



The Roles of Iranian Parent Enterprises in Creating and Destroying Value: A Multiple Case Study

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Abstract

Objective

This study aims to explain the types of activities of the Headquarters among their subordinate businesses and their classification in terms of interventions and the Headquarters roles. In other words, this study seeks to answer the following questions: (1) what roles do the headquarters play in Iranian parent firms? and (2) what activities and interventions does each of these roles belong to? However, there has been no similar local study conducted in the country. Moreover, despite a more in-depth study of such phenomenon abroad, each researcher has addressed the activities and functions of the headquarters from a specific perspective, and there is no comprehensive study to investigate all the aspects and dimensions of this phenomenon.

Methodology

This qualitative research is a multiple case study in terms of research strategy. The cases which were observed in this study were purposefully selected and included two headquarters in parent companies affiliated with one of the governmental institutions engaged in economic activities. In this study, various data sources such as archived documents, documentations, participatory observations and interviews with 15 senior managers in the headquarters were used and then the data were analyzed using content analysis method.

Findings

The research findings indicated 4 roles in the form of 22 interventions and more than 55 activities for Iranian parent companies. These roles include "Loss Prevention", according to which the headquarters seek to intervene in a way to prevent the loss and destruction of value in subsidiaries rather than seeking to create values; "Business Manager", where the headquarters define the scope of their business activity and portfolio, thereby create diversity in their competitive areas through integration and acquisition, as well as organic and domestic growth. It also designs the appropriate organizational structure and mechanisms at the macro levels; "Value Creation" which can be played in two ways: (1) direct influence and interference of the headquarters in businesses (creating vertical value / headquarters to business) and (2) indirect influence and intervention of the headquarters in businesses and building coordination between them (creating horizontal value / business to business); and finally "Value Destruction" which occurs in two ways: (1) the direct influence of the headquarters on business processes (destruction of the vertical values / headquarters to the business) and (2) the indirect influence of the headquarters in business processes (destruction of the horizontal values / business to business). Innovations in this research include determining the activities of "Parent Enterprise Bargaining Power with Government Institutions" under the intervention of "Enterprise Assets" as well as "implementing destructive and restrictive policies and laws" and "imposing pressure on businesses to obtain liquidity" under the intervention of "destructive intervention and restrictive measures".

Conclusion

The role of the business manager is an inherent duty of any headquarters. In addition to this role, the headquarters sometimes only prevent the devaluation where the headquarters intervene through planning, governing and controlling interventions. Among the four determined roles, "Value Creation" is the most important role that headquarters can play for the subordinate businesses. However, despite the senior managers' desire, their interventions and activities in some cases lead to the destruction of values. It is believed that the main reason is the lack of comprehensive understanding of the headquarters regarding the subordinate business.

Keywords: Iranian Parent Enterprise, Headquarters, Interventions, Roles, Value Creation, Value Destruction.

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