

# MNC AS NETWORK ORGANIZATION: CONCEPTUAL FRAMEWORK

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**Abstract:** The complexity and dynamics of multinational companies environment and diversity of strategic context of their local units have importance to relations between the headquarters and subordinate units. As outlined conditions of operation of multinational companies, as well as worth emphasizing the fact that their shape that consists of several entities together in a close relationship can be adopted for the description of the network perspective.

**Keywords:** multi national companies, network organizations

## Introduction

Cooperation of entities, to ensure the implementation of specific objectives in conditions of high uncertainty characteristic of the modern environmental requires them to first of all use of the resources of an intangible (knowledge). This is a result of the continuous challenges of organizational learning [Powell and others 1996, 116] having reflected on the possibility of countering threats and emerging opportunities to take [Leydersdorff 2006, s. 51]. Individual entities forming an international company may also be interested in the specific cases referred to the protection of knowledge. This makes international company should therefore be interpreted as a network of intersecting interests. This network also determines the structure of the interests of the communication process in the company [Brilman 2002, 426].

## The relationships between headquarters and subsidiaries

Historically, it should be stipulated that the roles and responsibilities of the multi national company subsidiaries are subjects to change. They were originally assigned responsibilities in the geographical (accounted for the markets in terms of territorial) or product section. However, the dynamics of the environment that accelerates the life cycle of products made (especially high-tech products) that often there have also to be involved in the processes of subordinate units of research and development in key markets [Liu and Chen 2012, 1107].

Today subsidiaries also gain freedom in the area of operations. This makes these entities relative gain strategic independence, has not remained without movement on relations with other subsidiaries of international companies. This independence is primarily due to the existing level of competitiveness expressed by the relations: "out-put" of units (which is related to the knowledge possessed by the organization on the local market) and "in-put" (associated with the knowledge and skills resulting from exploration of resources and learning) [Mudambi and Navarra 2004, s. 385].

It should also be noted that the level of importance of subsidiaries in the network is also being built in conjunction with the issue of innovation in the multi national company. The above-mentioned example of high-tech products and the deployment of R & D departments to units of local causes from the point of view of the central unit is linking general solutions with specialized local expertise separated in geographical terms, which translates into different innovative potential of individual subsidiaries and territorial areas related to them [Chen and Jan 2008, 14].

This kind of description based on the concept of resource management makes knowledge is treated as a source of differentiation of individual units in the multi national company and achievement of competitive advantage [Gupta and Govindarajan 2000, 473]. This, in turn, the competitive advantage of the unit is not only a market aspect- refers not only to competitors in the local market. Based on the description of a network of international businesses should be noted that it also applies to other participants (subsidiaries) of the multi national enterprise.

## Conclusions

The challenges of modern strategic management mean that the relationship between subsidiaries and headquarters of international companies can be dealt with multilaterally. This leads to the observation of the dynamically shaped relations of power that may be under consideration not only of subsidiaries-headquarters but also between the subsidiaries themselves. Therefore, this state also leads to a kind of battle for the limited resources of the enterprise.

There is in management of multi national company also a problem of integration of headquarters objectives with the objectives of subordinate units. As it highlights that make this possible, there is a need of shared vision of the enterprise. However, due to the need for efficiency, subordinate units should also have a limited range of strategic independence [Macias 2009, 9].

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