



Uncertainty, fictional expectations and economic agency

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ABSTRACT

Major periods of regulatory, institutional and economic upheaval can have significant impacts on firms. They have to mediate resulting uncertainties, but where such actions are geographically uneven as firms respond in different ways. Actors construct mental representations of a future reality based on existing understandings of a situation, which seeks to influence and guide other actors, termed 'fictional expectations' (Beckert, 2016). These issues are important for foreign owned subsidiaries, since they work through intracorporate processes and politics, global production networks, and host regions. The UK's decision to leave the EU in June 2016 produced significant uncertainties around the final type of trading agreement. This paper examines how foreign subsidiaries in the Southeast of England and Wales mediated these uncertainties, and why particular fictional expectations were created in relation to the corporate contexts of subsidiaries and the nature of regional 'coupling'. In conclusion, the paper finds that subsidiaries created fictional expectations to acquire devolved responsibility from HQs for mediating Brexit, and to address uncertainties relating to a potential 'no deal' and supplier issues. High value creation subsidiaries have greater autonomy and capabilities that facilitate fictional expectations that are able to acquire responsibility for Brexit mediation, and to undertake more substantive uncertainty reduction measures.

1. Introduction

Episodes of regulatory and institutional uncertainty can have a major impact on economic actors within regions (Pike et al., 2010). However, there is geographical heterogeneity in terms of these impacts, not least because firms are situated within differing historically constituted trajectories, forms of coupling with regions, and possess disparate resources and capabilities (Martin, 2010). These issues are of particular importance for foreign owned subsidiaries that have to navigate corporate decision-making and control that is beyond the region and nation (Phelps, 2008; Szalavetz, 2016). Generating and projecting confidence and certainty within intracorporate transactions becomes paramount in such situations (Clegg et al., 2018). This can take place by way of the construction of 'fictional expectations' that seek to reduce uncertainties by discursively framing 'future' conditions, based on projecting an understanding of the 'present' (Beckert, 2016).

One such episode of major market and institutional uncertainty is that of Brexit in the UK. Following the majority decision to leave the EU in the 23rd June 2016 referendum, there were substantial uncertainties around the final type of trading agreement (Bank of England, 2019). Article 50 of the Treaty of the European Union to begin exiting the EU was triggered on the 29th March 2017. The intention was for the UK to

leave on the 29th March 2019, with negotiations starting in June 2017. However, the agreed Withdrawal Agreement was rejected by the UK Parliament in a series of votes in early 2019, resulting in various extensions to the Article 50 period. This was followed by a period of considerable uncertainty and the subsequent negotiation of a new agreement which was approved by Parliament in December 2020. The UK formally left the EU on the 31st January 2020 and with a Brexit transition period up to December 2020.

The impact of these uncertainties on economic sectors has been substantial (Hall, 2021; Bailey et al., 2022). Many firms were sensitive to exposure to new trading barriers that were unknown up to 2020, and which was compounded by their strong links with EU-based suppliers and customers (KPMG, 2017; EEF, 2018; Sohns and Wójcik, 2020; Bailey et al., 2022). In their analysis of the entrepreneurial ecosystems of London financial services, Sohns and Wójcik (2020) found that exposure to uncertainties characterised firms that are integrated into international value chains and have extensive dependency on European Single Market consumers, investment and labour. In their examination of trade policy uncertainties in the textile sector, Casadei and Iammarino (2021) argue that the impacts vary according to the position, production phase and integration of a firm in a GPN. Most notably, those firms weakly integrated into GPNs are least exposed to Brexit uncertainties.

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The impacts of uncertainties are also strong where firms have extensive inputs and components in the production of intermediate inputs, since there is a perception of broader disruption in the production process (Casadei and Iammarino, 2021). These issues are particularly critical for the subsidiaries of foreign corporations working through GPNs, which exist within intra-corporate organisational arrangements characterised by considerable deliberations and power relations. Possessing the responsibility, powers and resources in which to mediate uncertainties is therefore of critical importance to these subsidiaries (Fuller, 2021a; Fuller and Phelps, 2018).

During the period up to 2020, with no clear Brexit agreement in place, many firms experienced anxiety as they were not aware of how to prepare for a new customs regime that was not finalised, with many believing that a 'no deal' was possible (Moradlou et al., 2022; Roscoe et al., 2020). Surveys of firms at this time only found that a small majority of large manufacturers and a minority of SMEs were preparing for Brexit (de Ruyter et al., 2020; MakeUK, 2019). Furthermore, Panitz and Glückler (2022) found that Brexit relocation activities in the financial services sector are a response to uncertainties, rather than cost reduction and market access issues. For Sohns and Wójcik (2020), the actual ability to respond through 'coping' measures such as business relocation, was influenced by a firm's age and size, with more established and high growth firms in a better situation in which to work through supply chain networks and adapt. Ultimately, firms have had to manage considerable uncertainties with supply chain partners, including negotiating new contracts and producing contingency plans in the event of border delays, and with UK firms facing more challenging relations with EU suppliers (MakeUK, 2019, Alicke and Strigel, 2020).

This paper examines the discursive 'fictional expectations' that have been created by foreign owned subsidiaries to mediate the uncertainties leading up to Brexit (from June 2016 to January 2020), why these have been created, and their impacts on the subsidiary. Building upon the issues identified above, the analysis explicitly focuses on whether Brexit mediation is devolved or centralised in the corporation, the efforts to mediate uncertainties through 'no deal' planning, and attempts at addressing supply chain uncertainties. These are examined in relation to the role of the heterogeneous corporate contexts of subsidiaries and regions in which they are disparately 'coupled' (Yeung, 2016). In addressing this main research issue, the paper also examines the role of material circumstances and actions, such as subsidiary autonomy, in the construction and impacts of fictional expectations.

The analysis focuses on six case study manufacturing subsidiaries divided equally between Southeast of England and Wales, and encompassing both high and low value creation subsidiaries. In conclusion, the paper finds that fictional expectations were formulated by subsidiaries to acquire responsibility for mediating Brexit, but only high value creation subsidiaries have the autonomy and capabilities, and strong forms of regional coupling, to facilitate fictional expectations leading to the acquisition of such responsibility. It is also only these subsidiaries that have secured the ability to undertake more substantive uncertainty reduction measures.

2. Agency and fictional expectations

Perception of the uncertainties of contemporary and future conditions, and the social and cognitive construction of future actions, are important in times of uncertainty (Boyer, 2018). For Beckert (2016), the 'building blocks' of capitalism (e.g. credit) rely upon expectations of the future to ensure certainty and continuity, prevent disruption through uncertainties, and enact forms of change that are fundamental to capitalism (e.g. 'creative destruction' through innovation). Yet, actors take action without the advantage of perfect information or experiences of the impacts that are likely to occur, and how to address these impacts (Renn, 2008). Beckert (2016) argues that existing accounts of actors and their interaction with uncertainties, such as bounded rationality perspectives, fail to fully take account of the importance of 'future'

temporalities in decision-making and actions, and the deliberative means through which they are generated and operate. What is critical for Beckert (2016) is that while history is important, of comparable importance is that of the future, and this is imbricated with the past and present of decision-making and action.

For Beckert (2016), actors construct particular 'fictions expectations', in relation to specific situations and events, which seek to explain causality when encountering perennial uncertainties in capitalism, the purpose of which is to reduce uncertainties and maintain existing capitalist relations. It is also a means in which to undertake new actions that will generate what they believe to be positive changes (e.g. value creation from new products). Their purpose is to influence and guide the beliefs and actions of actors through the legitimacy and credibility of an understanding of future temporalities, and inscribe value for processes and products based upon a discursively created future. They are 'fictional' in the sense that they create a future reality based on the beliefs of those creating them and that lie beyond a contemporary reality of empirical facts. Fictional expectations are thus a form of 'pretending' that seeks to create confidence and produce particular agency imaginaries as if these are the 'future present' (Beckert, 2016).

In corresponding to the fundamentals of literary fiction, what is critical is that actors believe and act as if this is a potential reality that is true. As a future reality is relatively unknown, it means actors can create fictions that are reasonably unrestricted, not least because they are also constantly in transition as they are constituted through perennially new situations, events and experiences. However, these fictions have to adhere to values, beliefs and norms that must be maintained, such as values around continuing profitability (Aven and Renn, 2010). Producing actions in the present that are geared towards imagined futures is therefore embedded in broader expectations. Fictional expectations influence actors when they are congruent with their values, beliefs and norms, meaning that expectations have to be comparable for those influencing and those being influenced.

Fictional expectations are influenced by past experiences of economic shocks and crisis episodes, but where this forms one part of the cognitive thinking of actors as they seek to predict and normalise the future (Tuckett and Milena, 2017). For Beckert (2016), actors produce mental representations of a future reality based on existing cognitive understandings, beliefs and assumptions of situations, or what Walsh (1995) terms cognitive 'content'. Actors also rely upon the social construction of knowledge through deliberations with others in the production of fictional expectations, and thus causal agency arises through inter-subjective relations. Fictional expectations are thus socially "shaped by collective beliefs formed through communicative practices" (Beckert, 2016: 13). This follows institutionalist geographical thinking by recognising that fictional expectations are influenced and shaped by institutions that are 'stabilizations of mutual expectations and correlated interaction' (Bathelt and Glückler, 2014: 341). Correspondingly, these fictional expectations are subject to change as new experiences and events unfold, and reinterpretations and reassessments of situations take place by actors in relation to these institutions (Beckert, 2016).

Fictional expectations seek to develop confidence and certainties about a future reality, based on the projection of an understanding of 'present' uncertainties, by way of cognitive 'structures' (Walsh, 1995). These involve the construction and arrangement of context, arguments and beliefs through imaginaries and narratives. Actors then seek to present requisite action, but where this is based on their ability to comprehend the uncertainties of the 'present', and function as 'fictional expectations' (Beckert, 2016). For firms, these form the basis of actions that seek to ensure either a sense of continuity and certainty, or is the basis for novelty and creativity in economic action. The intention is to convince other actors of their possibility through the strength of the plausibility of the claims, and where they are able to marginalise the complexities and idiosyncrasies of the present reality (Tuckett and Milena, 2017). Examples include the likes of business plans that convey an imagery and narrative of a successful future if requisite actions are

taken, and that connect with present facts such as an existing firm strategy (Beckert, 2016).

In contrast to Knightian conception of risk, which emphasises the reduction in uncertainty through calculations of the probability of events, and with the onus on individualist judgements, Beckert (2013) argues that judgements of the future can never comprehend all complexities. Actors are constrained by bounded rationality, imperfect knowledge and constantly changing contingency-laden situations and events. This uncertainty can never be completely transformed into risks to be managed as complete foreknowledge. Instead, there are 'contingent imaginaries' of expectations of scenarios, values and outcomes. As such, the influence of fictional expectations on actors is never a given, but is highly contingent on their nature and that of the situations in which they take place. For Beckert (2016), fictional expectations are therefore 'design fantasies' that have to fit with a shifting reality and that are consequently scrutinised by actors in terms of persuasiveness and credibility.

This is not to suggest that fictional expectations purely relate to the discursive, since they are imbricated with actual material practices, but in ways where the discursive and material are interwoven rather than separate (Weick et al., 2005; Beckert, 2016). For Beckert (2021), such processes involve actors deploying 'instruments of imagination' (e.g. strategic planning) as a means in which to produce fictional expectations. Combining such thinking with international business studies accounts, we can see fictional expectations underpinning two discursive/material corporate strategies of uncertainty 'reduction' and 'coping' (Simangunsong et al., 2012). 'Reduction' measures involve information collection, networking and collaboration, but no major changes to strategy as there is a perception that uncertainties are not major, and thus fictional expectations and material action will be less comprehensive (Simangunsong et al., 2012). In contrast, 'coping' is characterised by more substantial actions, including operational adaptation ('flexibility'), 'reactive collaboration' as they spread risk with suppliers, and 'avoidance' through pausing investment, disinvestment and exit (Simangunsong et al., 2012).

To summarise, the concept of fictional expectations facilitates an analysis of the discursive and material responses to the uncertainties facing actors, by emphasising the importance of 'future' temporalities in the construction of the present. However, there are problems with the approach. First, Beckert (2016) places agency largely within the realm of 'situated rationality' and is treated as a relatively homogeneous entity. Yet, many accounts within economic geography explicate the critical role of the agency of the firm in regional economic development. Firms are understood to be complex and differentiated organisations, characterised by multiple logics beyond rational decision-making, power relations and internal tensions resulting in conflictual and uneven control and coordination (O'Neil and Gibson-Graham, 1997; Dicken and Malmberg, 2001; Ettlinger, 2003). For Clark and Wrigley (1997), this means firms respond to market imperatives in very uneven ways, highlighting the critical role of understanding how these complex organisational processes produce particular actions. Furthermore, Ettlinger (2003) argues for an emphasis on the 'microspaces' of interpersonal interactions, both within and beyond the firm, and that explicates the multiple and uneven rationalities characterising actions.

Such economic geography perspectives therefore understand actors to have a degree of agency in being able to perform, produce and transform the discourses and materialities constituting broader heterogeneous socio-spatial relations in relation to conceptions of the past, present and future; but that agency is also co-constituted, mediated and influenced by broader discursive and material social relations (O'Neil and Gibson-Graham, 1997; Emirbayer and Mische, 1998). Through sensitivity to firm agency, as argued in these accounts, it is possible to examine how disparately constituted firm actors make sense of uncertainties and respond to these through 'fictional expectations'. Second, Beckert (2016, 2021), has very little concern with the role of spatial relations in the construction of fictional expectations and how they

function, despite their importance in mediating uncertainties and risks (e.g. Müller-Mahn et al., 2018). In contrast, for MacKinnon (2012) and Coe and Yeung (2015), corporations 'select' particular courses of action, with this influenced by a range of corporate and regional 'coupling' dynamics. Advancing an approach concerned with how actors construct fictional expectations therefore requires further explication of the complexities and unevenness of corporations, and which are coupled to varying degrees with regions.

3. Heterogeneous corporations and regional coupling

3.1. Heterogeneous corporations

As outlined above, economic geography accounts have explicated the intricate, uneven and idiosyncratic nature of the firm, including that of corporations (e.g. Clark and Wrigley, 1997; Fuller, 2021a; Phelps and Fuller, 2016). Given these dynamics, the responses to upheaval and uncertainties by foreign subsidiaries of corporations are complex as they work through various spatially configured corporate arrangements (Geenen, 2018). For MacKinnon (2012), there are a range of causal corporate factors that are important in examining these corporate decisions. This analytical framework includes sensitivity to both corporate processes (e.g. subsidiary role) and regional economies (e.g. regional assets), as well as the relationship between these in the form of regional coupling. There is considerable scope in which to extend this conceptual framework by more fully recognising the intricacies of the corporation, and understanding that the development of 'fictional expectations' involves multi-faceted corporate practices and relations between subsidiaries and headquarters. So that while the 'role' of the subsidiary is a critical variable, as argued by MacKinnon (2012) and Coe and Yeung (2015), it has to be situated within the context of the corporate practices constituting the subsidiary and HQ-subsidiary deliberative relations.

Within the corporation, foreign subsidiaries can work to the strategies of corporate HQs as they seek to respond to disruption and uncertainties (Figueira de Lemos and Hadjikhani, 2014). Through such processes, HQs have the potential to influence fictional expectations (Geppert et al., 2016). However, this is likely to vary in relation to a subsidiary's 'role' within the corporation. As previous studies argue, subsidiaries with 'high value creation' roles typically possess specific forms of knowledge and capabilities, which results in significant autonomy (Cantwell and Mudambi, 2005; MacKinnon, 2012; Fuller, 2021b).

Where subsidiaries are critical agents with substantial resources and capabilities, the impacts arising from market and institutional uncertainties can be more easily mitigated (Szalavetz, 2016). Such forms of action are based on what Aspers (2018) terms 'valuation'. Here, actors have the legitimacy in which to judge appropriate action to reduce uncertainty, with such values ascribed to actors and particular courses of action based on the views and preferences of all actors involved. What is critical therefore is the valuation of such subsidiaries in terms of their abilities to reduce uncertainties through fictional expectations, but where we understand different forms of value within and beyond the economic (see Bryson and Vanchan, 2020). In such processes, deliberation and negotiation are critical as decisions have to involve a number of actors because of the need for legitimacy in processes of valuing particular courses of action (Podolny, 2005). The legitimacy of the subsidiary within the corporation is thus critical in it having the ability to decide and take actions, since it is the 'who' of decision-making that underpins the acceptance of such actions (Aspers, 2018).

The inverse is typically the case for those subsidiaries with low value creation roles, undertaking tasks that do not add significant value within production processes. In relation to market and institutional uncertainties, HQs become more averse to uncertainty where they have complementary and shared experience, suggesting that lower value creation subsidiaries that are more closely monitored will have greater HQ control and dependence (MacKinnon, 2012; Geppert and

Dörrenbächer, 2014). Following [Aspers \(2018\)](#), ‘authority’ based uncertainty reduction strategies are likely to be evident for these types of subsidiary. HQs, operating across space through ‘organisational proximity’ ([Boschma, 2005](#)) and ‘topological relations’ ([Fuller, 2021a; 2021b](#)), make decisions on what is the most appropriate form of action. Decisions are accepted because of the perceived legitimacy of their decision-making in anticipating the future, which is established within more general principles, values and beliefs ([Aspers, 2018](#)). Actors consent to the decisions of others because they believe this brings about order and a reduction in uncertainty through the authority of the HQ ([Clark and Geppert \(2011\); Fuller and Phelps, 2018](#)).

3.2. Regional coupling

[MacKinnon \(2012\)](#) and [Coe and Yeung \(2015\)](#) further argue that the degree of coupling between a subsidiary and region influences corporate selection decisions and, as such, it is interwoven with the nature of the fictional expectations and related actions. Corporations are contingently and historically produced through various socio-spatial relations, including those of territorial and networked regional attributes, such as institutions (e.g. norms and values), production networks and the capabilities endowed within a region (e.g. labour force skills) ([Martin and Sunley, 2014; Fuller, 2021a](#)). This imbrication with regions, by way of various socio-spatial relations, means that endogenous conditions and processes are important in the generation of imagined futures and material responses, but that they are contingently realised.

For [MacKinnon \(2012\)](#), this includes the importance of different ‘degrees’ of coupling between subsidiaries operating within GPNs and regional assets. [Coe and Yeung \(2015\)](#) have conceptualised these degrees in terms of ‘indigenous’ (e.g. command and control functions), ‘functional’ (e.g. based on cost-capability efficiency and vertical specialisation) and ‘structural’ (e.g. dependency, cost reduction, low value creation) forms of regional coupling. One aspect of this is to examine how the uniqueness of regional assets has an important influence on forms of coupling ([MacKinnon, 2012](#)) and how this influences the development of particular fictional expectations and related material actions. Regional assets can be ‘distinctive’ in nature, such as regionalised knowledge networks that support high value creation subsidiaries in indigenous and functional forms of coupling. Here, there is the potential for ‘valuation’ based uncertainty strategies to develop, with subsidiaries utilising strong regional capabilities to support fictional expectations and material actions, and where there is much greater scope for ‘coping’ responses.

In contrast, where regional assets are ‘generic’ and there is a reliance on low value creation capabilities, such as in low cost labour, the importance of the region is far less ([MacKinnon, 2012; Phelps, 2008](#)). Such regions are more liable to ‘structural’ forms of coupling ([Coe and Yeung, 2015](#)). Subsidiaries are likely to be engaged in low value creation roles, lacking corporate ‘status’ that make them more liable to ‘authority’ based uncertainty strategies. Given their predisposition towards a lack of autonomy and strong HQ control, and with limited capabilities, these subsidiaries are potentially limited to enacting ‘reduction’ strategies, or are vulnerable to ‘coping’ strategies imposed by HQs.

To summarise, a focus on fictional expectations is important in examining the social construction of uncertainties and responses by corporate actors as they project ‘future’ temporalities in ways that to seek to influence the present. It is however critical to analyse the role of heterogeneous corporations and regional coupling in the creation and enactment of fictional expectations.

4. Methodology

The paper utilises a case study approach that facilitates in-depth qualitative analysis of actors within their social context ([Yeung, 1995; Tokatli, 2015](#)). Six case study subsidiaries are examined, divided equally between the Southeast of England and Wales, and including various

manufacturing sectors. A case study approach appreciates that subsidiaries follow particular trajectories and undertake individual responses to market dynamics ([Tokatli, 2015](#)). The purpose of this approach is to, firstly, compare and contrast different forms of subsidiary mediation between high and low value creation ‘status’ subsidiaries in each case study area. Utilising the subsidiary typologies of [Cantwell and Mudambi \(2005\)](#) and [Clark and Geppert \(2011\)](#), high value creation subsidiaries are defined in terms of possessing roles involving knowledge creation activities (i.e. R&D, strategically important asset-specific capabilities and resources), and with significant autonomy. In contrast, low value creation subsidiaries are defined in terms of routine production activities where capabilities and resources are not strategically important and unique, with the basis of subsidiaries being market-seeking investments, and with low subsidiary autonomy ([Cantwell and Mudambi, 2005; Clark and Geppert, 2011](#)).

Secondly, Wales and the Southeast of England are examined because of their different economic sectors and trajectories, with the Southeast of England experiencing higher rates of economic development and wealth creation compared with Wales (see [Table 1](#)). These are also two areas that have received considerable amounts of foreign direct investment ([Table 1](#)). The paper analyses case studies embedded within the broader economic trajectories of the two areas by way of various forms of coupling. Two high value creation subsidiaries are examined in the Southeast, and one in Wales; with a corresponding low value creation subsidiary analysed in the Southeast and two in Wales.

The case study subsidiaries were initially identified through the FAME database, and contacted by email. In total, 173 subsidiaries were approached, with six subsidiaries being identified as relevant for the study from those that wished to take part. The selection criteria for these subsidiaries is based on their value creation roles as this is an important aspect of the nature of the agency of subsidiaries, and is typically congruent with the degree of regional coupling. For each potential case study, there was an analysis of corporate documents and websites to determine subsidiary roles, and this was further confirmed in the initial interviews. The interviews also permitted the confirmation of the degree and nature of regional coupling.

Interviews were conducted with Managing Directors/Plant Managers at each subsidiary in 2019, followed by further interviews with senior managers (e.g. operations managers) responsible for Brexit in December 2020. The timing of these interviews are critical, and deliberately took place during a period of uncertainty when it was unclear if an agreement would be reached, or what the nature of the agreement would be. Through such an approach it is possible to examine the fictional expectations created at a time of considerable uncertainty. Undertaking two interviews with different managers at each subsidiary meant it was possible to critically interrogate HQ-subsidiary relations and actions through two different sources. This reduced the extent to which there is interviewee bias in presenting more favourable HQ-subsidiary relations ([Tokatli, 2015](#)).

Finally, further interviews were conducted with economic

Table 1
The economic attributes of Wales and Southeast England.

Indicator	Wales	Southeast England	UK total/ average
Population (2017) (millions) ^a	3.1	9.1	66,040,229
GVA (2017) ^a	£62,190 m	£267,126 m	1,819,754 m
GVA per head (2017) ^a	£19,899	£29,415	£27,555
New projects and jobs from FDI into the UK (2019–20) ^b	62 projects (3 % UK total) 2,736 new jobs	211 projects (12 % UK total) 6,434 new jobs	1794 projects 47,201 new jobs

Source: a: Office for National Statistics (2017) Regional economic activity by gross value added (balanced), UK: 1998 to 2017. Newport: ONS;

b: Department for International Trade (2020) Investment Results 2019–20. London: DIT.

development officials at the Welsh Government, and the Local Enterprise Partnerships in the Southeast where subsidiaries are located, totalling eight interviews, and with the purpose of examining forms of regional coupling (1). In total, twenty 1 to 1.5 h interviews were conducted for both the private and public sectors. This was supported with content analysis of corporate and public sector documents (including strategies and annual plans), and media reports of subsidiaries and corporations that were accessed through Nexis software.

5. Mediating Brexit through Fictional Expectations

Three important processes in the mediation of Brexit are examined in this section, including whether Brexit mediation is devolved or centralised in the corporation, efforts to mediate uncertainties through 'no deal' planning, and the navigation of supply chain uncertainties. These illustrate how subsidiary actors do not simply generate individual fictional expectations, but that they construct changing fictional expectations as they mediate complex realities and relations with corporate HQs in the mediation of Brexit uncertainties (see Tables 2 and 3).

5.1. Devolving and centralising Brexit mediation

The organisational manifestation of uncertainty mediation is one of devolving responsibility for Brexit to subsidiaries with a high value creation 'role' and autonomy in the corporation, deriving from the tasks they undertake, their capabilities, and the perceived corporate importance and distinctiveness of the corresponding regions in which they are coupled. This produces 'valuation' discursive forms of fictional expectation (see Table 2), embedded within values and preferences based on the knowledge of local managers at AlphaSE, BetaSE and EpsilonWA (see Table 3). Even for large conglomerates, such as BetaSE, a German corporation working across various manufacturing sectors, it is a case of the UK Brexit manager recognising that:

"For some of the Brexit planning and preparation and changes, it's been largely devolved to the businesses themselves to decide how to respond. We can't sit here and say to one of our businesses, 'Okay, you might need to rethink your supply change strategy or even where

you do production' ... Only they have the knowledge to know what's best now and in the future." (BetaSE, author's interview).

It is here that we see corporate HQs rejecting 'authority' for a belief in 'valuation', where responsibility is devolved to subsidiaries working within individual markets, and with them acquiring the powers to pursue both 'coping' and 'reduction' strategies. Critical to this has been the construction of fictional expectations by AlphaSE, BetaSE and EpsilonWA that frame a reality in which they possess the capabilities and autonomy in which to mediate Brexit uncertainties, and are coupled with regions with 'distinctive' capabilities. In this process, there was widespread acceptance by HQs of the importance of these subsidiaries, and their regions, in leading the mediation of Brexit.

One example is AlphaSE, a large US electronics and software producer, where UK managers constructed fictional expectations on the significance of the Southeast of England as an important site for extensive proximate links with business customers. With widespread UK market serving responsibilities, AlphaSE possesses significant value creation capabilities and autonomy. This includes controlling 20 UK facilities and managing a workforce of 7,500 in 2021. AlphaSE also manages corporate activities coming into the UK for a data centre supply chain in Poland, laptop and desktop supply chains deriving from China, and data storage based in Ireland. The basis for such responsibilities is that "you must think globally, act locally. You must be locally agile to the demands of UK customers," and this autonomy and high value creation role has formed the basis of successful subsidiary fictional expectations (AlphaSE, author's interview).

AlphaSE has 'global' customers that are largely located within the region and London in a number of sectors, such as financial services. The strength of this discourse on the subsidiary mediating Brexit uncertainties was that these sectors are already significant and will remain so in a post-Brexit future. It was important for the subsidiary management to create a fictional expectation of continuing market demand based on strong future market projections in a post-Brexit landscape. Important in this process was the discursive framing of the opportunities for these sectors, such as the potential for new unilateral trade agreements. There was also a focus on conveying the smaller impact of Brexit and significant resilience of London and the Southeast as a concentration of high growth sectors and customers, utilising various government and

Table 2
Subsidiary attributes and Brexit strategy responsibility.

Case study	Subsidiary 'status'	Subsidiary sector	Subsidiary roles	Degree of coupling	Brexit strategy responsibility
<i>Southeast England</i>					
AlphaSE	High value creation	Electronics and software	UK and Ireland corporate HQ (including Software customisation; sales and marketing)	Functional	Valuation
BetaSE	High value creation	Various UK manufacturing subsidiaries (e.g. infrastructure, machinery, energy, health technology)	UK corporate HQ	Functional	Valuation
GammaSE	Low value creation	Fibre-optic cables	Manufacturing	Structural	Authority
<i>Wales</i>					
DeltaWA	Low value creation	Meat processing utensils	Manufacturing	Structural	Authority
EpsilonWA	High value creation	Industrial batteries	Design; Manufacturing	Functional	Valuation
ZetaWA	Low value creation	Ground equipment for aircrafts	Manufacturing	Structural	Authority

Source: Author's survey.

Table 3
Fictional expectations and material conditions.

Brexit process	Fictional expectations	Role of materialities in fictional expectations	Impact of fictional expectations on materialities	Subsidiaries
Devolving and centralising Brexit mediation	Valuation	Subsidiary and regional capabilities Centralisation of functions (e.g. supply chain management, finance control)	Devolved coping/reduction responsibilities	AlphaSE, BetaSE and EpsilonWA
	Authority		Centralisation of Brexit mediation	GammaSE, DeltaWA and ZetaWA
Uncertainties and their perceived mediation through 'no-deal' planning	Past orientated	Past experience of production, supply chain and market uncertainties	Coping - E.G. alternative supply chain routes; dual sourcing	BetaSE, ZetaWA and EpsilonWA
	Present orientated	Day-to-day production, supply chain and market management	Reduction only - e.g. logistics capabilities (e.g. workforce)	AlphaSE, GammaSE and DeltaWA
Navigating supply chain uncertainties	Valuation	Subsidiary supply chain management	Coping/Reduction - e.g. dual sourcing	BetaSE and EpsilonWA
	Combined valuation/ authority	Subsidiary/HQ supply chain management	Coping/Reduction - e.g. changing supply routes	AlphaSE
	Authority	HQ supply chain management	Reduction only - e.g. management of day-to-day stocks)	GammaSE, DeltaWA and ZetaWA

Source: Author's survey.

non-government projections (e.g. Cambridge [Econometrics](#), 2018).

It is the spatial relations of these regional economies as historically constituted by high growth global sectors, which influenced the devolved responsibility fictional expectations that were generated. This demonstrates the imbrication of material actions (i.e. subsidiary market relations) and fictional expectations. Present Brexit uncertainties were constructed as fictional expectations of future opportunities and resilience. Agreement with the HQ was ultimately reached by AlphaSE because these fictional expectations of continuing strong UK markets was coterminous with their corporate priorities. Rather than negotiation characterised by contestation, this was a deliberative process taking place between the UK senior management and the overarching global corporate management. Since the UK managers were able to convince the corporate executives through a series of board meetings early in 2017, it meant all other management levels within the corporation had to adhere to this decision, reducing potential contestation.

The nature of regional coupling is also important for EpsilonWA, which manufactures industrial batteries for the global market. Regional coupling for EpsilonWA is based on the strength of South Wales in providing both low cost semi- and highly skilled workers (c.350 employees), since the production process is still very labour intensive as large scale automation has not been a corporate priority. Regional assets within this context are therefore of lower value creation than AlphaSE and BetaSE, and thus forms of coupling are relatively less 'functional' since they involve both generic (e.g. low cost labour) and distinctive (highly skilled labour) regional assets. Indeed, the subsidiary was originally established in 1985 to gain access to the European single market and provide a supply of low cost labour, but has since gained design responsibilities and correspondingly capabilities for this task. Accompanying this has been significant autonomy for design responsibilities and the production process more generally. As the plant manager notes: "We have got the Japanese influence [as parent company] here, but we make our decisions based on what's best for the business, and Japan rightly recognises that we have ability to do that" (AlphaSE, author's interview). This has importantly led to subsidiary autonomy in the decision-making that forms the basis of 'valuation' fictional expectations.

EpsilonWA managers constructed fictional expectations to ensure devolved responsibility for Brexit mediation based on the subsidiary's past and present competitiveness, and thus the ability to maintain future competitiveness. Central to this is the premise that the subsidiary has

always been able to adapt to constantly changing conditions and levels of risk. This includes the subsidiary independently undertaking earlier forms of material action, including risk assessments with global raw materials suppliers and enacting dual sourcing in response to previous periods of uncertainty, and which came to constitute fictional expectations. As the UK Managing Director illustrates:

"I think for most businesses it's made them sit up and actually look at what they are doing, and how competitive they are. But we always done this because if we believe we are going to be competitive on a world stage now and in the future, we have to always be increasing our productivity." (EpsilonWA, author's interview).

Given the importance of the competitiveness track record of the subsidiary, which is historically constituted by various material actions (e.g. pursuit and awarding of design responsibilities), EpsilonWA's managers were in agreement that this was the most important past and present factor that could be used as a future reality to ensure they acquired 'devolved responsibility' for mediating Brexit. Competitiveness represents the historically constituted strength of the South Wales region in terms of providing low cost labour and highly skilled design workers. Negotiations with the HQ led to the fictional expectations of devolved responsibility being agreed, with HQ senior managers accepting this potential future based on the strong competitiveness of the subsidiary in the past and present. Of critical importance in this regard was the utilisation of subsidiary productivity and sales data in underpinning successful valuation fictional expectations.

A contrasting position is one in which low value creation subsidiaries experience far greater corporate HQ control in the present, representing what [Allen \(2016\)](#) refers to as the 'folding' of spatial relations so that a distant HQ becomes socially proximate (see [Fuller, 2021a](#)). These subsidiaries (GammaSE, DeltaWA and ZetaWA) are subject to centralising tendencies, including very limited forms of autonomy (e.g. control of supplier relations) and capabilities (e.g. labour skills) (see [Table 3](#)) in which to produce fictional expectation leading to devolved responsibility for Brexit mediation. Importantly, these are also subsidiaries where forms of coupling are 'structural', involving 'generic' regional assets based on low cost semi-skilled workers, and supply chains that have no major connections with host regions. These corporate and regional processes led to the dominance of HQ-led 'authority' Brexit fictional expectations, which formed the legitimacy for resulting material actions of centralising Brexit mediation, and the subordination of

GammaSE, DeltaWA and ZetaWA subsidiaries (see Table 2).

One such example is that of ZetaWA, which is involved in ground equipment for aircrafts. The subsidiary employs c.127 workers, including a team of design engineers but a much larger group of skilled and semi-skilled fabricators, assembly workers, production operators and hydraulics engineers. In contrast to many competitors, the subsidiary works through vertically integrated production that is created and controlled by the corporate HQ, rather than utilising significant outsourcing, meaning that the GPN and regional coupling are not substantial. The latter is compounded by the subsidiary focusing on customised small scale production, which means cost competitiveness is critical, thus limiting the degree of regional coupling.

A specific Brexit team was assembled by the HQ in Chicago to oversee all corporate subsidiaries in Europe. The 'authority' fictional expectations produced by the HQ in response to Brexit are based on the belief that the corporation is a single entity, differentiated between sectors and sites, but forming a holistic whole that will endure into the future and is the optimal means of mediating uncertainties (ZetaWA, author's interview). Correspondingly, this fictional expectation is embedded within the past and present centralising material actions of the corporation (e.g. supply chain control). The centre therefore produces a single approach where subsidiaries "are required to adopt a similar, if not the same approach across the board" (ZetaWA, author's interview). Given the low value creation responsibilities, autonomy and capabilities of ZetaWA, it lacked the ability and legitimacy to contest the HQ's centralising fictional expectations. As the UK Managing Director notes:

"We do have limited design activities, but the majority of our business is production tasks requiring limited skills. It is difficult to move away from this when everything is set within a tightly controlled and coordinated corporate model from our HQ." (ZetaWA, author's interview)

What this represents is the construction of 'folding' 'authority' fictional expectations that marginalise the role of spatial distinctiveness (e.g. regional assets) and devolved action, such as knowledge networks between Welsh aerospace firms that could be used to mediate Brexit (ZetaWA, author's interview). The nature and importance of regional coupling, which is based on low cost but skilled labour, is thus subordinated to a desire for corporate homogeneity across space, as part of discursive and material corporate centralising arrangements, and encompassing the European territory. This is comparable to the processes taking place at the other two low value creation subsidiaries, GammaSE and DeltaWA, which were also subject to 'authority' Brexit fictional expectations. In each case, the HQ constructs and imposes a fictional expectation of the future based on the present, thus building upon a past and present normality of HQ material control through folding spatial relations (Fuller, 2021a). Authority fictional expectations then impact in the sense of constituting actual material actions, such as in the case of DeltaWA's HQ enacting new logistics procedures in case of potential delays at UK ports arising from a no-deal (author's interview).

The legitimacy for authority fictional expectations and actions is discursively related to the successful competitiveness of subsidiaries. Given the vertically integrated position of these subsidiaries, with their limited autonomy to construct their own GPN arrangements and their historical reliance on low cost regional labour, subsidiary managers were not able to construct strong alternative fictional expectations that could contest authority fictional expectations. For subsidiary managers, the relatively successful past and present competitiveness of the case studies, under a centralising regimes, ironically mitigated against being able to construct legitimate reasons for devolved responsibility for mediating Brexit, or contest the authority fictional expectations of HQs.

5.2. Uncertainties and their perceived mediation through 'no-deal' planning

Despite the impossibility to predict the future and plan correctly for all eventualities, there was still a need for all subsidiaries to convey a form of 'rational' strategizing to the HQ through fictional expectations. These were intended to outline how they will mediate through contingency planning, as well as seeking to marginalise a view of the world as ambiguous and idiosyncratic (Kaplan, 2008; Clark and Geppert, 2011). There are two main types of fictional expectations being enacted by subsidiaries, with high and low value creation subsidiaries following different courses of action (see Table 3).

First, high value creation subsidiaries produce fictional expectations based on their *past* experiences and expertise ('past orientated' fictional expectations) in mediating different types of uncertainty. Brexit fictional expectations conveyed to customers, suppliers and the broader corporation expressed their successful past record in mediating periodic political and economic changes, and that they will be able to repeat this in mediating the uncertainties of Brexit. Possessing capabilities, resources and autonomy, and strong historically constituted coupling with the region, meant high value creation subsidiaries have been able to successfully mediate uncertainties in the past, and this forms the basis of fictional expectations about how they will be able to manage future uncertainties (see Tables 2 and 3). There was widespread agreement amongst different managers in each case study about the importance of conveying a past track record, since it is based on actual actions that were successful. In the absence of an absolute understanding of the future, actual successful material actions were critical and formed the basis of agreement for the Brexit fictional expectations.

Past material actions to mediate periods of uncertainty were characterised by specific fictional expectations and actions taken in response to 2008 global financial crisis and following recession. These past fictional expectations focused on refining supply chain lines into the UK, including the movement towards a smaller number of suppliers but with longer term contracts, and producing efficiency savings that had mediated declining market conditions (see Table 3). Fictional expectations had been rapidly developed in response to the financial crisis conditions, proving important in mediating uncertainties, and that were later utilised by these subsidiaries in Brexit fictional expectations. This demonstrates how important events, such as the 2008 financial crisis and Brexit, lead to the development of new fictional expectations of considerable significance.

All low value creation subsidiaries, in both regions, had to develop fictional expectations that were geared towards an alternative 'present orientated' fictional expectation. They possess limited capabilities, resources and autonomy in which to have significantly mediated uncertainties in the past. There was therefore consensus at subsidiaries for a need to produce fictional expectations based on their understanding of the present, and how this would produce particular futures that they would be able to mediate. Subsidiary managers subsequently framed Brexit within the context of the perennial everyday uncertainties characterising life in the *present*, despite the severity of Brexit being far greater than such everyday events. It is the historically constituted mediation of everyday uncertainties within the place of the subsidiary that informs and constitutes these Brexit fictional expectations. Subsidiaries sought to convey to customers, suppliers and the corporation that they are constantly having to address production, supply chain and market uncertainties, and that the main difference in relation to Brexit is the scale of uncertainties. As such, existing approaches in the present, which are focused on more limited uncertainty 'reduction' such as reducing the number of temporary workers (e.g. DeltaWA), would be able to mediate uncertainties in the future (see Table 3).

Or critical importance for all low value creation subsidiaries is the need to utilise externally generated models predicting how Brexit will take place and how it can be mediated. Brexit fictional expectations thus seek to ameliorate the lack of capabilities at the subsidiary, as well as the

limited forms of coupling with regions. They rely instead on alternative forms of legitimacy in understanding the present and predicting the future, and with these typically nationally-scaled models being ‘folded’ into the subsidiary and the region in which they are situated. This is typically based on the Brexit preparation frameworks that have been developed by management consultants and industry associations (e.g. [PwC, 2016](#); [KPMG, 2017](#)). Such models have been adopted by subsidiaries because they are generated by what they consider to be prominent global management consultancies, which are likely to endow HQs, suppliers and customers with confidence in subsidiary approaches.

One such example is GammaSE, which a low value creation fibre-optic cable manufacturer working through strong HQ direction and where a globally configured supply chain is organised by the HQ as part of a European-wide approach. The subsidiary is also working through structural coupling based on a dependence on a large semi-skilled workforce and with limited relations with regional or even UK suppliers. The subsidiary based their approach on utilising the Price Waterhouse Cooper’s Brexit wheel ([PwC, 2016](#)). They have “broken-down” the model to its component parts and then “systematically done research on each aspect of it” (i.e. borders, tariffs and customs procedures; policy regulation; capital; and skills) in relation to the subsidiary (GammaSE, interview). For the Brexit manager, the model produces the framework in which to interpret the impact of Brexit and the responses required. This is based on constructs such as business continuity, planning, crisis management and the general ability of the company to react to the unexpected. Such an approach is however firmly embedded within uncertainty ‘reduction’ rather than more substantial uncertainty ‘coping’, since the latter generates complexities that are beyond the model. The culmination of this is for the Brexit manager to mediate uncertainty through a fictional expectation embedded within the model. This critically reduces reality to simple processes that are congruent with the limited capabilities of the subsidiary (e.g. employment of new logistics managers), and thus seeks to generate legitimacy with the parent company HQ.

5.3. Navigating supply chain uncertainties

Production network issues are endemic to all subsidiaries, and it is here where the interwoven nature of discursive Brexit fictional expectations and materialities are most overt. Responses to uncertainties involve subsidiaries addressing a perception of supply chain disruption by discursively constructing the safeguarding of the ‘future’ of supply chains through various measures. The generation of fictional expectations is critical in this process, situated within the context of ‘reduction’ and ‘coping’ strategies, and where there is both devolved responsibility to subsidiaries and HQ control that corresponds to different value creation roles (see [Table 3](#)).

HQ-led ‘authority’ fictional expectations and supply chain management typically occurs in subsidiaries where they produce a limited number of products and have low value creation roles, including that of GammaSE, DeltaWA and ZetaWA (see [Tables 2 and 3](#)). There have been efforts by managers at these subsidiaries to acquire responsibility for material supply chain management, with there being a general consensus amongst subsidiary managers for these efforts. Nonetheless, these have not led to the substantive transfer of responsibilities, and with strategies and material actions limited to uncertainty ‘reduction’, most notably management of day-to-day stocks ([Table 3](#)).

In the case of DeltaWA, for example, the subsidiary manager believed there was a need for further market expansion into Africa for meat utensils to ensure viability, but this required greater control of the supply chain. Fictional expectations were formulated by subsidiary managers that build upon their pre-Brexit mentality of market expansion. This is based on the belief that extension into new markets means future profitability and subsidiary viability, irrespective of the Brexit agreement that would be finalised. While the HQ welcomed such fictional expectations, senior managers believed that the future

profitability of the corporation rests on its existing centralised supply chain management for all subsidiaries, which is configured around achieving economies of scale benefits. This demonstrates how HQs work through their own fictional expectations based on past and present experiences and materialities of central control, which marginalises the potential for subsidiary autonomy and greater regional coupling.

A further example of ‘authority’ uncertainty measures is that of the fibre-optic cable manufacturer GammaSE. The HQ leads the Brexit mediation process, with this including the examination of supply chains by controlling the subsidiary’s purchasing team. The subsidiary also works through a large number of small specialist suppliers across mainland Europe, with many not possessing the corporate autonomy and capabilities in which to manage potential customs arrangements, particularly where there is equipment that is controlled under the export control licenses of countries. The response by GammaSE was to discursively construct fictional expectations, and convey to the HQ the ability of the subsidiary to work with suppliers on developing their capabilities for a future trading relationship. In this sense, the fictional expectations stem from the historically constituted mentalities developed at the subsidiary by Welsh managers who sought to have greater national autonomy.

GammaSE was initially successful in convincing the divisional HQ of the importance of these capabilities in the future, but this was largely because the actual material actions involve knowledge transfer rather than financial support for new software systems or personnel. What we see therefore are efforts at developing the ‘future’-configured capabilities of suppliers through uncertainty ‘coping’, since the ‘present’ of simply changing to other suppliers was not realistic. Incorporating new suppliers into GPNs involves significant time (i.e. c.2 years) and resources as they have to be found and then qualified under a strict corporate quality standard criteria to ensure reliability and due diligence. Lacking a higher value chain role and corresponding autonomy, meant it was not possible for GammaSE to have the decision-making powers to be permitted to work to such lengthy processes without divisional HQ interference.

Furthermore, GammaSE was unable to formulate their own fictional expectations based on the future transition to UK suppliers, which would avoid customs and tariffs costs. In contrast, the procurement department at the divisional HQ in France sought to reduce uncertainties by framing a future involving further centralisation of division-wide purchasing and supplier relations. The uncertainties of Brexit permitted the divisional HQ to formulate and enact such centralisation, reducing the supply chain capabilities and powers of various European subsidiaries. Through its review of the supply chain for the most critical components, the HQ discovered that two French and one Norwegian subsidiary have their own supplier lists. The HQ has now developed one list, covering all subsidiaries and individual departments. Supplier relations and purchasing are now centrally controlled through the divisional HQ in France, hindering the extent to which GammaSE can act to address contemporary uncertainties through working with suppliers, and restricting the ability to develop far greater forms of regional coupling in Southeast England.

A slightly contrasting position is one in which there is both HQ and subsidiary led reconfiguration of supply chains, representing ‘combined valuation/authority’ fictional expectations and ‘coping’ uncertainty measures (see [Tables 2 and 3](#)). The main example here is AlphaSE where the HQ runs supply chains globally because of the need to coordinate continental and intercontinental GPNs. The HQ justifies these materialities through fictional expectations that convey how as AlphaSE’s customers are global they expect the same service in different countries. For each of AlphaSE’s products, be that hardware or software, divisional HQs vertically run these across the globe, but with national HQs (i.e. AlphaSE) responsible for all products. The construction of fictional expectations has therefore been guided by a strategy of minimising the potential disruption to UK customers, but where the considerable breadth of the corporation’s production means this is being done on a

“line by line, product by product basis”, and has involved strong AlphaSE local customisation (AlphaSE, interview). For AlphaSE’s management, it has been a case of being acquiescent to such HQ fictional expectations and materialities, since they are able to maintain their corporate responsibilities and autonomy, and thus reinforce existing forms of strong regional coupling. In the face of considerable uncertainties, AlphaSE’s management therefore views the HQ’s fictional expectations as being of direct benefit to them and the region, and with no need to contest them.

In this process, there was the cognitive construction of a two-week period, following Brexit, where customers were willing to be potentially inconvenienced by delays in delivery. This led to the reconfiguration of supply chains within this timeframe, including the direct importation of components, valued at \$16 million, into the UK from Southeast Asia. This customer focused uncertainty ‘coping’ is interwoven with the materialities of wishing to avoid potential tariff costs at the UK border, which while unclear in terms of outcomes, was perceived as an uncertainty that needed to be materially managed in the present and future. Examples include components and goods manufactured in Ireland that have traditionally been transported across the UK to a distribution hub in the Netherlands. This will in the future be shipped around the UK to avoid potential tariff costs. The purpose of this was to avoid extra costs and detrimentally increasing the lead time for customers in mainland Europe, at the same time AlphaSE did not know the ‘position’ of the UK Government in relation to tariffs.

A different position is evident for higher value creation subsidiaries EpsilonWA and BetaSE. Here, there is recognition by the corporate HQ that uncertainty reduction and coping in supply chains is best undertaken by subsidiaries situated within their global production networks, and where they possess and have regional access to the capabilities in which to do this (‘valuation’ fictional expectations). In such a corporate environment, these conditions provided the impetus for fictional expectations that were constructed with the aim of ensuring their continuing responsibilities and autonomy. For EpsilonWA, the majority of the GPN works through Southeast Asia for components and Australia for raw materials, but where the subsidiary has devolved responsibility for supply chain management given its product design responsibilities. Similarly, BetaSE has responsibility for managing a number of supply chains running into the UK for various operations, forming part of a national mandate from the corporate HQ. This historically constituted autonomy has formed the impetus for both EpsilonWA and BetaSE in constructing fictional expectations of valuation and coping strategies.

As a ‘coping’ strategy, the subsidiaries have been able to construct and convey fictional expectations to suppliers and the corporate HQ on how they will mediate present uncertainties by undertaking dual sourcing as a means in which to generate future certainties. In the event of tariff price increases (which was estimated at 6.5 % for a no-deal) and border delays, EpsilonWA established an option of moving from a European to a Southeast Asian supplier for the provision of glass mat fibres. An important aspect of the construction of dual sourcing fictional expectations by EpsilonWA was the early undertaking of due diligence tests required by the Japanese parent company for new suppliers. At the same time, both EpsilonWA and BetaSE have the autonomy, relating to their high value creation roles, in which to instruct suppliers to undertake risk assessments relating to potential border disruption and produce contingency plans. This knowledge has subsequently been conveyed to the HQ to ensure the subsidiaries continue to have responsibility for the supply chain. Thus, possession of high value creation roles, with accompanying structural coupling, therefore facilitates fictional expectations that are able to convey certainties to HQs, and that generate material effects in the form of new responsibilities.

6. Conclusion

This paper examines how UK-based foreign subsidiaries are seeking to mediate the uncertainties generated by the decision to leave the EU in

2016 through fictional expectations. The results demonstrate that, firstly, successful fictional expectations that lead to responsibility for Brexit mediation (‘valuation’ fictional expectations) were only devolved to those subsidiaries with high value creation roles, and where there is functional coupling. Secondly, irrespective of these forms of Brexit responsibility, all subsidiaries constructed fictional expectations based on a ‘no-deal’ Brexit. However, high value creation subsidiaries based these on past experiences of being able to successfully mediate substantive uncertainties, such as the 2008 global financial crisis. Low value creation subsidiaries produced fictional expectations projecting the ability to manage present everyday uncertainties in production and supply chains. Thirdly, there have been uncertainty ‘reduction’ and ‘coping’ actions geared towards addressing perceived ‘future’ production network disruptions by discursively formulating the protection of these. Only subsidiaries with high value creation roles acquired the ability and autonomy in which to undertake more substantial ‘coping’ actions through devolved responsibility, with this stemming from an HQ belief that devolved responsibility is optimal (‘valuation’ fictional expectations).

In terms of the geographical implications of these processes, the results demonstrate that foreign subsidiaries in Southeast England are more likely to have the devolved responsibility for mediating Brexit uncertainties through valuation, supported by the ‘distinctive’ nature of the region and ‘functional’ coupling. With such autonomy and high value creation capabilities, and embedded within regions conveying strong assets, these subsidiaries will have the future ability to mediate Brexit through both reduction and coping mechanisms. In contrast, areas such as Wales, with their greater proportion of lower value creation subsidiaries, have less autonomy and ability in which to enact more robust coping uncertainty measures. This suggests that the resilience of these areas is likely to be very different in relation to the activities of foreign corporations. Regions such as the Southeast are more likely to have the scope in which to undertake ‘adaptation’ and ‘adaptability’ responses to shocks such as Brexit, and thus greater ability for ‘re-coupling’ through future investment (MacKinnon, 2012; Boschma, 2015).

The broader research implications arising from this paper implies greater emphasis on the economic, social and cultural constitution of actors and ‘micro’ processes in regional economic trajectories (see Martin and Sunley, 2014). First, it has been demonstrated that discursive ‘future’-orientated fictional expectations are important in everyday economic action and major periods of upheaval (Beckert, 2016). Indeed, fictional expectations are critical to both GPN and evolutionary economic geography (EEG). Regarding the former, managing ‘risk environments’ informs decision-making by GPN actors, but by definition this is undertaken in relation to widespread uncertainties, and requires actors to discursively convey ‘future’ certainties to other GPN actors. In regards to EEG, the enactment of novelty and formulation of routines by firms involves efforts to reduce uncertainties and coordinate action, but this involves the need for discursive fictional expectations that ensure actors are aware of the ‘future’ aims and rewards of particular economic actions. Moreover, both perspectives take a Knightian view of uncertainties and risk, such that the disparate social construction of risk is not considered, which is in contrast to a fictional expectations perspective (see, for example, Geenan, 2018; and Lanari et al., 2021). As such, analysis of the future temporalities of fictional expectations, and the spatial relations through which they are enacted, is critical for these perspectives.

Second, analysis should recognise that discourses and materialities are strongly interwoven, rather than simply focusing on one particular aspect (Geppert and Dörrenbächer, 2014). In relation to the contemporary approaches of evolutionary economic geography and network perspectives such as GPN, considerable emphasis is placed on the role and effects of the spatial material dimensions of actors and processes. While such processes are important, it is also critical to examine the discursive dimensions of these processes and actions by actors, but as entwined rather than as separate aspects of social life (O’Neil and

Gibson-Graham, 1997). In essence, discourses co-constitute materialities by underpinning how actors interpret and socially construct the world. They also generate discourses on such conditions and how certain future aims can be met, and how they are then comprehended by other actors, including levels of influence. Such an approach does require, however, a considerable appreciation of the heterogeneity and intricacies of economic agents, and the importance of different forms of spatial relations (Faulconbridge, 2010; Allen, 2016; MacKinnon et al., 2019).

CRedit authorship contribution statement

Crispian Fuller: Writing – review & editing, Conceptualization, Methodology, Data curation, Writing – original draft.

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The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

The data that has been used is confidential.

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