

Reply to Invited Reader Report

First of all, we would like to thank to the reader for his/her valuable comments. We are honored by the effort made to understand something that we tried to develop. Our responses are provided below.

Comments

The paper aims to offer some empirical evidence of the relevance of springboard country and springboard subsidiary concepts. However, Introduction does not make a proper context and does not attract the attention of readers. Even more, at the end of the Introduction such concepts are mentioned but never described. I suggest to introduce in the Introduction the concepts and the challenge that the paper is aiming to confront.

R/ This comment is very important. In the revised version we present the springboard country and springboard subsidiary concepts in the introduction.

Later, the model put forward by Gupta and Govindarajan is mentioned and it seems to play an important role. However, the concept of knowledge flow and its implications are not well developed. I believe that a better description of those concepts may help in the conceptualization of the springboard subsidiary and its role. How this concept is making an incremental contribution? How is it related to the mentioned model of Gupta and Govindarajan? Does it play a dual role (in terms of the mentioned model)?

R/ Thanks for the comment. We expand the discussion of knowledge flow and springboard subsidiary in the revised version.

In the Hypotheses chapter I'd suggest to spend more time describing and discussing some variables. This is pretty clear in the case of "technological relationship" that is

included in H1c without (almost) any explicit discussion. Actually, before H1 authors discuss "knowledge absorption" (explicitly related to another H) but not "tech relationship". Perhaps authors may want to include the discussions in the literature review. In addition, some hypothesis are not clear. For instance, H2, where "a change" (increase? decrease?) impact in another change.

R/ We agree with the referee. We include the H1C as a special case of the technological relationship for the springboard subsidiary located in the springboard country in the H3 hypothesis. And we deepen the discussion of the relationship between the technological and springboard subsidiary concepts in the revised version.

With respect to H2 we agree with the referee and rewrite the hypothesis as:

H2: An increase in the absorption capacity of the subsidiary will be positively related to an improvement in the subsidiary's performance.

Finally, I suggest to spend more time in two chapters: discussion and conclusions. I believe that discussion could be improved if it is not taken just as a mere description of statistic results; a discussion of the academic impact might be included. Conclusions might be taken to another level if it includes a discussion of managerial implications: what is relevant for decision makers?

R/ We agree with the referee. We have rewritten the discussion and conclusions and we have added a discussion of managerial implications.

Specifically, we are considering including the following paragraphs in the conclusion:

In managing a multinational company's network of subsidiaries around the world, it is important to take into consideration the location of subsidiaries in a springboard country, as this influences not only the legitimacy challenges faced by

subsidiaries in foreign markets but also forms of managing and administering subsidiaries in distant countries in terms of international business. In this sense, the incorporation of a specific advantage of the springboard country by the springboard subsidiary translates into better performance of the subsidiary and an improved position with respect to other subsidiaries in the multinational company's network that do not benefit from that location. A springboard subsidiary should have a technological relationship with a subsidiary that it owns and controls in order to boost the performance of the subsidiary and thus play a strategic role. These findings provide managers with a body of knowledge and guidelines that will enable them to develop new internationalization strategies.

Finally, countries should include in their internationalization policies a series of strategies that address the role of springboard countries and springboard subsidiaries. Such considerations will aid in establishing, for example, bilateral policies for managing and protecting foreign capital, economic complementation agreements and free trade agreements, all of which have an impact on economic growth.