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The Role of Subsidiary Competences: Case Study with a Foreign Subsidiary in Brazil

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The concepts about non-local competencies, local competencies and subsidiary specific competencies had already been subjects of some studies, however according literature at international business, there are a lot of points to be explored (Frost, Birkinshaw and Ensign, 2002; Birmingham and Hood, 1998; Birkinshaw, Hood and Jonsson, 1998; Holm and Perdensen, 2002; Andersson and Forsgren, 2000). It is concepts in evolution and it is not completely defined and understood (Frost, Birkinshaw and Ensign, 2002; Holm and Perdensen, 2000; Rugman and Verbeke, 2000 and Moore, 2001). The majority of the works treated the subject adopting a subsidiary roles perspective instead of a competencies roles perspective (except Holm and Perdensen, 2002).

When we analyses the cases by competencies role instead of subsidiary role the view allow to understand the competencies foundations (Barney, 1991; Wernefelt, 1984; Hamel and Prahalad, 1990)you're your development (Teece Pisano and Shuen; 1997) inside a procedural (Mintzberg; 1987, 1989) and systemic strategic approach (Whittington, 2002).

Also to emergent markets, such as Brazil, the study of the subsidiary non-local competencies and subsidiary specific competencies is important in reason of the many multinational present in the country (Lacerda, 2003). Studies about subsidiary competencies development (Birkinshaw, Hood and Jonsson, 1998; Birkinshaw and Hood, 1998) estimate that the competitive advantage of the multinationals is a resulted of traditional factors of competitive and comparative advantage in the headquarter (Porter, 1986; Dunning, 1993; Johanson and Valhene, 1977), comparative advantage in foreigners subsidiaries (Caves, 1972; Vernon,

1966; Dunning, 1993); but it is also, consequence of competitive advantage created in the foreigners subsidiary (Rugman and Verbeke, 2001; Birkinshaw, Hood and Jonsson, 1998). Thus, the paper proposal is understand the subsidiary competences roles like a main factor to strategic subsidiary roles..

However to development of core competencies (Hamel and Prahalad, 1990; Fleury and Fleury, 2001; Ruas, 2004; Mills et. alli, 2002) the multinationals need explored the foreign countries in order to find national clusters (Porter, 1998; Birkinshaw and Hood, 1998b) and global business networks (Anderson, Forsgreen and Holm, 2002; Anderson and Forsgreen, 2000, Frost, 2002). Natural resources, work and market factors knowledge like traditional factors are not sufficient to create and develop competencies. It is necessary more, like government, supply companies, laboratories, researches centers, universities, etc, to improve the competitiveness. Thus to understand how competencies are created and developed is necessary understand the environmental and network where subsidiaries are embed.

On the other hand, the subsidiary performance are result of strategies proceeding from scarce firm resources (Fleury and Fleury, 2001), subsidiaries initiatives (Birkinshaw, 1996, 1997; Birkinshaw, Hood and Jonhsson, 1998) intrapreneurship processes (Birkinshaw, 1997); path dependence (Hakansson and Waluszewski, 2002); communication between network inside of the company (Rezende, 2000a; 2003b; Frost, 2001; Anderson, Forsgreen and Holm, 2002); capacity of transferring competencies (Law, Hitt and Bettis, 2001; Gupta and Govindarajan, 2001, 2000; Doz, Santos and Williansons, 2002) and dynamic capabilities (Eisenhardt and Sull; Eisenhardt and Martin, 2001; Tecce Pisano and Shuen, 1997). Thus, besides understanding the environmental variable it is necessary to understand the way that internal factors influence the development of competencies roles.

Theoretical Background

Studies regarding the strategy and management of the multinationals corporations suggest initiatives and development of competencies in the foreigners subsidiaries (Birkinshaw, 2001a; Paterson and Brock, 2002). Also studies in Brazil (Fleury and Fleury, 1995; 2001; Sobeet, 2001; Consoni and Quadros, 2003; Gomes, 2003; Dias 2004; Oliveira Jr and Borini, 2003; Boehe and Zawislak, 2003) show the competencies development of foreigners subsidiaries, especially in some industries and clusters (Franco, Quadros, 2003; Borini and Oliveira Jr, 2003; Quadros, et al, 2001; Ariffin and Figueiredo, 2003). This suggests that multinationals corporations are being pressured to explore dispersed and specialized resources and capabilities, such as, presupposition of the transnational model (Bartlett, 1986; Bartlett and Ghoshal, 1992) and metanational model (Doz, Santos and Williansons, 2002). In these multinationals models each subsidiary plays a different role (Birkinshaw and Morrinson, 1995; Roth and Morrinson, 1992; Gupta and Govindarajan, 1991, Jarilo and Martinez, 1990; Bartlett and Ghoshal, 1992; D'Cruz, 1986) in agreement with the development of differentiated competencies (Bartlett and Ghoshal, 1992; Nohria and Ghoshal, 1997). Therefore, it is not necessary a uniformity in the subsidiaries strategies of multinationals, some subsidiaries can be dependent of the headquarter, other totally independent units, and still, some subsidiaries creators of competencies, that can be transferred to other subsidiaries in the corporation. Subsidiaries like Local Implementators (Birkinshaw and Morrinson, 1995), (Bartlett and Ghoshal, 1992); miniatures of the headquarter (White and Pointer, 1984; D'Cruz, 1986); autonomous (Jarilo and Martinez, 1990); local innovator (Gupta and Govindaraj an, 1991) have geographic target, limited market, as well as a very limited products and functions target.

The role of these subsidiaries is manufacturing and selling products created by headquarter. Global Contributors (Birkinshaw and Morrison, 1995), such as the Contributors (Bartlett and Ghoshal, 1992); Rational manufactures (White and Pointer, 1984; D'Cruz, 1986; Roth and Morrison, 1992); Receptive (Jarilo and Martinez, 1990); Global Innovators (Gupta and Govindarajan, 1991) is considered specialists in certain functions in this way responsible by the coordination and control of others subsidiaries. They are characterized by a low level of value in the local activities and raised interdependence with the other subsidiary and headquarter. Finally the World Mandates (Birkinshaw and Morrison, 1995), such as the Strategically Leader (Bartlett and Ghoshal, 1992); World Product Mandates (White and Pointer, 1984); Creators (Jarilo and Martinez, 1990); Integrated (Gupta and Govindarajan, 1991); they are strategically important because jointly with the headquarter they develop and implement strategies. These subsidiaries can develop global or regional responsibility for line products, function businesses or all businesses of determined geographic area. These subsidiaries have integrated activities worldwide and they are responsible for the management of their activities independent of the headquarter.

Based on these typologies three comments need to be appreciated.

First the consideration of the subsidiaries roles is a static vision. The subsidiaries roles is determined by the headquarter and the evolution is not considered (Rezende, 2003; Hakansson, Waluszewski, 2002). Second, in reason of the non dynamic model of the subsidiaries roles, it is not considered the disinvestment cases inside of the multinational corporation (Benito and Welch 1997; Valley, 2002; Birkinshaw and Hood, 1998). Third, the models give little importance to subsidiaries initiatives (Birkinshaw, 1997). There are not focus about which happen inside of the subsidiaries and how they develop competencies (Fleury and Fleury, 2001). For this it is necessary consider that the competencies are differentiated according of corporate function (Ruas, 2005). Thus, the subsidiaries roles analysis needs to be deeper, opening the ' black box ' of the subsidiaries. Instead of each subsidiary plays a role it is necessary to consider that each subsidiary function plays differentiated strategically roles (Frost, Birkinshaw and Eisgn, 2002).

In this way the article has the objective to understand the roles of the competencies in each organizational functions: marketing, sales, human resources, etc. According the evolution of the subsidiaries roles (Birkinshaw and Hood, 1998; Birkinshaw, Hood and Jonsson, 1998; Frost, Birkinshaw and Eisign, 2002) the article does not analyze the subsidiaries roles whole, but each role of the subsidiaries functions.

In this way, we are stimulated by the assumption that the creation of a subsidiary strategic relevance is conditional for the centres of excellency (Frost, Birkinshaw and Eisgn, 2002; Holm and Perderson, 2002; Moore, 2001; Anderson and Forsgreen, 2000). Than it is important understand some points. First, the change of the view point from subsidiary role in the multinational corporation (Bartlett and Ghoshal, 1998), to the role of the subsidiaries competencies (Holm and Perderson, 2000). Second, the necessity to understand the manner that internal corporate factors and environment influences the creation, development and transference of the competencies in subsidiary (Rugmam and Verbeke, 2000; Moore, 2001).

Other important fact is that subsidiaries resources and capabilities become competencies for the multinational corporation when they are different of the competencies of other subsidiaries (Frost, Birkinshaw and Ensign, 2002; Rugman and Verbeke, 2000; Prahalad and Hamel,

1990). Nevertheless, it is not enough to be different, it is essential that the competence has possibility of being transferred, or in other words, it needs to be a non-local competence (Rugman and Verbeke, 2001). The transference of the competencies by means of the multinational corporation, it could be by tacit knowledge, practice and processes management tools or, still, it could be transferred only by means of products – specific competencies (Moore, 2001; Rugman and Verbeke, 2001). In this view subsidiary capable to create, develop and transfer competencies is similar to the centres of excellency (Birkinshaw and Moore, 1998; Moore, 2001; Frost, Birkinshaw, Ensign, 2002, Holm and Perdensen, 2000). The Centre of Excellency is a subsidiary function capable to create and transfer competencies to other subsidiaries of the multinational, or in other words the centre of excellency is a non-local competencies. However, since already, we would like to remember that: the centres of excellency are not synonymous of the subsidiaries roles, but synonymous of the functional roles (the Birkinshaw, 2001; Parterson and Brock, 2002), or for us competencies roles and if the function does not have differentiated competencies easy to be transferred is not a centre of excellency (Holm and Perdensen, 2000; Frost, Birkinshaw and Eesign, 2002). The transference is the key for non-local competence.

However, not all competencies of the multinationals are non-local competencies. Some are local competencies that it only useful for the local market (Dunning, 1993). Others are specific competencies (Rugman and Verbeke, 2001; Moore, 2001) that it can be transformed in a non-local competence, but it is not, because it is dependent of the place where it was developed. Than, only the final products created by competence are transferred. They are functional competencies (Ruas, 2005) that Holm and Perdensen (2000) call Units of Excellency.

Rugman and Verbeke (2001) show the essential characteristics of the subsidiaries specific competencies. First, the specific competencies are dependents of the specific environment and network (Anderson and Forsgren, 2000). They are competencies related to the knowledge. Because of these factors, the competence become non-imitated but non- transferred, too.

Therefore, the question that remains are related the difference of these types of competencies of the subsidiaries. In other words, why are some competencies transferred and another are not?

If the transference of the competencies between the corporate units is the factor that it distinguishes specific competencies and non-local competencies, we make some assumptions about this difference, of course in accordance with international business strategies literature (Monteiro and Birkinshaw, 2004; Frost, Birkinshaw and Eesign, 2002; Holm and Perdensen, 2002; Moore, 2001) and related with same aspects of the competencies mobilization and coordination (Mills et. all, 2002).

In other words, the competencies difference is recurrent:

- a) The knowledge management and the organizational learning (Oliveira Jr and Fleury, 2001 Oliveira Jr, 2001; Fleury and Fleury, 2001, 1995, Suzulanky, 1996);
- b) The autonomy, communication and integration inside the multinational corporation(Nohria and Ghoshal, 1997; Bartlett and Ghoshal, 1998); and outside with the external network (Anderson, Forsgren and Holm, 2002; Frost, 2002; Rezende 2000a; Borini, Oliveira Jr and Guevara, 2004);

c) The socialization processes (Nohria and Ghoshal, 1997; Gupta and Govindarajan, 2001); and

d) the intrapreneur capability (Birkinshaw and Hood, 1998; Birkinshaw, 1997).

Methodology

The objective considered in this article demands that we investigated each function of the subsidiary in way to understand each functional competence and the variables that influence the formation of these competencies. Like this, we choose the case study as the method most appropriate for the conduction of the study. Such method is adjusted when questions related ' how ' or ' why ' that it is the characteristics of the study in question (Yin, 1994). Moreover, the study of case in this research it can be classified as exploratory, therefore it exists little understanding on the phenomenon (Yin, 1994).

It was selected the subsidiary Alpha of an American multinational. It was interviewed: a general director and a general manager of each function: manufacture, engineering and marketing and sales. The interviews had followed a standardized script contend qualitative and quantitative information. At a first moment the general manager had been interviewed. For confirmation we interviewed operational employees for details of the operational activities.

Subsidiary Alpha

Alpha is a subsidiary of a North American multinational of automotive industry. It is a global supplier of engine valves, a supercharger line, cylinder heads, etc. It began operations in Brazil in 1997 by means of the acquisition of a national company. The main function is manufacture, besides developing activities of marketing, sales, services and engineering. The main customers are the assembly plants of vehicles and agricultural machines, however the sales is not restricted to the national market, but it sales to customers in Latin America, North America, Europe and too much regions of the world. The Alpha invoice is \$250 million per year being that 20% results from exportations. It configures as one of the 500 largest companies in Brazil and it has a number of 2.400 employees.

The Role of the Manufacture

The main activities carried through for this function in Alpha are the manufacture planning, manufacture processes, assembly and logistic of the products. The three first activities had been developed shared between subsidiary and headquarter. Alpha is a great exporter to intra-firm as for external customers.

The manufacture process and the manufacture assembly had been headquarters copies and the main purpose of the operations is organizing manufacturing process of the acquired companies. Therefore it is a functional competence, that even so it is created in the headquarter, it has national peculiarities as a result of an acquired function of another company. This becomes the competence difficult to be transferred.

The manufacture planning is exclusive of the brazilian subsidiary. It is dependent of the experience and knowledge that it was developed at long time. This competence was created in brazilian subsidiary and it has potential to be used in other subsidiaries, but it is very expensive the transference process, moreover it is complex because depends exclusively on the tacit knowledge acquired with experience and the individual competencies.

On the other hand, the product logistic was developed in Brazil and in virtue of the peculiarities of the national competitive context, the process would not be capable to be transferred to no other subsidiaries.

When we analyze the internal environment of the manufacture function we perceive that a high flow of internal communication allowing the integration of the operational processes, that it is strengthened by a strong organizational culture. We perceived one high level of qualification of the professionals too. There is a constant communication and qualification of the new professionals, initiatives in the function is allowed and there is tolerance to run minimum operational risks.

The main executive of the function is another important factor, as much for his path experience in operational activities, as for his international experience guarantees one high credibility inside of the subsidiary, with another corporate subsidiaries and with the headquarter, as well as with other companies in the competitive context: supplying, buying, rivals.

About relation between headquarter and subsidiary we verify the following points: the Alpha shares with headquarter the decisions to develop processes and manufacture and the investments budget. Alpha has total autonomy only to decide about outsourced companies. The integration is possible in the take decisions level due the constant (weekly) communication between managers of the subsidiary with the headquarter, beyond meetings of works and visits to the headquarter or from the headquarter to subsidiary at all semester. This allows with that the headquarter understand the activities developed in the subsidiary , at the same time, it raised confidence in the routes of the Alpha manufacture activities.

When manufacture function receives activities created by headquarter, the mechanisms of transferences are: meetings with foreign managers of the headquarter in the Brazilian subsidiary; training programs of the managers and key operational workers in the headquarter or subsidiary. These meetings and training programs are supported mainly by the dissemination of the best practices from the headquarter.

In relation the activities created for the manufacture function in the subsidiary, more specifically the manufacture planning, they had been attempted the creation of a bank of best practice in the Intranet and sometimes some trips of Brazilian managers for dissemination of the best practices.

However, the managers had tried to transfer these competencies in reason of three imperfection of the transference process. First, the lack of the managers identify the market potential. Second, the generalized belief that they had little to learn and very to teach. Finally the syndrome of "not invented here", or either, the other foreigners subsidiary and headquarter presented strong reluctance in accepting the competence created for the brazilian manufacture.

About the relations of the Alpha manufacture function with the actors of the competitive context, it does not exist relationship with centers of research and university, or institutions professionalizing such as SENAI, CEFET. Although this partnership does not exist, the manufacture function has a considerable number of qualified workmanship, considers that the region where this installed (Sao Paulo, Vale do Paraíba) offers sufficient workmanship and infrastructure for the accomplishment of its businesses. The main points of the competitive context that it influences the manufacturing operations of the Alpha are in fact the place where is situated to be considered a industry cluster, that it allows Allpha work and learning with

companies partners, as well as, guarantees materials of worldwide quality due to the raised degree of qualification of its suppliers. For being the one of the main cluster companies, the manufacture of the Alpha has important influences for the attraction of new investments for the region, as well as it is considered one of the main diffusing of the rise and productive technological to the region. The partners and suppliers of the Alpha to characterize itself in sale of materials for the Alpha, or services for the Alpha constantly need to adjust the requirements of qualification to world-wide level, a time that, the Alpha is an important exporter.

The Role of Marketing and Sales Function

The main activities of the marketing function and sales are: (1) it offers of products to market segments and (2) marketing advertisement with the objective to reinforce the brand.

The most important marketing structure is the sales force. The team was part of the company acquired in 1997 and another part is composed by new salesmen because with the acquisition the team was extended and started to take care of to the customers. This change in the structure of sale's team was ordering by headquarter. This change shows the strong influences of the headquarter in the Brazilian decisions.

The main activities of the function were executed by the company who was acquired, but, little by little, the practice of the headquarter had been being introduced, such as, a new methodology to evaluate customers satisfaction and standardized marketing advertisements. Many of these practices was transferred to the others units of the company.

To follow a summary of the main forms of knowledge sharing:

- The "Seminaries of Best Practices" with the objective to spread the best practices. The subsidiaries managers theirs best practice in a annual conference.
- The Corporative University: courses are given on some subjects: sharing the base of knowledge in the company;
- The internal prize of management excellence: annually, companies of the group if candidate to the Alpha prize of Excellency in management, that evaluates the adequacy of the company to the evaluation criteria, based in the North American prize of management: Malcolm Baldrige. The criterion evaluates the company under some approaches, amongst them: strategies development, business processes, customer relationship, human resources development, among others.
- The prescriptive corporative tools: some practices already consolidated and efficiently are prescribed to the other subsidiaries.

The characteristics above demonstrate the strong influence of the headquarter marketing function. This confirms the center-periphery strong communication and knowledge transference.

Until this point we observe the subsidiary relationship, but to better clarify the role of the marketing function we go to analyze the subsidiary competencies and the creation of competencies that can add value to the multinational corporation.

In the sale and marketing function the relationship with the customers is essential for the competitiveness of the company. The customer relationship is result of a work previously

initiated with the reorganization of the sale function. It is verified that the main competence is guided by the headquarter and subsidiary adopts standardized technologies worldwide. This characterizes a strong dependence from headquarter. "With relation to the investments, these are recurrent of the competitiveness of each unit, as the productivity and quality and, over all, the potential of market of each region"... "The decision of approach in the relationship with the customer was taken by the headquarter on the basis of practical used successfully in other units".

The opposite is not verified. Competence or initiative created in the subsidiary does not create value to the other corporate subsidiaries. However, the marketing function recently developed a Integrated Market Information System, that it would be understood with a competency developed by subsidiary. In the future there is the probability that the marketing system will be able to become one strong non local competence, in this way, it would develop the role of marketing and sale function.

However, marketing function must surpass some barriers. First of all, we perceived that the managers do not want lose the activity control, in this way, they don't like so much to share the knowledge. Moreover, the managers had perceived great divergences between the structure of the activity in Brazilian subsidiary and the others. They had been with the concept that the Brazilian way to operate is global way, when in the truth it was not in this manner. In conclusion, as well as in the manufacture function, many managers had failed when identifying the internal market potential to the activity developed in the subsidiary.

The Role of Engineering Function

The function of engineering is responsible for three types of functional competencies: development of new products projects (exclusively products projected at Brazil); development of current products projects; and service (current products application and adaptation). Interesting to notice that, the current products and service projects development are activities typically transferred from headquarter to the subsidiary, with some adaptations. This allows that the function develops initiatives to Brazilian products lines that it can be transferred in a near future to another country. They are typical non-local competencies transferred from headquarter to the subsidiary and adapted here to local market.

On the other hand, the competence of new products projects development is guaranteed to the subsidiary a international market sale of these products and it made possible new investments from headquarter, because subsidiary developed its own technology to serve the another corporate subsidiaries and international market. For that reason, new products projects development is considered a non local competence created in Alpha subsidiary.

Corporate and local environment characteristics allowed competence development. We perceive that in the functions there is employees with international experience in new products creation. It is interesting to notice that raised risk projects are not stimulated, but only moderate risk projects are supported. The subsidiary prefers to learn with the small mistakes that to compromise all resources. In relationship the integration, we perceive a continuous exchange of information between the Alpha function and the respective functions of other corporate subsidiaries, as with headquarter. This allow that the Alpha competencies are recognized for headquarter and then it catch more status in network. In this way majority of the decisions on new products, strategies, investments are shared with headquarter.

The relation with the external environment is a point that it could be incremented, even so there are some partnerships with university and research institutions that in the main executive vision are very fragile and sporadically. However, the workmanship qualification and the competitive context (demand, infrastructure, support companies, competitive rivalry) allow the innovations development in a global market rhythm. Furthermore, the Alpha function is recognized in the region as an important diffusing of technology and creator of new technologies.

Nevertheless, even so Alpha has a non local competence that could be developed in other countries, currently the function does not play anyone activity of control. It only remains exporting best practices, but without assuming the control, for example, to the development of new products projects in a worldwide scale. What it happens nowadays: Alpha competence are transferred and learned by the other subsidiaries that they assume the new projects direction.

When we investigating the reason about the discrepancy between competence development and international responsibility we perceive two problems with engineering managers when they were sharing competencies. First, the managers in their transference missions work excessively with generalized belief that they had little to learn and more to teach. Second, as result of this position to teach than to learn was perceived a lack of competencies to integrate and to apply the activities with the foreigner subsidiary culture.

Discussion

The analysis of the subsidiary functions diagnosis the different strategically functions competencies and as the internal factors and external factors influence in the formation of these competencies. In this part of the article we look for to synthesize the competencies role and it shows the implications for the strategy and management study of the foreign subsidiary. The table below summarizes the competencies configuration and the origin of these competencies; to follow we comment each one.

	Competece	Competence Origin
Manufacture		
manufacture planning	specific-competence	subsidiary
manufacture process	specific-competence	headquarter/subsidiary
manufacture	specific-competence	headquarter/subsidiary
logistic	local competence	subsidiary
Marketing		
advertaisement	non-local competence	headquarter
SIIM	specific-competence	subsidiary
Engineering		
new products projects development	non-local competence	subsidiary
current products projects development	non-local competence	headquarter
services	non-local competence	headquarter

Table 1: Alpha Functional Competencies

We perceive that in manufacture function almost all competencies are subsidiary specific competencies, except the logistic competence that it is a local competence. This last, even so decurrently of own subsidiary initiative that it cannot be reapplied in other places of the corporation, it serves of support for the too much specific competencies played by the function.

All external partners and customers were important to competencies development and for manufacture function become a global platform of exportation. Although, the manufacture and productive process competencies had its origin in the acquired company by Alpha in 1997, the corporative headquarter explore the brazilian productive process resources and capacities, and little by little it was transferring the non-local competencies of the company to the brazilian subsidiary. This transference process joint with local competencies developed a manufacture and productive processes differentiated, that it is not easy to be transferred and adjusted to the global corporation standards. This on the one hand is beneficial for the subsidiary, therefore it guarantees the exclusiveness of the manufacture and productive process competencies, but on the other hand, limits the international responsibility and coordination of the manufacture function. In conclusion, the manufacture planning, even so either a proper competence created in the subsidiary do not acquire the status of an non local competence in virtue of the relation of subordination of the function with the another corporative units, as for the difficulty of the managers makes easy the competence transference. The managers fail in adopting one global mindset, they do not adjusting the practical developed in the subsidiary for foreign market reality, or either, when the managers transfer the knowledge, they are extremely ethnocentric causing oversize of the counterparts.

In the marketing function the activities of products and marketing advertisement are non-local competencies with origin in the headquarter. These activities even so have great strategically importance to competitiveness it in the local market, in spite of it does not guarantee strategically relevance for the subsidiary in the corporative net. An exception is the SIIM, that even so only implanted in the Alpha is still an subsidiary specific competence, therefore its potential of being implemented in other foreigners subsidiaries it was not developed. The Brazilian managers have fear to lose the control of the competence, as well as, they have lack of experience in competencies transference. This is bad for the subsidiary and headquarter. The first one remains without playing a strategically relevance, while the second can not use the advantage created by the subsidiary. We understand, more than an imperfection of the subsidiary, the lack in the SIIM dissemination have due the inferiority position that headquarter delegated for the Alpha marketing function. Therefore, the problem is corporative and its reasons reflected when we analyze the engineering function.

The engineering function calls the attention, but it is not in reason of current products projects and field services, where the subsidiary function is a non local competence with from headquarter. We give attention to new products projects that even so they are a non local competence created in the Alpha, they do not guarantee strategically relevance in a global activity direction and coordination. What do it happens. In the reality is spoliation of the Alpha engineering competence on the part of the corporative net. The engineering credibility is high, but the problem elapses of the managers lack capabilities in coordinate the knowledge transference process in worldwide level. The managers do not have experience and capabilities to understand the different subsidiary foreign cultures and structures.

Final Remarks

The present article showed the different functions roles of foreign subsidiaries. We could not analyze the subsidiary role because in this way it would not be revealed the true content of the ' black box '. In the perspective to analyze functions and its competencies we can observe as the subsidiary functional strategies are differentiated.

This diagnosis of each function has the following implications. In terms of advance in literature it demonstrates as the focus in function is in accordance with the perspective of subsidiary role evolution. The functions role is opposite to a generic perspective as developed in the majority of the subsidiary typologies. It is interesting to give light to the differentiated development of the competencies that it is influenced for the corporate factors, environment factors and for knowledge transference capabilities. Finally, for managers the study contribution remains in fact of that when they are evaluating different competencies and not the whole subsidiary role, they can better apply their investments and strategies.

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