Corporate governance of listed subsidiaries: principal-principal challenges for multinational enterprises in emerging markets

Alice Klettner

Alice Klettner is based at School of Management, University of Technology Sydney, Sydney, Australia.

Abstract

Purpose – *This paper aims to expand our understanding of the principal-principal (P-P) conflicts that can arise when multinational enterprises (MNEs) have subsidiaries listed in emerging markets. By identifying common contexts and actors involved in these conflicts and applying a systems theory lens, it furthers our understanding of how P-P conflicts arise and how they can be mitigated.*

Design/methodology/approach – *Ten MNEs and their 32 majority-owned subsidiaries listed on stock exchanges in Asia and Africa are investigated through qualitative case studies of P-P conflict events reported in the media. Archival materials are the main source of data with findings sense-checked through interviews with local governance experts.*

Findings – *The paper reveals four situations where P-P conflicts between MNEs and local shareholders commonly arise: buy-outs, related party transactions, restructurings and decisions that create intra-group competition. It also identifies four groups of governance actors involved in P-P conflicts: market analysts; regulators; shareholder groups; and boards of directors. It shows that P-P conflicts are mitigated by information exchange – feedback loops facilitated by these actors help to resolve information asymmetries.*

Practical implications – *The findings of the paper have implications for both policy-makers and investors in emerging markets. Policy makers should consider how information exchange can be encouraged in each of the common contexts for P-P conflicts by requiring disclosure and facilitating shareholder engagement. Investors can gain confidence in markets with a culture of shareholder activism and a strong financial media which can offset weaknesses in legal institutions.*

Originality/value – *The paper argues that the transnational complexities involved when an MNC has a listed subsidiary in an emerging market call for a systems theory approach to understanding corporate governance. Systems theory has not previously been applied to P-P conflicts yet provides a promising way to take into account the interactions between national governance bundles and the role of both formal and informal mechanisms in mitigating or resolving P-P conflicts.*

Keywords *Corporate governance, Emerging markets, Multinationals, Subsidiary governance, Principal-principal conflict*

Paper type *Research paper*

Received 24 October 2025
Revised 10 March 2026
24 June 2026
Accepted 20 July 2026

1. Introduction

Principal-principal (P-P) conflicts have been identified as a major concern for corporate governance in emerging economies (Young *et al.*, 2008; Armitage *et al.*, 2017; Eraković *et al.*, 2022). This paper explores the P-P conflicts that can arise when large multinational enterprises (MNEs) have subsidiaries in emerging markets that are listed on a local stock exchange. These subsidiaries face the ongoing challenge of managing the potentially conflicting interests of their majority shareholder (the MNE parent) and their minority shareholders. The situations in which these conflicts arise and the different mechanisms for resolving them are not well understood (Young *et al.*, 2008). Mitigating P-P conflicts is essential to maintain confidence in emerging markets and retain foreign institutional investment (Azoury and Bouri, 2015).

The term principal-principal conflict has been used in the corporate governance literature to distinguish conflicts between controlling shareholders and minority shareholders from principal-agent (P-A) conflicts found between shareholders and managers (Filatotchev and Wright, 2011). Many corporate laws and governance practices have been put in place to manage the well-known P-A conflicts, yet P-P conflicts are more varied and not always effectively acknowledged or resolved (Dharwadkar, George and Brandes, 2000; Filatotchev, Jackson and Nakajima, 2013). A failure to recognise and understand the nature of P-P conflicts, "may make corporate governance reform policies irrelevant, counterproductive, and, in the worst case, disastrous" (Peng, Wang and Jiang, 2008).

There is a need to better understand the nature of P-P conflicts and the types of governance arrangements that can assist in resolving them (Young *et al.*, 2008; Chen, Li and Shapiro, 2011). This study contributes to an emerging stream of literature seeking to understand the variation and complexity of P-P conflicts in the context of corporate governance (Young *et al.*, 2008; Peng and Sauerwald, 2013; Azoury and Bouri, 2015; Eraković *et al.*, 2022). As far as the author is aware, it is the first study to focus on P-P conflicts between MNEs and the minority shareholders of their listed subsidiaries in emerging markets, a context of increasing relevance as institutional investors look to emerging markets to diversify their portfolios (Bedi and Desai, 2014). The shares of MNE subsidiaries are popular as they provide exposure to the emerging market whilst being relatively low risk due to the oversight of the parent. MNEs can act as agents of transnational institutional change, bringing with them higher standards of corporate governance and transparency (Bhaumik *et al.*, 2019; Klettner, 2022). Yet, good behaviour on the part of the parent is not guaranteed. Investors are keen to understand the kinds of governance mechanisms that reduce the risk of P-P conflicts in emerging markets and situations that indicate higher risk.

Against this background, this research aims to answer two questions:

Q1. In what contexts do P-P conflicts manifest between MNEs and their listed subsidiaries in emerging markets?

Q2. What kinds of governance mechanisms can be used to resolve them?

The study uses newspaper reports as the primary source of data with findings sense-checked through interviews with local corporate governance experts. This method has its limitations but enables a broad and exploratory view of P-P conflict events over a period of 20 years and across a range of emerging markets in Asia and Africa. The paper contributes to the governance literature on P-P conflicts in emerging markets in two ways:

1. It identifies common contexts in which P-P conflicts arise and the types of governance actors involved.
2. It applies a systems theory lens to reveal the formal and informal feedback loops that mitigate P-P conflicts, extending the literature on national and trans-national governance bundles.

Systems theory helps us to think about how systems find equilibrium: it shows that resolution of most P-P conflicts does not require a binary decision but a negotiated compromise facilitated by two-way communication.

The paper proceeds as follows. After this introduction, the literature on P-P conflicts is reviewed and the theoretical lens for the paper is outlined. Then, the research design and qualitative methodology is described, centring on case studies of P-P conflicts that have arisen in emerging markets in Asia and Africa. The paper describes the four contexts in which P-P conflicts manifest between MNE parents and the minority shareholders of their listed subsidiaries and, using a systems theory lens, it explores the mechanisms through which different governance actors can mitigate or resolve these conflicts. The paper concludes with the practical and theoretical implications of the study and suggestions for future research.

2. Literature review

2.1 Principal-principal conflicts

The governance challenges of MNEs are known to be particularly complex due to the "perennial dilemma" of how to balance global consistency with local expectations (Filatotchev and Stahl, 2015). P-P conflicts commonly arise if a controlling parent prioritises group strategy without considering the interests of individual subsidiaries and their minority shareholders (Sakawa and Watanabel, 2018). Although it is very difficult to find a financial proxy for the cost of P-P conflicts, researchers have detailed significant loss of value through different types of expropriation, particularly in emerging markets (Banchit and Locke, 2011; Hu and Sun, 2019). Indeed, there is an extensive literature exploring how controlling shareholders have looted or engaging in "tunnelling" to expropriate firm value at the expense of minority shareholders (Johnson *et al.*, 2000; Chang and Chen, 2016; Boateng and Huang, 2017).

As a dominant controlling shareholder, the parent company may appoint representatives to board positions, creating information asymmetry problems between controlling and minority shareholders (Young *et al.*, 2008). Studies have shown that controlling shareholders can use insider information to take higher equity stakes in promising firms and transfer profits to affiliates through intra-group trade (Chang, 2003). Subsidiary boards do not always have the power, will or legal backing needed to prevent this behaviour, putting the subsidiary at risk (Farah *et al.*, 2022). This can be particularly true if the legal, cultural and ethical environment of the subsidiary company is very different from that of the parent (Filatotchev and Stahl, 2015).

P-P conflicts have been studied across several streams of literature using a variety of theoretical approaches, including institutional theory, agency theory and a moral or ethical lens (Peng, Wang and Jiang, 2008; Young *et al.*, 2008). In general, the international business and "law and economics" literatures provide important insights into the *effects* of P-P conflicts (e.g. on group performance or foreign investment (Peng, Wang and Jiang, 2008), whereas the legal and corporate governance literatures tend to be more focused on exploring the *causes* of P-P conflicts as well as regulatory or management *solutions* (Jiang and Peng, 2011). This paper explores governance solutions to P-P conflicts recognising that, for MNE subsidiaries in emerging markets, these are likely to be very context specific, determined by both local and trans-national governance bundles (Bedi and Desai, 2014).

2.2 Governance bundles

Governance bundles can be defined as "structures or combinations of rights and responsibilities that interact or operate together for the governance of firms" (Millar, 2014). The concept of national governance bundles has been used in the field of comparative corporate governance to understand variation across countries when it comes to achieving good governance outcomes (Aguilera, Desender and Kabbach de Castro, 2012; Schiehll, Ahmadjian and Filatotchev, 2014). Good governance depends not on the effectiveness of any one particular mechanism but on a bundle of interacting mechanisms that can both substitute and complement each other (Ward, Brown and Rodriguez, 2009). This is particularly true in emerging markets where the wide range of informal institutions at play have been found to make governance bundles difficult to define (Millar, 2014). They may include not only national elements but sub-national and supra-national systems and, in the case of MNEs, a hybrid model may exist (Millar, 2014). The governance of the MNE parent will be regulated by laws and practices in its home country while the subsidiary is regulated in a different jurisdiction with its shares listed on a different market (Luo, 2005). These differences in institutional arrangements can cause conflicts in the way governance is managed across the group (Luo, 2005; Kiel *et al.*, 2006; Clark and Brown, 2015; Farah *et al.*, 2022).

2.3 Systems theory

Recognising these overlapping governance systems, this paper applies a systems theory perspective to explore P-P conflicts between MNEs and their subsidiaries in emerging markets. A systems approach is particularly useful when the outcome of a situation is the result of a complex intersection of many elements. Instead of studying the parts of the system in isolation, systems thinking seeks to explore how they interact. Systems theory shows how interactions between firms and institutions over time can give rise to a set of systemic logics that guide firm behaviour in a particular context (Rana and Morgan, 2019). Systems theory is chosen for this study because, in the context of MNCs and emerging markets, the more well-known corporate governance theories are lacking as they cannot take into account the full range of contextual complexities (Lin, 2024). For example, agency theory only looks at one P-A relationship (here there are multiple); institutional theory situates the firm in one institutional context (here there are at least two – parent jurisdiction and subsidiary jurisdiction); and stakeholder theory is firm-centric (when here there are at least two firms at play). In other words, the governance of an overseas listed subsidiary is influenced by more than one set of principals; more than one set of institutions; and more than one set of stakeholders.

Corporate governance research set in emerging markets is increasingly recognising the limits of traditional theories and using multi-theoretic or systemic perspectives (Al-Tahat *et al.*, 2025; Mansour *et al.*, 2025). The same is happening in the international business literature where systems theory is seen to have potential in complementing and extending more traditional theories (Rana and Morgan, 2019). Systems theory helps us to understand governance actors as boundary-spanners and helps identify the overlapping incentives that create tension between subsystems. It emphasises feedback mechanisms that can amplify or mitigate conflicts of interest. Although not frequently used explicitly in corporate governance research, systems theory can be argued to underpin some of the institutional approaches to corporate governance including the governance bundles literature (Yoshikawa, Zhu and Wang, 2014).

Systems theory builds on the awareness that P-P conflicts are deeply embedded in institutional environments, including formal and informal governance mechanisms (Peng and Sauerwald, 2013). Formal mechanisms include state-enforced rules such as law and regulation, while informal mechanisms are the unwritten “rules of the game”, including conformity with social, cultural or market conventions (Estrin and Prevezer, 2011; Sauerwald and Peng, 2013). Informal mechanisms can complement and support the formal ones (perhaps by increasing transparency and enabling enforcement of regulation) or they can frustrate and subvert formal mechanisms (by supporting corruption or power imbalance) (Ward, Brown and Rodriguez, 2009; Helmke and Levitsky, 2012). Systems theory is often used to understand regulatory governance as it can take into account the side-by-side operation of systems of law, politics, economics and culture (Van Der Heijden, 2022).

These systems are more commonly studied separately in terms of their effect on corporate governance. Often the starting point for dealing with P-P conflicts is the relevant country’s legal framework. Studies in law and finance compare the effectiveness of corporate law mechanisms such as directors’ fiduciary duties and minority shareholder protections when it comes to preventing or mitigating conflicts (La Porta *et al.*, 2000; Lim, 2018). Within the management discipline, the corporate governance literature has examined the precursors to P-P conflicts (Su, Xu and Phan, 2008) and mechanisms for reducing P-P conflicts (Jiang and Peng, 2011), including the role of subsidiary boards (Kiel *et al.*, 2006; Du *et al.*, 2015) and the impact of different investor types (Azoury and Bouri, 2015; Eraković *et al.*, 2022). Young *et al.* (2008) provide a systematic review of P-P conflicts, recognising the different corporate governance contexts in which they commonly occur – within family business, business groups and in emerging economies. What is clear is that understanding context is vital to governance research and increasingly studies are attempting to unpack rather than ignore this diversity (Millar, 2014; Mansour *et al.*, 2022). Application of systems theory to corporate governance in emerging markets permits consideration of the interactions between both formal and informal systems and local and global systems. This paper takes the first step in this process by identifying, firstly, the situations and actors involved in P-P conflicts between MNEs and their listed subsidiaries, and secondly, the feedback loops and leverage points that influence corporate decision-making.

3. Research design and methodology

The aim of this research was to understand the detailed context of P-P conflicts in MNE subsidiaries in emerging markets. A qualitative methodology was deemed appropriate to explore experiences, meanings and perspectives in depth, allowing concepts and patterns to emerge rather than measuring pre-determined variables. Qualitative methods have been used only rarely to study P-P conflicts (see Eraković *et al.*, 2022) yet have “much potential to better illuminate the determinants, patterns and consequences of the [...] peculiarities of corporate governance in emerging economies” (Armitage *et al.*, 2017). These peculiarities of emerging markets, particularly the interactions between informal and formal governance mechanisms, can challenge the application of quantitative models (Millar, 2014; Mansour *et al.*, 2022), whereas qualitative methods are well-suited to the kind of contextualised inquiry needed in international business research (Nguyen and Tull, 2022).

In addition, the research methodology was designed to overcome one of the major challenges for qualitative research in emerging markets, namely, accessing core governance actors for interviews (Eraković *et al.*, 2022). As an alternative, it draws on secondary sources of data, particularly reports of P-P conflicts in the financial media, which can provide the perspectives of many corporate stakeholders. The method draws on three sources of data to improve the trustworthiness of the findings through triangulation:

1. company data including annual reports and websites;
2. newspaper articles and other financial media; and
3. interviews with corporate governance experts in emerging markets.

The newspaper articles were the primary source of data with company websites and interviews providing alternative perspectives on the identified P-P conflicts. Bringing together these different views enables convergence and cross-verification of emerging themes.

The data collection for the research was conducted in three stages. In Stage 1, desktop research was conducted on a sample of ten MNEs to identify their listed subsidiaries in emerging markets. To be classed as a subsidiary, the parent must own more than 50% of the company’s voting shares, giving it control over most of the affairs of the subsidiary. Information in annual reports was supplemented with a search on each MNE parent company using the Bloomberg Terminal database, which identified the equity-funded subsidiaries of each MNE parent. The initial sample of ten MNEs were identified by an industry partner (a large institutional investor) using predefined criteria relevant to the study’s analytical focus. Specifically, the sample comprises MNEs with operations in emerging markets that are commonly included in the portfolios of global institutional investors. This selection logic reflects the study's interest in the governance and accountability dynamics that arise in transnational investment contexts where firms are subject to overlapping regulatory, market and stakeholder expectations. The use of an external industry partner to identify firms reduces the risk of researcher-driven selection bias as cases were chosen independently of the study's theoretical expectations or outcomes of interest. Accordingly, the sample captures a set of firms that are typical of a broader investment universe rather than being skewed towards companies known to exhibit conflict or negative performance.

For increased comparability across the MNEs, we focused on listed subsidiaries in three regions where most subsidiaries were concentrated: South Asia (India and Pakistan), South-East Asia (Malaysia, Indonesia) and Africa (Nigeria, Ghana). Thus, Stage 1 of the research consolidated the sample bringing it down to 30 listed subsidiaries across six emerging markets (see Table 1). During Stage 2 of the research, two additional subsidiaries were identified: Unilever Pakistan, which had delisted in 2013, and Champion Breweries owned by Heineken through another subsidiary Raysun, bringing the sample to a total of 32 subsidiaries.

The second stage involved conducting media searches to discover incidences of actual P-P conflicts in relation to these 32 subsidiaries. Firstly, the author and research assistant searched the *Financial Times* using the Factiva media database. Search terms comprised the name of the listed subsidiary and the word "minority" and hits were low. Consequently, the search was extended to local media in the relevant emerging markets, for example, we searched the Nigerian news database for the words "Unilever and minority" and repeated this for each MNE with a subsidiary in the country. The searches were repeated for the other five markets: Ghana, India, Pakistan, Malaysia and Indonesia. Detailed reading of the rich database of articles enabled the identification of relevant P-P conflict events. It was decided to include all conflict events, whether there was one article describing the conflict or 20 articles, because it was often the less reported events that demonstrated successful conflict resolution; while those with more media coverage were the unresolved or protracted conflicts. We were able to identify a total of 23 unique P-P conflict events.

More fine-grained analysis of the 23 conflict case studies using Nvivo was aimed at answering the two research questions:

RQ1. In what contexts do P-P conflicts manifest between MNEs and their listed subsidiaries in emerging markets?

RQ2. What kinds of governance mechanisms can be used to resolve them?

To answer the first research question, the newspaper articles were coded openly to explore the context of each P-P event and were then grouped into categories corresponding to the type of conflict. To answer the second question, we coded across all conflict categories to explore the feedback mechanisms and actors involved (Braun and Clarke, 2006). Our analysis followed an iterative, abductive process that moved recursively between data, emerging patterns and extant literature as recommended for qualitative analysis of secondary data (Vila-Henninger *et al.*, 2024). The systems theory lens meant we were looking for feedback loops and thus coding identified positive or negative opinions on the P-P conflicts (Eisenhardt and Graebner, 2007). These were then grouped in accordance with the primary governance actor involved. The author and research assistant independently coded a sample of the data and then came together to compare and refine codes until strong agreement was reached. The details of the groupings are presented in the Findings section of this paper in Tables 2 and 3.

Lastly, as Stage 3 of the research methodology, interviews were conducted with five independent corporate governance experts in the key emerging markets to sense-check

Table 1 Research sample: listed subsidiaries of MNEs in emerging markets

	South Asia		South-east Asia		Africa	
Parent MNE	*India*	*Pakistan*	*Malaysia*	*Indonesia*	*Ghana*	*Nigeria*
Colgate Palmolive	Colgate Palmolive India					
Diageo	United Spirits				Guinness Ghana	Guinness Nigeria
Glaxo Smith Kline	GSK Consumer India	GSK Consumer Pakistan				GSK Consumer Nigeria
Heidelberg Cement	Heidelberg Cement India			Indocement (Heidelberg)		
Heineken	United Breweries (India)		Heineken Malaysia	Multi Bintang Indonesia Heineken		Nigerian Breweries Champion Breweries
Lafarge Holcim	Ambuja Cement (Lafarge)		Lafarge Malaysia	Holcim Indonesia (Lafarge)		Lafarge Africa
Nestle	Nestle India	Nestle Pakistan	Nestle Malaysia			Nestle Nigeria
Procter & Gamble	Gillette India P&G Hygiene & Health Care	Gillette Pakistan P&G Pakistan				
Paterson Zochonis (PZ) Cussons					PZ Cussons Ghana	PZ Cussons Nigeria
Unilever	Hindustan Unilever	Unilever Pakistan		Unilever Indonesia		Unilever Nigeria

Source(s): Author's own work

the findings. Interviewees were from the World Bank Sub-Saharan Africa, an Indian policy think-tank, an Indian proxy advisory service; the Corporate Secretaries Association, Pakistan; and the Malaysian Shareholder Watchdog Group. A semi-structured interview template was used to ask open-ended questions around the relationship between MNCs and their listed subsidiaries in emerging markets, the governance challenges for minority shareholders and how they can be resolved. This enabled triangulation of the findings from the media searches as the experts were able to corroborate or explain many of the opinions expressed in the media, providing an independent perspective. Human ethics clearance was obtained from UTS ethics committee (Approval No: 18274).

4. Findings

4.1 Contexts for principal-principal conflicts between multinational enterprise and their listed subsidiaries

As shown in Table 2, the research revealed four contexts in which MNEs have discretion to use their controlling power in a way that could disadvantage minority shareholders:

1. buyouts and de-listings;
2. related party transactions (RPTs);
3. restructuring and/or mergers; and
4. decisions creating intra-group competition.

These categories, in themselves, are an interesting finding relevant to policy-makers, as some situations are dealt with comprehensively by the law while others are subject to very little formal regulation. Findings in relation to each are presented here with references to the underlying news sources.

4.1.1 Buyouts and de-listings. Some subsidiaries have always been listed and their shares slowly acquired by an MNE until a majority stake is held. Others are listed due to local requirements around foreign ownership whereby a small local float is seen as beneficial to the local economy. In either case, the MNE may wish to consolidate its holdings and, if permitted by local laws, to ultimately delist the subsidiary to have full control. There were two examples of de-listings in the sample, Unilever Pakistan in 2013 and PZ Cussons Ghana in 2019. Although the Ghana de-listing was seen as a major blow for minority shareholders, there was very little conflict reported. The Unilever Pakistan de-listing triggered more discontent amongst minority shareholders, some of whom were foreign institutional investors who were dissatisfied with the Karachi Stock Exchange's process for determining the share buy-back price because it did not allow for any direct negotiation between minority shareholders and the MNE parent (Riaz, 2013). The conflict was mitigated by the Stock Exchange persuading Unilever to raise the offer price, resulting in acceptance by most minority shareholders (Anon, 2013a). Here we see that in the absence of a formal feedback loop for negotiating price, an informal process was facilitated by the stock exchange.

The other case studies in this category involved the MNE parent buying shares to increase its stake in the company but not (yet) de-listing. The obvious theme here was whether the offer price was seen as fair to minority shareholders, especially if local laws meant the takeover was mandatory and minority shareholders forced to sell. Sometimes the MNE parent had several attempts at raising its stake, with success only when the offer price was seen to be good. For example, Holcim raised its stake in Ambuja Cement India across several tender offers in 2006 and 2007; Unilever increased its stake in Unilever Hindustan between 2007 and 2013. Here the minority shareholders had a choice over whether to accept the offers and the buy-backs went smoothly. GSK's attempt to raise its stake in its Nigerian subsidiary was not so successful: it was forced to abandon its plans due to

Table 2 P-P conflict events			
No.	*Subsidiary*	*Date*	*P-P event*
Category 1: Buy-outs/takeovers/delisting			
1	Ambuja Cement, India (Holcim)	2007	Holcim buying a majority stake in Ambuja Cement (India)
2	Ashaka Cement, Nigeria (Lafarge)	2014 2017	Lafarge Africa share swap offers to increase its stake in Ashaka cement (Nigeria) followed by delisting of Ashaka cement
3	Hindustan Unilever	2010	Share buy-back proposal for Unilever to increase its stake in Hindustan Unilever
4	GSK Nigeria	2013	GSK wanted to raise its stake in its Nigerian subsidiary – proposed buy-out/scheme of arrangement eventually postponed
5	Champion Breweries, Nigeria (Heineken)	2021	Heineken increasing its stake in Champion Breweries Nigeria leading to mandatory takeover and likely delisting
6	Unilever Pakistan	2013	Share buy-back to enable de-listing
7	Nestle Nigeria	2020	Nestle increased its stake in Nestle Nigeria to 66%
8	PZ Cussons Ghana	2019	PZ Cussons purchased remaining shares to enable delisting
Category 2: Related party transactions			
9	United Spirits, India (Diageo)	2013-2015	After Diageo's takeover of United Spirits production and distribution agreements were initially rejected but eventually resolved
10	Lafarge Malaysia	2019	Minority shareholders initially blocked RPT with new majority owner YTL but later it was approved
11	Ambuja Cement, India (Holcim)	2013	Holcim royalties imposed on Ambuja cement were opposed by minority groups
12	Unilever, Nestle, Colgate, GSK, India	2019	All of these MNEs were seeking minority shareholder approval for royalties of more than 2% revenue
13	Nestle India	2013	Independent directors approved 1.1% increase in royalties
Category 3: Restructures/rights issues			
14	Lafarge Africa	2014	Lafarge WAPCO to be renamed Lafarge Africa and own of all Lafarge's cement subsidiaries in Africa – involved share swaps
15	Indocement (Heidelberg)	2009	Sale by Heidelberg of 14% of Indocement to pay off debt
16	Ambuja Cement, India (Holcim)	2013	Holcim presented a restructuring plan to merge Ambuja Cement with Holcim India
17	Nigerian Breweries (Heineken)	2014	Nigerian Breweries (Heineken) merger with Consolidated Breweries via scheme of arrangement
18	Guinness Nigeria (Diageo)	2017	Raising money via rights issue – Diageo takes up its rights via a debt-equity swap – if under-subscribed, the parent can take the rights – increasing their stake. Some minority shareholders were in favour
19	Unilever Nigeria	2017	Unilever Nigeria – raising money via rights issue – criticised as a move to de-list/increase stake as local minority shareholders unlikely to be able to fully exercise rights – in a recession
20	Lafarge Africa	2017	Lafarge Africa raising money via rights issue
21	Lafarge Malaysia	2019	Lafarge exiting the market – divesting of its 51% stake to YTL
Category 4: Intra-group competition			
22	United Breweries	2007	Heineken indirectly acquired 37.5% of UB deemed in competition with Indian breweries owned by Heineken's subsidiaries
23	Colgate India	2018	Colgate purchased a stake in Bombay Shaving company potentially competing against subsidiary Colgate India

Source(s): Author's own work

minority shareholder opposition (Anon, 2013c). Here two factors were involved – firstly, the offer price was seen to be much too low after a sudden rise in the stock market. Also, the Nigerian stock exchange rules were heavily criticised as the MNE parent was permitted to vote its stake in its favour, which would not be allowed in other jurisdictions (Rice, 2013). Feedback loops in this case were facilitated by the opinions of market analysts, yet formal rules also played a significant part in terms of ability to vote.

4.1.2 Related party transactions. Another common context for P-P conflicts was the approval of RPTs. One of the most common RPTs affecting subsidiaries of MNEs is the payment of royalties to the parent company in return for use of the parent company's intellectual property, technology and R&D capabilities. When royalty payments increase, this impacts on the earnings of minority shareholders and can be seen as a way to transfer profits to the parent. Country experts explained that issues usually revolve around how the quantum of the payment is decided and whether it reflects a fair assessment of the benefits received.

RPTs are generally well known by policy-makers as a risk to minority shareholders, and most jurisdictions have put in place processes to minimise their negative potential, yet these vary widely (OECD, 2012). In 2010, the Indian government liberalised royalty rules, which led to a sharp rise in payments to MNEs. Nestle India was one of the top three royalty-paying companies in which the money remitted increased more than three times from 2007–2008 to 2011–2012, while the collective revenue of these companies increased only 1.8 times (Chatterjee, 2014). The capacity of MNEs to influence the determination of these payments upon compliant subsidiary boards was seen to be problematic. Thus, in 2019, India introduced regulation to protect minority shareholders, making it mandatory that related-party transactions exceeding 5% of annual turnover be passed through a special resolution requiring 75% minority shareholders' consent (Modak, 2019). Nevertheless, RPTs still pose a significant risk to minority shareholders in other economies.

Other types of RPTs include distribution agreements and production agreements. In 2014, Diageo had to deal with shareholder demands in India when minority shareholders rejected its proposal to use its newly acquired subsidiary, United Spirits, to distribute its own premium brands (Kazmin, 2015). Diageo demonstrated a positive approach to this conflict, responding to the rejection of its plans by finding out the reasons for the voting, providing more information and revising its proposals to include more detail on costs and benefits (Kazmin, 2015). In doing so, they won the support of the minority shareholders and the resolutions were passed at second attempt. By contrast, minority shareholders of Lafarge Malaysia blocked a resolution, which would have mandated the company to undertake recurrent RPTs worth RM3.5bn with its majority shareholder, on the basis of inadequate explanation (Surendran, 2019). These examples show clearly how laws create feedback loops (via formal voting) which can trigger additional informal information exchange and engagement towards resolution of conflict.

4.1.3 Restructuring or mergers. Minority shareholders can be adversely affected by group restructuring or mergers. For example, in 2013, Lafarge Holcim restructured its twin Indian subsidiaries in a deal whereby one of the subsidiaries, Ambuja Cement, purchased Holcim's holding in the other subsidiary ACC. The deal involved a large cash payment to the Swiss-based MNE seen by many as a transfer of funds to the parent group (Crabtree, 2015). Lafarge Holcim was criticised again in 2014 for its merger of its businesses in Nigeria and South Africa. The deal was said to be skewed against Nigerian minority shareholders as their shareholdings in the new entity, Lafarge Africa, were diluted (Nnorom, 2018).

The media articles also revealed instances where an MNE communicated well with the minority shareholders of a subsidiary to achieve restructuring in an informed and supportive manner. For example, Diageo managed a successful rights issue to reduce its subsidiary's debt/equity ratio, which had become problematic due to the economic conditions in Nigeria (Adebowale, 2017). In another example, the board of directors of Lafarge Africa was praised for splitting up its special business into separate resolutions for shareholders to decide on, providing increased transparency around its share swap plans (Nwachukwu, 2014). Again, the feedback loop is partly formal through the voting process but this motivates informal engagement as the MNE seeks early feedback on likely voting outcomes.

4.1.4 Strategic decisions creating intra-group competition. The strategy of the MNE parent will often be based on the interests of the group, which may mean that the interests of any individual subsidiary take second place. Examples of this include Colgate-Palmolive's purchase of the Bombay Shaving Company, which was viewed as potentially in competition with its listed subsidiary Colgate-Palmolive India, causing shares in the subsidiary to drop by 1.8% Anon, (2018). Country experts mentioned the fact that MNEs can also set up new unlisted subsidiaries, in addition to the listed subsidiary, which they then use to manufacture new product lines, curtailing the opportunity for the listed subsidiary to grow and benefit from these new products. An Indian expert explained, "most of the manufacturing occurs in the unlisted subsidiaries and the listed company becomes primarily a marketing entity". Procter & Gamble has been accused of engaging in this behaviour in India, raising revenues in its unlisted subsidiaries at the expense of its listed subsidiaries (Merchant, 2005). Another example was Heineken's acquisition of Scottish and Newcastle, which owned a stake in United Breweries (India). This created intra-group competition because Heineken already owned Singapore's Asia Pacific Breweries, which owned two breweries in India (Kazmin, 2009). Ultimately, the situation was resolved by Heineken buying the two Indian breweries from APB and consolidating them under United Breweries (Sharma, 2009). These situations generally do not trigger any formal legal rules, and it is up to market analysts and the financial media to draw attention to poor behaviour.

4.2 Governance actors and feedback loops for mitigating principal-principal conflicts

Detailed qualitative analysis of the media commentary around the 23 P-P conflicts also enabled identification of the key governance actors involved in P-P conflicts and the positive and negative feedback loops involved in mitigating or amplifying conflict. In other words, it identified the various sub-systems that influence behaviour during a P-P conflict, including both formal and informal governance actors and feedback loops. In addition to the financial media itself, four groups were important in building a narrative around a potential conflict:

1. market analysts and proxy advisors;
2. regulators and the local stock exchange;
3. shareholder associations and institutional shareholders; and
4. boards of directors of both the parent MNE and the local subsidiary.

The first two groups might be seen as part of the financial market system, while shareholders and directors are part of the corporate group system with governance roles and responsibilities dictated by law. Table 3 provides example quotes from newspaper articles demonstrating how each of these groups provides positive or negative opinions that might influence the behaviour of the minority shareholders or the MNE parent, thereby increasing or decreasing conflict through an information feedback loop.

4.2.1 Market analysist and advisors. Firstly, the opinions of analysts and proxy advisors were often quoted in the press. As shown in Table 3, these groups provide independent opinions on whether an offer price is fair or whether a strategic move by an MNE parent would be beneficial to shareholders. In the case of buy-outs, these opinions are highly influential in whether the situation is seen as creating conflict or not. These market advisors therefore play an important monitoring role around P-P conflicts, helping to reduce the monitoring costs of minority shareholders. Their opinions result in increased information flow from the parent company if they need to explain themselves or counter an opinion. The same companies provide advice on voting and hence can force MNEs to provide more information or alter resolutions to better meet the needs of minority shareholders.

4.2.2 Regulators and the stock exchange. The second group identified was the corporate regulator or stock exchange operator, institutions that develop and enforce rules, including corporate laws and listing rules. Both the nature of the rules and their enforcement were often

Table 3 Key governance actors involved in feedback loops

Example quotes	*Feedback sentiment*
Analysts, proxy advisors	
MIDF Research said from a shareholders' perspective the offer was appealing (Lafarge Malaysia) (Anon, 2018)	Positive
"The tender offer gives the investor more for an Ashaka share compared to market", said ARM research analyst Philip Anegbe (Lafarge Africa) (Atuanya, 2015)	Positive
"Diageo has been absolutely spineless in handling this entire deal", said *Anil Singhvi*, who runs Institutional Investor Advisory Services (IIAS)" (United Spirits, India) (Raghavan and Malviya, 2016)	Negative
Regulators	
Shareholders are also being strongly supported by recent changes in regulations and a tighter corporate governance framework developed by SEBI (India) (Dubey, 2016)	Positive
Acacia partners, a *minority shareholder* with 4.1% stake in Unilever, thanked the *Karachi Stock Exchange* (KSE) for showing concern over de-listing process of Unilever Pakistan but said it is sad that minority shareholders were forced to part ways with the company (Anon, 2013b)	Mixed
Apparently waking up to its responsibility in protecting minority investors and sending a strong signal to multinationals, the *securities and exchange commission* may have barred GSK UK from voting during court-ordered general meeting tomorrow to consider its proposal to raise its stake from 46.4% to 75% in *GSK Consumer Nigeria Plc* (Anon, 2013b)	Mixed
Shareholders and shareholder associations	
Institutional investors with stakes in GSK Nigeria including Coronation Fund Managers of South Africa and development capital partners of New York claim the scheme of arrangement... is highly prejudicial (Rice, 2013)	Negative
One of the shareholders of AshakaCem, Mr Adio Alex, said many shareholders were happy with the share swap (Anon, 2018)	Positive
...The shareholders under the aegis of Progressive Shareholders Association of Nigeria (PSAN) alleged "dissatisfaction with the treatment of longstanding minority shareholders and staff of *Champion* Breweries *Plc*" (Nwachukwu, 2014)	Negative
Boards of directors	
Ultimately, it was the tough stand taken by USL's independent directors that forced Diageo...	Positive
Some local boards [in India] have even resisted attempts to impose big royalty payment rises (Grant, 2013)	Positive
...The chairman of the company, Mr. Babatunde Savage, has told shareholders why they should exercise their rights fully... the capital injection rights issue will help the company to deliver on our strategic objectives and give all shareholders a unique opportunity to increase their shareholding (Anon, 2018)	Positive
The move will see an increase of 20 basis points every year in Nestle's rate of royalty over the next five years, which, according to chairman and managing director Helio Waszyk, would ensure the Indian subsidiary access to the entire capabilities of the parent (Anon, 2013a)	Positive

Source(s): Author's own work

discussed in the context of P-P conflicts. As seen in Table 3, regulators were both praised and criticised, depending on their level of engagement and the perceived effectiveness of laws. It was clear that an active and engaged regulator, together with a foundation of legal protections for minority shareholders, could have a significant effect on MNE behaviour making conflicts less likely or providing mechanisms for their resolution. The new law in India requiring related-party transactions to be passed through a special resolution made it possible for minority shareholders to block resolutions. Experts explained that this new power had triggered better communication between MNE parents and subsidiaries such that transactions are explained more effectively and benefits are transparent. Yet, the Indian law was criticised when the threshold for triggering the special resolution was increased from 2% (as originally suggested) to 5% of turnover, meaning it would catch much fewer transactions (Modak, 2019). Here perhaps a balance was struck – the laws increased the accountability of the MNE parent only in relation to actions that could have a significant effect on minority shareholders.

4.2.3 Minority shareholders. The third group of governance actors identified were the minority shareholders themselves who included vocal foreign institutional investors, founding family members and local retail shareholders represented by shareholder associations. In Africa in particular, it seemed there was a culture of advocacy on the part of shareholder associations which helped in publicising P-P conflicts. In some of the more recent conflicts, we could also see the influence of ESG pressures coming from institutional investors. In a nod to such pressures, the Chairman of Lafarge Africa explained that, "the company continues to make substantial contributions to the economic growth of Nigeria by impacting the ecosystem positively and generating opportunities for trade and employment without losing focus on sustainability and the environment" (Rapheal, 2019).

Collaboration between minority shareholders is another way to reduce the monitoring costs of each individual investor (Sauerwald and Peng, 2013). It was reported that only 127 shareholders participated in the voting around Diageo's RPTs with United Spirits India, yet the resolution was defeated suggesting institutional investors played a major role (Anon, 2014). This active ownership of shares by large investors tends to increase engagement and MNE accountability (Boateng and Huang, 2017). In some circumstances, there were powerful family-oriented shareholders with large blocks, such as the well-known Indian entrepreneur Vijay Mallya who was, for example, a vocal objector to Heineken's ownership of other Indian breweries after Heineken became an equal shareholder with him in United Breweries. He was a strong influence in the resolution of the conflict both in his capacity as shareholder and Chairman of the board (Kazmin, 2009).

4.2.4 Boards of directors. The fourth group contributing to the outcomes of P-P conflicts were the boards of directors of the subsidiaries and sometimes also the MNE parent. The role of the local board of directors was discussed in the media including mention of directors' fiduciary duties and the actions (or lack of action) of boards (Dey, 2020). Country experts considered that directors on the boards of subsidiaries generally have little autonomy, fulfilling only statutory duties required by the local legal system. One expert commented, "Boards are selected to ensure the people on it are compliant and won't create problems". Yet, as seen in Table 3, media commentary often praised these boards and quoted their opinions showing that their efforts did not go unnoticed.

The role of independent directors in increasing local board autonomy was something raised by the media (Dagar, 2009). In this sense, corporate governance codes have been important in raising awareness and pushing up expectations (Soobaroyen and Devi Mahadeo, 2012). An important challenge is to find ways of ensuring the independence of the outside directors, members of the audit committee and the external auditor, in the presence of controlling insiders who have a decisive say in director and auditor appointments (Kota and Tomar, 2010; Armitage *et al.*, 2017). For example, the true independence of directors on Nestle India's board was questioned when they approved royalty hikes in 2013, "One independent director has been on the board for 34 years and the other for 20 years" (Anon, 2013b).

In India, regulations requiring increased numbers of independent directors on boards have assisted subsidiary boards to resist transactions that disadvantage minority shareholders. For example, Ambuja Cement was able to reject increased royalty payments to its parent Holcim (Vardhini, 2014). Often the power of the local directors is determined by the governance practices of the controlling parent, many of whom are beginning to realise the value of local input in decision-making (Du *et al.*, 2015).

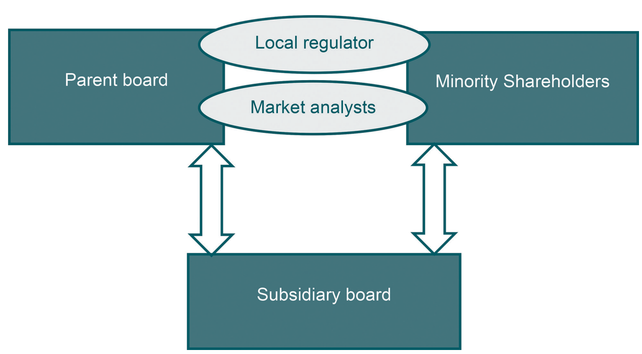
5. Discussion – systems thinking and governance bundles

P-P conflicts between controlling shareholders and minority shareholders are often treated as discrete governance failures or disputes. Systems theory offers a more nuanced lens through which these conflicts can be understood as emergent phenomena within a complex, adaptive governance system or systems. The findings presented here illustrate how multiple governance actors, within both formal and informal systems, interact in ways that shape the trajectory and intensity of such conflicts (Peng and Sauerwald, 2013). The interaction of different features of governance in any particular bundle of governance mechanisms will create incentives and feedback loops unique to that context.

Figure 1 shows the formal and informal feedback loops between minority shareholders and the parent showing that informal routes through market operators can shortcut the more formal board-shareholder pathways. At the heart of all these governance mechanisms is the triggering of a process of communication of information – increasing transparency and engagement between the MNE and minority shareholders, thereby reducing the inherent information asymmetry. The most valuable feedback mechanisms are those that bring accurate information to light, enabling public questioning of issues of fairness and equity (Du *et al.*, 2016). In a formal mechanism, this often occurs via shareholder resolutions and voting; while informal mechanisms such as analyst reports and media commentary can provoke similar engagement. Some types of P-P conflict, particularly buy-backs and restructures, are surrounded by legal rules and/or regulatory supervision that can help to facilitate ordered feedback loops, for example, through shareholder voting. For RPTs, the legal framework can vary considerably across countries. Where legal frameworks are weak, transparency around P-P conflicts is reliant on more informal mechanisms or on the culture of the MNE and its attitude towards subsidiary boards. Minority shareholder associations and independent directors may help to rebalance power and extract information or this may be left to the financial media. This research suggests that the P-P conflicts that rely mostly on informal feedback mechanisms are those in the intra-group competition category.

Market analysts and proxy advisors function as external monitors, providing independent assessments of offer prices and strategic decisions. Their opinions, often amplified by financial media, serve as a form of reputational feedback that can either escalate or de-escalate perceived conflicts. In a traditional governance sense, these actors reduce the

Figure 1 Formal and informal feedback loops for P-P conflicts



Source: Author's own work

monitoring costs for minority shareholders while simultaneously imposing bonding costs on MNE parents, who may be compelled to justify or revise their actions (Young *et al.*, 2008). In systems terms, these advisors act as nodes of information flow, influencing the behaviour of other subsystems through indirect control (Sauerwald and Peng, 2013).

Regulators and stock exchanges, as rule-setting institutions, define the boundaries within which governance actors operate. Their engagement level and the robustness of legal protections for minority shareholders significantly affect the system's equilibrium. For instance, India's legal reform requiring special resolutions for related-party transactions introduced a negative feedback loop that empowered minority shareholders and incentivised MNEs to improve transparency and communication. However, the adjustment of the threshold from 2% to 5% of turnover illustrates the system's sensitivity to parameter changes, which can dampen the effectiveness of regulatory interventions (Van Der Heijden, 2022). Systems theory would see enforcement of legal or regulatory frameworks as another feedback loop. To be effective, they must be backed by active public authorities that support the intent of the law. Here the example of the Nigerian SEC's approach to its 20% free-float rule is pertinent. Rather than taking steps to enforce this rule, the SEC gave companies leeway to circumvent the rule by permitting a smaller free float if it exceeded a certain value threshold.

Minority shareholders themselves, particularly when organised through associations or represented by institutional investors, contribute to the system's adaptive capacity. Their collective action reduces individual monitoring costs and increases the visibility of conflicts. The influence of ESG considerations further demonstrates how external normative pressures can reshape internal governance dynamics (Boateng and Huang, 2017). The case of Diageo's defeated resolution in India, despite limited shareholder participation, exemplifies how concentrated institutional ownership can exert systemic influence disproportionate to its numerical representation.

Boards of directors, especially those of local subsidiaries, occupy a liminal space between internal governance and external accountability. While often constrained by statutory duties and the strategic dominance of the parent MNE, their actions and public statements can nonetheless affect perceptions and outcomes. The role of independent directors is particularly salient in this context. Their presence introduces a potential balancing mechanism, although true independence is contingent on appointment processes and tenure. The example of Nestlé India's long-serving independent directors raises questions about the effectiveness of such mechanisms in practice (Kota and Tomar, 2010). Regulatory reforms mandating increased board independence, as seen in India, represent structural adjustments aimed at enhancing the system's resilience to P-P conflicts.

6. Conclusions

The four categories of P-P conflict identified through this research, together with the cast of governance actors, demonstrate the complexity of corporate governance in the context of MNE subsidiaries listed in emerging markets. This research brings systems thinking to bear on our understanding of the formal and informal feedback loops involved in mitigating P-P conflicts.

6.1 Theoretical implications

This paper has explored how principles of systems theory can help us to understand P-P conflicts in emerging markets in a new way, helping us to focus on a range of different feedback loops that influence decision-making, from informal market commentary to formal voting systems. Taken together, the findings suggest that P-P conflicts are not merely the result of misaligned incentives or weak enforcement, but are systemic outcomes shaped by the interplay of governance actors, institutional rules and feedback mechanisms. Systems theory helps us to think about how systems find equilibrium: it shows that resolution of most P-P conflicts does not require a binary decision but a negotiated compromise. Governance mechanisms that provide information exchange, two-way communication and independent mediation can help speed resolution. These resolution mechanisms can be thought of as feedback loops that allow for adjustments to be made until a new equilibrium is found. Systems theory encourages scholars and practitioners to move beyond linear causality and instead consider governance systems as dynamic evolving networks of interdependent actors. This perspective supports the design of governance bundles that enhance transparency, facilitate negotiation and foster adaptive learning across the corporate ecosystem (Young *et al.*, 2008; Belinfanti and Stout, 2017).

6.2 Practical implications

The implications of this research for policy and practice are significant. Large institutional investors are increasingly looking to invest in emerging markets, and a better understanding of P-P conflicts can help them manage risks. This study identifies the main contexts in which both market participants and regulators need to be vigilant. Some of these are well-known to policy-makers and others, particularly intra-group competition, should perhaps be included in future reviews of minority shareholder protection (OECD, 2012, 2025). The study shows that in countries with weaker legal institutions, shareholder associations and market analysts play an important role in corporate governance, bringing information to light and encouraging engagement. Policy-makers in emerging markets should take this into account, drawing on informal mechanisms to supplement formal ones. Sometimes, agreement to industry codes of practice can be easier to achieve than legal reform and can be very effective at facilitating transparency (Capaul, 2003). Policy-makers should understand that all mechanisms, formal and informal, that improve information exchange around the four P-P conflict situations identified by this study, are valuable.

6.3 Limitations and suggestions for future research

With newspaper articles as the primary data source, supplemented by expert interviews and website data, this research relies on the views of outsiders or observers rather than the actual participants in corporate governance. Future research that examines the views of board members would be highly valuable in this area, though access to these elite individuals is known to be difficult, usually requiring local contacts (Eraković *et al.*, 2022). The reliance on media articles means P-P conflicts deemed un-newsworthy will have been missed; and we may have found less in countries with a weaker English language press. In other words, these case studies are likely to be the tip of the iceberg with many other unreported P-P conflicts occurring.

Qualitative research is very valuable for understanding complex contexts and revealing the different actors at play, but it cannot measure which of these actors have the most influence and which are less important. Quantitative or mixed method research could explore more precisely the relationships between vital elements of the system or measure differences in their effects across markets. Fuzzy set qualitative comparative analysis may also be helpful in comparing different system configurations in different markets.

The paper has identified the informal and formal governance mechanisms and actors that reduce information asymmetry. If we are to rely on these actors, including market analysts and regulatory bodies, we need to know more about their motivations and mandates. How do they decide where to allocate their time and resources, and what is driving them to monitor and report on MNE behaviour? Importantly, can they be trusted to provide accurate and impartial information? The role of proxy advisors in corporate governance has been recognised by the OECD and countries are starting to bring in regulation to improve transparency around how they operate (OECD, 2025). If acting for large institutional shareholders, they are likely to bring international norms and expectations into the local governance bundle.

Lastly, the role of environmental, social and governance (ESG) reporting regimes will be an interesting area for future research (Armitage *et al.*, 2017; Klettner, 2022). Group governance policies that integrate environmental or safety procedures throughout an MNE span jurisdictional boundaries and can greatly improve transparency. This is an area where the corporate governance literature and the international business literature could be drawn together to explore the optimal balance between global integration and local autonomy (Meyer, Mudambi and Narula, 2011).

The listed subsidiaries of MNCs are a unique breed of company yet of increasing importance to foreign investment in emerging markets. By identifying the contexts, actors and feedback loops that mitigate P-P conflicts, this paper sets the scene for research that can guide future policy-making efforts.

Acknowledgements

As sole author of this paper, the author would like to acknowledge the research assistance of Jennifer Hanna and the support of Alison Atherton and Thomas Clarke in the early stages of the research. The author would also like to acknowledge the industry partner who helped to determine an appropriate sample. This organisation does not wish to be named and was not involved in the data collection or drafting of this article in any way, nor did they provide funding for the research presented in this paper.

References

Adebowale, S. (2017), "Guiness Nigeria shareholders to endorse N40b rights issue", *The Eagle*, 25 January 2017.

Aguilera, R.V., Desender, K.A. and Kabbach de Castro, L.R. (2012), "A bundle perspective to comparative corporate Governance", *The SAGE Handbook of Corporate Governance*, Sage, pp. 379-405.

Al-Tahat, S., Bani-Khaled, S., Jaradat, Z., Mansour, M. and Al-Zoubi, A.M. (2025), "State ownership as a moderator in the relationship between board characteristics and ESG performance: evidence from Asia-Pacific markets", *Journal of Business and Socio-Economic Development*, pp. 1-22.

Anon (2013a), "Flawed de-listing process of Unilever: acacia partners lauds KSE for showing concern", Business Recorder, 5 April 2013.

Anon (2013b), "Royal flush", Business Today, 23 June 2013.

Anon (2013c), "SEC slams the door on GSK deal", All Africa, 22 July 2013.

Anon (2014), "United spirits fails to get shareholder nod to make/sell Diageo brands", Business Line (The Hindu), 1 December 2014.

Anon (2018), "CLSA raises red flag on Colgate after group arm's India investment", Economic Times, 25 August 2018.

Armitage, S., Hou, W., Sarkar, S. and Talaulicar, T. (2017), "Corporate governance challenges in emerging economies", *Corporate Governance: An International Review*, Vol. 25 No. 3, pp. 148-154.

Atuanya, P. (2015), "Analysts rate ashakacem mandatory tender offer shareholder positive", *Business Day*, 19 January 2015.

Azoury, N. and Bouri, E. (2015), "Principal–principal conflicts in Lebanese unlisted family firms", *Journal of Management & Governance*, Vol. 19 No. 2, pp. 461-493.

Banchit, A. and Locke, S. (2011), "Principal-principal conflicts: is it a big problem in ASEAN 4 markets", *International Review of Business Research Papers*, Vol. 7 No. 5, pp. 1-15.

Bedi, R. and Desai, D. (2014), "Corporate governance bundles for emerging markets", in S. Boubaker and D. K. Nguyen, *Corporate Governance and Corporate Social Responsibility*, WORLD SCIENTIFIC, pp. 3-25.

Belinfanti, T. and Stout, L. (2017), "Contested visions: the value of systems theory for corporate law", *U. Pa. L. Rev*, Vol. 166, p. 579.

Bhaumik, S., Driffield, N., Gaur, A., Mickiewicz, T. and Vaaler, P. (2019), “Corporate governance and MNE strategies in emerging economies”, *Journal of World Business*, Vol. 54 No. 4, pp. 234-243.

Boateng, A. and Huang, W. (2017), “Multiple large shareholders, excess leverage and tunneling: evidence from an emerging market”, *Corporate Governance: An International Review*, Vol. 25 No. 1, pp. 58-74.

Braun, V. and Clarke, V. (2006), “Using thematic analysis in psychology”, *Qualitative Research in Psychology*, Vol. 3 No. 2, pp. 77-101.

Capaul, M. (2003), “Minority shareholders: what works to protect shareholder rights?’ No. 11293”, World Bank Publications.

Chang, S.J. (2003), “Ownership structure, expropriation, and performance of group-affiliated companies in Korea”, *Academy of Management Journal*, Vol. 46 No. 2, pp. 238-253.

Chang, S.C. and Chen, I.F. (2016), “Value added or tunneling? Evidence from new product announcements by Taiwanese business groups”, *Journal of Management & Organization*, Vol. 22 No. 5, pp. 623-641.

Chatterjee, D. (2014), “MNCs’ India honeymoon gets over in UPA-II”, Business Standard, 18 March 2014.

Chen, V.Z., Li, J. and Shapiro, D.M. (2011), “Are OECD-prescribed ‘good corporate governance practices’ really good in an emerging economy?”, *Asia Pacific Journal of Management*, Vol. 28 No. 1, pp. 115-138.

Clark, C. and Brown, J.A. (2015), “Multinational corporations and governance effectiveness: toward a more integrative board”, *Journal of Business Ethics*, Vol. 132 No. 3, pp. 565-577.

Crabtree, J. (2015), “Ambuja defends buyout amid shareholder outcry”, Financial Times India, 25 July 2015.

Dagar, S. (2009), “Relics in boardrooms?”, Business Today, 14 June 2009.

Dey, S. (2020), “Independent directors face testing times”, Business Standard, 25 May 2020.

Dharwadkar, B., George, G. and Brandes, P. (2000), “Privatization in emerging economies: an agency theory perspective”, *The Academy of Management Review*, Vol. 25 No. 3, pp. 650-669.

Du, X., Pei, H., Du, Y. and Zeng, Q. (2016), “Media coverage, family ownership, and corporate philanthropic giving: evidence from China”, *Journal of Management & Organization*, Vol. 22 No. 2, pp. 224-253.

Du, Y., Deloof, M. and Jorissen, A. (2015), “The roles of subsidiary boards in multinational enterprises”, *Journal of International Management*, Vol. 21 No. 3, pp. 169-181.

Dubey, J. (2016), “Battling the giants: how minority shareholders are making the right noises”, Hindustan Times, 4 March 2016.

Eisenhardt, K.M. and Graebner, M.E. (2007), “Theory building from cases: opportunities and challenges”, *Academy of Management Journal*, Vol. 50 No. 1, pp. 25-32, doi: 10.5465/amj.2007.24160888.

Eraković, L., Tran, T.T.T. and Stringer, C. (2022), “Principal–principal conflicts: an exploratory study in privatized companies in an Asian emerging economy”, *Corporate Governance: An International Review*, Vol. 30 No. 6, pp. 713-737.

Estrin, S. and Prevezer, M. (2011), “The role of informal institutions in corporate governance: Brazil, Russia, India, and China compared”, *Asia Pacific Journal of Management*, Vol. 28 No. 1, pp. 41-67.

Farah, B., Chakravarty, D., Dau, L.A. and Beamish, P.W. (2022), “Multinational enterprise parent-subsidiary governance and survival”, *Journal of World Business*, Vol. 57 No. 2, pp. 101-271.

Filatotchev, I., Jackson, G. and Nakajima, C. (2013), “Corporate governance and national institutions: a review and emerging research agenda”, *Asia Pacific Journal of Management*, Vol. 30 No. 4, pp. 965-986.

Filatotchev, I. and Stahl, G.K. (2015), “Towards transnational CSR. Corporate social responsibility approaches and governance solutions for multinational corporations”, *Organizational Dynamics*, Vol. 44 No. 2, pp. 121-129.

Filatotchev, I. and Wright, M. (2011), “Agency perspectives on corporate governance of multinational enterprises”, *Journal of Management Studies*, Vol. 48 No. 2, pp. 471-486.

Grant, J. (2013), “Funds enter a right royal dispute with multinationals”, Financial Times, 3 April 2013.

Helmke, G. and Levitsky, S. (2012), *Informal Institutions and Comparative Politics: A Research Agenda*, Edward Elgar Publishing.

Hu, H.W. and Sun, P. (2019), “What determines the severity of tunneling in China?”, *Asia Pacific Journal of Management*, Vol. 36 No. 1, pp. 161-184.

Jiang, Y. and Peng, M.W. (2011), “Principal-principal conflicts during crisis”, *Asia Pacific Journal of Management*, Vol. 28 No. 4, pp. 683-695.

Johnson, S., La Porta, R., Lopez-de-Silanes, F. and Shleifer, A. (2000), “Tunneling”, *American Economic Review*, Vol. 90 No. 2, pp. 22-27.

Kazmin, A. (2009), “Heineken set to build Indian presence after settling UB dispute”, Financial Times, 8 December 2009.

Kazmin, A. (2015), “Diageo wins support of Indian shareholders at united spirits”, Financial Times, 12 January 2015.

Kiel, G.C., Hendry, K. and Nicholson, G.J. (2006), “Corporate governance options for the local subsidiaries of multinational enterprises”, *Corporate Governance: An International Review*, Vol. 14 No. 6, pp. 568-576.

Klettner, A. (2022), “Multinational enterprise and corporate governance of foreign subsidiaries Post-Vedanta: responsibility or risk management”, *Australian Business Law Review*, Vol. 50 No. 1, pp. 63-79.

Kota, H.B. and Tomar, S. (2010), “Corporate governance practices in Indian firms”, *Journal of Management & Organization*, Vol. 16 No. 2, pp. 266-279.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A. and Vishny, R. (2000), “Investor protection and corporate governance”, *Journal of Financial Economics*, Vol. 58 Nos 1-2, pp. 3-27.

Lim, E. (2018), “Controlling shareholders and fiduciary duties in Asia”, *Journal of Corporate Law Studies*, Vol. 18 No. 1, pp. 113-150.

Lin, W. (2024), “Do minority shareholder protection laws benefit investors? Evidence from a natural experiment on cross-listed firms”, *Transnational Corporations Journal*, Vol. 31 No. 1.

Luo, Y. (2005), “Corporate governance and accountability in multinational enterprises: concepts and agenda”, *Journal of International Management*, Vol. 11 No. 1, pp. 1-18.

Mansour, M., Aishah Hashim, H., Salleh, Z., Al-ahdal, W.M., Almaqtari, F.A. and Abdulsalam Qamhan, M. (2022), “Governance practices and corporate performance: assessing the competence of principal-based guidelines”, *Cogent Business & Management*, Vol. 9 No. 1, p. 2105570.

Mansour, M., Abu-Allan, A.J., Alshdaifat, S.M., E’leimat, D.A. and Saleh, M.W. (2025), “Board effectiveness and carbon emission disclosure: evidence from ASEAN countries”, *Discover Sustainability*, Vol. 6 No. 1, p. 604.

Merchant, K. (2005), “Gillette India shareholder seeks deal”, Financial Times, 1 February 2005.

Meyer, K.E., Mudambi, R. and Narula, R. (2011), “Multinational enterprises and local contexts: the opportunities and challenges of multiple embeddedness”, *Journal of Management Studies*, Vol. 48 No. 2, pp. 235-252.

Millar, C.C. (2014), “To be or not to be: the existential issue for national governance bundles”, *Corporate Governance: An International Review*, Vol. 22 No. 3, pp. 194-198.

Modak, S. (2019), “Sebi’s move to relax threshold for royalty payments a relief for India inc”, Business Standard, 1 July 2019.

Nguyen, D.C. and Tull, J. (2022), “Context and contextualization: the extended case method in qualitative international business research”, *Journal of World Business*, Vol. 57 No. 5, p. 101348.

Nnorom, N. (2018), “Analysts blame LaFarge Africa’s dwindling financial fortune on merger”, Vanguard, 17 September 2018.

Nwachukwu, I. (2014), “Shareholders decision: a landmark achievement for LaFarge”, Business Day, 24 July 2014.

OECD (2012), “Related party transactions and minority shareholder rights”, OECD Publishing.

OECD (2025), “OECD corporate governance factbook 2025”.

Peng, M.W. and Sauerwald, S. (2013), “Corporate governance and Principal-Principal conflicts”, *The Oxford Handbook of Corporate Governance*, Oxford University Press.

Peng, M.W., Wang, D.Y. and Jiang, Y. (2008), “An institution-based view of international business strategy: a focus on emerging economies”, *Journal of International Business Studies*, Vol. 39 No. 5, pp. 920-936.

Raghavan, K. and Malviya, S. (2016), "Vijay mallya lands a property deal from diageo for leaving USL", *The Economic Times*, 27 February 2016.

Rana, M.B. and Morgan, G. (2019), "Twenty-five years of business systems research and lessons for international business studies", *International Business Review*, Vol. 28 No. 3, pp. 513-532.

Rapheal, B. (2019), "Debt reduction'll enable LaFarge invest more in Nigeria", The Sun, 13 August 2019.

Riaz, M. (2013), "Unilever's delisting raises alarms among foreign investors", Business Recorder, 18 April 2013.

Rice, X. (2013), "Investors oppose GSK bid to boost Nigeria unit stake", Financial Times, 20 July 2013.

Sakawa, H. and Watanabel, N. (2018), "Parent control and ownership monitoring in publicly listed subsidiaries in Japan", *Research in International Business and Finance*, Vol. 45, pp. 7-14.

Sauerwald, S. and Peng, M.W. (2013), "Informal institutions, shareholder coalitions, and principal–principal conflicts", *Asia Pacific Journal of Management*, Vol. 30 No. 3, pp. 853-870.

Schiehll, E., Ahmadjian, C. and Filatotchev, I. (2014), "National governance bundles perspective: understanding the diversity of corporate governance practices at the firm and country levels", *Corporate Governance: An International Review*, Vol. 22 No. 3, pp. 179-184.

Sharma, P. (2019), "Heineken, UB bury hatchet", Diligent Media, 8 December 2009.

Soobaroyen, T. and Devi Mahadeo, J. (2012), "Do corporate governance codes improve board accountability?", *Qualitative Research in Accounting & Management*, Vol. 9 No. 4, pp. 337-362.

Su, Y., Xu, D. and Phan, P.H. (2008), "Principal–principal conflict in the governance of the Chinese public corporation", *Management and Organization Review*, Vol. 4 No. 1, pp. 17-38.

Surendran, S. (2019), "Inadequate explanation cited for blocked LaFarge RRPTs", The Edge Malaysia, 7 October 2019.

Van Der Heijden, J. (2022), "The value of systems thinking for and in regulatory governance: an evidence synthesis", *Sage Open*, Vol. 12 No. 2, p. 21582440221106172.

Vardhini, P. (2014), "Flex your muscle", Business Line (The Hindu), 22 September 2014.

Vila-Henninger, L., Dupuy, C., Van Ingelgom, V., Caprioli, M., Teuber, F., Pennetreau, D., Bussi, M. and Le Gall, C. (2024), "Abductive coding: theory building and qualitative (Re)analysis", *Sociological Methods & Research*, Vol. 53 No. 2, pp. 968-1001.

Ward, A.J., Brown, J.A. and Rodriguez, D. (2009), "Governance bundles, firm performance, and the substitutability and complementarity of governance mechanisms", *Corporate Governance: An International Review*, Vol. 17 No. 5, pp. 646-660.

Yoshikawa, T., Zhu, H. and Wang, P. (2014), "National governance system, corporate ownership, and roles of outside directors: a corporate governance bundle perspective", *Corporate Governance: An International Review*, Vol. 22 No. 3, pp. 252-265.

Young, M.N., Peng, M.W., Ahlstrom, D., Bruton, G.D. and Jiang, Y. (2008), "Corporate governance in emerging economies: a review of the principal–principal perspective", *Journal of Management Studies*, Vol. 45 No. 1, pp. 196-220.

Corresponding author

Alice Klettner can be contacted at: alice.klettner@uts.edu.au