new emerging themes. Further research that analyses multi-level determinants will enrich the understanding which subsidiaries could deliver robust performance while navigating significant changes in external economic and political landscapes. Overall, these considerations will contribute to the confirmation and extension of existing theories.

Table 10 proposes a list of research questions that are promising and worthwhile investigating. Regarding home and host country factors, future research may devote more attention in exploring the relevance of home country characteristics to explain the short-term and long-term competitiveness of foreign subsidiaries and the pressures that can strengthen their FSAs through absorbing or building upon the complementary resources present in host countries. More research will be needed to explore how the dynamisms in home and host country environments (e.g., shifts in government policies, technological advancements, geopolitical sensitivity, protectionism, etc.) may affect the potential reconfiguration, reallocation of resources, and relocation of activities among foreign subsidiaries which in turn influence their performance.

The extant literature views distance between home and host countries as obstacles that could affect subsidiary performance. Future research could explore an alternative view whereby distant host countries are considered as input markets for providing resources to the parent firms and foreign subsidiaries as well as output markets for absorbing end products. More research will be warranted to investigate what solutions foreign subsidiaries have implemented to overcome distance, for instance, building the diversity of top management team's cultural background to benefit from multiple cognitive bases, such as knowledge of host countries and business practices as well as knowledge of home countries and the relationships with the headquarters. Furthermore, higher functional diversity of management teams may allow a better estimation of the challenges likely occur in each functional area when operating in a host country (Verbeke and Lee, 2022).

For the characteristics of parent firms and foreign subsidiaries, future research could investigate how subsidiaries integrate competitive advantages from parent firms with new resources and capabilities that they have developed in fostering superior performance. This research avenue will advance the literature on subsidiary-level capability building and identify the boundary conditions that will enhance subsidiary performance. By building, integrating, and utilizing knowledge, resources and competences from multiple sources though continuous learning and innovation, foreign subsidiaries will overcome external challenges and distance between the home and host countries, and manage their business in rapidly changing and competitive host countries. On the other hand, the impacts of subsidiary initiatives may vary across subsidiaries. For example, subsidiaries that are active in building new capabilities and in implementing innovative technologies may be able to increase their scope and responsibilities although they may be subject to risks (Meyer et al., 2020).

Future research could explore market and non-market strategies in host countries and their impacts on subsidiary performance. For example, how foreign subsidiaries adopt market strategies in different institutional environments; how non-market strategies can help subsidiaries achieve social and political legitimacy (Hond et al., 2014; Marquis and Qian, 2014), and what are the relationships between the integration of CSR and sustainability practices into business activities and supply chains (e.g., reducing carbon footprint; improving labour policies; energy efficiency; environmental responsibility; ethical responsibility; fair trade sourcing, etc.) of subsidiaries and the financial and non-financial performance outcomes. Extant literature suggests that human capital (including expatriates) contributes to subsidiary performance. However, the relationships between the specific actions and decisions of individuals in leadership roles with subsidiary performance outcomes remains unclear. Thus, it would be a promising opportunity to explore the phenomenon through the eyes of subsidiary managers. The micro-foundation perspective could be applied to explore how subsidiary managers negotiate with the headquarters on resource allocation, performance targets, and reward schemes in the annual budgeting cycle and the evaluation on the delivery of actual performance against budget. Additionally, it would be beneficial to explore the similarities and differences in perceptions and interpretations of specific changes in external environments among subsidiary managers and their impacts in shaping the collective decisions.

Insert Table 10 here.

5.4. Practical implications

The findings of this systematic literature review provide three important practical implications for MNE subsidiary managers and public policy makers. The key findings are that parent-level technological capability, subsidiary-level capabilities in innovation, marketing, financial management, and learning, host market-specific knowledge and experience have a direct, positive effect on subsidiary performance in the extant research. Managers are recommended to exploit the existing resources and knowledge from parent firms, develop new capabilities, accumulate experience, and effectively integrate all these resources and knowledge, which can result in superior performance. On the other hand, subsidiary contexts and host country market institution affects the relationship between key antecedents and subsidiary performance. Thus, managers are recommended to consider internal and external factors simultaneously to assure a good fit that enhances subsidiary performance.

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Table 1: Overview of previous reviews on the MNE foreign subsidiaries' performance

Study	Research method	Thematic scope	Time span	Number of publications included	Number of journals covered	Focus on empirical studies of MNE foreign subsidiaries	Review underlying theories	Review empirical results on (i) the determinants of foreign subsidiaries' performance and (ii) identify inconsistencies		Review of methodological issues	Key insights
Nguyen (2011)	Systematic literature review	MNEs, foreign subsidiaries, performance	1980-2008	18 published empirical articles and 2 books	10 academic journals	Yes	Yes	(i) (ii)	Yes Partly	No	• Review the link between FSAs, determinants, performance measures, and subsidiary performance. • Offer five suggestions for future research (performance measures; FDI motives, contextual factors, and subsidiary activities included in the research design; gaining more insights into the internal management of the subsidiary and the firm for the performance analysis).
Bai et al. (2018)	Meta-analysis	Performance of MNE foreign subsidiaries "in" and "from" Asia	2000-October 2017	73 published empirical journal articles	n/a	Yes	No	(i) (ii)	Yes Partly	No	• Review the determinants of MNE foreign subsidiaries' performance. • Compare the effects of determinants in different home and host research contexts using meta-analysis. • Offer five suggestions for future research (micro-foundations; portfolio view; non-market strategy; institutional entrepreneurship; research design opportunities)
Meyer et al. (2020)	Systematic literature review	Managing the MNE subsidiary	January 1, 1990, to November 30, 2019	600 published conceptual and empirical journal articles	17 academic journals	Partly	Yes	(i) (ii)	No No	Partly (research context)	• Review six lines of research on subsidiary scope, organizational practices, knowledge management, engagement with local market and non-market actors, performance measures, and individuals within subsidiaries. • Provide three broad suggestions (the role and impact of individuals; technological paradigm shift; political and institutional disruptions) on six lines of subsidiary management literature that future research could explore further.

Gundelach & Nielsen (2023)	Bibliometric coupling study	Subsidiary performance measurements	1982-2022	193 published empirical journal articles	33 academic journals	Yes	No	(i) (ii)	Yes No	No	• Review the variety of subsidiary performance measurements in terms of domain, mode, and dimension within three thematic clusters (cluster 1: knowledge, transfer, organizational; cluster 2: experience, entry, and learning; cluster 3: institutional, emerging, and relationship). • Provide guidance on selecting subsidiary performance measures, measurement domain, measurement modality, measurement dimensionality and measurement convergence.
Present study	Systematic literature review	The determinants of MNE foreign subsidiaries' performance	January 1, 2000-December 31, 2023	150 published empirical journal articles	25 academic journals	Yes	Yes	(i) (ii)	Yes Yes	Yes	• Review the variety of theoretical perspectives that examine the determinants of subsidiary performance in six major domains (home and host country factors; distance between home and host countries; the characteristics of parent firms and of subsidiaries; governance mechanisms (the establishment modes and ownership strategy of subsidiaries; and the use of home country expatriates for transferring knowledge and controlling foreign subsidiaries); the broad range of objective and subjective indicators to measure subsidiary performance. • Offer four suggestions and 42 specific research questions under these six domains for future research directions.

Source: Adapted from Bicakcioglu-Peynirci (2023).

Table 2: List of journals and the number of published articles

No.	Journals	CABS areas	Number of published articles
1	Journal of World Business	International business	24
2	International Business Review	International business	16
3	Management International Review	International business	16
4	Journal of International Business Studies	International business	14
5	Journal of International Management	International business	10
6	International Journal of Human Resources	Human resources management	8
7	Strategic Management Journal	Strategy	8
8	Journal of Business Research	General management	8
9	Global Strategy Journal	Strategy	7
10	Journal of International Marketing	Marketing	6
11	Multinational Business Review	International business	6
12	Asia Pacific Journal of Management	International business	5
13	Journal of Management	General management	4
14	Journal of Management Studies	General management	3
15	International Marketing Review	Marketing	3
16	Academy of Management Journal	General management	2
17	Human Resource Management	Human resources management	2
18	Management and Organization Review	General management	2
19	Administrative Science Quarterly	General management	1
20	British Journal of Management	General management	1
21	European Management Review	General management	1
22	Journal of Business Ethics	General management	1
23	Marketing Science	Marketing	1
24	Organization Science	Organization Studies	1
	Total		**150**

Source: Created by the author.

Table 3: Theoretical perspectives

Theory/ theoretical perspectives	Number of articles	Percentage (%)
Single theory		
Resource-based view (including dynamic capabilities)	13	8.67
Institution theory/ institution-based view	12	8.00
Network theory (including embeddedness perspective)	9	6.00
Knowledge-based view	5	3.33
Organizational learning theory	3	2.00
Social capital theory	3	2.00
Eclectic paradigm	2	1.33
Agency theory	1	0.67
Contingency theory	1	0.67
Transaction cost economics	1	0.67
Upper echelon theory	1	0.67
Other theories (e.g., subsidiary entrepreneurship; attention-based view, network theory/ embeddedness, etc.)	11	7.33
Sub-total	62	41.33
Combination of multiple theories		
Institution theory & resource-based view/ knowledge-based view/ network theory	19	12.67
Network theory/ embeddedness theory & resource-based view/ knowledge-based view	17	11.33
Transaction cost theory & resource-based view/ knowledge-based view/ network theory	11	7.33
Organizational learning theory & resource-based view/ knowledge-based view/ network theory	8	5.33
Institutional theory & transaction cost theory & resource-based view/ knowledge-based view/ network theory	7	4.67
Classic/new internalization theory & pecking order theory	1	0.67
Other theories in combination	10	6.67
Sub-total	73	48.67
No specified theory	15	10.00
Sub-total	15	10.00
Total	**150**	**100.00**

Source: Created by the author.

Table 4: Research contexts of empirical articles

Research contexts	Number of articles	Percentage (%)
Home countries of parent firms		
Single advanced economies		
Japan	54	36.00
Korea	12	8.00
USA	11	7.33
EU	10	6.67
UK	3	2.00
Other	7	4.67
Sub-total	97	64.66
Single emerging economy		
P.R. China	11	7.33
Taiwan (China)	5	3.33
Hong Kong (China)	4	2.67
India	2	1.33
Other emerging economy	3	2.00
Subtotal	25	16.66
Many economies (advanced and emerging economies)		
Rest of world	28	18.67
Subtotal	28	18.67
Host countries of foreign subsidiaries		
Single advanced economies		
The United States of America (the USA)	10	6.67
European Union (EU)	9	6.00
Korea	7	4.67
The United Kingdom (the UK)	2	1.33
Canada	2	1.33
Other	8	5.33
Subtotal	38	25.33
Single emerging economy		
P.R. China	52	34.67
Taiwan (China)	3	2.00
India	2	1.33
Other	7	4.67

Subtotal	64	42.67
Many economies		
Rest of world	48	32.00
Subtotal	48	32.00
Industries of subsidiaries		
Multiple	143	95.33
Single	7	4.67
Subsidiary scopes of operations		
Multiple activities	86	57.33
Single activity (e.g., R&D only)	7	4.67
Not available	57	38.00

Note: The United Nations Conference on Trade and Development (UNCTAD) classified South Korea as a fully developed economy in 2021.

Source: Adapted from Bicakcioglu-Peynirci (2023).

Table 5: Methodological assessment

Methodological assessment	Number of articles	Percentage (%)
Unit of analysis		
Subsidiary level	137	91.33
Multi-level	13	8.67
Data collection method		
Secondary data	82	54.92
Survey data	68	45.08
Time span		
Longitudinal	82	54.92
Cross sectional	68	45.08
Common method variance checks on survey data (68 studies)		
Ex-post and ex-ante	46	67.65
Not available	22	32.35
Analytical approach		
Statistical techniques (e.g., multiple regressions, generalized linear models, hierarchical linear models, etc.)	139	92.67
Structural equation modelling (SEM) or SEM equivalent (e.g., latent curve analysis, etc.)	11	7.33
Endogeneity checks		
Lagging	38	25.33
Instrumental variable	10	6.67
Propensity matching score	7	4.67
Other	23	15.33
Not available	72	48.00

Source: Adapted from Bicakcioglu-Peynirci (2023).

Table 6: Subsidiary performance measurements by number of published articles

Subsidiary performance measures	Number of articles	Percentage (%)
Objective and subjective performance measures		
Financial performance measures		
Objective	47	31.33
Subjective	39	26.00
Non-financial performance measures		
Operational		
Objective (e.g., productivity)	5	3.33
Subjective	24	26.00
Overall performance and overall effectiveness		
Objective	0	0.00
Subjective	5	3.33
Survival and exit		
Objective	30	20.00
Subjective	0	0.00
Dimensional subsidiary performance measures		
Unidimensional	82	54.92
Multi-dimensional	68	45.08
Total	**150**	**100.00**

Source: Created by the author.

Table 7: A detailed list of objective and subjective subsidiary performance measurements by frequencies

Performance measures	Frequencies	Percentage (%)	Representative articles
Objective performance measures			
Sources of data: extracted from archival databases *Type*: operationally defined; accounting based financial and operational measurements			
Financial performance measures			
Return on assets (ROA)	22	26.83	Andrews et al., 2023; Castaldi et al., 2019; Chang et al., 2013; Chung et al., 2015; Lo, 2016
Loss, break even, or profit (Toyo Keizai database)	9	10.98	Dutta and Beamish, 2013; Fang et al., 2010; Fang et al., 2007; Fang et al., 2013
Return on sales (ROS)	6	7.32	Chan et al., 2010; Dau, 2018; Gao et al., 2008
Sales growth	3	3.66	Kafouros and Aliyev, 2016
Return on equity (ROE)	2	2.44	Shirodkar and Konara, 2017; Konara and Shirodkar, 2018
Return on investment (ROI)	2	2.44	Manolopoulos et al., 2009
Sales revenues	1	1.22	Chung and Dahms, 2018
Net sales per square metre (e.g., supermarket)	1	1.22	Tran et al., 2010
Net profit	1	1.22	Delios and Beamish, 2001
Non-financial performance measures			
Operational measures			
Labour productivity	5	6.10	Distel et al., 2022; Gaur et al., 2007
Other performance measures			
Survival	26	31.71	Chung et al., 2008; Dai et al., 2013; Dhanaraj and Beamish, 2009; Delios and Beamish, 2001; Fernandez-Mendez et al., 2019; Gaur and Lu, 2007; Gaur et al., 2019; Song, 2014
Exit	4	4.88	Chung et al., 2013; Getachew and Beamish, 2017; Lee et al., 2022
Total	**82**	**100.00**	
Subjective performance measures			
Sources of data: collected from surveys *Type*: perception of managers on financial and non-financial measurements, and overall effectiveness (perceptive and quasi-perceptive measures)			
Financial performance measures			
Financial results (similar to Toyo Keizai)	3	2.27	Hsu et al., 2016; Lo and Lin, 2015; Wu and Lin, 2010
Sales revenues	3	2.27	Brouthers, 2002; Monteiro et al., 2008; Slangen and Hennart 2008
Sales growth	22	16.67	Han et al., 2018; Kim and Gray, 2008; Li and Lee, 2015; Meyer and Su, 2015; Nguyen and Rugman, 2015; Simonin and Ozsomer, 2009; Venaik et al., 2005; Tao et al., 2018; Trapczynski and Banalieva, 2016; Wang et al., 2009; Williams et al., 2017
Sales margin growth	1	0.76	Han et al., 2018
Profitability	20	15.15	Ambos and Birkinshaw, 2010; Brouthers, 2002; Brouthers et al.,

			2008; Cogin & Williamson, 2014; Kim & Gray, 2008; Lazarova et al., 2017; Meyer and Su, 2015; Monteiro et al., 2008; Slangen and Hennart 2008; Trapczynski and Banalieva, 2016; Wang et al., 2009; Williams et al., 2017;
Profit growth	2	1.52	Nguyen and Rugman, 2015; Tao et al., 2018
Return on assets (ROA)	1	0.76	Li and Lee, 2015
Return on capital employed (ROCE)	1	0.76	Nguyen and Rugman, 2015
Return on investment (ROI)	5	3.79	Ambos and Birkinshaw, 2010; Venaik et al., 2005; Williams et al., 2017
Cash flow from operating activities	1	0.76	Ambos and Birkinshaw, 2010
Operational measures			
Cost control	1	0.76	Ambos and Birkinshaw, 2010
Cost efficiency	2	1.52	Birkinshaw et al. (2005); Trapczynski and Banalieva, 2016
Non-financial performance measures			
Overall performance/ effectiveness			
Overall performance	4	3.03	Brouthers et al., 2009; Slangen and Hennart, 2008; Sheehan, 2012; Trapczynski and Banalieva, 2016
Overall effectiveness	1	0.76	Brouthers et al., 2009
Marketing and reputation			
Market share	20	15.15	Brouthers, 2002; Brouthers et al., 2009; Kim and Gray, 2008; Li and Lee, 2015; Meyer and Su, 2015; Slangen and Hennart 2008; Simonin and Ozsomer, 2009; Tao et al., 2018; Trapczynski and Banalieva, 2016; Venaik et al., 2005; White et al., 2018
Access to market	3	2.27	Brouthers, 2002; Brouthers et al., 2008a; White et al., 2018
Competitive position	1	0.76	White et al., 2018
Customer development	1	0.76	Birkinshaw et al. (2005)
Customer satisfaction	2	1.52	Cogin & Williamson, 2014; Sheehan, 2012
Customer retention	1	0.76	Sheehan, 2012
Distribution (product and service)	1	0.76	Brouthers et al., 2008b
Marketing	1	0.76	Brouthers, 2002
Market share growth	1	0.76	Han et al., 2018
Reputation	4	3.03	Brouthers, 2002; Brouthers et al., 2008b; Brouthers et al., 2009; Trapczynski and Banalieva, 2016
Innovation			
New product/ service development or product/service introduction	7	5.30	Ambos and Birkinshaw, 2010; Lazarova et al., 2017; Meyer and Su, 2015; Sheehan, 2012; Trapczynski and Banalieva, 2016
Rate of innovation	1	0.76	Lazarova et al., 2017
Technology	2	1.52	Birkinshaw et al. (2005); Wang et al., 2009
Sourcing and quality management			
Product quality	3	2.27	Birkinshaw et al. (2005); Sheehan, 2012; Trapczynski and Banalieva, 2016
Service quality	1	0.76	Sheehan, 2012
Supplier relationship	1	0.76	Birkinshaw et al. (2005)
Human resources management			
(Labour) productivity	10	7.58	Birkinshaw et al. (2005); Kim and Gray, 2008; Lazarova et al., 2017; Meyer and Su, 2015

Employee productivity (e.g., sales per employee)	2	1.52	Ambos and Birkinshaw, 2010; Trapczynski and Banalieva, 2016
Employee retention	1	0.76	Kim and Gray, 2008
Management team localization	1	0.76	Wang et al., 2009
Personnel development	1	0.76	Ambos and Birkinshaw, 2010
Total	**132**	**100.00**	

Notes: Table 7 reports the frequencies of performance measures that have been used in the extant literature and illustrates with some representative studies.

Count data are not mutually exclusive. Many studies use multiple subjective performance measures, including both financial and non-financial perceptive measures.

Source: Created by the author.

Table 8: Comparing subsidiary performance

Types of data and types of comparison	Number of articles	Percentage (%)
Objective performance measures		
Internal: The actual performance compared to past (historical) objective financial performance of the focal subsidiary with longitudinal data (implied)	82	54.67
Subjective performance measures		
Internal: The actual performance compared to past (historical) performance of the focal subsidiary	7	4.67
Internal: The actual performance of the focal subsidiary relative to peer subsidiaries within the MNE corporate networks	6	4.00
Internal: The actual performance compared to budget (expectation) of the focal subsidiary	1	0.67
External: The actual performance of the focal subsidiary compared to competitors in the market	5	3.33
No comparison	49	32.67
Total	**150**	**100.00**

Source: Created by the author.

Table 9: Empirical research on the determinants of subsidiary performance

Determinants and theoretical underpinnings	Frequencies	Percentage	Research themes/ Variables	Representative articles	Findings
Home country factors (The institution theory)	18	7.38	The effects of home countries of parent firms from advanced economies versus emerging economies on subsidiary survival/ profitability	Mudambi and Zahra (2007); Zhao and Luo (2002); Delios and Beamish (2001)	Positive; Negative
			Advantages of emerging market MNEs operating in countries of underdeveloped institutions like home countries versus advanced economies MNEs operating in the similar host country environments	Cuervo-Cazurra and Genc (2008); Garg and Delios (2007).	Positive; Negative; Null
			Emerging market MNEs and affiliation with business group established subsidiaries in developed countries vs. developing countries	Castaldi et al. (2019)	
			Home country government created advantages of emerging market MNEs	Han (2021); Han et al. (2018); Clegg et al. (2016)	Positive
			The impacts of parent firms' market position in home countries on subsidiary exit time	Lee et al. (2022)	Positive
Host country factors (The institution theory)	33	13.11	Market attractiveness and resource availability	Belderbos and Zou (2007); Child et al. (2003); Garg and Delios (2007); Ng et al. (2007); Zeng et al. (2013)	Positive; Negative
			Institutional development level	Baidu et al. (2018); Chan et al. (2008); Dermibag et al., (2007); He et al. (2015); Kafouros and Aliyev (2016); Li and Song (2012); Meschi et al. (2016); Lupton et al. (2021)	Negative curvilinear; Curvilinear; Positive; Null
			Political and social openness	Dhanaraj and Beamish (2009)	Negative (WoFS); Positive (JVs)
			Development level and corruption	Lee and Hong (2012a)	Negative
			Favourable institutional change	Lee and Song (2012b)	Positive

			Subnational development	Chan et al. (2008); Chan et al. (2010); Getachew and Beamish (2021); Li and Sun (2017); Ma et al. (2013); Meschi et al. (2016)	Positive; Negative
			Speed of institutional change	Fuentelsaz et al. (2022)	Negative
			Governance quality	Farah et al. (2022)	Negative
			Corporate tax rate	Farah et al (2022)	Negative
			Home and host countries' political ties	White et al. (2018)	Positive
			External environment risks; political risks; host country risks	Liu et al. (2016); Merchant and Schendel (2000); Clegg et al. (2016)	Positive; Negative; Null
			Local protectionism at the subnational level	Ghauri et al. (2023)	Positive and negative
Distance between home and host country (The institution theory)	49	19.67	Cultural distance and language difference	Colakoglu and Caligiuri (2008); Chung and Dahms (2018); Fang et al., (2010); Gaur et al. (2007); Hennart and Zeng (2002); Kang et al. (2017); Kim and Gray (2008); Konara and Wei (2021); Mohr et al. (2016); Peng and Beamish (2014); Pothukuchi et al. (2002); Riaz et al. (2014); Sim and Ali (2000); Teng et al. (2017); Zeng et al. (2013)	Positive; Negative; Null
			Institutional distance	Bai et al. (2018); Contractor et al. (2016); Dermibag et al. (2007); Gaur and Lu (2007); Kang et al. (2017); Riaz et al. (2014); Teng et al. (2017); Trapczynski and Banalieva, (2016)	Positive; Negative; Null
			Economic distance and economic freedom distance	Dermibag et al. (2011)	Positive; Negative
Parent firm characteristics (RBV; KBV; FSAs/ CSAs; classic internalisation theory; organizational	51	20.49	Technological capabilities	Belderbos and Zou (2007); Bai et al. (2018); Choi and Beamish (2013); Delios and Beamish (2001); Dermibag et al. (2011); Fang et al. (2010); Kim et al. (2012); Lavie and Miller (2008)	Positive; Negative; Null
learning; organizational evolution)			Marketing capabilities	Delios and Beamish (2001); Dermibag et al. (2011); Fang et al. (2010)	Positive; Null

			Size	Liu et al. (2016a); Lu and Xu (2006); Hsu et al. (2017); Clegg et al. (2016).	Positive
			Corporate effect (e.g., industrial relatedness)	Andrews et al. (2023); Slangen and Hennart (2008)	Varies
			International experience	Brouthers et al. (2008a, b, 2009); Chung et al. (2015); Clegg et al., (2016); Fang et al. (2007); Gaur and Lu (2007); Hsu et al. (2012); Liu et al. (2016b); Lu and Beamish (2001); Kim et al. (2012)	Positive; Null; Sigmoid
			Host market-specific knowledge and host country-specific experience	Chung et al. (2015); Contractor et al., (2016); Delios and Beamish (2001); Dikova (2009); Gao et al. (2008); Wu and Lin (2010).	Positive (survival); Null (profitability)
Subsidiary-level characteristics	45	18.03	R&D intensity; technological capabilities	Lee et al. (2014); Zhan and Chen (2013)	Positive
(Dynamic capabilities			Dynamic capabilities operationalized as exploitation and exploration capabilities	Zhan and Chen (2013)	Positive
RBV			Technological and marketing differentiation	Tian and Slocum (2014)	Positive
			Subsidiary capabilities	Li and Lee (2015)	Positive
Organizational learning; KBV; absorption capacity			Dynamic learning capabilities and knowledge transfer; learning from home and host countries; learning from older siblings; knowledge management capabilities; absorption capacity	Brouthers et al. (2008); Cui et al. (2005); Huang et al. (2020); Garg et al. (2022); Wang et al. (2009); Zhang et al. (2007)	Positive
Subsidiary entrepreneurship			Entrepreneurial leadership	Sarabi et al. (2020)	Positive
New internalisation theory, (FSAs/ CSAs)			Internal equity financing and highly disciplined financial management capabilities	Nguyen and Rugman (2015)	Positive
Attention-based view			Obtain the attention from the headquarters	Ambos and Birkinshaw (2010)	Positive
Network theory/ embbededness			Network relationships/ dual embeddedness	Gammelgaard et al. (2012); MacDonald et al. (2008);	Positive
			Product-similar subsidiary network and product-different subsidiary network	Liu et al. (2019)	Negative; positive

Strategy)			Strategic positioning (generalist versus specialist)	Xie et al. (2018)	Positive (generalist)
Governance mechanisms (TCE; option theory;	53	21.32	Establishment modes between acquisitions and greenfield FDI	Bai et al. (2018); Belderbos (2003); Oehmichen and Puck (2016); Slangen and Hennart, (2008); Song (2014)	Positive; Null
Dunning's eclectic paradigm, etc.			Ownership modes between international joint venture (minority/ majority) and wholly owned foreign subsidiaries	Brouthers et al. (2002, 2008a, b, 2009); Chang et al. (2013); Contractor et al. (2016); Dau (2018); Dhanaraj and Beamish (2009); Gaur et al. (2007); Gaur and Lu (2007); Bai et al. (2018); Liu et al. (2016)	Positive; Null
Subsidiary autonomy vs. HQ coordination and control			Subsidiary autonomy; parent-subsidiary relationship	Bai et al. (2018); Boateng and Glaister (2002); Luo (2003); Slangen and Hennart (2008); Lovett et al. (2009); Nguyen & Rugman (2015)	Positive; Null
Social capital, etc.)			Home country expatriates	Chung et al. (2015); Colakoglu and Caligiuri (2008); Dutta and Beamish (2013); Chang et al. (2012); Fang et al. (2010); Gaur et al. (2007); Gong, (2003); Hebert et al. (2005); Plourde et al. (2014); Wang et al. (2009); Wang et al., (2004); Qian et al. (2023); Kim et al. (2023)	Positive; Negative; Inverted U-shaped
Total	**251**	**100.00**			

Note: Count data are not mutually exclusive because empirical studies examine multiple variables.

Source: Created by the author.

Table 10: Suggestions for future research directions

Determinants	Suggestions for future research questions
Home country factors	How do home country government policies (e.g., trade, investment, environmental protection, digitalization, etc.) affect the performance of foreign subsidiaries?
	How does the enforcement of home country laws (e.g., the United States Foreign Corrupt Practice Act (FCPA)), irrespective host country laws, influence the behaviour of foreign subsidiaries and their performance?
	What are the impacts of home country government support on the performance of foreign subsidiaries in different institutional environments? Under what circumstances could home country government support become a liability for foreign subsidiaries in building local legitimacy (e.g., Chinese government support to Chinese firms in their internationalisation)? To what extent do the home countries of origin of parent firms influence the access to markets in advanced and emerging economies and the subsequential performance of foreign subsidiaries?
	To what extent do the disruptions in home countries' institutional, political, and economic environments (e.g., nationalism, protectionism, populism, decoupling, geopolitical sensitivity, etc.) affect the reallocation of resources, reconfiguration, and relocation of business activities and the performance of foreign subsidiaries? Which factors are more critical or less critical in different host country contexts?
	What are the effects of home countries' regulations for general data protection in the emergence of disruptive technologies (e.g., artificial intelligence (AI) and big data, etc.) on the performance of foreign subsidiaries?
Host country factors	How do host country specific advantages and disadvantages affect the performance of foreign subsidiaries? Which factors are more critical or less critical to the performance of foreign subsidiaries in different host countries?
	How do host country government policies affect the performance of foreign subsidiaries?
	How does the regional strategy in accessing and utilizing host country factors in the broader regional contexts (e.g., the United States - Mexico - Canada Agreement, the European Union, and the Association of South-East Asian Nations (ASEAN) plus six (Australia, New Zealand, China, India, Japan, Korea) affect the performance of foreign subsidiaries?
	How do foreign subsidiaries, especially those in emerging markets, navigate institutional voids in host countries to deliver the performance targets set by the parent firms?
	What are the impacts of disruptions in host countries' institutional, political, and technological environments on the performance of foreign subsidiaries?
	How do technological advancements (e.g., the rise of AI, and the use of robots and automation in production, etc.) and technological paradigm shifts in host countries affect the performance in innovation, production, sales, and administration of foreign subsidiaries?
Distance between home and host country	How does distance (economic, financial, political, administrative, cultural, demographic, knowledge, global connectedness, geographic) influence the performance of foreign subsidiaries? Which dimension of distance is more critical or less critical to the financial and non-financial performance dimensions of foreign subsidiaries in different contexts?
	Will the effects of distance on the subsidiary performance vary with the age of subsidiaries (young vs. old subsidiaries)?
	What are the solutions that the parent firms and foreign subsidiaries could take to address distance? Will the regional office in the organizational structure and the facilitation of knowledge creation and sharing among subsidiaries located within the same region reduce any issues caused by distance?
	What are the effects of building a human resource base with deep knowledge of home and host countries and experience-based business knowledge in decision making routines to overcome distance and enhance the performance of foreign subsidiaries?
	How can foreign subsidiaries utilize and combine both home and host country-specific advantages to foster their performance, instead of viewing distance as barriers and challenges?

Parent-firm characteristics	What are the boundary conditions for an effective exploitation of parent-level technological and marketing resources and capabilities in driving the performance of foreign subsidiaries in different host country contexts? How does the parent firm-level international experience affect the performance of foreign subsidiaries? How can the parent firm-level international experience be combined with specific host-country experience in boosting the performance of foreign subsidiaries? How do the group's corporate services (e.g., shared services centre, corporate treasury, corporate finance, etc.) help foreign subsidiaries improve operating efficiencies/ cost controlling/ access to finance? How does the parent-firm's resource allocation in the annual budgeting cycle affect the performance of foreign subsidiaries? How do the parent firm's strategy shift and corporate restructuring to cope with increasingly turbulent political and economic landscapes affect the performance of foreign subsidiaries? How do the parent firm's market and non-market strategies affect the performance of foreign subsidiaries? What are the impacts of the integration of the parent firms' policies on corporate social responsibility (CSR), sustainability, and ethics into the strategies and operations of foreign subsidiaries, and performance?
Subsidiary-level characteristics	Besides effectively exploiting resources and capabilities transferred from parent firms, which specific capabilities should foreign subsidiaries focus on building to drive their performance, considering their resource constraints? How do subsidiary-level capabilities in financial management besides the traditional technological and marketing resources affect the performance of foreign subsidiaries? How do subsidiaries use internal and external financial resources to support their business activities in delivering performance? How do learning from the best practices within the corporate network and learning from external actors from home and host countries independently and jointly influence the performance of foreign subsidiaries? How do subsidiary initiatives to expand their scope of operations and responsibilities influence their performance? What are the impacts of entrepreneurial orientation and entrepreneurial leadership on the performance of foreign subsidiaries? How does the engagement with local stakeholders affect the performance of foreign subsidiaries? How do market and non-market strategies independently and jointly influence the performance of foreign subsidiaries? How does the local adaptation of the parent firms' policies on corporate social responsibility (CSR), sustainability, and ethics into foreign subsidiaries' business activities influence their performance? What are the impacts of foreign subsidiaries' local market and/or export market orientation on their performance?
Governance, and parent-subsidiary relationships	What are the impacts of establishment modes (greenfield vs. acquisition) and ownership strategy (WOFS vs. JV) on the subsequent performance of foreign subsidiaries in different host country contexts? What are the effects of home country and third country national expatriates in transferring knowledge from the headquarters and corporate networks? How does the local workforce contribute to new knowledge creation within foreign subsidiaries? What are the costs and benefits for the local implementation of the parent firms' policy on diversity, equity, and inclusion (DEI) in foreign subsidiaries? How do they affect the performance of foreign subsidiaries? How do the parent firms of Western MNEs and emerging economy MNEs evaluate the performance of foreign subsidiaries? Which approaches (e.g., participative performance evaluation, subjective performance evaluation, formula-based performance evaluation) are adopted by parent firms from

	different home countries of origin? What mechanisms are implemented to ensure goal congruence between parent firms and foreign subsidiaries?
	How do subsidiary managers negotiate (if any) with the headquarters on resource allocation, performance targets, and reward schemes in the annual budgeting cycle for subsidiary performance evaluation?
	Under which circumstances does subsidiary autonomy influence the performance of foreign subsidiaries?
	How do subsidiary managers perceive and interpret changes in host country external environments? How do they reach collective decision making, considering their similarities and differences? How do the commitment, experience, and skills in strategy execution of subsidiary managers influence the performance of foreign subsidiaries?

Source: Created by the author.

Appendix 1: An overview of major theories in the research on the determinants of MNE foreign subsidiaries' performance

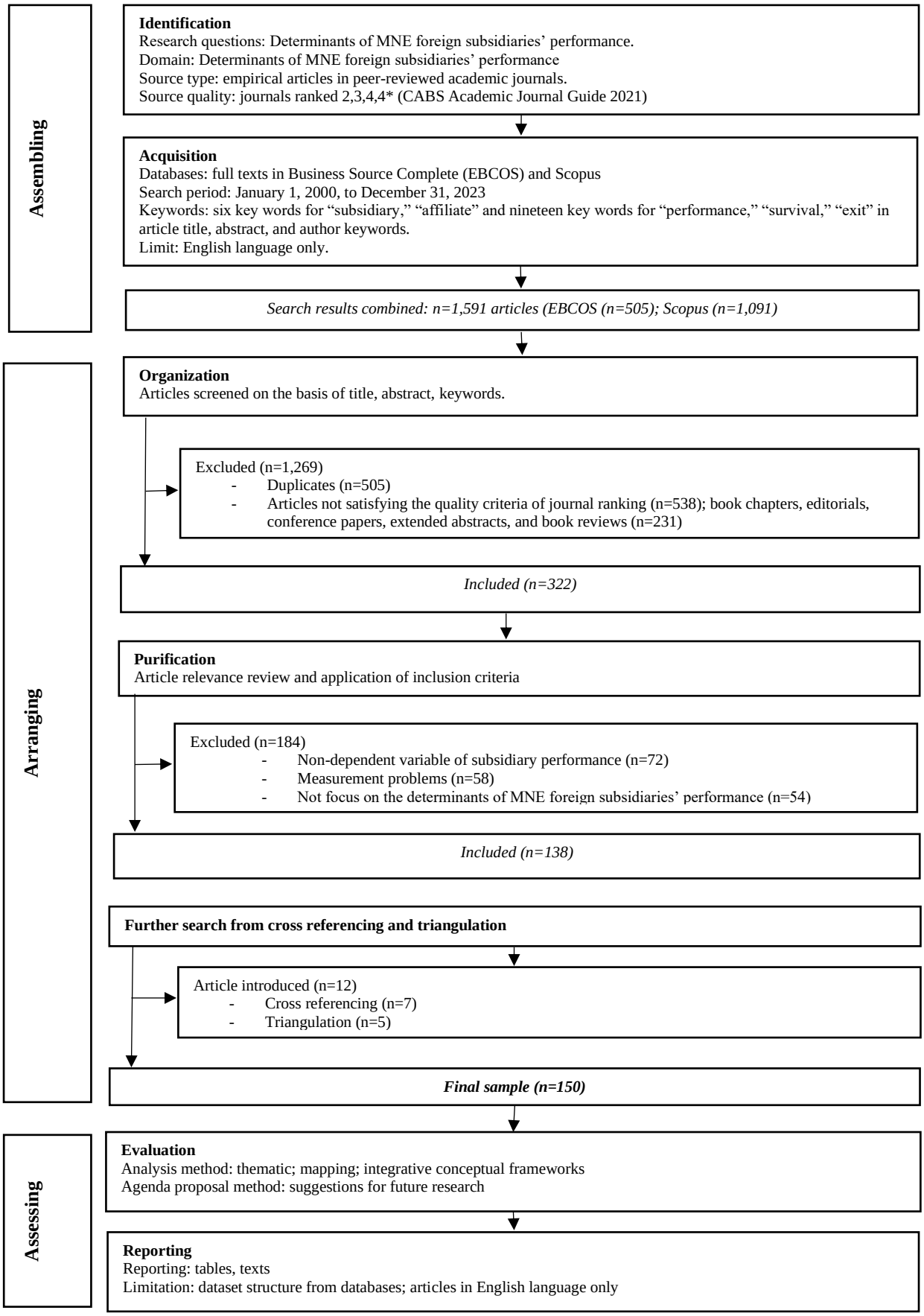
Theories and Frameworks	Key theorists	Theoretical perspectives	Implications for subsidiary performance research
Hymer and the theory of the MNE	Hymer (1960)	- Competition creates structural market imperfections, which can be internalized by the establishment of the MNE. - MNEs exploit their monopolistic advantages in foreign markets.	- The literature that adopts the parent firm-centric perspective emphasizes the transfer of monopolistic advantages from parent firms to foreign subsidiaries which help them overcome disadvantages in competition against local firms in host countries. - However, performance of foreign subsidiaries may suffer due to the "liability of foreignness".
Classic internalization theory	Buckley and Casson (1976); Casson (1979); Rugman (1981)	- Explain the existence of the MNE: Internalization by creating an internal market within the MNE responds to market imperfections and any types of externalities in the good and factor markets. -Rugman (1981) framework of firm-specific advantages (FSAs) and country-specific advantages (CSAs).	The literature that is built upon the perspective of the parent firm examines the exploitation of existing FSAs developed by the parent firm, which in turn will give foreign subsidiaries competitive advantages in host countries and will lead to positive impacts on subsidiary performance.
	Hennart (1982)	- Explain how firms organize international inter-dependencies by considering the alternative governance mechanisms of hierarchy versus markets. - When a firm internationalizes it will organize inter-dependencies through hierarchy which is more efficient than through markets.	- The literature focuses on examining international market entry modes and the implications on the subsequent performance of foreign operations.
Dunning's Eclectic Paradigm/ OLI Framework	Dunning (1980, 2000)	There are three conditions for a firm to engage in FDI. 1. Ownership specific advantages (O) include assets advantages (Oa), transaction advantages (Ot) and institution advantages (Oi). 2. Location specific advantages 3. Internalization (by MNEs) Four FDI motives: market-seeking, efficiency-seeking, natural resource-seeking, and strategic asset-seeking	- OLI determines international market entry and subsequent performance of foreign subsidiaries. - The literature adopts the parent centric perspective to suggest a positive impact of exploitation of O advantages from the parent firm on subsidiary performance.
Uppsala model/ internationalization theory	Johanson and Vahlne (1977; 2009); Johanson (1990); Luostarinen (1979), Johanson and Wiedersheim Paul (1975)	- Internationalization is a sequential, incremental, step-by-step process by entering familiar markets in the initial stages to unfamiliar markets in the later stages. - Experiential learning: incremental accumulation of international market knowledge and experience. - Psychic distance: the degree of uncertainty of decision makers of a firm due to a lack of knowledge of the characteristics of a foreign market.	- The accumulation of knowledge and experience in the internationalization process will have a positive impact on subsidiary performance; however, the benefits of internationalization need to be balanced with the increasing administrative costs which could result in a decline of performance.

Resource based view of the firm	Wernerfelt (1984), Barney (1991), Mahoney and Paradian (1992), Teece, Pisano and Shuen (1997), Rugman and Verbeke (2002)	- Firms possess bundles of unique resources and capabilities that provide sustained competitive advantages. - Resources and capabilities must be valuable, rare, non-imitable, and non-substitute.	- The existing literature adopts the parent-centric perspective to concentrate on the exploitation of the parent firm's resources and capabilities in foreign markets, which will affect subsidiary performance. - The research examines the interrelationship between resources, capabilities, strategy, and subsidiary performance.
Dynamic capabilities	Teece et al. (1997)	-The use of sense making, seizing, and transforming to efficiently respond to changing market conditions. - Sharing and combining resources from internal and external sources.	- The underlying assumption is that foreign subsidiaries have the necessary sense making capabilities to seize new business opportunities, and to respond to the requirements of local marketplaces. -The dynamic capabilities will positively affect subsidiary performance.
Organizational learning theory	Argyris (1992); Argyris and Schon (1996); Dale (1994); Easterby-Smith and Araujo (1999)	- Organizations are viewed as learning social entities that enable the transformation of information into knowledge. - They learn in diverse ways, depending on their learning ability, prior experience, and their knowledge base. - They can learn and develop new knowledge from interactions with foreign stakeholders. - Learning through creating new and combinative knowledge and how to use knowledge effectively.	- Organizational learning is critical in enhancing the subsidiary performance.
Liability of foreignness	Hymer (1960); Zaheer (1995); Zaheer, S. and Mosakowski, E. (1997); Eden and Miller (2001)	- Internationalization entails additional risks, barriers, disadvantages, relative to local firms due to being foreigners.	- The liability of foreignness will have a negative impact on subsidiary performance
New internalization theory	Rugman and Verbeke (1992, 2001, 2003); Verbeke and Lee (2022)	- An MNE faces the pressure to balance between economic integration and national responsiveness (Prahalad and Doz,1987; Bartlett and Ghoshal, 1989). - New internalization theory emphasizes that FSAs can be generated by both the parent firm in the home country and by foreign subsidiaries in the host countries and that FSAs are location specificity. - Non location bound firm-specific advantages (NLB FSAs) can provide the advantages of economy of scale and scope, and the benefits of economic integration. - Location bound firm firm-specific advantages (LB FSA) generate the benefits of national responsiveness, adaptation, and flexibility. - The LB FSAs and NLB FSAs can be developed and diffused in the operations in the home, the host countries, and a network of MNE subsidiaries. - A foreign subsidiary can create new knowledge, resources, and capability, which is known as subsidiary-specific advantages (SSAs).	- The creation, utilization, and exploitation of NLB FSAs and LB FSAs and the integration of FSAs and CSAs in developing new SSAs will affect subsidiary performance. - The distinction of location-boundedness of FSAs and the development of FSAs by both the parent firm and foreign subsidiaries overcome the potential limitation in the underlying assumption of the unlimited international transferability of FSAs from the parent firm to foreign subsidiaries in classic internalization theory by taking into account the stickiness and socially embeddedness of knowledge; the distance and differences between home country whereby FSAs are developed by the parent firm and host countries where FSAs are utilized by foreign subsidiaries; the differences in absorption capacity of foreign subsidiaries.

Knowledge based view	Kogut & Zander (1992, 1993, 1996)	- Knowledge is the most important organizational resource. - A firm sources, acquires, collects, updates, integrates, and implements knowledge into their business activities.	- The research focuses on knowledge transfer and business practices from the parent firm to foreign subsidiaries and the implications for subsidiary performance. - It also explores adaptation and learning and the reverse knowledge transfer from subsidiaries to the parent firm and the network of other subsidiaries. - The acquisition of learned knowledge from host marketplaces will contribute to subsidiary performance. - The creation of new knowledge in the host country is difficult and costly and as such it may be more cost effective to imitate other competitors in the markets. - The literature also explores the inter-relationships of knowledge, capabilities, and subsidiary performance; the moderating role of knowledge on the relationship between capabilities, strategy, and subsidiary performance.
Transaction cost economics	Williamson (1981, 1985)	- The firm and the market are alternative governance mechanisms to protect the firm from hazards in exchange relationships. -Three broad categories of transaction costs: (i) search and information costs; (ii) bargaining and decision costs; (iii) policing and enforcing costs. - Underlying assumptions of bounded rationality behaviours; frequency, uncertainty, and specificity of transactions.	- The research focuses on foreign entry modes to protect against hazards and to reduce transaction costs and the implications for subsequent performance of foreign operations.
Institution theory	North (1990); Scott (1995)	-The firm recognizes and reacts to institutions in the marketplace. - Institution: formal and informal institution (North, 1990). - Institution: cognitive, normative, and regulatory forces (Scott, 1995). - The firm respects and balances between its internal operations and external environments.	- The literature explores the impacts of home and host country institutions (e.g., government policies, institutional infrastructures including valuable and complementary resources from government support, et.), for the operations of foreign subsidiaries; the effects of distance/ differences between home and host country institutional and cultural environments on subsidiary performance.
Network/ embeddedness model	Andersson et al. (2002)	- The subsidiary is embedded within the internal network of the MNE and the external network of the host country.	- The research examines the types and the quality of relationships and their impacts on subsidiary performance.
Real options/ operational flexibility/ arbitrage	Buckley & Casson (1998); Buckley, Casson & Gulamhussen (2002); Chi & McGuire (1996); Kogut (1991); Kogut & Kulatilaka (1994); Tong & Reuer (2007)	-Real options theory conceptualizes and quantifies the determinants of real options and contributes to the development of theories in MNEs' decision making under uncertainty. - MNEs strategically benefit from uncertainty by using real options.	- The literature focuses on international market entry modes by real options in response to uncertain events because real options provide flexibility in activities within a multinational network (Kogut, 1985; Kogut & Kulatilaka, 1994; Li & Rugman, 2007), then examines the relationship between entry modes and subsequent performance of foreign operations.

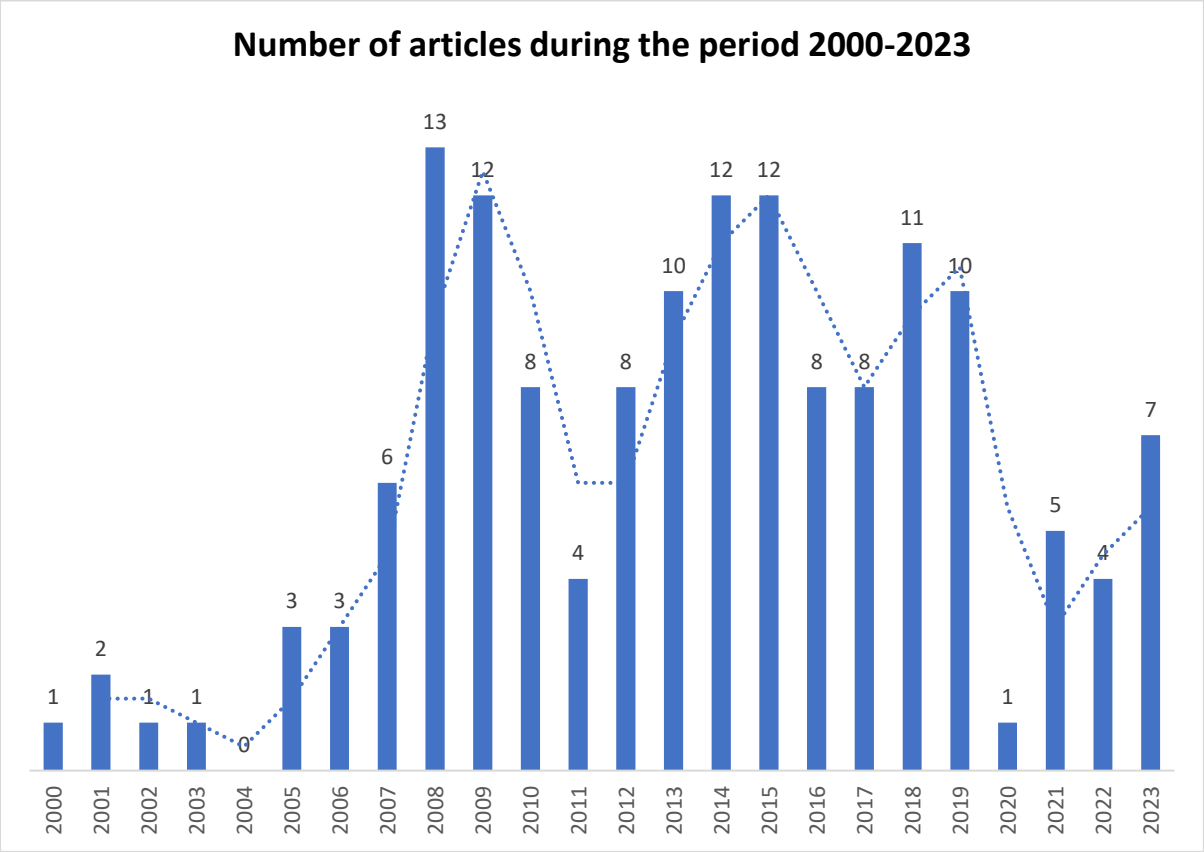
Source: Adapted from Nguyen & Kim (2020).

Figure 1: Article search method and reporting



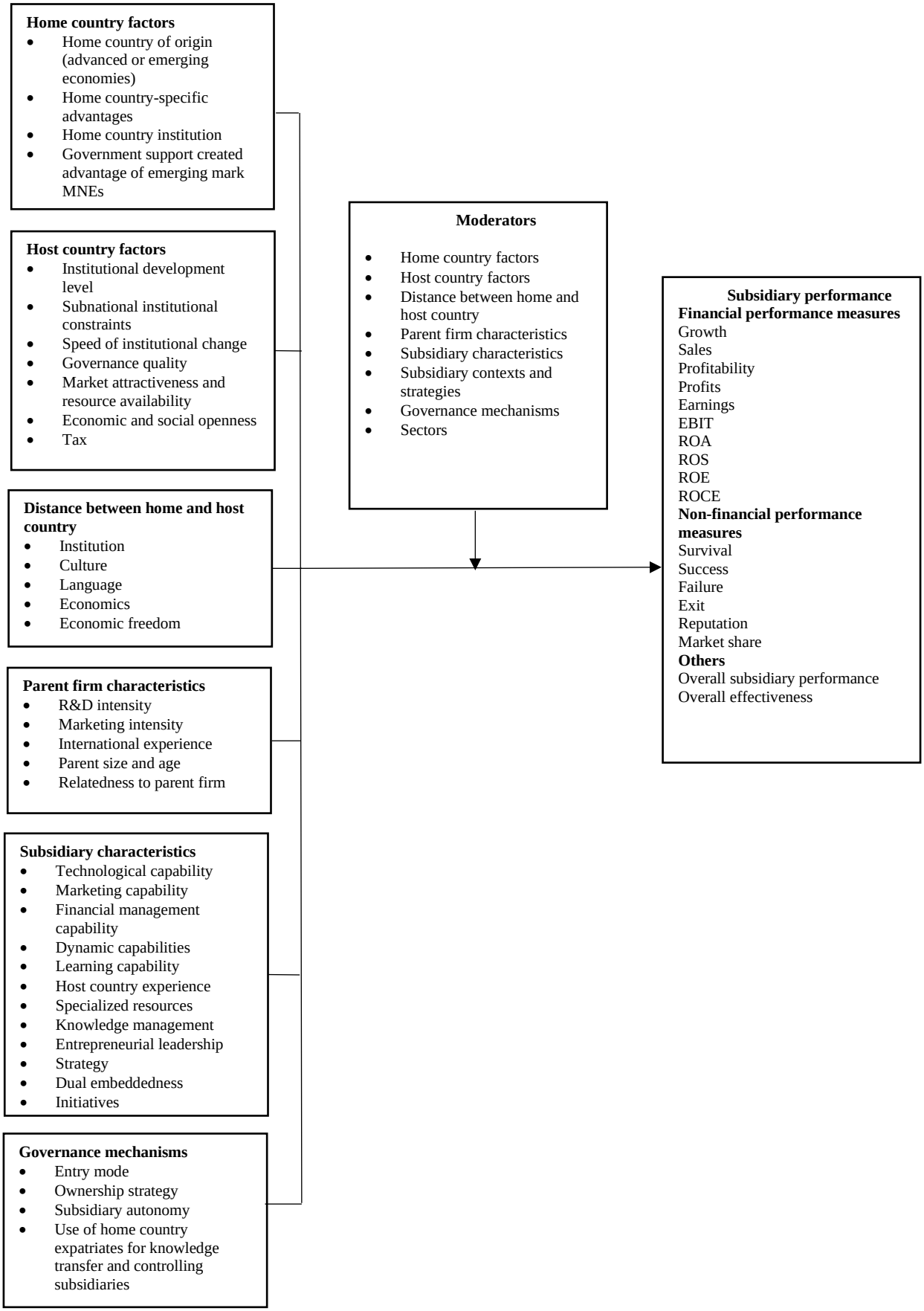
Source: Adapted from Paul et al. (2021)

Figure 2: Number of articles in a year on the determinants of MNE foreign subsidiaries' performance (2000-2023)



Source: Created by the author.

Figure 3: An integrative framework on the determinants of MNE foreign subsidiaries' performance



Source: Created by the author