A long tradition of research has confirmed the importance of foreign subsidiaries for the evolution of the multinational corporation (MNC). Prior studies have highlighted the significant strategic and technological roles of foreign subsidiaries (e.g. Ronstadt, 1978; Pearce, 1989; Kuemmerle, 1997), and as a result the MNC has become known as a differentiated network of internationally dispersed units (Bartlett & Ghoshal, 1990; Nohria & Ghoshal, 1997).

In these differentiated networks, a select number of advanced foreign subsidiaries are expected to take on significant strategic roles for the MNC as a whole (Bartlett & Ghoshal, 1989; Gupta & Govindarajan, 1991, 1994). Among these advanced subsidiaries, operations have shifted from knowledge exploitation to knowledge exploration, allowing them to generate new technology that is of significant importance for the development of the entire multinational group (Pearce, 1989; Cantwell, 1989; Dunning, 1994). These advanced subsidiaries have been described under various labels such as centres of excellence (Holm & Pedersen, 2000) or competence-creating units (Cantwell & Mudambi, 2005).

However, not all subsidiaries evolve into this advanced form and those that do still tend to contribute with innovations and new technologies at different paces. Recent findings suggest that there is significant variation in technological and strategic contributions even within the group of advanced foreign subsidiaries (Blomkvist, Kappen & Zander, 2010). Specifically, while several advanced foreign subsidiaries may be able to add new technologies to the MNC’s overall technological portfolio, only a very small number of what may be termed “superstar subsidiaries” seem to make it into an exclusive category that accounts for consistent and highly significant technological contributions to the multinational group.

While some of the factors that influence the likelihood that a foreign subsidiary will evolve into an advanced unit have been explored (Birkinshaw & Hood, 1998), there is still limited knowledge about what differentiates superstar subsidiaries from others in the multinational network, and in particular about the origins and underlying drivers of these differences. These are issues that have a bearing on our understanding of the nature and evolution of the MNC, and as superstar subsidiaries appear to be those that can really influence and change the technological and strategic profile of the entire multinational group they also come with managerial and strategic implications. The development of advanced and highly active foreign subsidiaries also has policy implications, especially in light of their likely ability to create local spillovers and contribute to local business and technological development.